

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 300  
By: Isett et al. (Hegar)  
Transportation & Homeland Security  
5/22/2009  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The predecessor to the Texas Department of Transportation (TxDOT), the Texas Highway Department, was created in 1917 to direct county road construction programs. Since then, the department's mission has evolved to delivering a 21st century transportation system by providing for the safe, efficient, and effective means for the movement of people and goods throughout the state.

TxDOT is subject to the Sunset Act and will be abolished on September 1, 2009, unless continued by the Legislature. The Sunset Commission determined that trust in TxDOT needs to be restored before it can be effective in meeting the state's growing transportation needs. To this end, the Sunset Commission's recommendations in this bill strengthen the Legislature's oversight of TxDOT and address the demand for more transparency, accountability, and responsiveness from TxDOT.

C.S.H.B. 300 changes the terms of the five-member Texas Transportation Commission, establishes a Transportation Legislative Oversight Committee, and continues TxDOT for four years to ensure that needed changes have occurred. The bill requires TxDOT to create a statewide transportation plan, a project development program, and an online project information system to provide better information on TxDOT's transportation plans, projects, and expenditures. The bill also creates a new agency, the Texas Department of Motor Vehicles, and transfers some of TxDOT's motor vehicle divisions to this new agency to provide a clearer focus on these activities while also allowing TxDOT to concentrate on its core mission of financing and building roads. The bill makes several additional statutory modifications.

### **RULEMAKING AUTHORITY**

Rulemaking authority is prohibited, transferred, rescinded, modified, or expressly granted to the board of directors of the Texas Department of Motor Vehicles, the Texas Department of Motor Vehicles, the Texas Department of Transportation (TxDOT), the executive director of TxDOT, the Texas Transportation Commission, the Texas Commission of Licensing and Regulation, the Comptroller of Public Accounts, or the Texas Department of Licensing and Regulation in various sections throughout this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1.01. Amends Sections 201.051(a), (f), (g), and (j), Transportation Code, as follows:

(a) Provides that the Texas Transportation Commission (TTC) consists of five members appointed by the governor with the advice and consent of the senate. Requires the lieutenant governor, if the governor does not appoint the commissioners before February 28 of an odd-numbered year, to appoint the commissioners. Provides that a commissioner appointed by the lieutenant governor is not subject to confirmation by the senate.

(f) Provides that an officer, employee, or paid consultant of a Texas trade association in the field of road construction or maintenance, aviation, or outdoor advertising is not eligible for appointment as a member of TTC, rather than prohibits an officer, employee, or paid consultant of a Texas trade association in the field of road construction or maintenance, aviation, or outdoor advertising or a Texas trade association of automobile dealers from being a member of TTC.

(g) Makes a conforming change.

(j) Redefines "Texas trade association."

SECTION 1.02. Amends Section 201.052, Transportation Code, as follows:

Sec. 201.052. TERMS. Provides that members of TTC serve two-year terms expiring February 1 of each odd-numbered year, rather than staggered six-year terms, with the terms of either one or two members expiring February 1 of each odd-numbered year.

SECTION 1.03. Amends Section 201.054, Transportation Code, as follows:

Sec. 201.054. COMMISSION MEETINGS. (a) Creates this subsection from existing text. Requires TTC to hold regular meetings at least once a month and special meetings at the call of the chair. Requires commissioners to attend the meetings of TTC. Requires the chair to oversee the preparation of an agenda for each meeting and ensure that a copy is provided to each commissioner at least seven days before the meeting.

(b) Requires TTC to make a sound and video recording of each regular and called meeting of TTC and of any workshop conducted by TTC. Requires the Texas Department of Transportation ( the department), not later than 24 hours after a meeting or workshop of TTC is adjourned, to post the sound and video recording of the meeting or workshop on the department's Internet website.

SECTION 1.04. Amends Subchapter B, Chapter 201, Transportation Code, by adding Section 201.060, as follows:

Sec. 201.060. ASSISTANTS TO COMMISSIONERS. Provides that an assistant to a commissioner is required to report only to that commissioner. Prohibits an assistant to a commissioner from being required to report to the director.

SECTION 1.05. Amends Subchapter C, Chapter 201, Transportation Code, by adding Sections 201.117 and 201.118, as follows:

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

Sec. 201.118. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. (a) Requires TTC to develop and implement a policy to encourage the use of negotiated rulemaking procedures under Chapter 2008 (Negotiated Rulemaking), Government Code, for the adoption of department rules and appropriate alternative dispute resolution procedures under Chapter 2009 (Alternative Dispute Resolution for Use by Governmental Bodies), Government Code, to assist in the resolution of internal and external disputes under the department's jurisdiction.

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

(c) Requires TTC to designate a trained person to coordinate the implementation of the policy adopted under Subsection (a), serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution, and collect data concerning the effectiveness of those procedures, as implemented by the department.

SECTION 1.06. Amends Subchapter C, Chapter 201, Transportation Code, by adding Section 201.119, as follows:

Sec. 201.119. **ADVISORY COMMITTEES.** (a) Authorizes TTC to establish, as it considers necessary, advisory committees on any of the matters under its jurisdiction.

(b) Requires TTC to determine the purpose, duties, and membership of each advisory committee.

SECTION 1.07. Amends Sections 201.202(a) and (c), Transportation Code, as follows:

(a) Requires TTC to organize the department into divisions to accomplish the department's functions and the duties assigned to it, including divisions for aviation, highways and roads, public transportation, and rail, rather than motor vehicle titles and registration.

(c) Requires a person designated by TTC as the department's chief financial officer to report directly to TTC, rather than requiring that preference be given, in appointing a person to supervise a function previously performed by the former State Department of Highways and Public Transportation, Texas Department of Aviation, or Texas Turnpike Authority, to a person employed in a similar position in that former agency.

SECTION 1.08. Amends Section 201.204, Transportation Code, as follows:

Sec. 201.204. **SUNSET PROVISION.** Provides that the department is subject to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, the department is abolished September 1, 2013, rather than 2009.

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

Sec. 201.210. **COMPLIANCE CERTIFICATION.** (a) Requires the executive director of the department (director) and the department's chief financial officer (CFO), not later than September 1 of each year, to each certify in writing that the director or CFO, as applicable, is responsible for establishing and maintaining the department's internal controls; has evaluated the effectiveness of the department's internal controls; has presented conclusions about the effectiveness of the department's internal controls and applicable reporting requirements; and has effectively complied with all applicable legislative mandates.

(b) Requires the director and CFO to submit the certifications required by Subsection (a) to the governor, the lieutenant governor, the speaker of the house of representatives, the chair of the standing committee of each house of the legislature with primary jurisdiction over transportation matters, and the Transportation Legislative Oversight Committee (T-LOC) created under Section 201.625.

(c) Requires T-LOC to recommend to the 82nd Legislature appropriate penalties for failure to submit the certifications required by Subsection (a).

Sec. 201.211. **LEGISLATIVE LOBBYING.** (a) Prohibits a member of TTC, the director, or a the department employee, in addition to Section 556.006 (Legislative Lobbying), Government Code, from using money under the department's control or state resources to engage in an activity to influence the passage or defeat of legislation, except as provided by Subsection (c).

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

(c) Provides that this section does not prohibit a member of TTC, the director, or a the department employee from using state resources to provide public information or information responsive to a request; communicate with officers

and employees of the federal government in pursuit of federal appropriations; or influence the passage or defeat of federal legislation or regulation.

Sec. 201.212. ETHICS AFFIRMATION AND HOTLINE. (a) Requires each the department employee to annually affirm the employee's commitment to adhere to the ethics policy adopted under Section 572.051(c) (relating to ethics policy requirements for each state agency), Government Code.

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

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

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

Sec. 201.214. ENVIRONMENTAL CERTIFICATION. (a) Requires the department, so as to improve environmental accountability in the department, to establish a certification process for environmental specialists. Authorizes a person who successfully completes the certification process to perform analyses and reviews of environmental reports and documents and approve environmental reports and documents.

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

(b) Requires the department, not later than March 31, 2010 to establish the certification process under Section 201.214, Transportation Code, as added by Subsection (a) of this section.

(c) Requires each employee of the department whose job includes working on the development of environmental reports and documents, not later than September 30, 2010, to have successfully completed the certification process under Section 201.214, Transportation Code, as added by Subsection (a) of this section.

SECTION 1.11. Amends Section 201.301(a), Transportation Code, to require the director to be experienced and skilled in transportation planning, development, construction, and maintenance, rather than a registered professional engineer in this state and experienced and skilled in transportation planning, development, construction, and maintenance.

SECTION 1.12. Amends Section 201.404(b), Transportation Code, as follows:

(b) Requires the director or the person designated by the director, if an annual performance evaluation indicates that an employee's performance is unsatisfactory, to consider whether the employee should be terminated. Requires that the annual performance evaluations developed under this subsection include the evaluation of an employee's professionalism; diligence; and responsiveness to directives and requests from the director and the legislature.

SECTION 1.13. Amends Section 201.703, Transportation Code, as follows:

Sec. 201.703. New heading: EXPENDITURES AND CONTRACTS FOR TRANSPORTATION PROJECT OR PROGRAM NOT ON HIGHWAY SYSTEM. (a) Authorizes the department in conjunction with the Federal Highway Administration to spend for a transportation program or for the improvement of a transportation project,

rather than a road, not on the state highway system, rather than not in the state highway system, money appropriated by the United States Congress, allocated by the United States secretary of transportation to the department, and eligible under federal law for expenditure on the project or program. Makes a conforming and nonsubstantive changes.

(b) Makes a conforming change.

(c) Provides that the expenditure of state money is limited to the cost of construction and engineering, overhead, and other costs on which the application of federal money is prohibited or impractical and to the cost of providing federally required oversight.

(d) Authorizes the department to contract for work involving a road that is not on the state highway system under this section in accordance with the law that would apply to the department if the work were on the state highway system or authorize a local government to contract for the work in accordance with TTC rule or with the law that would apply to the local government for a comparable project.

SECTION 1.14. Amends Section 202.021, Transportation Code, by amending Subsection (e) and adding Subsection (e-1), as follows:

(e) Authorizes TTC to waive payment for real property transferred to a governmental entity under this section if:

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

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

(e-1) Provides that if property described by Subsection (e)(2) ceases to be used for public road purposes, the real property rights transferred under this section terminate and automatically revert to and vest in this state.

SECTION 1.15. Amends Section 203.031, Transportation Code, by adding Subsection (a-1), as follows:

(a-1) Requires TTC, in the exercise of its authority to manage access to or from a controlled access highway under Subsection (a)(2) (relating to TTC denying access to or from a controlled access highway) or (4) (relating to TTC designating locations on a controlled access highway), by rule to:

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

(2) provide procedures for appealing a denial under Subdivision (1), including procedures that allow the applicant to appeal the denial to the department's design division before the 31st day after the date written notice of the denial is given to the applicant; require that if an appeal under Paragraph (A) is not decided before the 91st day after the date the appeal was filed, the access applied for be granted; and allow the applicant to appeal the decision of the design division to the director and, if the decision is affirmed, to a board of variance appointed by the director and composed of at least three persons who may not be below the level of the department division director, office director, or district engineer and who were not involved in the original decision to deny access;

(3) provide that properly platted access points to or from a controlled access highway that are located on undeveloped property are subject to the access

management standards in effect at the time the points were platted regardless of when the initial request for access was submitted to the department, but only if development of the property begins and the request for access at the platted locations is submitted to the department before the fifth anniversary of the date the plat was recorded, and the design of the highway facility in the vicinity of the platted access points did not materially change after the date the plat was recorded so as to significantly impact traffic patterns to the extent that the platted access points present a threat to public safety;

(4) require that owners of land adjacent to a proposed highway construction project be provided written notice of the project at least 60 days before the date construction begins if the project will permanently alter permitted access to or from a controlled access highway at the owners' existing locations, and the access described by Paragraph (A) be reinstated to the most practicable extent possible after due consideration of the impact on highway safety, mobility, and efficient operation of any changed traffic patterns resulting from the construction;

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

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

SECTION 1.16. Amends Subchapter C, Chapter 202, Transportation Code, by adding Section 202.061, as follows:

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

(b) Requires that the environmental covenant contain a legally sufficient description of the property subject to the covenant; describe the nature of the contamination on or under the property, including the contaminants, the source, if known, and the location and extent of the contamination; and describe the activity and use limitations on the property.

(c) Requires that the plan or performance of work for environmental remediation meet applicable state and federal standards for environmental remediation and bring the property into compliance with zoning or land use controls imposed on the property by each applicable local government.

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

SECTION 1.17. Amends Subchapter H, Chapter 201, Transportation Code, by adding Section 201.625, as follows:

Sec. 201.625. TRANSPORTATION LEGISLATIVE OVERSIGHT COMMITTEE. (a) Defines "committee."

(b) Provides that T-LOC is composed of the following members: the chair and all members of the Senate Committee on Transportation and Homeland Security; the chair and all members of the House Committee on Transportation; the chair of the Senate Committee on Finance; and the chair of the House Committee on Appropriations.

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

(d) Provides that T-LOC has all other powers and duties provided to a special committee by Subchapter B (Legislative Reorganization Act), Chapter 301 (Legislative Organization), Government Code; the rules of the senate and the house of representatives; and policies of the senate and house committees on administration.

(e) Requires T-LOC to meet at least quarterly and at the call of the presiding officer.

(f) Requires T-LOC to monitor the following: implementation of the changes in law made as a result of the sunset review process; the progress made in transference of powers, duties, and property from the department to the Texas Department of Motor Vehicles (TDMV); any proposed changes in the organization or structure of the department; significant transportation policy initiatives at both the state and federal levels; major projects of the department; the financial issues facing the department, including the amounts and usage of dedicated and non-dedicated state highway funds, the impacts of various bond programs, the short-term and long-term cash forecast of the department, possible revenue sources for the rail relocation and improvement fund, and additional revenue sources for the Texas Mobility Fund; and reports on any subject requested by T-LOC or determined by the department to be beneficial to T-LOC.

(g) Requires T-LOC to require the department to provide reports to the committee as necessary to effectively perform T-LOC's duties under Subsection (f).

(h) Requires the department, when the department files a quarterly financial statement required by Section 201.107(a) (relating to TTC preparing a quarterly statement containing an itemized list of all money received by the department) with the governor, to provide a copy of that statement to T-LOC.

(i) Prohibits T-LOC, notwithstanding any other provision of this chapter, from recommending specific projects or recommend funding for specific projects at the department.

(j) Requires the department to enter into an interagency agreement with the legislature, a chamber of the legislature, or a legislative agency to provide funding to support the operation of T-LOC from available amounts appropriated to the department. Prohibits the amount provided by the department for a state fiscal biennium from exceeding \$1 million.

(k) Provides that this section expires August 31, 2013.

SECTION 1.18. Amends Subchapter B, Chapter 223, Transportation Code, by adding Section 223.0411, as follows:

Sec. 223.0411. REPORT. (a) Requires the comptroller of public accounts, not later than December 31, 2009, to submit a report to the governor, T-LOC, and LBB as provided by this section. Requires the comptroller, in developing the report, to collaborate with the department, the Texas Board of Professional Engineers, the Association of General Contractors, and the Consultant Engineer Council.

(b) Requires that the report include:

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

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

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

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

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

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

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

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

(d) Prohibits the department from hiring a new employee to fill a vacancy in a position paid out of funds appropriated to the department for the planning, design, and management of transportation projects in the General Appropriations Act (Strategy A.1.1., or its successor) until the comptroller submits the report required by this section and LBB approves the recommendations contained in the report.

(e) Provides that this section expires September 1, 2011.

SECTION 1.19. Amends Subchapter F, Chapter 224, Transportation Code, by adding Section 224.1544, as follows:

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

(b) Provides that this section does not authorize the operation of a vehicle with an axle weight that is greater than that authorized by Chapter 621, 622 (Special Provisions and Exceptions for Oversize or Overweight Vehicles), or 623.

SECTION 1.20. Amends Section 228.001, Transportation Code, by adding Subdivisions (2-a) and (7), to define "operate," "operation" and "registered owner."

SECTION 1.21. (a) Amends Section 228.004, Transportation Code, as follows:

Sec. 228.004. New heading: TOLL PROJECT INFORMATION. (a) Authorizes the department, notwithstanding Chapter 2113 (Use of Appropriated Money), Government Code, to engage in marketing, advertising, and other activities to provide information relating to pending or operating toll projects, rather than promote the development and use of toll projects, including information concerning the methods of paying and collecting tolls, and to enter into contracts or agreements necessary to procure marketing, advertising, or informational, rather than other promotional, services from outside service providers.

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

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

SECTION 1.22. Amends Subsection (a), Section 228.054, Transportation Code, to create an exception under Section 228.0545.

SECTION 1.23. Amends Subchapter B, Chapter 228, Transportation Code, by adding Section 228.0545, as follows:

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

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

(c) Requires the department to send by first class mail to the registered owner of the vehicle a written notice of the total amount due. Requires that the notice specify the date, which prohibits being earlier than the 15th day after the date the notice is mailed, by which the amount due is required to be paid. Requires the registered owner to pay the amount due on or before the date specified in the notice.

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

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

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

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

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

(a) Provides that in the event of nonpayment of the toll, rather than proper toll, as required by Section 228.054 or 228.0545, on issuance of a written notice of nonpayment, the registered owner of the nonpaying vehicle is liable for the payment of both the proper toll and an administrative fee.

(b) Requires the department to send a written notice of nonpayment to the registered owner of the vehicle at that owner's address as shown in the vehicle registration records of the department or an alternate address provided by the owner or derived through other reliable means. Requires that the notice of nonpayment be sent by first class mail not later than the 30th day after the date of the alleged failure to pay and may require payment not sooner than the 30th day after the date the notice was mailed.

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

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

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

(d-1) If the lessor provides the required information within the period prescribed under Subsection (d), the department may send a notice of nonpayment to the lessee at the address provided under Subsection (d), rather than shown on the contract document, by first class mail before the 30th day after the date of receipt of the required information from the lessor.

(e) Provides that it is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle transferred ownership of the vehicle to another person before the event of nonpayment under Section 228.054 occurred or before the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545, submitted written notice of the transfer to the department in

accordance with Section 520.023, and, before the 30th day after the date the notice of nonpayment is mailed, provides to the department the name and address of the person to whom the vehicle was transferred. Authorizes the department to send all subsequent notices of nonpayment associated with the vehicle to the person to whom ownership of the vehicle was transferred at the address provided by the former owner or an alternate address provided by the subsequent owner or derived through other reliable means.

(h) Deletes existing subsection designation and existing text defining "registered owner."

(i) Redesignates Subsection (i) as Subsection (h). Makes no changes to this subsection.

SECTION 1.25. Amends Subsections (b) and (c), Section 228.056, Transportation Code, as follows:

(b) Provides that in the prosecution of an offense under Section 228.055(c), (d-1), rather than (d), or (e):

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

(2) a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 228.054 occurred or on the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545; and

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

(c) Makes a conforming change.

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

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

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

SECTION 1.27. Amends Subsection (b), Section 228.058, Transportation Code, as follows:

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

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

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

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

(a) Prohibits the department, rather than prohibits the department except as provided by Section 228.2015 (Limitation Transition), from operating a nontolled state highway or a segment of a nontolled state highway as a toll project, and from transferring a highway or segment to another entity for operation as a toll project, unless:

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

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

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

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

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

(6) subject to Subsection (b), the highway or segment was open to traffic as a high-occupancy vehicle lane on May 1, 2005. Deletes existing Subdivision (7) prohibiting the department from operating a nontolled state highway or a segment of a nontolled state highway as a toll project, and from transferring a highway or segment to another entity for operation as a toll project, unless TTC converts the highway or segment to a toll facility by making the determination required by Section 228.202 (Commission Determination); conducting the hearing required by Section 228.203 (Public Hearing); and obtaining county and voter approval as required by Sections 228.207 (County and Voter Approval) and 228.208 (Election to Approve Conversion).

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

(b) Repealer: Sections 228.202 (Commission Determination), 228.203 (Public Hearing), 228.207 (County and Voter Approval), and 228.208 (Election to Approve Conversion), Transportation Code.

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

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

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

(3) the North Tarrant Express project in Tarrant and Dallas Counties (IH 820 and State Highway 121/State Highway 183 from IH 35W to State Highway 161, IH

820 east from State Highway 121/State Highway 183 to Randol Mill Road, and IH 35W from IH 30 to State Highway 170);

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

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

(d) Provides that a project described by Subsection (c) of this section is governed by Subchapter E (Limitation on Toll Facility Determination; Conversion of Nontolled State Highway), Chapter 228, Transportation Code, as that subchapter existed immediately before the effective date of this Act, and that subchapter is continued in effect for that purpose.

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

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

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

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

(d-1) Authorizes the authority, if the lessor provides the required information within the period prescribed under Subsection (d), to send a notice of nonpayment to the lessee at the address provided under Subsection (d), rather than shown on the contract document, by first class mail before the 30th day after the date of receipt of the required information from the lessor.

SECTION 1.30. Amends Sections 284.0702(b) and (c), Transportation Code, as follows:

(b) Provides that in the prosecution of an offense under Section 284.0701(c), (d-1), rather than (d), or (e):

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

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

(c) Makes a conforming change.

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

(f) Authorizes that the proof be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including a copy of the rental, lease, or other contract document or the electronic data provided to the authority under

Subsection (i) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

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

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

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

(i-1) Provides that if the lessor timely provides the required information under Subsection (i), the lessee of the vehicle on the date of the violation is considered to be the owner of the vehicle for purposes of this section.

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

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

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

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

(e-1) Authorizes the authority, if the lessor provides the required information within the period prescribed under Subsection (e), to send a notice of nonpayment to the lessee at the address provided under Subsection (e), rather than shown on the contract document, by first class mail before the 30th day after the date of receipt of the required information from the lessor.

(g) Provides that an offense under Subsection (d), (e-1), rather than (e), or (f) is a misdemeanor punishable by a fine not to exceed \$250.

(i) Authorizes that the proof be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including:

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

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

SECTION 1.33. Amends Subchapter A, Chapter 621, Transportation Code, by adding Section 621.008, as follows:

Sec. 621.008. STUDY REGARDING OVERSIZE AND OVERWEIGHT VEHICLES.

(a) Requires the department to conduct a study to determine improvements to the regulation of oversize and overweight vehicles.

(b) Requires the department, in conducting the study, to consider prohibiting overweight vehicles or vehicle combinations from traveling on state highways if the vehicle or combination will cause damage to a road or bridge, based on the weight or load specifications to which the road or bridge was built; requiring each applicant for a permit under Chapter 623 to pay a graduated highway maintenance fee based on weight and the amount of damage done by the permitted vehicle or vehicle combination to roads and bridges; requiring each fee collected for an overweight or oversize vehicle permit to be deposited in the state highway fund; and eliminating all exemptions for overweight vehicles.

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

(d) Provides that this section expires September 1, 2011.

SECTION 1.34. Repealer: Section 201.0545 (Recommendations to Legislature), Transportation Code.

SECTION 1.35. Amends Section 545.353, Transportation Code, by adding Subsection (h-2), as follows:

(h-2) Authorizes TTC, notwithstanding Section 545.352(b) (relating to a special hazard existing that requires a slower speed), to establish a speed limit of 85 miles per hour on a part of the state highway system if as a result of an engineering and traffic investigation TTC determines that 85 miles per hour is a reasonable and safe speed for that part of the highway system, and that part of the highway system is designed for travel at a speed of 85 miles per hour or more.

SECTION 1.36. (a) Provides that the terms of the members of TTC serving on January 31, 2010, expire February 1, 2011.

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

ARTICLE 2. TRANSPORTATION PLANNING AND PROJECT DEVELOPMENT PROCESS

SECTION 2.01. Amends Section 201.001(a), Transportation Code, by adding Subdivision (4) to define "metropolitan planning organization."

SECTION 2.02. Amends Section 201.601, Transportation Code, as follows:

Sec. 201.601. STATEWIDE TRANSPORTATION PLAN. (a) Requires the department to develop a statewide transportation plan (statewide plan) covering a period of not less than 25 years that contains all modes of transportation, including highways and turnpikes, aviation, mass transportation, railroads and high-speed railroads, and water traffic.

(a-1) Requires that the statewide plan:

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

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

(3) contain a participation plan for obtaining input on the goals and priorities identified under this subsection from other state agencies, political subdivisions, planning organizations as defined in Section 201.981(2), and members of the general public.

(b) Requires the department and one or more of the entities listed in Subsection (a-1)(3), rather than such an agency or political subdivision, as appropriate, to enter into a memorandum of understanding relating to the planning of transportation services. Deletes existing text requiring the department, in developing the statewide plan, to seek opinions and assistance from other state agencies and political subdivisions that have responsibility for the modes of transportation listed by Subsection (a).

(c) Makes no changes to this subsection.

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

(e) Requires the department to update the plan every five years or more frequently as necessary. Deletes existing text requiring that the statewide plan include a component, published annually, that describes the evaluation of transportation improvements based on performance measures, such as indices measuring delay reductions or travel time improvement and requiring the department consider the performance measures in selecting transportation improvements.

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

Sec. 201.6012. INTEGRATION OF PLANS AND POLICY EFFORTS. Requires the department, in developing each of its transportation plans and policy efforts, to clearly reference the 25-year statewide plan developed under Section 201.601 and specify how the plan or policy effort supports or otherwise relates to the specific goals contained in that plan.

Sec. 201.6015. DELEGATION OF DUTIES OR POWERS TO METROPOLITAN PLANNING ORGANIZATION. Authorizes a metropolitan planning organization to agree to accept additional responsibilities delegated by TTC concerning transportation planning and project selection.

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

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

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

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

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

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

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

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

- (1) pay a fee to an appropriate public agency or private entity in lieu of acquiring or agreeing to manage property;
- (2) transfer any interest in real property to an appropriate public agency or private entity, as authorized by the regulatory authority that requires the mitigation, with or without monetary consideration if the property is used or is proposed to be used for mitigation purposes; or
- (3) contract with any public or private entity for the management of property owned by the department and used for mitigation purposes.

SECTION 2.05. Amends Subchapter I, Chapter 201, Transportation Code, by adding Sections 201.711 and 201.712, as follows:

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

(b) Authorizes a metropolitan planning organization that is not eligible under Subsection (a) to redesignate the board in compliance with the redesignation procedures in 23 U.S.C. Section 134 to become eligible to receive an allocation of funds under Section 201.988.

(c) Defines "elected official."

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

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

Sec. 201.8005. DEFINITION. Defines "transportation project."

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

(1) information about each of the department's transportation projects included in the project development program, including the status of the project; each source of funding for the project; benchmarks for evaluating the progress of the project; timelines for completing the project; a list of the department employees responsible for the project, including information as to how each person on that list may be contacted; and the results of the annual review required by Subsection (d);

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

(3) each construction work zone for a transportation project under construction that has a total construction timeline that exceeds six months or the cost of which exceeds \$5 million, including information about the number of lanes that will remain open during the project's construction phase, the location and duration of each lane closure, and the expected traffic delay resulting from each lane closure;

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

(5) each fund source for the department's funds and all expenditures made by the department, for each of the department's transportation projects, reported by the department district, program funding category as required by Section 201.982(b)(2), and type of revenue, including revenue from a comprehensive development agreement or a toll project.

(b) Requires the department, in developing the project information reporting system, to collaborate with T-LOC, local transportation entities as defined by Section 201.981, and members of the general public.

(c) Requires the department to make the statistical information provided under this section available on the department's Internet website in more than one downloadable electronic format.

(d) Requires the department, as a component of the project information reporting system required by this section, to conduct an annual review of the benchmarks and timelines of each transportation project included in the department's project development program, to determine the completion rates of the projects and whether the projects were completed on time.

(e) Requires the department to update the information contained in the project information reporting system at least quarterly and the representational map at least annually.

Sec. 201.808. TRANSPORTATION PROJECT AND PERFORMANCE REPORTS. (a) Requires the department to develop a process to identify and distinguish between the transportation projects that are required to maintain the state infrastructure and the transportation projects that would improve the state infrastructure in a manner consistent with the statewide transportation plan required by Section 201.601.

(b) Requires the department to establish a transportation project and performance reporting system that makes available in a central location on the department's Internet website easily accessible and searchable information regarding the priority classifications established under Section 201.986 and the assignment of the identified transportation projects in the classifications.

(c) Requires the department to include in the transportation project and performance reporting system:

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

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

(3) information about the condition of the pavement for each segment of the state highway system, including the international roughness index issued by the United States Department of Transportation Federal Highway Administration and the percentage of pavement that the department determines to be in good or better condition;

(4) the condition of bridges, including information about the number of on-system and off-system bridges that are structurally deficient or functionally obsolete and the percentage of bridges that the department determines to be in good or better condition;

(5) information about traffic congestion and traffic delays, including the locations of the worst metropolitan traffic delays, the variable travel time for major freeways and highways in the metropolitan areas of this state, and the effect of traffic congestion on motor vehicle travel and motor carriers; and

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

(d) Requires the department to provide the information made available under Subsection (c) in a format that allows a person to conduct electronic searches for information about a specific county, a highway under the jurisdiction of the department, or a type of road.

(e) Requires each the department district to enter information into the transportation project and performance reporting system, including information about each district transportation project and the priority classification to which the project has been assigned according to Section 201.986.

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

(g) Requires the department to make available in a central location on the department's Internet website information regarding each fund source for the department's funds and all expenditures made by the department, reported by department district; program funding category; and type of revenue, including revenue from a comprehensive development agreement or a toll project.

Sec. 201.809. STATEWIDE TRANSPORTATION REPORT. (a) Requires the department annually to evaluate and publish a report about the status of each transportation goal for this state. Requires that the report include information about the progress of each long-term transportation goal that is identified by the statewide plan; the status of each project identified as a major project under Section 201.985; a summary of the number of statewide project implementation benchmarks that have been completed; and information about the accuracy of previous the department financial forecasts.

(b) Requires the department to disaggregate the project information in the report by the department district.

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

(d) Requires the department to provide a copy of each district report to the political subdivisions located in the department district that is the subject of the report, including a municipality, a county, and a local transportation entity as defined by Section 201.981.

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

Sec. 201.810. SEPARATE SUBACCOUNT REPORTING. (a) Requires the department to develop an account information reporting system that makes available on the department's Internet website for viewing and downloading by interested persons the tracking of each separate subaccount in the state highway fund required by law, including Chapter 228. Requires that the account information include the source and amount of the deposited funds and the date of deposit; identification by location and highway designation of the projects or systems to which the funds are allocated; and the amount, general type or purpose, and date of expenditures from the account.

(b) Requires the department to update the account information reporting system at least quarterly.

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

(b) Requires the department to develop a central location on the department's Internet website that provides easily accessible and

searchable information to the public contained in the reports required under this subchapter and other provisions of this code.

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

SECTION 2.07. Amends Chapter 201, Transportation Code, by adding Subchapter P, as follows:

#### SUBCHAPTER P. PROJECT DEVELOPMENT PROGRAM

Sec. 201.981. DEFINITIONS. Defines "local transportation entity," "planning organization," and "transportation project."

Sec. 201.982. PROJECT DEVELOPMENT PROGRAM. (a) Requires the department to develop a project development program that covers a period of 10 years to guide the development of and authorize construction of transportation projects. Requires that the program estimate funding levels for each year and list all projects and programs that the department intends to develop or begin construction of during the program period.

(b) Requires TTC by rule to specify the criteria for selecting projects to be included in the program as provided in Section 201.987; define program funding categories, including categories for safety, bridge, maintenance, and mobility; and define each phase of a major transportation project, including the planning, design, and construction phases.

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

(d) Requires TTC, in developing the rules required by this section, to cooperate with local transportation entities.

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

(b) Requires that the annual update include the annual funding forecast required by Section 201.984, the list of major transportation projects required by Section 201.985(b), and the projects included in each program priority classification established by Section 201.986.

(c) Requires the department to collaborate with local transportation entities to develop the annual update to the project development program.

Sec. 201.983. PLANNING ORGANIZATION 10-YEAR PLAN. (a) Requires each planning organization to develop a 10-year transportation plan that is consistent with the criteria and definitions adopted by TTC under Section 201.982.

(b) Requires that the first four years of the plan be developed so as to comply with the transportation improvement plan requirements of federal law.

(c) Requires the department, in developing the statewide transportation improvement plan in accordance with federal law, to compile the metropolitan planning organizations' project selections and collaborate with the rural planning organizations.

(d) Requires the department to develop the statewide transportation improvement plan in accordance with federal law.

Sec. 201.9835. PROJECT PRIORITIZATION BY PLANNING ORGANIZATIONS. (a) Requires each metropolitan planning organization to, for the area in its boundaries, develop a prioritized list of transportation projects that is consistent with the criteria established by TTC under Section 201.987. Provides that projects that are not considered by the department and the metropolitan planning organization to be of an appropriate scale for individual identification in a given program year may be grouped by function, geographic area, or work type.

(b) Requires the department, with input from a rural planning organization, to develop a prioritized list of transportation projects for the area in that rural planning organization's boundaries and submit the projects to TTC for final approval.

(c) Requires the applicable the department district, for an area not located in the boundaries of a planning organization, to develop a prioritized list of transportation projects with input from municipal and county officials and officials of local transportation entities, and submit the transportation projects to TTC for final approval.

Sec. 201.984. ANNUAL FUNDING AND CASH FLOW FORECASTS. (a) Requires the department annually to develop and publish a forecast of all funds the department expects to receive, including funds from this state and the federal government, and use that forecast to guide planning for the project development program.

(b) Requires the department to collaborate with local transportation entities to develop scenarios for the forecast required by Subsection (a) based on mutually acceptable funding assumptions.

(c) Requires the department, not later than August 31 of each odd-numbered year, to prepare and publish a cash flow forecast for the 10-year period that begins on September 1 of that odd-numbered year.

(d) Requires the department to update the forecast more frequently as needed if significant changes in the department's funding occur.

Sec. 201.985. DESIGNATION AND INFORMATION ON CONSTRUCTION OF MAJOR TRANSPORTATION PROJECTS. (a) Requires TTC by rule to establish criteria for designating a project as a major transportation project; develop benchmarks for evaluating the progress of a major transportation project and timelines for implementation and construction of a major transportation project; and determine which critical benchmarks must be met before a major transportation project may enter the implementation phase of the project development program.

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

(c) Requires TTC, in adopting rules required by this section, to collaborate with local transportation entities.

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

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

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

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

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

(c) Requires TTC to determine and approve the final selection of projects to be included in the statewide plan.

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

Sec. 201.988. FUNDING ALLOCATION. (a) Requires TTC by rule to establish formulas for allocating funds in each category described by Section 201.982(b)(2).

(b) Requires TTC to update the formulas established under this section every five years or more frequently as necessary.

Sec. 201.9882. LIMITATION ON COMMISSION ALLOCATION OF FUNDS. (a) Prohibits TTC or the department from requiring that a toll project be included in a regional mobility plan as a condition for the allocation of funds for the construction of projects in the region.

(b) Prohibits TTC or the department from:

(1) revising the formula as provided in the department's project development program, or its successor document, in a manner that results in a decrease of a the department district's allocation because of the failure of a region to include toll projects in a regional mobility plan, or participation by a political subdivision in the funding of a transportation project in the region, including the use of money collected in a transportation reinvestment zone under Sections 222.106 and 222.107; or

(2) taking any other action that would reduce funding allocated to a the department district because of the failure of a region to include toll projects in a regional mobility plan.

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

(b) Prohibits the department, in distributing funds to the department districts, from exceeding the cash flow forecast prepared and published under Section 201.984(c).

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

(b) Requires that the work plan contain for each project and project category a project schedule with funding for each phase of development, a right-of-way

acquisition plan, a letting plan, and a summary of the progress on the project and project category.

(c) Requires the department to use the work plan to monitor the performance of the district and evaluate the performance of district employees.

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

Sec. 201.9892. PERFORMANCE MEASURES FOR WORK PLAN. (a) Requires the department to develop a set of performance measures for the plan under Section 201.989 intended to measure certain aspects of the program.

(b) Requires that the performance measures adopted under Subsection (a), at a minimum, include:

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

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

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

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

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

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

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

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

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

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

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

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

(c) Requires the department to consult with T-LOC in developing the performance measures under Subsection (a). Provides that this subsection expires August 31, 2013.

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

SECTION 2.08. Amends Subchapter A, Chapter 222, Transportation Code, by adding Section 222.004, as follows:

Sec. 222.004. AUTHORIZATION TO PROVIDE ASSISTANCE TO EXPEDITE ENVIRONMENTAL REVIEW. (a) Authorizes the department, a county, a regional tollway authority operating under Chapter 366, or a regional mobility authority operating under Chapter 370 (Regional Mobility Authorities) to enter into an agreement to provide funds to a state or federal agency to expedite the agency's performance of its duties related to the environmental review process for transportation projects of the department; listed in a metropolitan planning organization's long-range transportation plan under 23 U.S.C. Section 134; or of a county, regional tollway authority operating under Chapter 366, or regional mobility authority operating under Chapter 370.

(b) Provides that an agreement entered into under this section, except as provided by Subsection (c), is authorized to specify transportation projects the applicable entity considers to be priorities for review and is required to require the agency receiving money to complete the environmental review in less time than is customary for the completion of an environmental review by that agency.

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

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

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

SECTION 2.09. (a) Requires TTC to adopt the rules required by this article as soon as practicable but not later than March 1, 2010.

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

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

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

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

(b) Provides that the policy board of a metropolitan planning organization is the governing body of that organization. Requires that not more than 50 percent of the number of the voting members of the policy board be elected officials whose jurisdictions are wholly or partially in the boundaries of the metropolitan planning organization.

(c) Provides that a metropolitan planning organization is a governmental entity. Provides that the policy board is subject to Chapter 551 (Open Meetings), Government Code.

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

SECTION 2.11. Amends Subchapter D, Chapter 472, Transportation Code, by adding Section 472.035, as follows:

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

SECTION 2.12. (a) Amends Chapter 472, Transportation Code, by adding Subchapter E, as follows:

#### SUBCHAPTER E. RURAL PLANNING ORGANIZATIONS

Sec. 472.151. DEFINITION. Defines "rural planning organization."

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

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

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

(b) Requires a rural planning organization, as soon as practicable after its creation, to send notice of its creation to TTC.

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

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

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

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

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

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

Sec. 472.154. RURAL TRANSPORTATION PLANNING. (a) Requires a rural planning organization to:

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

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

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

Sec. 472.155. DEPARTMENT PARTICIPATION. Provides that the department:

(1) is required to provide funds and personnel to assist rural planning organizations with rural transportation planning, which may include eligible federal planning funds not designated for metropolitan planning organizations; money appropriated to the department from the state highway funds; and other funds as may be available to fund the operations of a rural planning organization;

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

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

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

### ARTICLE 3. PUBLIC INVOLVEMENT AND COMPLAINTS

SECTION 3.01. Amends Subchapter H, Chapter 201, Transportation Code, by adding Section 201.605, as follows:

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

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

- (c) Requires that notice of a public hearing or a public meeting under this section:
- (1) be by publication in the locality of the transportation project not less than seven or more than 20 days before the date of the hearing or meeting;
  - (2) be distributed to the public not less than seven days before the date of the hearing or meeting using methods suitable for the distribution given the nature of the transportation project and the populations that may be affected by it;
  - (3) be simple, readable, and informative;
  - (4) include the name and description of the project; a map or graphic illustration of the project; the reason for the project; the purpose of the hearing or meeting; the location, date, and time of the hearing or meeting; a contact telephone number for information about the hearing or meeting; and the Internet website address where project information and the materials used at the hearing or meeting may be viewed; and
  - (5) if the population that will be affected by the project is significantly non-English-speaking, also be published in the dominant language of a majority of that population.
- (d) Authorizes any interested person to attend a public hearing or a public meeting held under this section.
- (e) Requires the department to publish on its Internet website any materials used at a public hearing or public meeting not later than the third day after the date of the hearing or meeting.
- (f) Requires the department, if the department holds more than one public hearing or one public meeting for a transportation project, to vary the scheduling of the hearings or meetings to accommodate persons living in different geographic areas affected by the project and persons with varied work schedules.
- (g) Requires the department's presentation of information at a public hearing or meeting to include the design and schematic layout of the project; the problem or need to be addressed by the project; a reference to the part of the department's mission, strategic plan, or legislative direction that is furthered by the project, and the project's relation to the local planning process; an explanation using diagrams, flowcharts, or other devices to illustrate procedural steps of the project, and an estimated timeline leading to the completion of the project; and a discussion of significant impacts of the project.
- (h) Requires the department to make available an electronic mail address or Internet website that may be used to submit public comments concerning a project.
- (i) Requires TTC by rule to provide owners of adjoining property and affected local governments and public officials with notice and an opportunity for comment on a state highway project that involves the addition of one or more vehicular lanes to an existing highway or the construction of a highway at a new location.
- (j) Requires TTC by rule to provide procedures for informing adjoining property owners and affected local governments and public officials of impending construction.

SECTION 3.02. (a) Amends Section 201.801, Transportation Code, as follows:

Sec. 201.801. New heading: COMPLAINTS. (a) Requires the department to maintain a system to promptly and efficiently act on complaints filed with the department. Requires the department to maintain information about the parties to and the subject matter of a complaint and a summary of the results of the review or investigation of the complaint and the disposition of the complaint.

(b) Creates this subsection from existing text. Requires the department to make information available describing its procedures for complaint investigation and resolution. Deletes existing text requiring the department to prepare information of public interest describing the functions of the department and the department's procedures by which a complaint is filed with the department and resolved by the department. Deletes existing text requiring the department to make the information available to the public and appropriate state agencies. Deletes existing text of Subsection (b) requiring TTC by rule to establish methods by which consumers and service recipients are notified of the department's name, mailing address, and telephone number for directing complaints to the department and authorizing TTC to provide for that notification on each registration form, application, or written contract for services of an individual or entity regulated by the department; on a sign prominently displayed in the place of business of each individual or entity regulated by the department; or in a bill for service provided by an individual or entity regulated by the department.

(c) Creates this subsection from existing text of Subsection (d). Deletes existing text of Subsection (c) requiring Deletes existing text requiring the department to keep an information file about each written complaint filed with the department that the department has the authority to resolve and provide the person who filed the complaint, and each person or entity that is the subject of the complaint, information about the department's policies and procedures relating to complaint investigation and resolution. Requires the department to periodically notify the parties to the complaint of its status until final disposition unless the notice would jeopardize an undercover investigation, rather than requiring the department, at least quarterly and until final disposition of a written complaint that is filed with the department and that the department has the authority to resolve, to notify the parties to the complaint of its status unless the notice would jeopardize an undercover investigation.

(d) Requires TTC to adopt rules applicable to each division and district to establish a process to act on complaints filed with the department. Deletes existing Subsection (e) requiring the department, with regard to each complaint filed with the department, to keep certain information.

(e) Requires the department to develop a standard form for submitting a complaint and make the form available on its Internet website. Requires the department to establish a method to submit complaints electronically.

(f) Requires the department to develop a method for analyzing the sources and types of complaints and violations and establish categories for the complaints and violations. Requires the department to use the analysis to focus its information and education efforts on specific problem areas identified through the analysis.

(g) Requires the department to:

(1) compile detailed statistics and analyze trends on complaint information, including; the nature of the complaints; their disposition; and the length of time to resolve complaints; and complaint information on a district and a divisional basis; and

(2) report the information on a monthly basis to the division directors, office directors, and district engineers and on a quarterly basis to TTC.

(b) Requires the department to adopt rules under Section 201.801, Transportation Code, as amended by this section, not later than March 1, 2010.

SECTION 3.03. Amends Subchapter J, Chapter 201, Transportation Code, by adding Section 201.812, as follows:

Sec. 201.812. PUBLIC INVOLVEMENT POLICY. (a) Requires the department to develop and implement a policy for public involvement that guides and encourages public involvement with the department. Requires that the policy:

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

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

(3) require the department to make efforts toward clearly tying public involvement to decisions made by the department; and providing clear information to the public about specific outcomes of public input; and

(4) apply to all public input with the department, including input on statewide transportation policy-making; in connection with the environmental process relating to specific projects; and into the department's rulemaking procedures.

(b) Requires the department to document the ratio of positive public input to negative public input regarding all environmental impact statements as expressed by the public through the department's public involvement process. Requires the department to present this information to TTC in an open meeting, and report this information on the department's Internet website in a timely manner.

SECTION 3.04. Repealer: Subchapter B (Public Hearings and Comment), Chapter 203 (Modernization of State Highways; Controlled Access Highways), Transportation Code.

#### ARTICLE 4. CONTRACTING FUNCTIONS

SECTION 4.01. Amends Section 223.002, Transportation Code, as follows:

Sec. 223.002. New heading: NOTICE OF BIDS. Deletes existing Subsection (a) designation. Requires the department to give, rather than publish, notice to interested persons regarding the time and place at which bids on a contract will be opened and the contract awarded. Requires the department by rule to determine the most effective method for providing the notice required by this section. Deletes existing Subsection (b) requiring that the notice be published in a newspaper published in the county in which the improvement is to be made once a week for at least two weeks before the time set for awarding the contract and in two other newspapers that the department may designate. Deletes existing Subsection (c) authorizing notice, instead of the notice required by Subsection (b), if the department estimates that the contract involves an amount less than \$300,000, to be published in two successive issues of a newspaper published in the county in which the improvement is to be made. Deletes existing Subsection (d) requiring that notice, if a newspaper is not published in the county in which the improvement is to be made, be published in a newspaper published in the county nearest the county seat of the county in which the improvement is to be made and in which a newspaper is published.

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

(a) Requires the department, rather than requires the department, notwithstanding Section 223.006 (Contractor's Bond) and the requirements of Subchapter B (General

Requirements; Liability), Chapter 2253 (Public Work Performance and Payment Bonds), Government Code, to require a private entity entering into a comprehensive development agreement under this subchapter to provide a performance and payment bond or an alternative form of security, or a combination of forms of security, in an amount as determined by the department that is sufficient to:

- (1) ensure the proper performance of the construction work to be performed under the agreement; and
  - (2) protect the department and payment bond beneficiaries who have a direct contractual relationship with the private entity or a subcontractor of the private entity to supply labor or material for the construction work.
- (b) Requires that a performance and payment bond or alternative form of security be in an amount equal to the cost of constructing, rather than constructing or maintaining, the project.
- (d) Provides that a bond, rather than a payment or performance bond, or alternative form of security is not required for the portion of an agreement that is for, rather than includes, only design or planning services, the performance of preliminary studies, the acquisition of real property, maintenance, or operations. Makes a nonsubstantive change.
- (f) Authorizes the department, rather than, in addition to or instead of a performance and payment bond, to require one or more of certain alternative forms of security, including debt and equity contributed by the private entity that is not recoverable in the event of termination of the agreement because of the private entity's breach. Makes nonsubstantive changes.
- (g) Requires TTC, rather than the department, by rule to prescribe requirements for an alternative form of security provided under this section.
- (h) Provides that Section 223.006 of this code and Chapter 2253, Government Code, do not apply to a bond or alternative form of security required under this section.
- (i) Requires TTC to prepare and file annually with the governor, the lieutenant governor, and LBB a report providing information on the operations of highway projects for which a comprehensive development has been entered into with a private entity.

SECTION 4.03. Amends Sections 223.201(a) and (g), Transportation Code, as follows:

- (a) Authorizes the department, rather than authorizes the department subject to Section 223.202 (Limitation on Department Financial Participation), to enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a state highway, rather than toll project or facility, as defined by Section 227.001 (Definitions), or a combination of facilities on the Trans-Texas Corridor. Deletes existing text authorizing the department to enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a state highway improvement project that includes both tolled and nontolled lanes and may include nontolled appurtenant facilities; state highway improvement project in which the private entity has an interest in the project; or state highway improvement project financed wholly or partly with the proceeds of private activity bonds, as defined by Section 141(a), Internal Revenue Code of 1986.
- (g) Makes a conforming change.

SECTION 4.04. Amends Section 223.203(e-2), Transportation Code, to redefine "design-build contract."

SECTION 4.05. Amends Section 223.203(m), Transportation Code, as follows:

(m) Provides that the use by the department of any design element contained in an unsuccessful proposal is subject to the private entity's acceptance of the stipulated amount, is at the sole risk and discretion of the department, and does not confer liability on the recipient of the stipulated amount under this section.

SECTION 4.06. Amends Section 223.208(e), Transportation Code, to provide that this subsection does not apply to a design-build contract, as defined by Section 223.203(e-2), for a nontolled facility.

SECTION 4.07. Amends Section 223.206(b), Transportation Code, as follows:

(b) Provides that at the termination of the agreement, the highway or other facilities are to be in a state of proper maintenance as determined by the department and returned, rather than required to be returned, to the department in satisfactory condition at no further cost other than any compensation the department agrees to pay on an early termination of the agreement. Authorizes that the agreement, in lieu of the private entity's performing necessary maintenance, repair, or renewal work before returning the highway or other facilities to the department, require payment to the department in the amount the department determines to be appropriate to fund maintenance, repair, or renewal work that is scheduled to occur subsequent to termination of the agreement.

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

Sec. 371.105. PROHIBITION AGAINST CONCESSION PAYMENTS; REVENUE SHARING. (a) Defines "concession payment."

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

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

(d) Provides that this section does not apply to:

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

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

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

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

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

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

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

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

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

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

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

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

(a) Requires a toll project entity before a toll project entity enters into a contract for the construction of a toll project, to publish in the manner provided by Section 371.152 (Disclosure by Publication) certain information, including information regarding the terms of any revenue sharing agreement, rather than information regarding the projected total amount of concession payments.

SECTION 4.10. (a) Makes application of Section 371.151, Transportation Code, as amended by this article, and Section 371.105, Transportation Code, as added by this article, prospective.

(b) Provides that a comprehensive development agreement entered into before the effective date of this Act is governed by the law in effect on the day the agreement was finalized, and the former law is continued in effect for that purpose.

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

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

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

(1)-(2) Makes no changes to these subdivisions;

(3)-(4) Makes nonsubstantive changes; and

(5) require a motor carrier transporting household goods to submit to the department, at the time of the original motor carrier registration and at the renewal of the registration, documentation on whether the motor carrier regularly requests and obtains criminal history record information on its employees under Chapter 145 (Liability for Negligent Hiring by In-Home Service Companies and Residential Delivery Companies), Civil Practice and Remedies Code and uses the criminal history record information to exclude from employment persons who have committed a serious criminal offense.

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

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

(i) Prohibits the amount of a refund ordered as provided in an agreement resulting from an informal settlement from exceeding the amount the customer paid to the motor carrier for a service or the amount the customer paid for an item damaged by the motor carrier, without requiring an estimation of the actual cost of the damage. Prohibits the department from requiring payment of other damages or estimate harm in a refund order.

(b) Makes application of Sections 643.153(h) and (i), Transportation Code, as added by this section, prospective.

SECTION 5.02. (a) Amends Section 643.251(b), Transportation Code, to delete existing text prohibiting the aggregate penalty for the multiple violations from exceeding \$30,000, if it is found that the motor carrier knowingly committed multiple violations.

(b) Makes application of Section 643.251, Transportation Code, prospective.

SECTION 5.03. Amends Subchapter F, Chapter 643, Transportation Code, by adding Sections 643.256 and 643.257, as follows:

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

(b) Requires the department, to initiate a proceeding to take action under Subsection (a), to serve notice on the motor carrier. Requires that the notice to state the grounds for summary suspension; be personally served on the motor carrier or sent to the motor carrier by certified or registered mail, return receipt requested, to the motor carrier's mailing address as it appears in the department's records; and inform the motor carrier of the right to a hearing on the suspension.

(c) Provides that the suspension is effective on the date notice is personally served or received by mail. Entitles the motor carrier to appeal the suspension in the manner provided by Section 643.2525 (Administrative Hearing Process) for the appeal of an order of the board of the Texas Department of Motor Vehicles (board),.

Sec. 643.257. EMERGENCY CEASE AND DESIST ORDER. (a) Authorizes the board if it appears to the board that a motor carrier who is not registered to transport household goods for compensation under Section 643.051 (Registration Required) is violating this chapter, a rule adopted under this chapter, or another state statute or rule relating to the transportation of household goods and the board determines that the unauthorized activity constitutes a clear, imminent, or continuing threat to the public health and safety, to issue an emergency cease and desist order prohibiting the motor carrier from engaging in the activity and report the activity to a local law enforcement agency or the attorney general for prosecution.

(b) Requires that an order issued under Subsection (a) be delivered on issuance to the motor carrier affected by the order by personal delivery or registered or certified mail, return receipt requested, to the motor carrier's last known

address; state the acts or practices alleged to be an unauthorized activity and require the motor carrier immediately to cease and desist from the unauthorized activity; and contain a notice that a request for hearing may be filed under this section.

(c) Authorizes a motor carrier against whom an emergency cease and desist order is directed to request a hearing before the 11th day after the date it is served on the motor carrier. Provides that if the motor carrier does not request a hearing in that time, the order is final and nonappealable as to that motor carrier. Requires that a request for a hearing be in writing and directed to the board; and state the grounds for the request to set aside or modify the order.

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

(e) Requires the board, after the hearing, to affirm, modify, or set aside wholly or partly the emergency cease and desist order. Provides that an order affirming or modifying the emergency cease and desist order is immediately final for purposes of enforcement and appeal.

(f) Provides that an order under this section continues in effect unless the order is stayed by the board. Authorizes the board to impose any condition before granting a stay of the order.

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

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

SECTION 5.04. Amends Section 2301.654, Occupations Code, as follows:

Sec. 2301.654. PROBATION. Authorizes the board, if a suspension of a license is probated, to require the license holder to obtain specialized training so that the license holder attains a degree of skill satisfactory to the board in those areas that are the basis of the probation. Makes nonsubstantive changes.

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

Sec. 2301.801. New heading: ADMINISTRATIVE PENALTY. (a) Authorizes the board, if, after a proceeding under this chapter and board rules, the board determines that a person is violating or has violated this chapter, a rule adopted or order issued under this chapter, or Section 503.038(a), Transportation Code, to impose an administrative, rather than a civil, penalty.

(c) Requires the board by rule to adopt a schedule of administrative penalties based on the criteria in Subsection (b) to ensure that the amount of a penalty imposed under this section is appropriate to the violation. Deletes existing text requiring that, notwithstanding any other law to the contrary, a civil penalty recovered under this chapter be deposited in the state treasury to the credit of the state highway fund.

(d) Authorizes that the enforcement of an administrative penalty ordered under this section may be stayed during the time the order is under judicial

review if the person pays the penalty to the clerk of the court or files a supersedes bond with the court in the amount of the penalty. Authorizes a person who cannot afford to pay the penalty or file the bond to stay the enforcement by filing an affidavit in the manner required by the Texas Rules of Civil Procedure for a party who cannot afford to file security for costs, subject to the right of TTC to contest the affidavit as provided by those rules.

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

(f) Requires that an administrative penalty collected under this section be deposited to the credit of the general revenue fund.

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

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

Sec. 2301.808. REFUND. (a) Authorizes the board, subject to Subsection (b), to order a motor vehicle dealer to pay a refund to a consumer as provided in an agreement resulting from an informal settlement instead of or in addition to imposing an administrative penalty under this chapter.

(b) Prohibits the amount of a refund ordered as provided in an agreement resulting from an informal settlement from exceeding the amount the consumer paid to the motor vehicle dealer. Prohibits the board from requiring payment of other damages or estimating harm in a refund order.

(b) Amends Subchapter H, Chapter 2302, Occupations Code, by adding Section 2302.352, as follows:

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

(b) Prohibits the amount of an administrative penalty imposed under this section from exceeding \$5,000. Provides that each day a violation continues or occurs is a separate violation for the purpose of imposing a penalty. Requires that the amount of the penalty be based on the seriousness of the violation, including the nature, circumstances, extent, and gravity of the violation; the economic harm to property or the environment caused by the violation; the history of previous violations; the amount necessary to deter a future violation; the threat to the public safety and welfare; efforts to correct the violation; and any other matter that justice may require.

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

(d) Authorizes that the enforcement of an administrative penalty be stayed during the time the order is under judicial review if the person pays the penalty to the clerk of the court or files a supersedeas bond with the court in the amount of the penalty. Authorizes a person who cannot afford to

pay the penalty or file the bond to stay the enforcement by filing an affidavit in the manner required by the Texas Rules of Civil Procedure for a party who cannot afford to file security for costs, subject to the right of the board to contest the affidavit as provided by those rules.

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

(f) Requires that an administrative penalty collected under this section be deposited in the general revenue fund.

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

(c) Makes application of Section 2301.808, Occupations Code, as added by this section, prospective.

## ARTICLE 6. REGULATION OF OUTDOOR ADVERTISING

SECTION 6.01. Amends Section 391.004, Transportation Code, as follows:

Sec. 391.004. TEXAS HIGHWAY BEAUTIFICATION FUND ACCOUNT. Requires TTC to use money in the Texas highway beautification fund account to administer this chapter and Chapter 394.

SECTION 6.02. (a) Amends Subchapter A, Chapter 391, Transportation Code, by adding Section 391.006, as follows:

Sec. 391.006. COMPLAINTS; RECORDS. (a) Requires the department by rule to establish procedures for accepting and resolving written complaints related to outdoor advertising under this chapter. Requires that the rules include a process to make information available describing its procedures for complaint investigation and resolution, including making information about the procedures available on the department's Internet website; a simple form for filing complaints with the department; a system to prioritize complaints so that the most serious complaints receive attention before less serious complaints; and a procedure for compiling and reporting detailed annual statistics about complaints.

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

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

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

(b) Requires the department to adopt rules under Section 391.006, Transportation Code, as added by this section, not later than September 1, 2010.

SECTION 6.03. Amends Section 391.035(c), Transportation Code, to require that a penalty collected under this section be deposited to the credit of the Texas highway beautification fund account, rather than state highway fund, if collected by the attorney general and to the credit of the county road and bridge fund of the county in which the violation occurred if collected by a district or county attorney.

SECTION 6.04. Amends Subchapter B, Chapter 391, Transportation Code, by adding Section 391.0355, as follows:

Sec. 391.0355. ADMINISTRATIVE PENALTY. (a) Authorizes TTC, in lieu of a suit to collect a civil penalty, after notice and an opportunity for a hearing before TTC, to impose an administrative penalty against a person who violates this chapter or a rule adopted by TTC under this chapter. Provides that each day a violation continues is a separate violation.

(b) Prohibits the amount of the administrative penalty from exceeding the maximum amount of a civil penalty under Section 391.035.

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

(d) Provides that a judicial review of an appeal of an administrative penalty imposed under this section is under the substantial evidence rule.

(e) Requires that an administrative penalty collected under this section be deposited to the credit of the Texas highway beautification fund account.

SECTION 6.05. Amends Section 391.063, Transportation Code, as follows:

Sec. 391.063. LICENSE FEE. Authorizes TTC to set the amount of a license fee according to a scale graduated by the number of units of outdoor advertising and number of off-premise signs under Chapter 394 owned by a license applicant.

SECTION 6.06. Amends Section 391.065(b), Transportation Code, as follows:

(b) Requires TTC, for the efficient management and administration of this chapter and to reduce the number of employees required to enforce this chapter, to adopt rules for issuing standardized forms that are for submission by license holders and applicants and that provide for an accurate showing of the number, location, or other information required by TTC for each license holder's or applicant's outdoor advertising or off-premise signs under Chapter 394.

SECTION 6.07. Amends Section 391.066, Transportation Code, adding Subsection (d), to authorize TTC to deny the renewal of a license holder's license if the license holder has not complied with the permit requirements of this chapter or Chapter 394.

SECTION 6.08. Amends Subchapter C, Chapter 391, Transportation Code, by adding Section 391.0661, as follows:

Sec. 391.0661. APPLICABILITY OF LICENSE. Provides that in addition to authorizing a person to erect or maintain outdoor advertising, a license issued under this chapter authorizes a person to erect or maintain an off-premise sign under Chapter 394.

SECTION 6.09. Amends Section 391.254(c), Transportation Code, to make a conforming change.

SECTION 6.10. Amends Section 394.005, Transportation Code, as follows:

Sec. 394.005. DISPOSITION OF FEES. Requires that money TTC receives under this chapter, rather than a registration fee collected under Section 394.048 (Registration of

Certain Off-Premise Signs) by TTC, be deposited to the credit of the Texas highway beautification fund account. Makes a conforming change.

SECTION 6.11. (a) Amends Subchapter A, Chapter 394, Transportation Code, by adding Section 394.006, as follows:

Sec. 394.006. COMPLAINTS; RECORDS. (a) Requires the department by rule to establish procedures for accepting and resolving written complaints related to signs under this chapter. Requires that the rules include:

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

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

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

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

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

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

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

(b) Requires the department to adopt rules under Section 394.006, Transportation Code, as added by this section, not later than September 1, 2010.

SECTION 6.12. Amends the heading to Subchapter B, Chapter 394, Transportation Code, to read as follows:

#### SUBCHAPTER B. LICENSE AND PERMIT FOR OFF-PREMISE SIGN

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

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

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

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

Sec. 394.0202. ISSUANCE AND PERIOD OF LICENSE. (a) Requires TTC to issue a license to a person who files with TTC a completed application form within the time specified by TTC, pays the appropriate license fee, and files with TTC a surety bond.

(b) Authorizes that a license be issued for one year or longer.

(c) Requires TTC, at least 30 days before the date on which a person's license expires, to notify the person of the impending expiration. Requires that the notice be in writing and sent to the person's last known address according to the records of TTC.

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

Sec. 394.0204. SURETY BOND. (a) Requires that the surety bond required of an applicant for a license under Section 394.0202 be in the amount of \$2,500 for each county in the state in which the person erects or maintains an off-premise sign and payable to TTC for reimbursement for removal costs of an off-premise sign that the license holder unlawfully erects or maintains.

(b) Prohibits a person from being required to provide more than \$10,000 in surety bonds.

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

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

Sec. 394.0206. REVOCATION OR SUSPENSION OF LICENSE; APPEAL. (a) Authorizes TTC to revoke or suspend a license issued under this subchapter or place on probation a license holder whose license is suspended if the license holder violates this chapter or a rule adopted under this chapter. Authorizes the department, if the suspension of the license is probated, to require the license holder to report regularly to TTC on any matter that is the basis of the probation.

(b) Requires that the judicial appeal of the revocation or suspension of a license be initiated not later than the 15th day after the date of TTC's action.

(c) Authorizes TTC to adopt rules for the reissuance of a revoked or suspended license and to set fees for the reissuance.

(d) Authorizes TTC to deny the renewal of a license holder's existing license if the license holder has not complied with the permit requirements of this chapter or Chapter 391.

Sec. 394.0207. APPLICABILITY OF LICENSE. Provides that in addition to authorizing a person to erect or maintain an off-premise sign, a license issued

under this chapter authorizes a person to erect or maintain outdoor advertising under Chapter 391.

Sec. 394.027. FEE AMOUNTS. Prohibits the license and permit fees required by this subchapter from exceeding an amount reasonably necessary to cover the administrative costs incurred to enforce this chapter.

Sec. 394.028. EXCEPTIONS FOR CERTAIN NONPROFIT ORGANIZATIONS. (a) Prohibits the combined license and permit fees under this subchapter from exceeding \$10 for an off-premise sign erected and maintained by a nonprofit organization in a municipality or a municipality's extraterritorial jurisdiction if the sign relates to or promotes only the municipality or a political subdivision whose jurisdiction is wholly or partly concurrent with the municipality.

(b) Provides that the nonprofit organization is not required to file a bond as provided by Section 394.0202(a)(3).

Sec. 394.029. DENIAL OF PERMIT; APPEAL. Authorizes TTC to create a process by which an applicant may appeal a denial of a permit under this subchapter.

(b) Makes application of Section 394.0201, Transportation Code, as added by this section, prospective.

SECTION 6.14. Amends Section 394.050, Transportation Code, as follows:

Sec. 394.050. New heading: VARIANCE. Authorizes the director or a person designated by the director, rather than requires TTC to provide for a board of variance that, in an appropriate case and subject to an appropriate condition or safeguard, to make a special exception to this chapter regarding a permit for an off-premise outdoor sign on a rural road.

SECTION 6.15. Amends Section 394.081(c), Transportation Code, to make a conforming change.

SECTION 6.16. Amends Sections 394.082(a), (d), and (e), Transportation Code, as follows:

(a) Authorizes TTC, in lieu of a suit to collect a civil penalty, after notice and an opportunity for a hearing before TTC, to impose an administrative penalty against a person who violates, rather than intentionally violates, this chapter or a rule adopted by TTC under this chapter. Provides that each day a violation continues is a separate violation.

(d) Provides that judicial review of an appeal of an administrative penalty imposed under this section is under the substantial evidence rule, rather than by trial de novo.

(e) Makes a conforming change.

SECTION 6.17. Repealer: Section 391.065(c) (relating to prohibiting TTC from adopting rules that restrict competitive bidding), Transportation Code.

## ARTICLE 7. PUBLIC TRANSPORTATION

SECTION 7.01. Repealer: Section 301.063(f) (relating to a requirement that TTC contract with the department for the delivery of public transportation services to clients of eligible programs), Labor Code.

## ARTICLE 8. TEXAS DEPARTMENT OF MOTOR VEHICLES

### PART 1. GENERAL PROVISIONS

SECTION 8.1.01. Amends Title 7, Transportation Code, by adding Subtitle M, as follows:

SUBTITLE M. TEXAS DEPARTMENT OF MOTOR VEHICLES

CHAPTER 1001. ORGANIZATION OF DEPARTMENT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1001.001. DEFINITIONS. Defines "board" and "department."

Sec. 1001.002. CREATION OF DEPARTMENT; DUTIES. (a) Creates the Department of Motor Vehicles (TDMV) as an agency of this state.

(b) Requires TDMV, in addition to the other duties required of TDMV, to administer and enforce Subtitle A (Certificates of Title and Registration); 642 (Identifying Markings on Commercial Motor Vehicles), 643 (Motor Carrier Registration), 645 (Commercial Motor Vehicles), 646 (Commercial Motor Vehicles), and 648 (Foreign Commercial Motor Transportation); and Chapter 2301 (Sale or Lease of Motor Vehicles) and 2302 (Salvage Vehicle Dealers), Occupations Code.

Sec. 1001.003. COMPOSITION OF DEPARTMENT. Provides that TDMV is composed of an executive director appointed by the board of TDMV and other employees required to efficiently implement this subtitle, other applicable vehicle laws of this state, and other laws that grant jurisdiction to or are applicable to the department.

Sec. 1001.004. DIVISIONS. Requires the board of TDMV to organize TDMV into divisions to accomplish TDMV's functions and the duties assigned to it, including divisions for administration, motor carriers, motor vehicle distribution, and vehicle titles and registration.

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

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

[Reserves Sections 1001.007-1001.020 for expansion.]

SUBCHAPTER B. BOARD OF DEPARTMENT OF MOTOR VEHICLES

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

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

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

spouse is employed by or participates in the management of a business entity or other organization that is regulated by or receives funds from TDMV; directly or indirectly owns or controls more than 10 percent interest in a business entity or other organization that is regulated by or receives funds from TDMV; uses or receives a substantial amount of tangible goods, services, or funds from TDMV, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses; or is registered, certified, or licensed by TDMV.

(d) Prohibits a person required to register as a lobbyist under Chapter 305 (Registration of Lobbyists), Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the department from serving as a member of the board.

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

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

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

(b) Requires the chair to preside over board meetings, make rulings on motions and points of order, and determine the order of business; represent TDMV in dealing with the governor; report to the governor on the state of affairs of TDMV at least quarterly; report to the board the governor's suggestions for TDMV operations; report to the governor on efforts, including legislative requirements, to maximize the efficiency of TDMV operations through the use of private enterprise; periodically review TDMV's organizational structure and submit recommendations for structural changes to the governor, the board, and the Legislative Budget Board (LBB); designate one or more employees of TDMV as a civil rights division of TDMV and receive regular reports from the division on TDMV's efforts to comply with civil rights legislation and administrative rules; create subcommittees, appoint board members to subcommittees, and receive the reports of subcommittees to the board as a whole; appoint a member of the board to act in the chair's absence; and serve as the departmental liaison with the governor and the Office of State-Federal Relations to maximize federal funding for transportation.

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

Sec. 1001.025. RECOMMENDATIONS TO LEGISLATURE. (a) Requires the board to consider ways in which TDMV's operations can be improved. Authorizes the board to periodically report to the legislature concerning potential statutory changes that would improve the operation of TDMV.

(b) Requires the chair, on behalf of the board, to report to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of relevant legislative committees on legislative recommendations adopted by the board and relating to the operation of TDMV.

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

Sec. 1001.027. GROUNDS FOR REMOVAL. (a) Provides that it is a ground for removal from the board if a board member does not have at the time of appointment or maintain during service on the board the qualifications required by Section 1001.021; violates a prohibition provided by Section 1001.021; cannot discharge the member's duties for a substantial part of the term for which the members is appointed because of illness or disability; or is absent from more than half of the regularly scheduled board meetings that the board member is eligible to attend during a calendar year, unless the absence is excused by majority vote of the board.

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

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

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

(b) Requires the member to recuse himself or herself from the board's deliberations and actions on the matter in Subsection (a) and prohibits the board member from participating in the board's decision on the matter.

(c) Provides that a person has a substantial financial interest in an entity if the person is an employee, member, director, or officer of the entity or owns or controls, directly or indirectly, more than a five percent interest in the entity.

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

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

(b) Requires that the training program provide information to the person regarding this subchapter; the programs operated by TDMV; the role and functions of TDMV; the rules of TDMV with an emphasis on the rules that relate to disciplinary and investigatory authority; the current budget for TDMV; the results of the most recent formal audit of TDMV; the requirements of the open meetings law, Chapter 551 (Open Meetings), Government Code; open records law, Chapter 552 (Public Information), Government Code; administrative procedure law, Chapter 2001 (Administrative Procedure), Government Code; the requirements of the conflict of interest laws and other laws relating to public officials; and any applicable ethics policies adopted by the board or the Texas Ethics Commission (TEC).

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

Sec. 1001.031. ADVISORY COMMITTEES. (a) Requires the board to establish separate advisory committees for the motor carrier, motor vehicles, and vehicle titles and registration divisions to make recommendations to the board or executive director on the operation of the applicable division. Provides that a committee has the purposes, powers, and duties, including the manner of reporting its work, prescribed by the board. Provides that a committee and each member serves at the will of the board.

(b) Requires the board to appoint persons to each advisory committee who are selected from a list provided by the executive director and have knowledge about and interests in, and represent a broad range of viewpoints about, the work of the committee or applicable division.

(c) Requires that the advisory committee for the motor vehicles division include a member to represent motor vehicle manufacturers and a member to represent the recreational vehicle industry.

(d) Requires that the advisory committee for the motor carrier division include a member to represent the motor transportation industry.

(e) Prohibits a member of an advisory committee from being compensated by the board or TDMV for committee service.

[Reserves Sections 1001.032-1001.040 for expansion.]

#### SUBCHAPTER C. PERSONNEL

Sec. 1001.041. DEPARTMENT PERSONNEL. (a) Requires the executive director, subject to the General Appropriations Act or other law, to appoint deputies, assistants, and other personnel as necessary to carry out the powers and duties of TDMV under this code, other applicable vehicle laws of this state, and other laws granting jurisdiction or applicable to TDMV.

(b) Requires a person appointed under this section to have the professional and administrative experience necessary to qualify the person for the position to which the person is appointed.

Sec. 1001.042. DIVISION OF RESPONSIBILITIES. Requires the board to develop and implement policies that clearly define the respective responsibilities of the executive director and the staff of TDMV.

Sec. 1001.043. EQUAL EMPLOYMENT OPPORTUNITY POLICY; REPORT. (a) Requires the executive director or the director's designee to prepare and maintain a written policy statement to ensure implementation of a program of equal employment opportunity under which all personnel transactions are made without regard to race, color, disability, sex, religion, age, or national origin. Requires that the policy statement include certain criteria.

(b) Requires that a policy statement prepared under this section cover an annual period, be updated annually, be reviewed by the Commission on Human Rights for compliance with Subsection (a), and be filed with the governor.

(c) Requires the governor to deliver a biennial report to the legislature based on the information received under Subsection (b). Authorizes that the report be made separately or as part of other biennial reports made to the legislature.

Sec. 1001.044. QUALIFICATIONS AND STANDARDS OF CONDUCT. Requires the executive director to provide to TDMV employees, as often as necessary, information

regarding their qualification for office or employment under this subtitle and responsibilities under applicable laws relating to standards of conduct for state employees.

Sec. 1001.045. CAREER LADDER PROGRAM; PERFORMANCE EVALUATIONS.

(a) Requires the executive director or the director's designee to develop an intra-agency career ladder program. Requires that the program require intra-agency posting of all non-entry level positions concurrently with any public posting.

(b) Requires the executive director or the director's designee to develop a system of annual performance evaluations. Requires that all merit pay for department employees be based on the system established under this subsection.

CHAPTER 1002. RULES

Sec. 1002.001. GENERAL RULEMAKING AUTHORITY. Authorizes the board to adopt any rules necessary and appropriate to implement the powers and duties of TDMV under this code and other laws of this state.

Sec. 1002.002. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. Prohibits the board from adopting rules restricting advertising or competitive bidding by a person regulated by TDMV except to prohibit false, misleading, or deceptive practices by the person.

CHAPTER 1003. DEPARTMENT PROCEDURES

Sec. 1003.001. APPLICABILITY OF CERTAIN LAWS. Provides that, except as specifically provided by law, TDMV is subject to Chapters 2001 (Administrative Procedure) and 2002 (Texas Register and Administrative Code), Government Code.

Sec. 1003.002. SUMMARY PROCEDURES FOR ROUTINE MATTERS. (a) Authorizes the board or TDMV by rule to create a summary procedure for routine matters and designate department activities that otherwise would be subject to Chapter 2001, Government Code, as routine matters to be handled under the summary procedure.

(b) Authorizes that an activity be designated as a routine matter only if the activity is voluminous, repetitive, believed to be noncontroversial, and of limited interest to anyone other than persons immediately involved in or affected by the proposed TDMV action.

(c) Authorizes that the rules establish procedures different from those contained in Chapter 2001, Government Code. Requires that the procedures require, for each party involved, notice of a proposed negative action not later than the fifth day before the date the action is proposed to be taken.

(d) Authorizes that a rule adopted by the board under this section provide for the delegation of authority to take action on a routine matter to a salaried employee of TDMV designated by the board.

Sec. 1003.003. REVIEW OF ACTION ON ROUTINE MATTER. (a) Entitles a person directly or indirectly affected by an action of the board or TDMV on a routine matter taken under the summary procedure adopted under Section 1003.002 to a review of the action under Chapter 2001, Government Code.

(b) Requires the person to apply to the board not later than the 60th day after the date of the action to be entitled to the review.

(c) Provides that the timely filing of the application for review immediately stays the action pending a hearing on the merits.

(d) Authorizes the board and TDMV to adopt rules relating to an application for review under this section and consideration of the application.

Sec. 1003.004. INFORMAL DISPOSITION OF CERTAIN CONTESTED CASES. Authorizes the board or TDMV, as applicable, on written agreement or stipulation of each party and any intervenor, to informally dispose of a contested case in accordance with Section 2001.056 (Informal Disposition of Contested Case), Government Code, notwithstanding any provision of this code or other law that requires a hearing before the board or TDMV, as applicable.

#### CHAPTER 1004. PUBLIC ACCESS

Sec. 1004.001. ACCESS TO PROGRAMS AND FACILITIES. (a) Requires TDMV to prepare and maintain a written plan that describes how a person who does not speak English may be provided reasonable access to TDMV's programs.

(b) Requires TDMV to comply with federal and state laws for program and facility accessibility.

Sec. 1004.002. PUBLIC COMMENT. Requires the board and TDMV to develop and implement policies that provide the public with a reasonable opportunity to appear before the board or TDMV and to speak on any issue under the jurisdiction of the board or TDMV.

Sec. 1004.003. PUBLIC REPRESENTATION ON ADVISORY BODY. (a) Requires that at least one-half of the membership of each advisory body appointed by the board, other than an advisory body whose membership is determined by this code or by other law, represent the general public.

(b) Prohibits a public representative from being an officer, director, or employee of a business entity regulated by TDMV; a person required to register with TEC under Chapter 305, Government Code; or a person related within the second degree by affinity or consanguinity to a person described by this subsection.

#### CHAPTER 1005. STANDARDS OF CONDUCT

Sec. 1005.001. APPLICATION OF LAW RELATING TO ETHICAL CONDUCT. Provides that the board, executive director, and each employee or agent of TDMV is subject to the code of ethics and the standard of conduct imposed by Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest), Government Code, and any other law regulating the ethical conduct of state officers and employees.

### PART 2. TRANSFER OF DUTIES AND FUNCTIONS OF THE TEXAS DEPARTMENT OF TRANSPORTATION

#### SUBPART A. GENERAL PROVISIONS AND ADMINISTRATION

SECTION 8.2A.01. Amends Section 201.202(a), Transportation Code, to delete existing text requiring the Texas Transportation Commission (TTC) to create the division of motor vehicle titles and registration to accomplish the Texas Department of Transportation's (TxDOT) functions and duties.

SECTION 8.2A.02. Amends Section 201.931(2), Transportation Code, to delete existing text from the definition of "license" relating to a motor carrier registration issued under Chapter 643; a vehicle storage facility license issued under Chapter 2303 (Vehicle Storage Facilities); a salvage vehicle dealer or agent license issued under Chapter 2302 Occupations Code; specially designated or specialized license plates issued under Subchapters E (Specially Designated License Plates; Exemptions For Governmental and Quasi-Governmental Vehicles) and F (Specialized License Plates; Exemptions for Privately Owned Vehicles), Chapter 502 (Registration of Vehicles), Transportation Code; and an apportioned registration issued

according to the International Registration Plan under Section 502.054 (Agreements With Other Jurisdictions; Offense), Transportation Code.

#### SUBPART B. STATE HIGHWAY TOLL PROJECTS

SECTION 8.2B.01. Amends Sections 228.055(b) and (h), Transportation Code, regarding vehicle registration records from TDMV rather than TxDOT, and makes conforming changes.

SECTION 8.2B.02. Amends Section 228.056(b), Transportation Code, by making a conforming change.

#### SUBPART C. CAUSEWAYS, BRIDGES, TUNNELS, TURNPIKES, FERRIES, AND HIGHWAYS IN CERTAIN COUNTIES

SECTION 8.2C.01. Amends Sections 284.0701(b), (e), and (h), Transportation Code, to change references to TxDOT to TDMV.

#### SUBPART D. CERTIFICATE OF TITLE ACT

SECTION 8.2D.01. Amends Section 501.002(3), Transportation Code, to redefine "department" to mean TDMV, rather than TxDOT.

#### SUBPART E. REGISTRATION OF VEHICLES

SECTION 8.2E.01. Amends Section 502.001, Transportation Code, by adding Subdivision (1-a) and amending Subdivision (3), as follows:

(1-a) Defines "board."

(3) Redefines "department" to mean TDMV, rather than TxDOT.

SECTION 8.2E.02. Amends Section 502.051, Transportation Code, as follows:

Sec. 502.051. DEPOSIT OF REGISTRATION FEES IN STATE HIGHWAY FUND. Requires the board, rather than TTC and TxDOT, except as otherwise provided by this chapter, to deposit all money received from registration fees in the state treasury to the credit of the state highway fund.

SECTION 8.2E.03. Amends Section 502.052(a), Transportation Code, to make a conforming change.

SECTION 8.2E.04. Amends Sections 502.053(a) and (b), Transportation Code, as follows:

(a) Requires TDMV, rather than TxDOT, to reimburse the Texas Department of Criminal Justice for the cost of manufacturing license plates or registration insignia as the license plates or insignia and the invoice for the license plates or insignia are delivered to TDMV, rather than the department.

(b) Makes a conforming change.

SECTION 8.2E.05. Amends Section 502.1515, Transportation Code, to make a conforming change.

SECTION 8.2E.06. Amends Section 502.352(c), Transportation Code, to make a conforming change.

SECTION 8.2E.07. Amends Section 502.355(h), Transportation Code, to make a conforming change.

#### SUBPART F. DEALER'S AND MANUFACTURER'S VEHICLE LICENSE PLATES

SECTION 8.2F.01. Amends Sections 503.001(2) and (5), Transportation Code, to redefine "commission" to mean the board, rather than TTC, and "department" to mean TDMV, rather than TxDOT.

#### SUBPART G. SPECIALTY LICENSE PLATES

SECTION 8.2G.01. Amends Section 504.001(a), Transportation Code, to redefine "board" and "department."

SECTION 8.2G.02. Amends Section 504.004, Transportation Code, as follows:

Sec. 504.004. RULES AND FORMS. Authorizes the board, rather than TTC, to adopt rules and TDMV to issue forms to implement and administer this chapter.

SECTION 8.2G.03. Amends Sections 504.851(b), (c), and (d), Transportation Code, to make conforming changes.

#### SUBPART H. MISCELLANEOUS PROVISIONS

SECTION 8.2H.01. Amends Section 520.001, Transportation Code, to redefine "department" as TDMV, rather than TxDOT.

#### SUBPART I. OPERATION OF BICYCLES, MOPEDS, AND PLAY VEHICLES

SECTION 8.2I.01. Amends Section 551.302, Transportation Code, to transfer rulemaking authority relating to the registration and issuance of license plates to neighborhood electric vehicles from TxDOT to TDMV.

#### SUBPART J. MOTOR VEHICLE SAFETY RESPONSIBILITY ACT

SECTION 8.2J.01. Amends Section 601.023, Transportation Code, to change references to TxDOT to TDMV.

SECTION 8.2J.02. Amends Section 601.451, Transportation Code, to redefine "implementing agencies."

SECTION 8.2J.03. Repealer: Subchapter N (Database Interface System to Verify Financial Responsibility), Chapter 601 (Motor Vehicle Safety Responsibility Act), Transportation Code, as added by Chapter 1325 (H.B. 3588), Acts of the 78th Legislature, Regular Session, 2003.

#### SUBPART K. IDENTIFYING MARKINGS ON CERTAIN COMMERCIAL MOTOR VEHICLES

SECTION 8.2K.01. Amends Section 642.002(d), Transportation Code, to make a conforming change.

#### SUBPART L. MOTOR CARRIER REGISTRATION

SECTION 8.2L.01. Amends Section 643.001(1), Transportation Code, to redefine "department" to mean TDMV, rather than TxDOT.

#### SUBPART M. SINGLE STATE REGISTRATION

SECTION 8.2M.01. Amends Section 645.001, Transportation Code, to authorize TDMV, rather than the department, to the fullest extent practicable, to participate in a federal motor carrier registration program under the unified carrier registration system as defined by Section 643.001 (Definitions) or a single state registration system established under federal law, rather than the single state registration system established under 49 U.S.C. Section 14504.

#### SUBPART N. MOTOR TRANSPORTATION BROKERS

SECTION 8.2N.01. Amends Section 646.003(a), Transportation Code, to make a conforming change.

#### SUBPART O. FOREIGN COMMERCIAL MOTOR TRANSPORTATION

SECTION 8.2O.01. Amends Section 648.002, Transportation Code, to make a conforming change.

#### SUBPART P. PRIVILEGED PARKING

SECTION 8.2P.01. Amends Section 681.001(1), Transportation Code, to redefine "department" to mean TDMV, rather than TxDOT.

#### SUBPART Q. ADMINISTRATIVE ADJUDICATION OF VEHICLE PARKING AND STOPPING OFFENSES

SECTION 8.2Q.01. Amends Section 682.008, Transportation Code, to make a conforming change.

#### SUBPART R. ABANDONED MOTOR VEHICLES

SECTION 8.2R.01. Amends Section 683.001(1), Transportation Code, to redefine "department" to mean TDMV, rather than TxDOT.

#### SUBPART S. CONTRACTS FOR ENFORCEMENT OF CERTAIN ARREST WARRANTS

SECTION 8.2S.01. Amends Section 702.001(1), Transportation Code, to redefine "department" to mean TDMV, rather than TxDOT.

#### SUBPART T. PHOTOGRAPHIC TRAFFIC SIGNAL ENFORCEMENT SYSTEM

SECTION 8.2T.01. Amends Section 707.001(2), Transportation Code, to redefine "owner of a motor vehicle."

SECTION 8.2T.02. Amends Section 707.011(b), Transportation Code, to make conforming changes.

SECTION 8.2T.03. Amends Section 707.017, Transportation Code, to make a conforming change.

#### SUBPART U. SALE OR LEASE OF MOTOR VEHICLES

SECTION 8.2U.01. Amends Section 2301.002(9), Occupations Code, to redefine "department" as TDMV rather than TxDOT.

SECTION 8.2U.02. Repealer: Section 2301.002(33) (relating to defining transportation commission), Occupations Code.

#### SUBPART V. AUTOMOBILE BURGLARY AND THEFT PREVENTION AUTHORITY

SECTION 8.2V.01. Amends Section 1(3), Article 4413(37), V.T.C.S., to redefine "department" to mean TDMV rather than TxDOT.

SECTION 2V.02. Amends Section 2, Article 4413(37), V.T.C.S., to establish the Automobile Burglary and Theft Prevention Authority in TDMV, rather than the department. Provides that the authority is not an advisory body to TDMV, rather than to the department.

### PART 3. CONFORMING AMENDMENTS PERTAINING TO TEXAS DEPARTMENT OF TRANSPORTATION IN OTHER CODES

#### SUBPART A. BUSINESS & COMMERCE CODE

SECTION 8.3A.01. Amends Section 51.003(b), Business and Commerce Code, as effective April 1, 2009, to replace references to the department with TDMV.

SECTION 8.3A.02. Amends Section 105.004(b), Business and Commerce Code, as effective April 1, 2009, to make a conforming change.

#### SUBPART B. CODE OF CRIMINAL PROCEDURE

SECTION 8.3B.01. Amends Section 1(1), Article 42.22, Code of Criminal Procedure, to define "department" as TDMV rather than TxDOT.

SECTION 8.3B.02. Amends Article 59.04(c), Code of Criminal Procedure, to make conforming changes.

#### SUBPART C. FAMILY CODE

SECTION 8.3C.01. Amends Section 157.316(b), Family Code, to change references to TxDOT to TDMV.

SECTION 8.3C.02. Amends Section 232.0022(a), Family Code, to make a conforming change.

#### SUBPART D. FINANCE CODE

SECTION 8.3D.01. Amends Section 306.001(9), Finance Code, to change references to TxDOT to TDMV.

SECTION 8.3D.02. Amends Section 348.001(10-a), Finance Code, to make a conforming change.

SECTION 8.3D.03. Amends Section 348.518, Finance Code, to make a conforming change.

#### SUBPART E. GOVERNMENT CODE

SECTION 8.3E.01. Amends Section 411.122(d), Government Code, to change a reference to the Board of Examiners of Perfusionist to the Texas State Perfusionist Advisory Committee, and adding TDMV to the list of agencies subject to this section.

#### SUBPART F. HEALTH AND SAFETY CODE

SECTION 8.3F.01. Amends Section 382.209(e), Health and Safety Code, to change references to TxDOT to TDMV.

SECTION 8.3F.02. Amends Section 382.210(f), Health and Safety Code, to make a conforming change.

#### SUBPART G. HUMAN RESOURCES CODE

SECTION 8.3G.01. Amends Section 22.041, Human Resources Code, to change references to TxDOT to TDMV.

SECTION 8.3G.02. Amends Section 32.026(g), Human Resources Code, to make a conforming change.

#### SUBPART H. LOCAL GOVERNMENT CODE

SECTION 8.3H.01. Amends Section 130.006, Local Government Code, to replace TxDOT with TDMV.

SECTION 8.3H.02. Amends Section 130.007, Local Government Code, to make conforming changes.

SECTION 8.3H.03. Amends Section 130.008, Local Government Code, to make a conforming change.

SECTION 8.3H.04. Amends Section 130.009, Local Government Code, to make a conforming change.

#### SUBPART I. OCCUPATIONS CODE

SECTION 8.3I.01. Amends Section 554.009(c), Occupations Code, to change references to TxDOT to TDMV.

SECTION 8.3I.03. Amends Sections 2301.005(a) and (b), Occupations Code, as follows:

(a) Provides that a reference in law, including a rule, to the Texas Motor Vehicle Commission or to the board means the board of TDMV, rather than the director, except that a reference to the board means TTC if it is related to the adoption of rules.

(b) Provides that a reference to law, including a rule, to the executive director of the Texas Motor Vehicle Commission means the executive director of TDMV.

SECTION 8.3I.04. Amends Sections 2302.001(2) and (3), Occupations Code, to redefine "board" and "department."

SECTION 8.3I.05. Amends Section 2302.0015(b), Occupations Code, to make conforming changes.

SECTION 8.3I.06. Amends the heading to Subchapter B, Chapter 2302, Occupations Code, to read as follows:

#### SUBCHAPTER B. BOARD POWERS AND DUTIES

SECTION 8.3I.07. Amends Sections 2302.051, 2302.052, and 2302.053, Occupations Code, as follows:

Sec. 2302.051. RULES AND ENFORCEMENT POWERS. Requires the board to adopt rules a necessary to administer this chapter and may take other action as necessary to enforce this chapter.

Sec. 2302.052. DUTY TO SET FEES. Makes conforming changes.

Sec. 2302.053. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) and (b) Makes conforming changes.

SECTION 8.3I.08. Amends Section 2302.108(b), Occupations Code, to require the board, rather than TTC, by rule to establish the grounds for denial, suspension, revocation, or reinstatement of a license issued under this chapter and the procedures for disciplinary action.

SECTION 8.3I.09. Amends Section 2302.204, Occupations Code, as follows:

Sec. 2302.204. CASUAL SALES. Requires the board, rather than TTC, to adopt rules as necessary to regulate casual sales by salvage vehicle dealers, insurance companies, or salvage pool operators and to enforce this section.

#### SUBPART J. PENAL CODE

SECTION 8.3J.01. Amends Section 31.03(c), Penal Code, to replace TxDOT with TDMV.

SECTION 8.3J.02. Amends Section 31.11(b), Penal Code, to provide that it is an affirmative defense to prosecution under this section that the person was acting with respect to a number assigned to a vehicle by TxDOT or TDMV, as applicable.

## SUBPART K. TAX CODE

SECTION 803K.01. Amends Section 21.02, Tax Code, to replace the department with TDMV.

SECTION 8.3K.02. Amends Section 22.04(d), Tax Code, to make conforming changes.

SECTION 8.3K.03. Amends Sections 23.121(a)(3), (11), and (14), Tax Code, to redefine "dealer," "sales price," and "towable recreational vehicle."

SECTION 8.3K.04. Amends Sections 23.121(f), (g), and (h), Tax Code, to make nonsubstantive and conforming changes.

SECTION 8.3K.05. Amends Section 23.123(c), Tax Code, to make nonsubstantive and conforming changes.

SECTION 8.3K.06. Amends Section 23.124(a)(11), Tax Code, to redefine "sales price."

SECTION 8.3K.07. Amends Section 113.011, Tax Code, as follows:

Sec. 113.011. New heading: LIENS FILED WITH THE TEXAS DEPARTMENT OF MOTOR VEHICLES. Requires the comptroller to furnish to TDMV, rather than TxDOT, each release of a tax lien filed by the comptroller with that department.

SECTION 8.3K.08. Amends Sections 152.0412(a) and (f), Tax Code, to make conforming changes.

SECTION 8.3K.09. Amends Section 152.042, Tax Code, to make a conforming change.

SECTION 8.3K.10. Amends Section 152.121(b), Tax Code, to make a conforming change.

SECTION 8.3K.11. Amends Section 162.001(52), Tax Code, to redefine "registered gross weight."

## ARTICLE 9. RAIL DIVISION

SECTION 9.01. Amends Section 91.001, Transportation Code, by adding Subdivision (3-a) to define "division."

SECTION 9.02. Amends Subchapter A, Chapter 91, Transportation Code, adding Section 91.0041, as follows:

Sec. 91.0041. DUTIES OF RAIL DIVISION. Requires the rail division of TxDOT (division), in addition to any other duty imposed on the division, to assure that rail is an integral part of the department's transportation planning process; coordinate and oversee rail projects that are financed with money distributed by the department, including money from the Texas rail relocation and improvement fund; develop and plan for improved passenger and freight rail facilities and services in this state; and coordinate the efforts of the department, the federal government, political subdivisions, and private entities to continue the development of rail facilities and services in this state.

SECTION 9.03. Amends Subchapter H, Chapter 201, Transportation Code, by adding Sections 201.6013 and 201.6014, as follows:

Sec. 201.6013. COORDINATION OF STATEWIDE PASSENGER RAIL SYSTEM. Requires the department, to facilitate the development and interconnectivity of rail systems in this state, to coordinate activities regarding the planning, construction, operation, and maintenance of a statewide passenger rail system. Requires the department to coordinate with other entities involved with passenger rail systems, including governmental entities, private entities, and nonprofit corporations.

Sec. 201.6014. LONG-TERM PLAN FOR STATEWIDE PASSENGER RAIL SYSTEM. Requires the department to prepare and update annually a long-term plan for a statewide passenger rail system. Requires that information contained in the plan include a description of existing and proposed passenger rail systems, information regarding the status of passenger rail systems under construction, an analysis of potential interconnectivity difficulties, ridership projections for proposed passenger rail projects, and ridership statistics for existing passenger rail systems.

SECTION 9.04. (a) Amends Section 1(1), Chapter 350 (S.B. 1101), Acts of the 71st Legislature, Regular Session, 1989 (Article 6419c, V.T.C.S.), define "department" and delete the existing definition for "commission."

(b) Amends Sections 2(a) and (b), Chapter 350 (S.B. 1101), Acts of the 71st Legislature, Regular Session, 1989 (Article 6419c, V.T.C.S.), as follows:

(a) Requires a railroad company that transports hazardous materials in or through the state to file with the department, rather than Railroad Commission of Texas (railroad commission), a copy of each hazardous materials incident report that the company files with the federal Department of Transportation in accordance with 49 C.F.R. 171.16, not later than the 15th day after the date that the incident that forms the basis of the report is discovered.

(b) Makes a conforming change.

(c) Amends Section 3, Chapter 350 (S.B. 1101), Acts of the 71st Legislature, Regular Session, 1989 (Article 6419c, V.T.C.S.), as follows:

Sec. 3. DISTRIBUTION. (a) Requires the department, rather than the railroad commission, to compile information submitted to the the department, rather than the railroad commission, under this Act for distribution to local emergency management agencies located in jurisdictions containing reported railroad operations and the metropolitan planning organizations for those jurisdictions. Makes a nonsubstantive change.

(b) Makes a conforming change.

## ARTICLE 10. ELECTRONIC SIGNS

SECTION 10.01. Amends Chapter 544, Transportation Code, by adding Section 544.013, as follows:

Sec. 544.013. CHANGEABLE MESSAGE SIGN SYSTEM. (a) Defines "changeable message sign."

(b) Requires the department to actively manage a system of changeable message signs located on highways under the jurisdiction of the department to mitigate traffic congestion by providing current information to the traveling public, including information about traffic incidents, weather conditions, road construction, and alternative routes.

## ARTICLE 11. COUNTY TRAFFIC OFFICERS

SECTION 11.01. Amends Section 701.006, Transportation Code, as follows:

Sec. 701.006. New heading: DISMISSAL. Creates this section from existing Subsection (d). Authorizes the commissioners court on its own initiative, or on recommendation of the sheriff, to dismiss a county traffic officer if the officer is no longer needed or if the officer's service is unsatisfactory. Deletes existing Subsections (a) (relating to authorizing the district engineer of the the department district in which a certain officer operates to send a complaint to the commissioners court), (b) (relating to a requirement that the commissioners court hold a hearing and summon the certain officer on receipt of the

complaint), and (c) (relating to a discharge of the officer and employment of another officer under certain circumstances). Deletes Subsection (d) designation.

SECTION 11.02. Repealer: Section 701.002(b) (relating to a requirement that the district engineer of a the department district advise the officer on certain information), Transportation Code.

## ARTICLE 12. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS

SECTION 12.01. Amends Subchapter A, Chapter 222, Transportation Code, by adding Section 222.005, as follows:

Sec. 222.005. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) Defines "bonds," "credit agreement," and "improvement."

(b) Authorizes TTC by order or resolution to issue general obligation bonds for the purposes provided in this section. Prohibits the aggregate principal amount of the bonds that are issued from exceeding the amount specified by Section 49-p(a) (relating to funding for TTC or its successor), Article III (Legislative Department), Texas Constitution.

(c) Authorizes TTC to enter into credit agreements relating to the bonds. Authorizes a credit agreement entered into under this section to be secured by and payable from the same sources as the bonds.

(d) Requires that the bonds be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by TTC, and are required to mature not later than 30 years after their dates of issuance, subject to any refundings or renewals. Authorizes the bonds to be issued in multiple series and issues from time to time and to have the provisions TTC determines appropriate and in the interest of the state.

(e) Provides that TTC has all powers necessary or appropriate to carry out this section and to implement Section 49-p, Article III, Texas Constitution, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201 (Public Security Procedure Act), 1207 (Refunding Bonds), and 1371 (Obligations for Certain Public Improvements), Government Code.

(f) Requires that the bonds and the record of proceedings authorizing the bonds and any related credit agreements be submitted to the attorney general for approval as to their legality. Requires the attorney general, if the attorney general finds that they will be issued in accordance with this section and other applicable law, to approve them, and, after payment by the purchasers of the obligations in accordance with the terms of sale and after execution and delivery of the related credit agreements, the obligations and related credit agreements are incontestable for any cause.

(g) Authorizes bonds to be issued for one or more of the following purposes:

- (1) to pay all or part of the costs of highway improvement projects;
- (2) to pay the costs of administering projects authorized under this section, the cost or expense of the issuance of the bonds, or all or part of a payment owed or to be owed under a credit agreement; and
- (3) to provide money for deposit in the Texas Transportation Revolving Fund or similar revolving fund authorized by law, to be used for the

purpose of making loans for highway improvement projects as provided by law.

(h) Prohibits the proceeds from the issuance and sale of the bonds from being expended or used for the purposes authorized under this section unless those proceeds have been appropriated by the legislature.

(i) Requires the comptroller to pay the principal of the bonds as they mature and the interest as it becomes payable and to pay any cost related to the bonds that becomes due, including payments under credit agreements.

SECTION 12.02. Provides that this article does not make an appropriation. Provides that this article takes effect only if a specific appropriation for the implementation of the article is provided in a general appropriations act of the 81st Legislature.

SECTION 12.03. Effective date, except as provided by Section 12.02 of this article: upon passage or September 1, 2009.

### ARTICLE 13. METROPOLITAN PLANNING ORGANIZATIONS

SECTION 13.01. Amends Section 472.034, Transportation Code, as follows:

Sec. 472.034. New heading: STANDARDS OF CONDUCT; ETHICS POLICY. (a) Prohibits a policy board member or employee of a metropolitan planning organization from:

(1) accepting or soliciting any gift, favor, or service that might reasonably tend to influence the member or employee in the discharge of official duties or that the member or employee knows or should know is being offered with the intent to influence the member's or employee's official conduct;

(2) accepting other employment or engage in a business or professional activity that the member or employee might reasonably expect would require or induce the member or employee to disclose confidential information acquired by reason of the official position;

(3) accepting other employment or compensation that could reasonably be expected to impair the member's or employee's independence of judgment in the performance of the member's or employee's official duties;

(4) making personal investments that could reasonably be expected to create a substantial conflict between the member's or employee's private interest and the public interest; or

(5) intentionally or knowingly soliciting, accepting, or agreeing to accept any benefit for having exercised the member's or employee's official powers or performed the member's or employee's official duties in favor of another.

(b) Provides that an employee of a metropolitan planning organization who violates Subsection (a) or an ethics policy adopted under Subsection (c) is subject to termination of the employee's employment or another employment-related sanction. Provides that, notwithstanding this subsection, a policy board member or employee of a metropolitan planning organization who violates Subsection (a) is subject to any applicable civil or criminal penalty if the violation also constitutes a violation of another statute or rule.

(c) Creates this subsection from existing text. Requires that each policy board:

(1) adopt bylaws establishing an ethics policy for employees of a metropolitan planning organization and policy board members consistent with the standards prescribed by Subsection (a), including provisions to prevent a policy board member from having a conflict of interest in business before the metropolitan planning organization; and

(2) distribute a copy of the ethics policy to each new employee not later than the third business day after the date the person begins employment with the agency and each new policy board member not later than the third business day after the date the person qualifies for office.

(d) Provides that if a person with knowledge of a violation of an ethics policy established under Subsection (c) that also constitutes a criminal offense under another law of this state reports the violation to an appropriate prosecuting attorney who concludes that there is reasonable basis to initiate an investigation, then, not later than the 60th day after the date a person notifies the prosecuting attorney under this subsection, the prosecuting attorney is required to notify Texas Ethics Commission (TEC) of the status of the prosecuting attorney's investigation of the alleged violation. Requires TEC, on the request of the prosecuting attorney, to assist the prosecuting attorney in investigating the alleged violation.

(e) Provides that to the extent an employee of a metropolitan planning organization is subject to the ethics policy of another governmental entity and to the extent that policy conflicts with this section, the stricter policy prevails.

SECTION 13.02. Requires each policy board of a metropolitan planning organization, not later than January 1, 2010, to adopt bylaws establishing an ethics policy as required by Section 472.034(c), Transportation Code, as added by this article, and distribute a copy of the ethics policy to each policy board member and employee.

#### ARTICLE 14. MOTOR VEHICLE ACCIDENT REPORTS

SECTION 14.01. Amends Section 550.065, Transportation Code, by amending Subsections (a), (b), and (d) and adding Subsections (e), (f), and (g), as follows:

(a) Provides that this section applies only to information that is held by TDMV or another governmental entity and relates to a motor vehicle accident reported under this chapter or Section 601.004 (Accident Report), including accident report information compiled under Section 201.805 (Reports and Information), as added by Chapter 1407 (S.B. 766), Acts of the 80th Legislature, Regular Session, 2007.

(b) Creates an exception under Subsection (e).

(d) Provides that the fee for a copy of the accident report is \$6, rather than that the fee for a copy of the report or accident information is \$6 or the actual cost of the preparation of the copy, whichever is less.

(e) Authorizes TDMV, in addition to the information required to be released under Subsection (c) (relating to the release of certain information on written request and payment of any required fee), to release information relating to motor vehicle accidents that the department compiles under Section 201.805, as added by Chapter 1407 (S.B. 766), Acts of the 80th Legislature, Regular Session, 2007; or a vehicle identification number and specific accident information relating to that vehicle.

(f) Provides that TDMV:

(1) is prohibited from releasing under Subsection (e) information that is personal information, as defined by Section 730.003 (Definitions); or would allow a person to satisfy the requirements of Subsection (c)(4) (relating to the release of certain information on written request and payment of any required fee) for the release of information for a specific motor vehicle accident; and

(2) is required to withhold or redact the following items of information: the first, middle, and last name of any person listed in an accident report, including a vehicle driver, occupant, owner, or lessee, a bicyclist, a pedestrian, or a property owner; the number of any driver's license, commercial driver's license, or personal identification certificate issued to any person listed in an accident report; the date of birth, other than the year, of any person listed in an accident report; the address, other than zip code, and telephone number of any person listed in an accident report; the license plate number of any vehicle listed in an accident report; the date of any accident, other than the year; the name of any insurance company listed as a provider of financial responsibility for a vehicle listed in an accident report; the number of any insurance policy issued by an insurance company listed as a provider of financial responsibility; the date the peace officer who investigated the accident was notified of the accident; the date the investigating peace officer arrived at the accident site; the date the investigating officer's report was prepared; the badge number or identification number of the investigating officer; the date on which any person who died as a result of the accident died; the date of any commercial motor vehicle report; and the place where any person injured or killed in an accident was taken and the person or entity that provided the transportation.

(g) Requires that the amount that may be charged for information provided under Subsection (e) be calculated in the manner specified by Chapter 552, Government Code, for public information provided by a governmental body under that chapter.

## ARTICLE 16. TEXAS TRANSPORTATION REVOLVING FUND

SECTION 16.01. Amends Chapter 222, Transportation Code, by adding Subchapter F, as follows:

### SUBCHAPTER F. TEXAS TRANSPORTATION REVOLVING FUND

Sec. 222.131. DEFINITIONS. Defines "bonds," "credit agreement," "fund," "fund revenue bonds," "highway improvement project," "transit provider," and "transportation project."

Sec. 222.132. CREATION OF FUND. Provides that the Texas Transportation Revolving Fund (fund) is created as a fund held in the Texas Treasury Safekeeping Trust Company.

Sec. 222.133. ADMINISTRATION OF FUND. (a) Requires TTC, through the department, to manage, invest, use, administer, and provide financial assistance from the fund as provided by this subchapter.

(b) Authorizes TTC to create within the fund one or more accounts or subaccounts as determined appropriate and necessary by TTC.

(c) Requires TTC to prepare and file annually with the governor, the lieutenant governor, and the LBB a report providing information on the operation of the fund, including the amounts and sources of money deposited in the fund during the year; investments and returns on investments of money in the fund; loans made from the fund; other financial assistance provided from the fund; the status of any defaults on repayment of loans or other financial assistance provided from the fund; and the details of any transportation project for which financial assistance is received from the fund, including the identity of any highway directly affected by the project, and the degree to which the project is designed to reduce congestion, improve traffic safety, and enhance connectivity.

Sec. 222.134. SOURCES OF MONEY DEPOSITED IN FUND. Authorizes TTC to deposit in the fund money derived from any source available to TTC, including:

- (1) if appropriated by the legislature for that purpose: the proceeds of bonds issued under Section 222.003 (Issuance of Bonds by State Highway Fund); the proceeds of bonds authorized by Section 49-p, Article III, Texas Constitution, if the law providing for the issuance of the bonds does not prohibit the deposit of the proceeds in the fund; money provided by the commission from the state highway fund; money provided by the commission from the Texas Mobility Fund that is in excess of the money required to be on deposit in the Texas Mobility Fund by the proceedings authorizing Texas Mobility Fund bonds and credit agreements; and other direct appropriations;
- (2) repayments of principal and interest on loans made under Section 222.137;
- (3) the proceeds from the sale of loans under Section 222.140;
- (4) the proceeds from the sale of fund revenue bonds; and
- (5) gifts and grants.

Sec. 222.135. FUND REVENUE BONDS. (a) Authorizes TTC to issue, sell, and deliver fund revenue bonds for the purpose of providing money for the fund.

(b) Provides that fund revenue bonds are special obligations of TTC payable from the repayment of loans from the fund and other money on deposit in the fund as TTC may designate.

(c) Provides that fund revenue bonds do not constitute a debt of the state or a pledge of the faith and credit of the state.

(d) Authorizes TTC by order or resolution to issue fund revenue bonds in the name and on behalf of the state and the department and may enter into credit agreements related to the bonds. Authorizes the bonds to be issued in multiple series and issues from time to time and to be issued on the terms and with the provisions TTC determines appropriate and in the interests of the state.

(e) Provides that TTC has all powers necessary or appropriate to carry out this section, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201, 1207 , and 1371, Government Code.

(f) Requires TTC, before the issuance of fund revenue bonds or credit agreements, to submit the record of proceedings of TTC authorizing the issuance, execution, and delivery of the bonds or credit agreement and any contract providing revenue or security to pay the bonds or credit agreement to the attorney general for review. Requires the attorney general, if the attorney general finds that the proceedings authorizing a bond or credit agreement and any bonds authorized in the proceedings conform to the requirements of the Texas Constitution and this subchapter, to approve the proceedings and the bonds and deliver to the comptroller for registration a copy of the attorney general's legal opinion stating that approval and the record of proceedings. Authorizes the bonds or credit agreement, after approval to be executed and delivered, exchanged, or refinanced from time to time in accordance with those authorizing proceedings.

(g) Provides that if the proceedings and any bonds authorized in the proceedings are approved by the attorney general and registered by the comptroller as provided above, the bonds or credit agreement, as applicable, or a contract providing revenue or security included in or executed and delivered according to the authorizing proceedings are incontestable in a court or other forum and are valid, binding, and enforceable according to their terms.

(h) Authorizes the proceeds from the sale of fund revenue bonds to be used to finance other funds or accounts relating to the bonds or credit agreement,

including a debt service reserve fund, and to pay the costs of issuance. Requires that all remaining proceeds received from the sale of the bonds be deposited in the fund and invested and used as provided by this subchapter.

Sec. 222.136. INVESTMENT OF MONEY IN THE FUND. (a) Authorizes money in the fund to be invested as provided by Chapter 2256 (Public Funds Investment), Government Code, except that the proceeds of bonds deposited in the fund under Section 222.134 are required to be subject to any limitations contained in the documents authorizing the issuance of the bonds.

(b) Requires that income received from the investment of money in the fund be deposited in the fund, subject to requirements that may be imposed by the proceedings authorizing bonds issued to provide money for deposit in the fund that are necessary to protect the tax-exempt status of interest payable on the bonds in accordance with applicable law of the United States concerning federal income taxation of interest on the bonds. Requires that investment income be deposited in an account or subaccount in the fund as determined by the department.

Sec. 222.137. USES OF MONEY IN THE FUND. (a) Authorizes TTC, except as otherwise provided by this section, to use money held in the fund to provide financial assistance to a public entity, including the department, for the costs of a transportation project by making loans, including through the purchase of obligations of the public entity; providing liquidity or credit enhancement, including through the agreement to loan to or purchase bonds, notes, or other obligations from a public entity; serving as a reserve fund established in connection with debt financing by the public entity; providing capitalized interest for debt financing by the public entity; or providing a guarantee of the payment of the costs of operations and maintenance of a transportation project.

(b) Authorizes the proceeds of bonds authorized by Section 49-p, Article III, Texas Constitution, or issued under Section 222.003 to only be used to provide financial assistance for highway improvement projects, subject to any limitations provided by law.

(c) Authorizes money from the state highway fund to only be used for the purposes for which revenues are dedicated under Section 7-a (Revenues from Motor Vehicle Registration Fees and Taxes on Motor Fuels and Lubricants; Purposes for which Used), Article VIII (Taxation and Revenue), Texas Constitution.

(d) Authorizes money from the Texas Mobility Fund to only be used to provide financial assistance for state highway improvement projects, publicly owned toll roads, and public transportation projects, whether on or off of the state highway system, subject to any limitations provided by law.

(e) Authorizes money in the fund to be used to pay debt service on fund revenue bonds.

(f) Authorizes TTC to require the payment of reasonable fees and other amounts by a public entity for all forms of financial assistance provided under this section.

(g) Requires the department to monitor the use of financial assistance provided to a public entity to ensure the financial assistance is used for purposes authorized by law and authorizes the department audit the books and records of a public entity for this purpose.

Sec. 222.138. BORROWING FROM THE FUND BY PUBLIC ENTITY. (a) Authorizes a public entity, including a municipality, county, district, authority, agency, department, board, or commission, that is authorized by law to construct, maintain, or finance a transportation project to borrow money from the fund, including by direct loan or other financial assistance from the fund, and to enter into any agreement relating to receiving financial assistance from the fund.

(b) Requires that money received by a public entity under this subchapter be segregated from other funds under the control of the public entity and authorizes that it only be used for purposes authorized by this subchapter.

(c) Authorizes a public entity, to provide for the repayment of a loan or other financial assistance, to pledge revenues or income from any available source; pledge, levy, and collect any taxes, subject to any constitutional limitation; or pledge any combination of revenues, income, and taxes.

(d) Provides that this section is wholly sufficient authority for a public entity to borrow or otherwise obtain financial assistance from the fund as authorized by this subchapter and to pledge revenues, income, or taxes, or any combination of revenues, income, and taxes, to the repayment of a loan or other financial assistance.

Sec. 222.139. REPAYMENT TERMS; DEPOSIT OF REPAYMENTS. (a) Requires TTC, for financial assistance that is required to be repaid, to determine the terms and conditions of the repayment, including the interest rates to be charged.

(b) Authorizes TTC to require the entity receiving financial assistance that is required to be repaid to make charges, levy and collect taxes, pledge revenues, or otherwise take such action as may be necessary to provide for money in an amount sufficient for repayment according to the terms agreed on at the time the financial assistance is provided.

(c) Authorizes TTC, for a tolled highway improvement project, in lieu of requiring the repayment of financial assistance and any interest thereon, to require that revenues from the project be shared between the entity and the department, and authorizes the entity and the department to enter into an agreement specifying the terms and conditions of the revenue sharing.

(d) Requires the department to deposit in the fund all amounts received from repayment of the financial assistance or as a share of revenues from a tolled highway improvement project.

Sec. 222.140. SALE OF LOANS. (a) Defines "loan."

(b) Provides that TTC is authorized to sell any loans made from money in the fund and is required to deposit the proceeds of the sale in the fund.

(c) Authorizes TTC, for any loans to be sold under this section, to submit to the attorney general for review and approval the related financial assistance agreement, which is required, for the purposes of Chapter 1202, Government Code, to be considered to be a public security, along with the record of proceedings of the borrowing entity relating to the agreement. Requires that the agreement, if the attorney general approves the agreement, be incontestable in a court or other forum and is valid, binding, and enforceable according to its terms as provided by Chapter 1202, Government Code.

(d) Requires TTC to sell the loans using a competitive bidding process and at the price and under the terms and conditions that it determines to be reasonable.

(e) Authorizes TTC, as part of the sales agreement with the purchaser of a loan, to agree to perform the functions required to enforce the conditions and requirements stated in the loans, including the payment of debt service by the borrowing entity.

(f) Authorizes TTC to exercise any powers necessary to carry out the authority granted by this section, including the authority to contract with any person to accomplish the purposes of this section.

(g) Prohibits TTC from being liable for the repayment of, and from repaying, any loan sold under this section.

Sec. 222.141. WAIVER OF SOVEREIGN IMMUNITY. Authorizes a public entity receiving financial assistance under this subchapter and the department to agree to waive sovereign immunity to suit for the purpose of adjudicating a claim to enforce any of their obligations brought by a party for breach of the terms of the financial assistance agreement.

Sec. 222.142. IMPLEMENTATION BY RULE. (a) Requires TTC to adopt rules to implement this subchapter, including rules:

(1) establishing eligibility and prioritization criteria for entities applying for financial assistance from the fund and for transportation projects that may receive financial assistance from the fund;

(2) specifying the method for setting the terms and conditions for providing financial assistance from the fund and for the repayment of financial assistance from the fund; and

(3) establishing procedures for the sale of loans originated from amounts on deposit in the fund.

(b) Requires that the eligibility and prioritization criteria described in Subsection (a)(1) provide that financial assistance made available for the delivery of a transportation project by the department is prohibited from being in a larger amount or on more favorable terms than the financial assistance requested and previously offered for the delivery of that transportation project by a public entity, if any.

(c) Requires TTC to appoint a rules advisory committee to advise the department and TTC on the development of the commission's initial rules required by this section. Requires the advisory committee to include one or more members representing a local toll project entity, as defined in Section 228.0111 (Toll Projects of Local Toll Project Entities). Provides that Chapter 2110 (State Agency Advisory Commission), Government Code, does not apply to the advisory committee. Provides that this subsection expires on the date the commission adopts initial rules under this section.

SECTION 16.02. Effective date, this article: upon passage or September 1, 2009.

## ARTICLE 17. USE OF STATE HIGHWAY FUND IN CONNECTION WITH CERTAIN TOLL FACILITIES

SECTION 17.01. Amends Section 222.001, Transportation Code, as follows:

Sec. 222.001. USE OF STATE HIGHWAY FUND. (a) Creates this subsection from existing text.

(b) Prohibits the department, notwithstanding Section 222.103 (Cost Participation), from pledging or otherwise encumbering money deposited in the state highway fund to guarantee a loan obtained by a public or private entity for costs associated with a toll facility of the public or private entity or insure bonds issued by a public or private entity for costs associated with a toll facility of the public or private entity.

SECTION 17.02. Provides that Section 222.001(b), Transportation Code, as added by this article, applies only to an agreement to pledge or otherwise encumber money in the state highway fund that is entered into on or after the effective date of this Act, except that that section does not apply to an agreement to pledge or otherwise encumber money in the state highway

fund that is associated with the following projects, regardless of whether the agreement is finalized on or after the effective date of this Act:

- (1) the State Highway 161 project in Dallas County;
- (2) the Southwest Parkway (State Highway 121) in Tarrant County from Interstate Highway 30 to Dirks Road/Altamesa Boulevard and the Chisholm Trail project from Dirks Road/Altamesa Boulevard to U.S. Highway 67 in the city of Cleburne;
- (3) a project associated with the highway designated as the Trinity Parkway in the city of Dallas;
- (4) the Grand Parkway project (State Highway 99);
- (5) the Hidalgo Loop project in Hidalgo County from U.S. Highway 83 near the Pharr-Reynosa International Bridge to the U.S. Highway 83 Expressway in Penitas to U.S. Highway 281 north of Edinburg to U.S. Highway 83 west of Farm-to-Market Road 1423 to U.S. Highway 83 near the Pharr-Reynosa International Bridge;
- (6) the U.S. Highway 290 project from east of U.S. Highway 183 to east of Farm-to-Market Road 734 in Travis County;
- (7) the State Highway 71 East project from Riverside Drive east to east of State Highway 130 and including the interchange at State Highway 71 East/U.S. Highway 183 South in Travis County;
- (8) the U.S. Highway 183 South project from Springdale Road south to State Highway 71 East in Travis County;
- (9) the Loop 1 added capacity project, comprised of the addition of a managed lane on Loop 1 from Parmer Lane to State Highway 45 South in Travis County;
- (10) any transaction related to the acquisition by a regional mobility authority, a regional tollway authority, or a county acting under Chapter 284 (Causeways, Bridges, Tunnels, Turnpikes, Ferries, and Highways in Certain Counties) of a toll project of the department all or a portion of which was existing and in operation prior to September 1, 2009;
- (11) any transaction related to the assumption by a regional mobility authority, a regional tollway authority, or a county acting under Chapter 284 of the operations of a toll project of the department all or a portion of which was existing and in operation prior to September 1, 2009;
- (12) the Loop 49 project from U.S. Highway 69 north of Lindale to State Highway 110 in Smith County; or
- (13) the U.S. Highway 281 project in Bexar County from Loop 1604 to the Comal County line and including five direct connectors at the Loop 1604/U.S. Highway 281 interchange.

SECTION 17.03. Effective date, this article: upon passage or September 1, 2009.

## ARTICLE 18. USED AUTOMOTIVE PARTS RECYCLERS

SECTION 18.01. Amends Section 2302.001(6), Occupations Code, to redefine "salvage vehicle agent."

SECTION 18.02. Amends Section 2302.006(b), Occupations Code, to provide that this chapter applies to a transaction in which a motor vehicle is sold, transferred, released, or delivered to a metal recycler for the purpose of reuse or resale as a motor vehicle, rather than as a motor vehicle or as a source of used parts; and is used for that purpose.

SECTION 18.03. Amends Subchapter A, Chapter 2302, Occupations Code, by adding Section 2302.008 as follows:

Sec. 2302.008. **APPLICABILITY OF CHAPTER TO USED AUTOMOTIVE PARTS RECYCLERS.** Provides that this chapter does not apply to a used automotive parts recycler licensed under Chapter 2309.

SECTION 18.04. Amends Section 2302.103(b), Occupations Code, to delete existing text authorizing an applicant to apply for a salvage vehicle dealer license with an endorsement in the used vehicle parts dealer classification. Makes nonsubstantive changes.

SECTION 18.05. Amends Section 2302.107(d), Occupations Code, to make a conforming change.

SECTION 18.06. Amends Section 2302.202, Occupations Code, to require a salvage vehicle dealer to maintain a record of each salvage motor vehicle, rather than each salvage motor vehicle and each used part, purchased or sold by the dealer.

SECTION 18.07. Amends Subtitle A, Title 14, Occupations Code, by adding Chapter 2309, as follows:

## CHAPTER 2309. USED AUTOMOTIVE PARTS RECYCLERS

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2309.001. **SHORT TITLE.** Authorizes this chapter to be cited as the Texas Used Automotive Parts Recycling Act.

Sec. 2309.002. **DEFINITIONS.** Defines "insurance company," "metal recycler," "motor vehicle," "nonrepairable motor vehicle," "nonrepairable vehicle title," "salvage motor vehicle," "salvage vehicle title," "salvage vehicle dealer," "commission," "department," "executive director," "used automotive part," "used automotive parts recycler," and "used automotive parts recycling."

Sec. 2309.003. **APPLICABILITY OF CHAPTER TO METAL RECYCLERS.** (a) Provides that except as provided by Subsection (b), this chapter does not apply to a transaction to which a metal recycler is a party.

(b) Provides that this chapter applies to a transaction in which a motor vehicle is sold, transferred, released, or delivered to a metal recycler as a source of used automotive parts; and is used as a source of used automotive parts.

Sec. 2309.004. **APPLICABILITY OF CHAPTER TO SALVAGE VEHICLE DEALERS.** (a) Provides that except as provided by Subsection (b), this chapter does not apply to a transaction in which a salvage vehicle dealer is a party.

(b) Provides that this chapter applies to a salvage vehicle dealer who deals in used automotive parts as more than an incidental part of the salvage vehicle dealer's primary business.

Sec. 2309.005. **APPLICABILITY OF CHAPTER TO INSURANCE COMPANIES.** Provides that this chapter does not apply to an insurance company.

[Reserves Sections 2309.006-2309.050 for expansion.]

### SUBCHAPTER B. ADVISORY BOARD

Sec. 2309.051. **USED AUTOMOTIVE PARTS RECYCLING ADVISORY BOARD.** (a) Provides that the advisory board consists of five members representing the used automotive parts industry in this state appointed by the presiding officer of the Texas Commission of Licensing and Regulation (TCLR) with the approval of TCLR.

(b) Requires the advisory board to include members who represent used automotive parts businesses owned by domestic entities, as defined by Section 1.002 (Definitions), Business Organizations Code.

(c) Requires the advisory board to include one member who represents a used automotive parts business owned by a foreign entity, as defined by Section 1.002, Business Organizations Code.

(d) Requires that appointments to the advisory board be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointee.

Sec. 2309.052. TERMS; VACANCIES. (a) Provides that advisory board members serve terms of six years, with the terms of one or two members expiring on February 1 of each odd-numbered year.

(b) Prohibits a member from serving more than two full consecutive terms.

(c) Requires the presiding officer of TCLR, if a vacancy occurs during a term, to appoint a replacement who meets the qualifications of the vacated position to serve for the remainder of the term.

Sec. 2309.053. PRESIDING OFFICER. Requires the presiding officer of TCLR to appoint one of the advisory board members to serve as presiding officer of the advisory board for a term of one year. Authorizes the presiding officer of the advisory board to vote on any matter before the advisory board.

Sec. 2309.054. POWERS AND DUTIES OF ADVISORY BOARD. Requires the advisory board to provide advice and recommendations to the department on technical matters relevant to the administration and enforcement of this chapter, including licensing standards, continuing education requirements, and examination content, if applicable.

Sec. 2309.055. COMPENSATION; REIMBURSEMENT OF EXPENSES. Prohibits advisory board members from receiving compensation but entitles advisory board members to reimbursement for actual and necessary expenses incurred in performing the functions of the advisory board, subject to the General Appropriations Act.

Sec. 2309.056. MEETINGS. Requires the advisory board to meet twice annually and may meet at other times at the call of the presiding officer of TCLR or the executive director of TDLR.

[Reserves Sections 2309.057-2309.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION AND DEPARTMENT

Sec. 2309.101. GENERAL POWERS AND DUTIES. Authorizes the executive director of TDLR or TCLR, as appropriate, to take action as necessary to administer and enforce this chapter.

Sec. 2309.102. RULES. (a) Requires TCLR to adopt rules for licensing used automotive parts recyclers and used automotive parts employees.

(b) Requires TCLR by rule to adopt standards of conduct for license holders under this chapter.

Sec. 2309.103. EXAMINATION OF CRIMINAL CONVICTION. Authorizes TDLR to conduct an examination of any criminal conviction or deferred adjudication of an applicant, including by obtaining any criminal history record information permitted by law.

Sec. 2309.104. FEES. Requires the TCLR to establish and collect reasonable and necessary fees in amounts sufficient to cover the costs of administering this chapter.

Sec. 2309.105. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) Prohibits TCLR from adopting a rule restricting advertising or competitive bidding by a person who holds a license issued under this chapter except to prohibit false, misleading, or deceptive practices by the person.

(b) Prohibits TCLR from including in its rules to prohibit false, misleading, or deceptive practices a rule that restricts the use of any advertising medium, restricts the person's personal appearance or use of the person's voice in an advertisement, relates to the size or duration of an advertisement by the person, or restricts the use of a trade name in advertising by the person.

Sec. 2309.106. PERIODIC AND RISK-BASED INSPECTIONS. (a) Requires TDLR to inspect each used automotive parts recycling facility at least once every two years.

(b) Authorizes TDLR to enter and inspect at any time during business hours the place of business of any person regulated under this chapter; or any place in which TDLR has reasonable cause to believe that a license holder is in violation of this chapter or in violation of a rule or order of the commission or executive director of TDLR.

(c) Requires TDLR to conduct additional inspections based on a schedule of risk-based inspections using the following criteria: the type and nature of the used automotive parts recycler; the inspection history; any history of complaints involving a used automotive parts recycler; and any other factor determined by TCLR by rule.

(d) Requires a used automotive parts recycler to pay a fee for each risk-based inspection performed under this section. Requires TCLR by rule to set the amount of the fee.

(e) Authorizes TDLR, in conducting an inspection under this section, to inspect a facility, a used automotive part, a business record, or any other place or thing reasonably required to enforce this chapter or a rule or order adopted under this chapter.

Sec. 2309.107. PERSONNEL. Authorizes TDLR to employ personnel necessary to administer and enforce this chapter.

[Reserves Sections 2309.108-2309.150 for expansion.]

#### SUBCHAPTER D. LICENSE REQUIREMENTS

Sec. 2309.151. USED AUTOMOTIVE PARTS RECYCLER LICENSE REQUIRED.

(a) Prohibits a person, unless the person holds a used automotive parts recycler license issued under this chapter, from owning or operating a used automotive parts recycling business or selling used automotive parts.

(b) Provides that a used automotive parts recycler license is valid only with respect to the person who applied for the license and authorizes the license holder to operate a used automotive parts recycling business only at the one facility listed on the license.

Sec. 2309.152. GENERAL LICENSE APPLICATION REQUIREMENTS. Requires an applicant for a used automotive parts recycler license under this chapter to submit to TDLR a completed application on a form prescribed by the executive director, the required fees, and any other information required by TCLR rule.

Sec. 2309.153. LICENSE REQUIREMENTS. Requires an applicant for a used automotive parts recycler license under this chapter to provide in a manner prescribed by the executive director of TDLR a federal tax identification number; proof of insurance in the amount prescribed by the executive director; proof of ownership or lease of the property where the applicant will operate a used automotive parts recycling facility; and proof of a storm water permit if the applicant is required by the TCEQ to obtain a permit.

Sec. 2309.154. USED AUTOMOTIVE PARTS EMPLOYEE LICENSE REQUIRED.

(a) Prohibits a person employed by a used automotive parts recycler from in the scope of the person's employment acquiring a vehicle or used automotive parts and from selling used automotive parts unless the person holds a used automotive parts employee license issued under this chapter.

(b) Requires TCLR by rule to adopt requirements for the application for and issuance of a used automotive parts employee license under this chapter.

Sec. 2309.155. NONTRANSFERABILITY OF LICENSE. Provides that a license issued by the executive director is valid throughout this state and is not transferable.

Sec. 2309.156. LICENSE RENEWAL. (a) Provides that a license issued under this chapter is valid for one year. Prohibits TDLR from adopting a system under which licenses expire at different times during the year.

(b) Requires TDLR to notify the license holder at least 30 days before the date a license expires. Requires that the notice be in writing and sent to the license holder's last known address according to the records of TDLR.

(c) Requires TCLR by rule to adopt requirements to renew a license issued under this chapter.

[Reserves Sections 2309.157-2309.200 for expansion.]

#### SUBCHAPTER E. LOCAL REGULATION

Sec. 2309.201. APPLICABILITY OF CERTAIN MUNICIPAL ORDINANCES, LICENSES, AND PERMITS. (a) Provides that the requirements of this chapter apply in addition to the requirements of any applicable municipal ordinance relating to the regulation of a person who deals in nonrepairable or salvage motor vehicles or used automotive parts.

(b) Provides that this chapter does not prohibit the enforcement of an applicable municipal license or permit requirement that is related to an activity regulated under this chapter.

[Reserves Sections 2309.202-2309.250 for expansion.]

#### SUBCHAPTER F. ENFORCEMENT

Sec. 2309.251. ADMINISTRATIVE PENALTY. (a) Authorizes TCLR to impose an administrative penalty on a person under Subchapter F (Administrative Penalty), Chapter 51 (Texas Department of Licensing and Regulation), regardless of whether the person holds a license under this chapter, if the person violates this chapter or a rule adopted under this chapter or a rule or order of the executive director of TDLR or TCLR.

(b) Prohibits an administrative penalty from being imposed unless the person charged with a violation is provided the opportunity for a hearing.

Sec. 2309.252. CEASE AND DESIST ORDER; INJUNCTION; CIVIL PENALTY.

(a) Authorizes the executive director of TDLR to issue a cease and desist order as necessary to enforce this chapter if the executive director determines that the action is necessary to prevent a violation of this chapter and to protect public health and safety.

(b) Authorizes the attorney general or the executive director of TDLR to institute an action for an injunction or a civil penalty under this chapter as provided by Section 51.352 (Injunctive Relief; Civil Penalty).

Sec. 2309.253. SANCTIONS. Authorizes TDLR to impose sanctions as provided by Section 51.353 (Administrative Sanctions).

Sec. 2309.254. CRIMINAL PENALTY; LICENSING. (a) Provides that a person commits an offense if the person violates the licensing requirements of this chapter, deals in used parts without a license required by this chapter, or employs an individual who does not hold the appropriate license required by this chapter.

(b) Provides that an offense under this section is a Class C misdemeanor.

[Reserves Sections 2309.255-2309.300 for expansion.]

#### SUBCHAPTER G. CONDUCTING BUSINESS

Sec. 2309.301. DUTIES ON ACQUISITION OF SALVAGE MOTOR VEHICLE.

(a) Requires a used automotive parts recycler who acquires ownership of a salvage motor vehicle to obtain a properly assigned title from the previous owner of the vehicle.

(b) Requires used automotive parts recycler who acquires ownership of a motor vehicle, nonrepairable motor vehicle, or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, before the 61st day after the date of acquiring the motor vehicle, to submit to TDMV a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. Requires the recycler to submit the report on a form prescribed by TDMV; and submit with the report a properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document for the motor vehicle.

(c) Requires TDMV, after receiving the report and title or document, to issue the used automotive parts recycler a receipt for the manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document.

(d) Requires the recycler to comply with Subchapter E (Nonrepairable and Salvage Motor Vehicles), Chapter 501 (Certificate of Title Act), Transportation Code.

Sec. 2309.302. RECORDS OF PURCHASES. Requires a used automotive parts recycler to maintain a record of each motor vehicle, salvage motor vehicle, nonrepairable motor vehicle, and used automotive part purchased.

Sec. 2309.303. REGISTRATION OF NEW BUSINESS LOCATION. Requires a used automotive parts recycler, before moving a place of business, to notify the department of the new location. Requires the used automotive parts recycler to provide a storm water permit for the location if a permit is required by TCEQ.

[Reserves Sections 2309.304-2309.350 for expansion.]

#### SUBCHAPTER H. ADDITIONAL DUTIES OF USED AUTOMOTIVE PARTS RECYCLER IN CONNECTION WITH MOTOR VEHICLE COMPONENT PARTS

Sec. 2309.351. DEFINITIONS. Defines "component part," "interior component part," "minor component part," and "special accessory part."

Sec. 2309.352. REMOVAL OF LICENSE PLATES. Requires a used automotive parts recycler, immediately on receipt of a motor vehicle, to remove any unexpired license plates from the vehicle and place the license plates in a secure place until destroyed by the used automotive parts recycler.

Sec. 2309.353. RECEIPT OF MOTOR VEHICLE. Prohibits a used automotive parts recycler from taking delivery of a motor vehicle unless the recycler first obtains a certificate of authority to dispose of the vehicle, a sales receipt, or a transfer document for the vehicle issued under Chapter 683 (Abandoned Motor Vehicles), Transportation Code; or a certificate of title showing that there are no liens on the vehicle or that all recorded liens have been released.

Sec. 2309.354. RECORD OF PURCHASE; INVENTORY OF PARTS. (a) Requires a used automotive parts recycler to keep an accurate and legible inventory of each used component part purchased by or delivered to the recycler. Requires that the inventory contain a record of each part that includes the date of purchase or delivery; the driver's license number of the seller and a legible photocopy of the seller's driver's license; the license plate number of the motor vehicle in which the part was delivered; a complete description of the part and, if applicable, the make, model, color, and size of the part; and the vehicle identification number of the motor vehicle from which the part was removed.

(b) Authorizes a used automotive parts recycler, as an alternative to the information required by Subsection (a), to record the name of the person who sold the part or the motor vehicle from which the part was obtained and the Texas certificate of inventory number or the federal taxpayer identification number of the person.

(c) Requires TDLR to prescribe the form of the record required by Subsection (a) and to make the form available to used automotive parts recyclers.

(d) Provides that this section does not apply to an interior component part or special accessory part from a motor vehicle more than 10 years old, or a part delivered to a used automotive parts recycler by a commercial freight line, commercial carrier, or licensed used automotive parts recycler.

Sec. 2309.355. ASSIGNMENT OF INVENTORY NUMBER. (a) Requires a used automotive parts recycler to assign a unique inventory number to each transaction in which the recycler purchases or takes delivery of a component part; attach that inventory number to each component part the recycler obtains in the transaction; and retain each component part in its original condition on the business premises of the recycler for at least three calendar days, excluding Sundays, after the date the recycler obtains the part.

(b) Prohibits an inventory number attached to a component part under Subsection (a) from being removed while the part remains in the inventory of the used automotive parts recycler.

(c) Provides that this section does not apply to the purchase by a used automotive parts recycler of a nonoperational engine, transmission, or rear axle assembly from another used automotive parts recycler or an automotive-related business.

Sec. 2309.356. MAINTENANCE OF RECORDS. Requires a used automotive parts recycler to keep a record required under this subchapter on a form prescribed by TDLR or TDMV. Requires the recycler to maintain copies of each record required under this subchapter until the first anniversary of the purchase date of the item for which the record is maintained.

Sec. 2309.357. SURRENDER OF CERTAIN DOCUMENTS OR LICENSE PLATES. (a) Requires a used automotive parts recycler, on demand, to surrender to TDMV for cancellation a certificate of title or authority, sales receipt or transfer document, license plate, or inventory list that the recycler is required to possess or maintain.

(b) Requires TDMV to provide a signed receipt for a surrendered certificate of title.

Sec. 2309.358. RESALE OF SALVAGE MOTOR VEHICLES OR NONREPAIRABLE MOTOR VEHICLES. (a) Authorizes a used automotive parts recycler to sell salvage or nonrepairable vehicles only at a used automotive parts recycling facility, a salvage pool operator's facility, or a metal recycling facility.

(b) Requires a used automotive parts recycler, before reselling a salvage motor vehicle or nonrepairable motor vehicle at a used automotive recycling facility, to post notice on the vehicle of the type of title appropriate to the vehicle.

Sec. 2309.359. INSPECTION OF RECORDS. (a) Authorizes a peace officer at any reasonable time to inspect a record required to be maintained under this subchapter, including an inventory record.

(b) Requires a used automotive parts recycler, on demand by a peace officer, to provide to the officer a copy of a record required to be maintained under this subchapter.

(c) Authorizes a peace officer to inspect the inventory on the premises of a used automotive parts recycler at any reasonable time to verify, check, or audit the records required to be maintained under this subchapter.

(d) Requires a used automotive parts recycler or an employee of the recycler to allow and may not interfere with a peace officer's inspection of the recycler's inventory, premises, or required inventory records.

[Reserves Sections 2309.360-2309.400 for expansion.]

#### SUBCHAPTER I. MOTOR VEHICLE SALVAGE YARDS IN CERTAIN COUNTIES

Sec. 2309.401. APPLICABILITY OF SUBCHAPTER. Provides that this subchapter applies only to a used automotive parts facility located in a county with a population of 2.8 million or more.

Sec. 2309.402. LIMITS ON OPERATION OF HEAVY MACHINERY. (a) Prohibits a used automotive parts recycler from operating heavy machinery in a used automotive parts recycling facility between the hours of 7 p.m. of one day and 7 a.m. of the following day.

(b) Provides that this section does not apply to conduct necessary to a sale or purchase by the recycler.

SECTION 18.08. Amends Section 501.091, Transportation Code, is amended by amending Subdivision (17) and adding Subdivision (20), to redefine "salvage vehicle dealer" and to define "used parts dealer" and "used automotive parts recycler."

SECTION 18.09. Amends Section 501.092(d), Transportation Code, to authorize an insurance company to sell a motor vehicle to which this section applies, or assign a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle, only to a salvage vehicle dealer, an out-of-state buyer, a buyer in a casual sale at auction, a metal recycler, or a used automotive parts recycler. Makes a nonsubstantive change.

SECTION 18.10. Amends Sections 501.095(a) and (b), Transportation Code, as follows:

(a) Authorizes a business or governmental entity described by Subdivisions (1)-(3), if the department has not issued a nonrepairable vehicle title or salvage vehicle title for the motor vehicle and an out-of-state ownership document for the motor vehicle has not been issued by another state or jurisdiction, to sell, transfer, or release a nonrepairable motor vehicle or salvage motor vehicle only to a person who is:

(1) a licensed salvage vehicle dealer, a used automotive parts recycler under Chapter 2309, Occupations Code, or a metal recycler under Chapter 2302, Occupations Code;

(2) an insurance company that has paid a claim on the nonrepairable or salvage motor vehicle;

(3) a governmental entity; or

(4) an out-of-state buyer.

(b) Requires a person, other than a salvage vehicle dealer, a used automotive parts recycler, or an insurance company licensed to do business in this state, who acquired ownership of a nonrepairable or salvage motor vehicle that has not been issued a nonrepairable vehicle title, salvage vehicle title, or a comparable ownership document issued by another state or jurisdiction, before selling the motor vehicle, to surrender the properly assigned certificate of title for the motor vehicle to the department and apply to the department for a nonrepairable vehicle title if the vehicle is a nonrepairable motor vehicle or a salvage vehicle title if the vehicle is a salvage motor vehicle.

SECTION 18.11. Amends Section 501.105, Transportation Code, to make a conforming change.

SECTION 18.12. Repealer: Section 2302.253 (Receipt of Motor Vehicle by Holder of Endorsement as Used Parts Dealer), Occupations Code.

SECTION 18.13. Requires TCLR, not later than January 1, 2010, to adopt rules under Section 2309.102, Occupations Code, as added by this article.

SECTION 18.14. Effective date, Sections 2309.151 and 2309.154, Occupations Code, as added by this article, and Subchapter F, Chapter 2309, Occupations Code, as added by this article: September 1, 2010.

## ARTICLE 19. TRANS-TEXAS CORRIDOR

SECTION 19.01. Amends Section 11.11(j), Tax Code, to provide that for purposes of this section, any portion of a facility owned by the department that is a rail facility or system, rather than is part of the Trans-Texas Corridor, is a rail facility or system, or is a highway in the state highway system, and that is licensed or leased to a private entity by that department under Chapter 91 (Rail Facilities) or 223 (Bids and Contracts for Highway Projects), rather than Chapter 91, 223, or 227 (Trans-Texas Corridor), Transportation Code, is public property used for a public purpose if the rail facility or system, highway, or facility is operated by the private entity to provide transportation or utility services.

SECTION 19.02. Amends Section 25.06(c), Tax Code, is amended to make conforming changes.

SECTION 19.03. Amends Section 25.07(c), Tax Code, to make conforming changes.

SECTION 19.04. Amends Sections 201.616(a) and (b), Transportation Code, as follows:

(a) Deletes existing text requiring the department, not later than December 1 of each year, to submit a report to the legislature that details the Trans-Texas Corridor and non-highway facilities on the Trans-Texas Corridor if those expenditures are subject to Section 227.062(c) (relating to a prohibition against the spending of money from the general fund for certain purposes). Makes nonsubstantive changes.

(b) Requires that the report break down information under Subsections (a)(1)(B) and (C), rather than Subsections (a)(1)(B), (C), (D), and (E), and Subsection (a)(3), by the department district.

SECTION 19.05. Amends Section 202.112(a), Transportation Code, to authorize TTC to purchase an option to acquire property for possible use in or in connection with a transportation facility, rather than transportation facility including a facility as defined by Section 227.001, before a final decision has been made as to whether the transportation facility will be located on that property.

SECTION 19.06. Amends Section 222.003(e), Transportation Code, to delete existing text prohibiting the proceeds of bonds and other public securities issued under this section from being used for the construction of a state highway or other facility on the Trans-Texas Corridor; and defining "Trans-Texas Corridor."

SECTION 19.07. Amends Section 223.201(a), Transportation Code, to delete existing text authorizing the department, subject to Section 223.202, to enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a facility or a combination of facilities on the Trans-Texas Corridor. Makes nonsubstantive changes.

SECTION 19.08. Amends Section 223.206(d), Transportation Code, to prohibit the department from entering into a comprehensive development agreement with a private entity under this subchapter, rather than this subchapter or Section 227.023 (Participation by Private Entities), that provides for the lease, license, or other use of rights-of-way or related property by the private entity for the purpose of constructing, operating, or maintaining an ancillary facility that is used for commercial purposes.

SECTION 19.09. Amends Sections 223.208(c), (e), and (f), Transportation Code, to make conforming changes.

SECTION 19.10. Reenacts Chapter 371, Transportation Code, as added by Chapters 103 (H.B. 570) and 258 (S.B. 11), Acts of the 80th Legislature, Regular Session, 2007, redesignates it as Chapter 372, Transportation Code, and amends it as follows:

## CHAPTER 372. PROVISIONS APPLICABLE TO MORE THAN ONE TYPE OF TOLL PROJECT

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 372.001. Redesignates Section 371.001 as Section 372.001. DEFINITIONS. Redefines "toll project entity."

### SUBCHAPTER B. TOLL PROJECT OPERATION

Sec. 372.051. Redesignates Section 371.051 as Section 372.051. USE OF MOTOR VEHICLE REGISTRATION OR LICENSE PLATE INFORMATION. (a) Prohibits a toll project entity from using motor vehicle registration or other information derived from a license plate on a vehicle using a toll project, including information obtained by the use of automated enforcement technology described by Section 228.058 (Automated Enforcement Technology), for purposes other than those related to toll collection and toll collection enforcement and law enforcement purposes on request by a law enforcement agency, rather than law enforcement purposes on request by a law enforcement agency, subject to Section 228.058(d) (*repealed 2007*).

(b) Makes no changes to this subsection.

Sec. 372.052. Redesignates Section 371.001 as Section 372.052. VEHICLES USED BY NONPROFIT DISASTER RELIEF ORGANIZATIONS. Deletes existing Subsection (a) defining "toll project" and "toll project entity." Deletes Subsection (b) designation.

SECTION 19.11. Amends Section 371.001(2), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, to redefine "toll project entity."

SECTION 19.12. Repealer: Section 201.618(e) (relating to authorizing the department to establish hydrogen refueling stations on the Trans-Texas Corridor under Chapter 227), Transportation Code.

Repealer: Chapter 227 (Trans-Texas Corridor), Transportation Code.

Repealer: Section 284.0032 (Trans-Texas Corridor Projects), Transportation Code.

Repealer: Section 366.305 (Trans-Texas Corridor Projects), Transportation Code.

Repealer: Section 370.316 (Trans-Texas Corridor Projects), Transportation Code.

Repealer: Section 545.3531 (Authority of TTC to Establish Speed Limits on Trans-Texas Corridor), Transportation Code.

## ARTICLE 20. URBAN TRANSPORTATION AUTHORITIES

SECTION 20.01. Amends Chapter 451, Transportation Code, by adding Subchapter R, as follows:

### SUBCHAPTER R. URBAN TRANSPORTATION AUTHORITIES

Sec. 451.901. DEFINITIONS. (a) Defines "advanced transportation district," "authority," "board," "comprehensive advanced transportation," "comprehensive mobility enhancement," "comprehensive transportation system," "construction costs," "costs," "debt," "finance costs," "regional mobility authority," "revenue," "transportation project," and "urban transportation authority."

(b) Provides that a word or phrase that is not defined in this subchapter but is defined in Subchapter O (Advanced Transportation District) has the meaning in this subchapter that is assigned by that subchapter.

(c) Provides that a word or phrase that is not defined in this subchapter but is defined in Chapter 370 (Regional Mobility Authorities) has the meaning in this subchapter that is assigned by that chapter.

Sec. 451.902. LIBERAL CONSTRUCTION. Requires that this subchapter be liberally construed to carry out its purposes. Requires that a provision of this subchapter that conflicts with Subchapter A (General Provisions) or O or with Chapter 370 be construed to grant the broadest power.

Sec. 451.903. CREATION OF URBAN TRANSPORTATION AUTHORITY AUTHORIZED. (a) Authorizes the governing body of a rapid transit authority created or operating under this chapter (authority) in which the principal municipality has a population of more than 700,000 and in the territory of which both an advanced transportation district and a regional mobility authority exist to approve and submit a petition to the governing bodies of the advanced transportation district and the regional mobility authority that seeks consent to the creation of an urban transportation authority under this subchapter.

(b) Authorizes creation of an urban transportation authority under this subchapter to occur if the governing body of the principal municipality in the authority and the commissioners court of each county in which the authority is located and in which a sales and use tax is collected under this chapter consent to the creation of the urban transportation authority; the governing body of the regional mobility authority consents to the creation of the urban transportation authority; the commissioners court of each county in which the regional mobility authority is located consents to the creation of the urban transportation authority; the governing body of the advanced transportation district consents to the creation of the urban transportation authority; and the commissioners court of each county and the governing body of the principal municipality in which the advanced

transportation district is located consent to the creation of the urban transportation authority.

(c) Requires that the petition of the authority and the consents described in Subsection (b) approve the transfer of the assets, liabilities, rights, and obligations of each entity to the urban transportation authority, or make adequate provision therefor by the applicable entity.

Sec. 451.904. EFFECT OF CREATION OF URBAN TRANSPORTATION AUTHORITY. (a) Provides that an urban transportation authority is created only after the occurrence of the actions required by Section 451.903. Provides that on the first day of the calendar month after the month in which the final action required by that section is taken, an urban transportation authority is considered to have been created. Provides that the urban transportation authority has the rights, powers, duties, and privileges granted to an authority under this chapter, to an urban transportation authority under this subchapter, to an advanced transportation district under Subchapter O, and to a regional mobility authority under Chapter 370, including the right to plan and develop transportation projects in any county in which the urban transportation authority is located.

(b) Provides that on the date the urban transportation authority is considered to have been created, the urban transportation authority becomes the successor entity to the authority, the advanced transportation district, and the regional mobility authority. Provides that on that date the authority, the advanced transportation district, and the regional mobility authority cease to exist.

(c) Provides that the urban transportation authority succeeds to and is obligated for all assets, liabilities, rights, and obligations not otherwise provided for of the authority, the advanced transportation district, and the regional mobility authority, on terms and conditions that, upon succession, are no less beneficial to employees than those extant immediately before the creation of the urban transportation authority, including continuation of all rights, privileges, and benefits such as pension rights and benefits, wages, and working conditions, afforded to employees under an existing agreement.

Sec. 451.905. POWERS. (a) Provides that an urban transportation authority has the powers necessary or convenient to implement this subchapter or to effect a purpose of this subchapter.

(b) Authorizes an urban transportation authority through its governing body (board) to plan, study, evaluate, design, finance, acquire, construct, maintain, repair, and operate a transportation project, individually or as one or more comprehensive transportation systems.

(c) Provides that an urban transportation authority has all of the rights, powers, duties, and privileges granted to an authority by this chapter; all of the rights, powers, duties, and privileges granted to a regional mobility authority by Chapter 370; and all of the rights, powers, duties, and privileges granted to an advanced transportation district by Subchapter O.

(d) Authorizes a right, power, duty, or privilege of an urban transportation authority described in Subsection (c) to be exercised independently or in combination to effect the purposes of this subchapter. Provides that except as otherwise provided by this subchapter, in the event of a conflict, the most liberal provision applies.

(e) Authorizes an urban transportation authority, in the manner and to the extent that an authority is authorized by this chapter, to develop and operate a transit system, set fares and other charges, and develop stations or terminal complexes for the use of the transit system and related right-of-way.

(f) Provides that an urban transportation authority has any right, power, duty, or privilege granted by Chapter 370 to a regional mobility authority that relates to mass transit or a transit system and that is not in conflict with this subchapter.

(g) Authorizes an urban transportation authority to impose any kind of tax or fee other than an ad valorem tax, including a sales and use tax. Provides that the applicable provisions of this chapter, including Subchapter O, and Chapter 370 apply to the imposition of a fee or tax by the urban transportation authority. Authorizes an urban transportation authority, if the legislature enacts provisions for local option transportation financing through a transportation finance authority or a centralized transportation finance entity, to serve as such an entity.

(h) Authorizes an urban transportation authority to develop and operate a turnpike project. Requires that the turnpike project be developed and operated under the provisions of Chapter 370, including any provision relating to the setting of toll rates.

(i) Requires the board, unless otherwise provided by this subchapter, to allocate the proceeds of the advanced transportation district sales and use tax in compliance with Subchapter O.

(j) Provides that unless otherwise provided by this subchapter, an election relating to the sales and use tax or the boundaries of an advanced transportation district is governed by the provisions of Subchapter O relating to such an election of an advanced transportation district.

(k) Authorizes an urban transportation authority to create a transportation corporation or local government corporation under Chapter 431 (Texas Transportation Corporation Act).

(l) Provides that an urban transportation authority is a toll project entity and a local toll project entity to the same extent as a regional mobility authority under the provisions of this code.

(m) Requires the board of directors of an urban transportation authority, in its selection and prioritization of transportation projects, to consider the geographic location of other transportation projects funded by this state or the United States so as to foster geographic equity in the planning and development of the projects.

Sec. 451.906. NATURE OF URBAN TRANSPORTATION AUTHORITY. (a) Provides that an urban transportation authority is a body politic and corporate and a political subdivision of this state, has perpetual succession, and exercises public and essential governmental functions.

(b) Provides that the exercise of a right, power, or privilege granted by this subchapter is for a public purpose and is a matter of public necessity and is, in all respects, for the benefit of the people of the territory in which an urban transportation authority operates and of the people of this state, for the increase of their commerce and prosperity, and for the improvement of their health, living conditions, and public safety.

(c) Provides that an urban transportation authority is a governmental unit under Chapter 101 (Tort Claims), Civil Practice and Remedies Code. Provides that the operations of the urban transportation authority are not proprietary functions for any purpose.

(d) Provides that an urban transportation authority is a public entity under Section 222.1045 (Contracts of Certain Public Entities), and a governmental agency under Subchapter A (Public Property Finance Act), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code.

- (e) Exempts the property, revenue, and income of an urban transportation authority from state and local taxes.

Sec. 451.907. GOVERNANCE OF URBAN TRANSPORTATION AUTHORITY; INITIAL BOARD OF DIRECTORS. (a) Provides that an urban transportation authority is governed by a board of directors (board). Sets forth the composition of the board.

- (a-1) Requires the members appointed under Subsection (a) to select by majority vote one member to serve as presiding officer of the board.

(b) Requires the initial board of the urban transportation authority, on the creation of the urban transportation authority, to be appointed from among the memberships of the governing body of the authority, the governing body of the advanced transportation district, and the governing body of the regional mobility authority, as extant immediately before the urban transportation authority was created.

(c) Provides that the board is responsible for the management, operation, and control of the urban transportation authority and the property of the urban transportation authority.

(d) Provides that a provision of this chapter that is applicable to the governing body of an authority and relates to vacancies, term limitations, residency requirements, compensation, surety bonds, nepotism, financial disclosure, indemnification, insurance, or removal applies to the board.

(e) Provides that board meetings and actions are governed by the provisions of this chapter that are applicable to the governing body of an authority. Provides that those meetings and actions are not governed by Chapter 370.

(f) Provides that to be eligible to serve as a director, an individual is authorized to be a representative of an entity that is also represented on a metropolitan planning organization in the region where the principal municipality is located and is prohibited from being an elected official; a the department officer or employee; an employee of a county or a municipality, including the principal municipality, that contributes sales and use tax revenue to the urban transportation authority; or a person who owns an interest in real property that will be acquired for a transportation project, if it is known at the time of the person's proposed appointment that the property will be acquired for the transportation project.

Sec. 451.908. PUBLIC ACCESS. Requires an urban transportation authority to make and implement policies that provide the public with a reasonable opportunity to appear before the board to speak on any issue under the jurisdiction of the urban transportation authority and prepare and maintain a written plan that describes how an individual who does not speak English or who has a physical, mental, or developmental disability may be provided reasonable access to the urban transportation authority's programs.

Sec. 451.909. STRATEGIC PLANS AND ANNUAL REPORTS. (a) Requires an urban transportation authority to develop a strategic plan for its operations. Requires an urban transportation authority, before December 31 of each even-numbered year, to issue a plan that covers the succeeding five fiscal years of the urban transportation authority, beginning with the next odd-numbered fiscal year.

(b) Requires an urban transportation authority, not later than March 31 of each year, to file with each county in which the urban transportation authority is located, the principal municipality, and the panel composed of the mayors of the municipalities in the urban transportation authority that contribute sales and use tax revenue to the authority, a written report on the urban transportation authority's activities that includes a description of anticipated issuances of debt during the next fiscal year, a description of the financial condition of the urban

transportation authority, schedules for the development of approved projects, and the status of the urban transportation authority's performance under the most recent strategic plan.

(c) Provides that notwithstanding Subsection (b), a failure to identify a debt issuance or a change in a project development schedule in a written report does not prevent the issuance of the debt or the change in the project development schedule, including the commencement of the operation of a project.

Sec. 451.910. ESTABLISHMENT OF COMPREHENSIVE TRANSPORTATION SYSTEM. (a) Authorizes the board to create one or more comprehensive transportation systems composed of those transportation projects, if the board determines that the mobility needs of the county or counties in which the urban transportation authority operates and of the surrounding region could be most efficiently and economically met by jointly operating two or more transportation projects as one operational and financial enterprise.

(b) Authorizes the board to create more than one comprehensive transportation system and combine two or more comprehensive transportation systems into a single comprehensive transportation system.

(c) Authorizes an urban transportation authority to finance, acquire, construct, cross-collateralize, and operate a comprehensive transportation system if the board determines that the transportation projects could most efficiently and economically be acquired or constructed as part of the comprehensive transportation system, and the transportation projects will benefit the comprehensive transportation system.

Sec. 451.911. ISSUANCE OF DEBT. (a) Authorizes an urban transportation authority, or an entity created by the urban transportation authority for the purposes of issuing debt, by resolution of the board or the governing body of the entity, as applicable, to authorize the issuance of debt payable solely from revenue.

(b) Prohibits debt, any portion of which is payable from taxes, from being issued by an urban transportation authority unless the issuance is authorized by a majority of the votes cast at an election ordered and held for that purpose.

(c) Provides that debt issued by an urban transportation authority is fully negotiable. Authorizes an urban transportation authority to make the debt redeemable before maturity at the price and subject to the terms and conditions provided in the proceedings that authorized the issuance or in a related legal document.

(d) Authorizes debt issued by an urban transportation authority under this subchapter to be sold at a public or private sale as determined by the board to be most advantageous and may have a maturity of not longer than 50 years.

(e) Authorizes costs attributable to a transportation project that were incurred before the issuance of debt to finance the transportation project to be reimbursed from the proceeds of debt that is subsequently issued.

Sec. 451.912. TRANSPORTATION PROJECT FINANCING. (a) Authorizes an urban transportation authority to exercise the powers of a regional mobility authority, an authority, and an advanced transportation district and to issue debt or enter into other agreements or financial arrangements to pay all or part of the costs of a transportation project or to refund any debt previously issued for a transportation project.

(b) Provides that the powers described in Subsection (a) are cumulative and may be exercised by an urban transportation authority independently or in combination to develop, finance, operate, and pay the costs of a transportation project. Authorizes the urban transportation authority, subject to other provisions of this

subchapter, to pledge any revenue available to the urban transportation authority under this subchapter, separately or in combination, for the payment of a debt, agreement, or financial arrangement described by Subsection (a).

(c) Authorizes the department, as authorized by Chapter 370 in connection with a regional mobility authority, to provide for or contribute to the payment of the costs of a financial or engineering and traffic feasibility study for a transportation project.

Sec. 451.913. SALES AND USE TAX. (a) Provides that when an authority that collects a sales and use tax becomes part of an urban transportation authority the sales and use tax remains subject to the provisions of this chapter that relate to the sales and use tax of an authority and any restriction, covenant, obligation, or pledge attributed to that sales and use tax remains in effect.

(b) Provides that when an advanced transportation district that collects a sales and use tax becomes part of an urban transportation authority, the sales and use tax remains subject to the provisions of Subchapter O that relate to the sales and use tax of an advanced transportation district, and any restriction, covenant, obligation, allocation, or pledge attributed to that sales and use tax remains in effect until the voters elect to increase, decrease, or otherwise alter the terms of the sales and use tax.

(c) Prohibits the allocation of the proceeds of the sales and use tax adopted at the initial election of an advanced transportation district from being altered unless a proposition for the reallocation is approved by a majority of the votes cast at an election ordered and held for that purpose under this subchapter.

(d) Authorizes an urban transportation authority to order a subsequent advanced transportation district sales and use tax election to reallocate the proceeds of the tax or to increase or decrease the rate of the tax collected by the urban transportation authority. Requires that an election ordered under this section be held for one or more transportation projects; the combined rate of all sales and use taxes imposed by the urban transportation authority and all other political subdivisions of this state may not exceed the statutory sales and use tax cap in any location in the urban transportation authority; and the proceeds of the sales and use tax under a subsequent election may be pledged only for:

(1) transportation project purposes as determined by the board, including debt service requirements, capitalized interest, reserve fund requirements, credit agreements, administrative costs, or other debt-related costs incurred by or relating to the issuance of obligations by the urban transportation authority relating to the purchase, design, construction, extension, expansion, improvement, reconstruction, alteration, financing, and maintenance of an advanced transportation facility, equipment, operations, a comprehensive transportation system, and services, including feasibility studies, operations, and professional or other services in connection with the facility, equipment, operations, system, or services;

(2) transportation project purposes in the territory of the urban transportation authority as determined by the governing bodies of each participating unit in proportion to the amount of sales and use tax proceeds that were collected in that participating unit; or

(3) as a local match for, or the local share of, a state or federal grant for transportation project purposes in the territory of the urban transportation authority or in connection with the transfer of money by the department or another entity of this state or the United States under an agreement with a county or municipality or a local government corporation created by a county or municipality under Chapter 431, for transportation project purposes in the territory of the urban transportation authority.

(e) Sets forth the required language of the ballot.

(f) Provides that after a favorable subsequent election held under this subchapter, an allocation specified by Subchapter O ceases to be binding.

Sec. 451.914. USE OF FARE REVENUE. (a) Requires that all fare revenue generated by the mass transit operations of the urban transportation authority, other than fare revenue generated by a rail operation, be dedicated exclusively to the support of mass transit operations.

(b) Authorizes fare revenue generated by a rail operation of the urban transportation authority to be used for any comprehensive advanced transportation or comprehensive mobility enhancement purpose.

Sec. 451.915. POWERS AND PROCEDURES OF URBAN TRANSPORTATION AUTHORITY IN ACQUIRING PROPERTY. Provides that an urban transportation authority has the same powers and is authorized to use the same procedures as a regional mobility authority operating under Chapter 370 in acquiring property.

Sec. 451.916. PUBLIC UTILITY FACILITIES. Provides that an urban transportation authority has the same powers and is authorized to use the same procedures as a regional mobility authority operating under Chapter 370 with regard to public utility facilities.

Sec. 451.917. TOLL COLLECTION AND VIOLATIONS. Provides that an urban transportation authority has the same powers and is authorized to use the same procedures as a regional mobility authority operating under Chapter 370 with regard to toll collections, transponders, enforcement, violations, and penalties.

Sec. 451.918. PROJECT DELIVERY. Authorizes an urban transportation authority to procure, develop, finance, design, construct, maintain, or operate a transportation project using the rights, powers, duties, and privileges that are granted by Chapter 223 (Bids and Contracts for Highway Projects), by Chapter 370 to a regional mobility authority, or by Subchapter H (Alternative Project Delivery Methods for Certain Projects), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, including a right, power, duty, or privilege associated with a construction manager agent, a construction manager-at-risk, use of design build, a pass-through agent, or a comprehensive development agreement.

Sec. 451.919. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES. Authorizes a municipality located in the territory served by an urban transportation authority to designate a municipal transportation reinvestment zone under Section 222.106 to promote a transportation project under this subchapter and use money deposited to the tax increment account for the reinvestment zone to pay the urban transportation authority for a portion of the costs of the transportation project.

## ARTICLE 21. SALES AND LEASES OF MOTOR VEHICLES

SECTION 21.01. Amends Section 2301.476, Occupations Code, by adding Subsection (h-1), as follows:

(h-1) Authorizes a person who on January 18, 2002, held both a converter's license to convert buses with a gross vehicle weight rating of 40,000 pounds or more and a franchised dealer's license to sell buses issued under this chapter to regain and continue to hold both licenses and operate as both a converter and franchised dealer of bus conversions with a gross vehicle weight rating of 40,000 pounds or more but of no other type of vehicle.

## ARTICLE 22. HIGHWAY AND OVERPASS DESIGNATIONS

SECTION 22.01. Amends Subchapter B, Chapter 225, Transportation Code, by adding Section 225.081, as follows:

Sec. 225.081. BUDDY WEST MEMORIAL OVERPASS. (a) Provides that the structure on Loop 338 that passes over Interstate Highway 20 in Ector County is designated as the Buddy West Memorial Overpass.

(b) Requires the department to design and construct markers indicating the highway number, the designation as the Buddy West Memorial Overpass, and any other appropriate information; and erect a marker at each end of the structure and at appropriate intermediate sites along the structure.

(c) Provides that Section 225.021(c) (relating to not requiring the department to design, construct, or erect a marker) does not apply to this section.

#### ARTICLE 23. AVIATION FACILITIES DEVELOPMENT AND FINANCIAL ASSISTANCE

SECTION 23.01. Amends Section 21.101, Transportation Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Authorizes the department to loan or grant money to a state agency with a governing board authorized to operate an airport, to a governmental entity in this state, or to an owner of an eligible airport to establish, construct, reconstruct, enlarge, or repair an airport, airstrip, or air navigational facility if the money has been appropriated to the department for that purpose and providing the money will best serve the public interest and best discharge the governmental aeronautics function of the state or its political subdivisions.

(c) Defines "eligible airport."

SECTION 23.02. Amends Section 21.105, Transportation Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires TTC, before approving a loan or grant, to require that the airport or facility remain in the control of each political subdivision involved for at least 20 years, the political subdivision disclose the source of all funds for the project and the political subdivision's ability to finance and operate the project, at least 10 percent of the total project cost be provided by sources other than the state, and the project be adequately planned.

(c) Requires TTC, before approving a loan or grant to an owner of an eligible airport as defined by Section 21.101, to require that the airport or facility remain an eligible airport for at least 20 years, the owner demonstrate the ability to finance and operate the project, and the project be adequately planned.

SECTION 23.03. Amends Section 21.112, Transportation Code, as follows:

Sec. 21.112. New heading: EXPENDITURE OF AIR FACILITY CONSTRUCTION MONEY. Requires a governmental entity or eligible airport, as defined by Section 21.101, that receives money from the department to establish, construct, reconstruct, enlarge, or repair an airport, airstrip, or air navigational facility to spend the money for those purposes and in conformity with TTC rules.

#### ARTICLE 24. COUNTY ROADS AND BRIDGES; MUNICIPAL STREETS

SECTION 24.01. Repealer: Section 251.054 (Laying Out New Roads by Jury of View), Transportation Code.

SECTION 24.02. Amends Subchapter Z, Chapter 311, Transportation Code, by adding Section 311.905, as follows:

Sec. 311.905. NOTICE OF TRANSPORTATION USER'S FEE BY MUNICIPALITY.

(a) Requires a municipality that imposes a fee on the user of a benefited property equal to the prorated annual cost of the transportation system owned by the municipality that can reasonably be attributed to the benefited property to provide notice to the department and the user of the fee.

(b) Requires that the notice to the department be given to the executive director of the department by any commercially acceptable form of business communication. Provides that the notice to the user required under Subsection (a) is adequate if the fee amount is stated on monthly billing statements to the user for metered utility service provided by the municipality to the user.

ARTICLE 25. TRANSPORTATION REINVESTMENT ZONES

SECTION 25.01. Amends Section 222.105, Transportation Code, as follows:

Sec. 222.105. PURPOSES. Provides that the purposes of Sections 222.106 and 222.107 are to promote public safety; facilitate the improvement, development, or redevelopment of property; facilitate the movement of traffic; enhance a local entity's ability to sponsor a transportation project authorized under Section 222.104; and enhance a municipality's ability to provide for freight or passenger rail facilities or systems. Makes nonsubstantive changes.

SECTION 25.02. Amends Section 222.106, Transportation Code, by amending Subsections (b), (c), and (g)-(l) and adding Subsections (i-1), (i-2), (l-1), and (m), as follows:

(b) Provides that this section applies only to a municipality in which a transportation project is to be developed or the governing body of which intends to acquire, construct, improve, or operate a freight or passenger rail facility or system, including commuter rail, intercity rail, high-speed rail, and tri-track under Section 222.104. Deletes existing text providing that this section applies only to a municipality the governing body of which intends to enter into an agreement with the department under Section 222.104 (Pass-Through Tolls).

(c) Authorizes the governing body of the municipality by ordinance, if the governing body determines an area to be unproductive and underdeveloped and that action under this section will further the purposes stated in Section 222.105, to designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone to promote a transportation project, or the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system by the municipality, rather than a transportation project described by Section 222.104 that cultivates development or redevelopment of the area. Makes nonsubstantive changes.

(g) Sets forth the requirements of the ordinance designating an area as a transportation reinvestment zone, including designating the base year for purposes of establishing the tax increment base of the municipality; containing findings that promotion of the transportation project will cultivate the improvement, development, or redevelopment of the zone; and providing for a date for termination of the zone for a zone intended to promote the acquisition, construction, improvement, or operation of a freight or rail facility or system. Makes nonsubstantive changes.

(h) Requires the municipality, from taxes collected on property in a zone, to pay into the tax increment account for the zone the tax increment produced by the municipality, less any amount allocated under previous agreements, including agreements under Chapter 380 (Miscellaneous Provisions Relating to Municipal Planning and Development), Local Government Code, or Chapter 311 (Tax Increment Financing), Tax Code, rather than to pay into the tax increment account for the zone an amount equal to the tax increment produced by the municipality.

(i) Requires that all or the portion specified by the municipality of the money deposited to a tax increment account be used to fund the transportation project for which the zone was

designated or, as applicable, the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system as well as aesthetic improvements within the zone. Authorizes any remaining money deposited to the tax increment account to be used for other purposes as determined by the municipality. Deletes existing text requiring that money deposited to a tax increment account be used to fund projects authorized under Section 222.104, including the repayment of amounts owed under an agreement entered into under that section.

(i-1) Authorizes the governing body of a municipality to contract with a public or private entity to develop, redevelop, or improve a transportation project in a transportation reinvestment zone and to pledge and assign all or a specified amount of money in the tax increment account to that entity. Prohibits the governing body of the municipality, after a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, from rescinding its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged.

(i-2) Authorizes the boundaries of a zone, to accommodate changes in the limits of the project for which a reinvestment zone was designated, to be amended at any time, except that property is prohibited from being removed or excluded from a designated zone if any part of the tax increment account has been assigned or pledged directly by the municipality or through another entity to secure bonds or other obligations issued to obtain funding of the project, and prohibits property from being added to a designated zone unless the governing body of the municipality complies with Subsections (e) (relating to requiring the governing body to hold a public hearing) and (g).

(j) Provides that except as provided by Subsections (i-1), (k), and (l-1), a transportation reinvestment zone terminates on December 31 of the year in which the municipality completes a contractual requirement, if any, that included the pledge or assignment of all or a portion of money deposited to a tax increment account or the repayment of money owed under an agreement for development, redevelopment, or improvement of the project for which the zone was designated. Deletes existing text providing that except as provided by Subsection (k), a transportation reinvestment zone terminates on December 31 of the year in which the municipality complies with a contractual requirement, if any, that included the pledge of money deposited to a tax increment account or the repayment of money owed under the agreement under Section 222.104 in connection with which the zone was designated.

(k) Provides that a transportation reinvestment zone terminates on December 31 of the 10th year after the year the zone was designated, if before that date the municipality has not entered into a contract described in Subsection (i-1) or otherwise not used the zone for the purpose for which it was designated.

(l) Authorizes any surplus remaining in a tax increment account on termination of a zone to be used for other purposes as determined by the municipality, rather than as determined by transportation projects of the municipality in or outside of the zone.

(l-1) Provides that a transportation reinvestment zone designated to promote the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system terminates on the earlier of the termination date specified in the ordinance designating the zone or an earlier or later termination date specified by an ordinance adopted subsequent to the ordinance designating the zone, or the date on which all costs incurred in the acquisition, construction, improvement, or operation of the freight or passenger rail facility or system, tax increment bonds and interest on those bonds, and other obligations have been paid in full.

(m) Defines "rail facility."

SECTION 25.03. Amends the heading to Section 222.107, Transportation Code, to read as follows:

Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES.

SECTION 25.04. Amends Section 222.107, Transportation Code, by amending Subsections (b), (c), (e), (f), (h), (i), (k), and (l) and adding Subsections (h-1) and (k-1), as follows:

(b) Provides that this section applies only to a county in which a transportation project is to be developed, rather than the commissioners court of which intends to enter into a pass-through toll agreement with the department, under Section 222.104.

(c) Authorizes the commissioners court of the county, after determining that an area is unproductive and underdeveloped and that action under this section would further the purposes described by Section 222.105, by order or resolution to designate a contiguous geographic area in the jurisdiction of the county to be a transportation reinvestment zone to promote a transportation project, rather than to promote a transportation project described by Section 222.104 that cultivates development or redevelopment of the area, and for the purpose of abating ad valorem taxes or granting other relief from taxes imposed by the county on real property located in the zone.

(e) Requires the commissioners court, not later than the 30th day before the date the commissioners court proposes to designate an area as a transportation reinvestment zone under this section, to hold a public hearing on the creation of the zone, its benefits to the county and to property in the proposed zone, and the abatement of ad valorem taxes or the grant of other relief from ad valorem taxes imposed by the county on real property located in the zone. Authorizes an interested person, at the hearing, to speak for or against the designation of the zone, its boundaries, or the abatement of or the relief from county taxes on real property in the zone.

(f) Sets forth the requirements of the order or resolution designating an area as a transportation reinvestment zone, including designate the base year for purposes of establishing the tax increment base of the county. Makes nonsubstantive changes.

(h) Authorizes the commissioners court by order or resolution to enter into an agreement with the owner of any real property located in the transportation reinvestment zone to abate all or a portion of the ad valorem taxes or to grant other relief from the taxes imposed by the county on the owner's property in an amount not to exceed the amount calculated under Subsection (a)(1) (relating to the amount of a county's tax increment) for that year. Requires that all abatements or other relief granted by the commissioners court in a transportation reinvestment zone be equal in rate. Authorizes the commissioners court by order or resolution, in the alternative, to elect to abate a portion of the ad valorem taxes or otherwise grant relief from the taxes imposed by the county on all real property located in the zone. Prohibits the total amount of the taxes abated or the total amount of relief granted under this section, in any ad valorem tax year, from exceeding the amount calculated under Subsection (a)(1) for that year, less any amounts allocated under previous agreements, including agreements under Chapter 381 (County Development and Growth), Local Government Code, or Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code.

(h-1) Authorizes a county, to further the development of the transportation project for which the transportation reinvestment zone was designated, to assess all or part of the cost of the transportation project against property within the zone. Authorizes the assessment against each property in the zone to be levied and payable in installments in the same manner as provided by Sections 372.016 (Assessment Roll), 372.017 (Levy of Assessment), and 372.018 (Interest on Assessment; Lien), Local Government Code, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under Subsection (h). Authorizes the county to elect to adopt and apply the provisions of Sections 372.015 (Determination of Assessment), 372.016-372.018, 372.019 (Supplemental Assessments), 372.020 (Reassessment), and 372.023 (Payment of Costs), Local Government Code, to the assessment of costs and Sections 372.024 (General Obligation and Revenue Bonds), 372.025 (Terms and Conditions of Bonds), 372.026 (Pledges), 372.027 (Refunding Bonds), 372.028 (Approval and

Registration), 372.029 (Authorized Investments; Security), and 372.030 (Subchapter not Exclusive), Local Government Code, to the issuance of bonds by the county to pay the cost of a transportation project. Authorizes the commissioners court of the county to contract with a public or private entity to develop, redevelop, or improve a transportation project in the transportation reinvestment zone, including aesthetic improvements, and to pledge and assign to that entity all or a specified amount of the revenue the county receives from installment payments of the assessments for the payment of the costs of that transportation project. Prohibits the commissioners court of the county, after a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, from rescinding its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. Authorizes any amount received from installment payments of the assessments not pledged or assigned in connection with the transportation project to be used for other purposes associated with the transportation project or in the zone.

(i) Authorizes a road utility district, in the alternative, to assist the county in developing a transportation project, rather than a transportation project authorized under Section 222.104, if authorized by TTC under Chapter 441 (Road Utility Districts), to be formed under that chapter that has the same boundaries as a transportation reinvestment zone created under this section.

(k) Authorizes a road utility district formed as provided by Subsection (i) to enter into an agreement to fund development of a project, rather than to enter into an agreement with the county to assume the obligation, if any, of the county to fund a project under Section 222.104, or to repay funds owed to the department. Makes a conforming change.

(k-1) Authorizes the boundaries of a zone, to accommodate changes in the limits of the project for which a reinvestment zone was designated, to be amended at any time, except that property may not be removed or excluded from a designated zone if any part of the assessment has been assigned or pledged directly by the county or through another entity to secure bonds or other obligations issued to obtain funding of the project, and prohibits property from being added to a designated zone unless the governing body of the municipality complies with Subsections (e) and (f).

(l) Provides that except as provided by Subsection (m), a tax abatement agreement entered into under Subsection (h), or an order or resolution on the abatement of taxes or the grant of relief from taxes under that subsection, terminates on December 31 of the year in which the county completes any contractual requirement that included the pledge or assignment of assessments collected under this section, rather than the pledge of money collected under this section.

SECTION 25.05. Amends Subchapter E, Chapter 22, Transportation Code, by adding Sections 222.108 and 222.109, as follows:

Sec. 222.108. TRANSPORTATION REINVESTMENT ZONES FOR OTHER TRANSPORTATION PROJECTS. (a) Authorizes a municipality or county, notwithstanding the requirement in Sections 222.106(b) and 222.107(b) that a transportation reinvestment zone be established in connection with a project under Section 222.104, to establish a transportation reinvestment zone for any transportation project. Authorizes the department, if all or part of the transportation project is subject to oversight by the department, at the option of the governing body of the municipality or county, to delegate full responsibility for the development, design, letting of bids, and construction of the project, including project oversight and inspection, to the municipality or county.

(b) Requires that a transportation project developed under Subsection (a) that is on the state highway system comply with state design criteria unless the department grants an exception to the municipality or county.

(c) Defines "transportation project."

Sec. 222.109. REDUCTION PROHIBITED. (a) Prohibits a municipality or county from being penalized with a reduction in traditional transportation funding because of the designation and use of a transportation reinvestment zone under this chapter. Prohibits any funding from the department identified for a project before the date that a transportation reinvestment zone is designated from being reduced because the transportation reinvestment zone is designated in connection with that project.

(b) Prohibits the department from reducing any allocation of traditional transportation funding to any of its districts because a district contains a municipality or county that contains a transportation reinvestment zone designated under this chapter.

## ARTICLE 26. TERMINATION OF COMPREHENSIVE DEVELOPMENT AGREEMENT BY PURCHASE

SECTION 26.01. Amends Sections 223.208(b) and (h), Transportation Code, as follows:

(b) Requires that a comprehensive development agreement (agreement) entered into under this subchapter or Section 227.023(c) include a provision providing for the purchase by the department of the interest of a private participant in the agreement and related property as required by Section 371.101 and may include any other provision the department considers appropriate, including certain provisions. Deletes existing text authorizing an agreement entered into under this subchapter or Section 227.023(c) to include any provision that the department considers appropriate, including provisions providing for the purchase by the department, under terms and conditions agreed to by the parties, of the interest of a private participant in the agreement and related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the agreement, and establishing the purchase price for the interest of a private participant in the agreement and related property, which price may be determined in accordance with the methodology established by the parties in the agreement. Makes nonsubstantive changes.

(h) Deletes existing text requiring that the agreement contain an explicit mechanism for setting the price for the purchase by the department of the interest of the private participant in the agreement and related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the agreement.

SECTION 26.02. Amends Sections 366.407(b) and (g), Transportation Code, as follows:

(b) Requires that an agreement entered into under this subchapter include a provision providing for the purchase by the authority of the interest of a private participant in the agreement as required by Section 371.101 and may include any other provision the authority considers appropriate, including certain provisions. Deletes existing text authorizing an agreement entered into under this subchapter to include any provision the authority considers appropriate, including a provision providing for the purchase by the authority, under terms and conditions agreed to by the parties, of the interest of a private participant in the agreement and related property, including any interest in a turnpike project designed, developed, financed, constructed, operated, or maintained under the agreement, and establishing the purchase price, as determined in accordance with the methodology established by the parties in the agreement, for the interest of a private participant in the agreement and related property. Makes nonsubstantive changes.

(g) Authorizes an agreement with a private participant that includes the collection by the private participant of tolls for the use of a toll project, rather than authorizing an agreement with a private participant that includes the collection by the private participant of tolls for the use of a toll project, except as provided by this subsection, to be for a term not longer than 50 years from the later of the date of final acceptance of the project or the start of revenue operations by the private participant, not to exceed a total term of 52 years. Deletes existing text requiring that the contract contain an explicit mechanism for

setting the price for the purchase by the department of the interest of the private participant in the contract and related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the contract.

SECTION 26.03. Amends Section 370.311(b), Transportation Code, to require that an agreement entered into under Section 370.305 (Comprehensive Development Agreements) include a provision authorizing the authority to purchase, under terms agreed to by the parties, the interest of a private equity investor in a transportation project as required by Section 371.101.

SECTION 26.04. Amends Section 371.002, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, as follows:

Sec. 371.002. APPLICABILITY. Provides that this chapter does not apply to a project for which TTC selected an apparent best value proposer before May 1, 2007, or a publicly owned and operated toll project, as defined by Section 373.001. Makes nonsubstantive changes.

SECTION 26.05. Amends Section 371.101, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, as follows:

Sec. 371.101. New heading: TERMINATION BY PURCHASE. (a) Deletes existing Subsection (a) requiring that a toll project entity having rulemaking authority by rule and a toll project entity without rulemaking authority by official action to develop a formula for making termination payments to terminate an agreement under which a private participant receives the right to operate and collect revenue from a toll project. Deletes existing text requiring that a formula calculate an estimated amount of loss to the private participant as a result of the termination for convenience. Deletes existing Subsection (b) requiring that the formula be based on investments, expenditures, and the internal rate of return on equity under the agreed base case financial model as projected over the original term of the agreement, plus an agreed percentage markup on that amount. Deletes existing Subsection (c) prohibiting a formula under Subsection (b) from including any estimate of future revenue from the project, if not included in an agreed base case financial model under Subsection (b). Deletes existing text prohibiting compensation to the private participant upon termination for convenience from exceeding the amount determined using the formula under Subsection (b). Requires that an agreement contain a provision authorizing the toll project entity to purchase, under terms agreed to by the parties, the interest of a private participant in the toll project that is the subject of the agreement and related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the agreement.

(b) Requires that the provision include a schedule stating a specific price for the purchase of the toll project at certain intervals from the date the project opens, not less than one year and not to exceed five years, over the term of the agreement.

(c) Requires that the provision authorize the toll project entity to purchase the private entity's interest at a stated interval in an amount not to exceed the lesser of the price stated for that interval, or the greater of the then fair market value of the private entity's interest, provided that the fair market value is not less than the private entity's outstanding debt at that time plus other reasonable costs associated with the purchase as defined in the comprehensive development agreement.

(d) Prohibits a toll project entity, under any circumstance, from purchasing the private entity's interest for an amount higher than the stated interval amount.

(e) Requires that a contract provision to purchase the private entity's interest at the then fair market value as described by Subsection (c)(2)(A) contain a provision, mutually agreed on by the toll project entity and the private participant, detailing the calculation used to determine that value.

(f) Requires the toll project entity to request a proposed termination-by-purchase schedule in each request for detailed proposals and to consider and score each schedule in each evaluation of proposals.

(g) Requires a private entity, not later than 12 months before the date that a new price interval takes effect, to notify the toll project entity of the beginning of the price interval. Requires the toll project entity to notify the private entity as to whether it will exercise the option to purchase under this section not later than six months after the date it receives notice under this subsection.

(h) Requires a toll project entity to notify the private entity of the toll project entity's intention to purchase the private entity's interest under this section not less than six months before the date of the purchase.

SECTION 26.06. Amends Section 371.102, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, as follows:

Sec. 371.102. **TERMINATION OF CERTAIN COMPREHENSIVE DEVELOPMENT AGREEMENTS.** (a) Creates this subsection from existing text. Authorizes a toll project entity, if the entity elects to terminate an agreement under which a private participant receives the right to operate and collect revenue from a project, to issue bonds or other obligations, rather than if authorized to issue bonds for that purpose, issue bonds or other obligations, to make any applicable termination payments to the private participant, or purchase the interest of the private participant in the comprehensive development agreement or related property; or provide for the payment of obligations of the private participant incurred pursuant to the agreement.

(b) Provides that a toll project entity has the same powers and duties relating to the financing of payments under Subsection (a)(1) (relating to issuing bonds or other obligations) as the toll project entity has under other applicable laws of this state, including Chapters 228, 284, 366, and 370 of this code and Chapter 1371, Government Code, relating to the financing of a toll project of that entity, including the ability to deposit the proceeds of bonds or other obligations and to pledge, encumber, and expend the proceeds and revenues of a toll project as provided by law.

(c) Provides that the powers held by the toll project entity include the power to authorize the issuance of bonds or other obligations and to pay all or part of the costs of a payment described in Subsection (a)(1), in the amount determined by the toll project entity under Section 371.101. Provides that costs associated with a payment under Subsection (a)(1) are considered a cost of the project.

(d) Requires that this section be liberally construed to effect its purposes.

SECTION 26.07. (a) Provides that Section 371.101, Transportation Code, does not apply to an agreement for certain named projects.

(b) Makes application of this section of this Act prospective.

SECTION 26.08. Provides that the change in law made by this Act to Section 223.208, Transportation Code, does not apply to a project described in Section 26.07 of this Act. Provides that a project described in that section is governed by Section 223.208, Transportation Code, as it existed immediately before the effective date of this Act, and that law is continued in effect for purpose.

## ARTICLE 27. DEVELOPMENT OF TOLL PROJECT IN AREA WITH MORE THAN ONE TOLL PROJECT ENTITY

SECTION 27.01. Amends Section 284.004(b), Transportation Code, to authorize a county, in addition to authority granted by other law, to use state highway right-of-way and to access state highway right-of-way in accordance with Sections 228.011 and 373.102, rather than Sections

228.011 (Toll Projects in Certain Counties) and 228.0111 (Toll Projects of Local Toll Project Entities).

SECTION 27.02. Amends Section 284.061(d), Transportation Code, to provide that subject to the reimbursement requirements of Section 373.102, a county has full easements and rights-of-way through, across, under, and over any property owned by this state that are necessary or convenient to construct, acquire, or efficiently operate a project under this chapter.

SECTION 27.03. Amends Section 366.170(c), Transportation Code, to provide that this subsection does not affect the obligation of the authority under other state law, including Section 373.102, to compensate or reimburse the state for the use or acquisition of an easement or right-of-way on property owned by or on behalf of the state.

SECTION 27.04. Amends Section 370.169(c), Transportation Code, to provide that this subsection does not affect the obligation of the authority under other law, including Section 373.102, to compensate or reimburse this state for the use or acquisition of an easement or right-of-way on property owned by or on behalf of this state.

SECTION 27.05. Amends Subtitle G, Title 6, Transportation Code, by adding Chapter 373, as follows:

## CHAPTER 373. TOLL PROJECTS LOCATED IN TERRITORY OF LOCAL TOLL PROJECT ENTITY

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 373.001. DEFINITIONS. Defines "local toll project entity," "privately operated or controlled toll project," "publicly owned and operated toll project," and "toll project."

Sec. 373.002. APPLICABILITY. (a) Provides that this chapter does not apply to a toll project described in Section 228.011.

(b) Provides that except for Sections 373.003, 373.004, and 373.005, this chapter does not apply to certain named projects.

Sec. 373.003. PROJECT OWNED IN PERPETUITY. Provides that unless a toll project is sold or otherwise transferred to another toll project entity in accordance with applicable law, including Sections 228.151 (Lease, Sale, or Transfer of Toll Project or System), 284.011 (Transfer of Project to Department), 366.036 (Transfer of Turnpike Project or System), 366.172 (Lease, Sale, or Conveyance of Turnpike Project), and 370.171 (Lease, Sale, or Conveyance of Transportation Project), a toll project procured by the department or a local toll project entity determined by the process under Subchapter B is owned by that entity in perpetuity.

Sec. 373.004. GOVERNMENTAL AND NOT COMMERCIAL TRANSACTIONS. Provides that a transaction involving a local toll project entity under Section 228.011 or this chapter is not primarily commercial in nature but is an inherently governmental transaction whose purpose is to determine governmental jurisdiction, ownership, control, or other responsibilities with respect to a project.

Sec. 373.005. VALUATION DETERMINATION. Requires that any determination of value, including best value, under this chapter or other applicable federal or state law for an agreement or other public-private partnership arrangement involving a toll project for which a local toll project entity has exercised its option under this chapter and has complied with all other conditions in this chapter for the development of the project by the local toll project entity take into consideration factors the entity determines appropriate, including factors related to oversight of the toll project, maintenance and operations costs of the toll project, the structure and rates of tolls, economic development impacts of the toll project, and social and environmental benefits and impacts of the toll project.

Sec. 373.006. LEGAL CHALLENGES CONCLUDED. Provides that for the purposes of this chapter, all legal challenges to development of a toll project are considered concluded when a judgment or order of a court with jurisdiction over the challenge becomes final and unappealable.

[Reserves Sections 373.007-373.050 for expansion.]

#### SUBCHAPTER B. PROCESS TO DETERMINE ENTITY TO DEVELOP, FINANCE, CONSTRUCT, AND OPERATE TOLL PROJECT

Sec. 373.051. INITIATION OF PROCESS. (a) Authorizes the local toll project entity, at any time after a metropolitan planning organization approves the inclusion of a toll project to be located in the territory of a local toll project entity in the metropolitan transportation plan, to notify the department in writing of the local toll project entity's intent to initiate the process described in this subchapter.

(b) Authorizes the department to notify the local toll project entity in writing of the department's intent to initiate the process described in this subchapter at any time after a metropolitan planning organization has approved the inclusion of a toll project to be located in the territory of a local toll project entity in the metropolitan transportation plan and the department has issued a finding of no significant impact for the project, or for a project for which an environmental impact statement is prepared, the department has approved the final environmental impact statement for the project; or for a project subject to environmental review requirements under federal law, the United States Department of Transportation Federal Highway Administration (FHWA) has issued a finding of no significant impact, or for a project for which an environmental impact statement is prepared, the department has submitted a final environmental impact statement to FHWA for approval.

Sec. 373.052. PUBLIC PROJECT BY LOCAL TOLL PROJECT ENTITY. (a) Provides that a local toll project entity has the first option to develop, finance, construct, and operate a toll project as a publicly owned and operated toll project. Provides that a local toll project entity has not more than 180 days after the date on which notification under Section 373.051(a) is provided or notification under Section 373.051(b) is received to decide whether to exercise the option, unless FHWA issues a record of decision for an environmental impact statement submitted by the department under Section 373.051(b)(2) more than 60 days after the date the department provides notice under Section 373.051(b), in which event the local toll project entity has 120 days after the date the record of decision is issued to exercise the option. Authorizes the option period under this subsection to be extended an additional 90 days by agreement of the department and the local toll project entity.

(b) Requires the local toll project entity after exercising the option, if a local toll project entity exercises the option under Subsection (a), within 180 days after the later of the date of exercising its option or the date on which all environmental approvals necessary for the development of the toll project are secured and all legal challenges to development are concluded, to advertise for the initial procurement of required services, including, at a minimum, design services, for the project; and within two years after the date on which all environmental approvals necessary for the development are secured and all legal challenges to development are concluded, to enter into a contract for the construction of the toll project.

Sec. 373.053. PUBLIC PROJECT BY DEPARTMENT. (a) Provides that if a local toll project entity fails or declines to exercise the option to develop, finance, construct, and operate a toll project under Section 373.052(a), or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.052(b), the department has the option to develop, finance, construct, and operate the toll project as a publicly owned and operated project. Provides that the department has not more than 60 days after the date the local toll project entity fails or declines to exercise its option under

Section 373.052(a) or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.052(b) to decide whether to exercise its option.

(b) Requires the department after exercising the option, if the department exercises its option under Subsection (a), within 180 days after the later of the date of exercising its option or the date on which all environmental approvals necessary for the development of the toll project are secured and all legal challenges to development are concluded, to advertise for the initial procurement of required services, including, at a minimum, design services, for the project, and within two years after the date on which all environmental approvals necessary for the development are secured and all legal challenges to development are concluded, to enter into a contract for the construction of the toll project.

Sec. 373.054. PRIVATE PROJECT BY LOCAL TOLL PROJECT ENTITY. (a) Provides that if the department fails or declines to exercise the option to develop, finance, construct, and operate a toll project under Section 373.053(a), or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.053(b), the local toll project entity has the option to develop, finance, construct, and operate the toll project as a privately operated or controlled toll project. Provides that except as provided by Section 373.057(b), the local toll project entity has not more than 60 days after the date the department fails or declines to exercise its option under Section 373.053(a) or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.053(b) to decide whether to exercise its option.

(b) Requires the local toll project entity after exercising the option, if the local toll project entity exercises its option under Subsection (a), within 180 days after the later of the date of exercising its option or the date on which all environmental approvals necessary for the development of the toll project are secured and all legal challenges to development are concluded, to advertise for the initial procurement of required services, including, at a minimum, design services, for the project; and within two years after the date on which all environmental approvals necessary for the development are secured and all legal challenges to development are concluded, to enter into a contract for the construction of the toll project.

Sec. 373.055. PRIVATE PROJECT BY DEPARTMENT. (a) Provides that if a local toll project entity fails or declines to exercise the option to develop, finance, construct, and operate a toll project under Section 373.054(a), or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.054(b), the department has the option to develop, finance, construct, and operate the toll project as a privately operated or controlled toll project. Provides that the department has not more than 60 days after the date the local toll project entity fails or declines to exercise its option under Section 373.054(a) or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.054(b) to decide whether to exercise its option.

(b) Requires the department after exercising the option, if the department exercises its option under Subsection (a), within 180 days after the later of the date of exercising its option or the date on which all environmental approvals necessary for the development of the toll project are secured and all legal challenges to development are concluded, to advertise for the initial procurement of required services, including, at a minimum, design services, for the project; and within two years after the date on which all environmental approvals necessary for the development are secured and all legal challenges to development are concluded, to enter into a contract for the construction of the toll project.

Sec. 373.056. RE-INITIATION OF PROCESS. Authorizes the local toll project entity or the department to re-initiate the process under this subchapter by submitting notice to the other entity in the manner provided by Section 373.051, if the process described by

Sections 373.051, 373.052, 373.053, 373.054, and 373.055 concludes without either entity entering into a contract for the construction of the toll project.

Sec. 373.057. **WAIVER OF OPTION; ALTERATION OF TIMELINES.** (a) Authorizes the department or the local toll project entity to at any time during the process established by this subchapter, including when the process is initiated under Section 373.051, decline to exercise an option of that entity under this subchapter.

(b) Requires the local toll project entity, if the department declines to exercise its option under Section 373.053 before the 120th day after the date on which notification under Section 373.051(a) is provided to the local toll project entity or notification under Section 373.051(b) is received by the toll project entity, in addition to deciding whether to exercise its option under Section 373.052, to decide whether to exercise its option under Section 373.054 not later than the later of the 180th day after the date notice is provided or received or the end of the option period as extended under Section 373.052.

(c) Authorizes the department and the applicable local toll project entity, by written agreement, to extend any time limit under this subchapter.

Sec. 373.058. **SHARING OF PROJECT-RELATED INFORMATION.** (a) Requires the local toll project entity or the department, as applicable, to make available its traffic estimates, revenue estimates, plans, specifications, surveys, appraisals, and other work product developed for the toll project to the other entity if a local toll project entity or the department fails or declines to exercise an option or fails or declines to advertise for procurement or enter into a construction contract under Section 373.052, 373.053, 373.054, or 373.055.

(b) Requires the department or the local toll project entity, as applicable, on entering into a contract for the construction of the toll project, to reimburse the other entity for shared project work product that it uses.

Sec. 373.059. **QUARTERLY PROGRESS REPORTS.** Requires the department or the local toll project entity, as applicable, after the department or a local toll project entity exercises an option under this subchapter, to issue a quarterly report on the progress of the development of the toll project. Requires that the report be made available to the public.

Sec. 373.060. **ENVIRONMENTAL REVIEW.** (a) Authorizes the department or the local toll project entity to begin any environmental review process that may be required for a proposed toll project before initiating the process under this subchapter.

(b) Requires the local toll project entity, if a local toll project entity initiates the process for development of a toll project under Section 373.051(a) and has not begun the environmental review of the project, to begin the environmental review within 180 days of exercising the option.

Sec. 373.061. **PROJECT LOCATED IN TERRITORY OF MORE THAN ONE LOCAL TOLL PROJECT ENTITY.** Authorizes only the local toll project entity that was first to be authorized by law to construct toll projects in that territory to exercise the options and other rights under this subchapter if a toll project is in the territory of more than one local toll project entity. Authorizes a local toll project entity exercising an option or other right under this section to do so only with respect to the portion of the project located in the territory of that local toll project entity and to do so on behalf of another toll project entity in whose territory the project will be located.

[Reserves Sections 373.062-373.100 for expansion.]

## SUBCHAPTER C. USE OF RIGHT-OF-WAY BY LOCAL TOLL PROJECT ENTITY

Sec. 373.101. USE OF STATE HIGHWAY RIGHT-OF-WAY. (a) Requires TTC and the department, consistent with federal law, to assist a local toll project entity in the development, financing, construction, and operation of a toll project for which the local toll project entity has exercised its option to develop, finance, construct, and operate the project under Subchapter B by allowing the local toll project entity to use state highway right-of-way and to access the state highway system as necessary to construct and operate the toll project.

(b) Authorizes the local toll project entity and TTC, notwithstanding any other law, to agree to remove the toll project from the state highway system and transfer ownership to the local toll project entity.

Sec. 373.102. REIMBURSEMENT FOR USE OF STATE HIGHWAY RIGHT-OF-WAY. (a) Prohibits TTC or the department from requiring a local toll project entity to pay for the use of state highway right-of-way or access, except to reimburse the department for actual costs incurred by the department that are owed to a third party, including the federal government, as a result of that use by the local toll project entity, and as required under Subsection (b).

(b) Requires a local toll project entity to reimburse the department for the department's actual costs to acquire the right-of-way in the manner provided in the payment schedule agreed to by the department and the local toll project entity. Requires that the amount, if the department cannot determine that amount, be determined based on the average historical right-of-way acquisition values for comparable right-of-way located in proximity to the project on the date of original acquisition of the right-of-way.

(c) Authorizes the local toll project entity, in lieu of reimbursement, to agree to pay to the department a portion of the revenues of the project, in the amount and for the period of time agreed to by the local toll project entity and the department.

(d) Requires that money received by the department under this section be deposited in the state highway fund and, except for reimbursement for costs owed to a third party, used to fund additional projects in the the department district in which the toll project is located.

(e) Authorizes TTC or the department to waive the requirement of reimbursement under this section.

Sec. 373.103. AGREEMENT FOR USE OF RIGHT-OF-WAY. Requires a local toll project entity to enter into an agreement with the department for any project for which the entity has exercised its option to develop, finance, construct, and operate the project under Subchapter B and for which the entity intends to use state highway right-of-way. Requires that the agreement contain provisions necessary to ensure that the local toll project entity's construction, maintenance, and operation of the project complies with the requirements of applicable state and federal law.

Sec. 373.104. LIABILITY FOR DAMAGES. (a) Provides that notwithstanding any other law, TTC and the department are not liable for any damages that result from a local toll project entity's use of state highway right-of-way or access to the state highway system under this subchapter, regardless of the legal theory, statute, or cause of action under which liability is asserted.

(b) Provides that an agreement entered into by a local toll project entity and the department in connection with a toll project that is financed, constructed, or operated by the local toll project entity and that is on or directly connected to a highway in the state highway system does not create a joint enterprise for liability purposes.

Sec. 373.105. COMPLIANCE WITH FEDERAL LAW. Authorizes TTC or the department, notwithstanding an action taken by a local toll project entity under this

subchapter, to take any action that in its reasonable judgment is necessary to comply with any federal requirement to enable this state to receive federal-aid highway funds.

SECTION 27.06. Amends Subchapter A, Chapter 228, Transportation Code, by adding Section 228.014, as follows:

Sec. 228.014. DEVELOPMENT OF THE GRAND PARKWAY. (a) Requires that the terms of this section, for the purposes of the application of Subdivision (1), Subsection (g) or Subdivision (1), Subsection (i) of Section 228.0111 to the State Highway 99 (Grand Parkway) project, apply.

(b) Requires that the State Highway 99 (Grand Parkway) project, subject to Subsection (h), be developed in multiple segments, as follows:

- (1) Segment A from SH 146 to IH 45(S);
- (2) Segment B from SH 288 to IH 45(S);
- (3) Segment C from US 59(S) to SH 288;
- (4) Segment D from US 59(S) to IH 10(W);
- (5) Segment E from IH 10 (W) to US 290 (Northwest Freeway);
- (6) Segment F-1 from US 290 (Northwest Freeway) to SH 249 (Tomball Parkway);
- (7) Segment F-2 from SH 249 (Tomball Parkway) to IH 45 (N) (North Freeway);
- (8) Segment G from IH 45(N) (North Freeway) to US 59(N) (Eastex Freeway);
- (9) Segment H and Segment I-1 from US 59 (N) to IH 10 (E); and
- (10) Segment I-2 from near SH 146 to IH 10 (E).

(c) Requires that Segments C through G constitute the western portion of the project. Requires that Segments A, B, H, I-1, and I-2 constitute the eastern portion of the project.

(d) Requires the local toll project entity or the department, as applicable, to enter into a contract for the construction of each of Segments D, E, F-1, and F-2 of the project within, for a segment of the project, the two-year period described by Subdivision (1), Subsection (g), Section 228.0111, or Subdivision (1), Subsection (i), Section 228.0111, and to enter into a contract for the construction of Segment G of the project within three years after the date on which all environmental requirements necessary for the development of that segment are secured and all legal challenges to development are concluded. Requires the department, if the local toll project entity does not enter into a contract for construction of each of those segments of the project within the two or three year period applicable to that segment, to have the option to develop, finance, construct, and operate the project pursuant to Section 228.0111(i).

(e) Provides that in any event, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for Segment C before the second anniversary of the date construction of the remainder of the western portion has been completed.

(f) Provides that for the eastern portion of the project, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for any segment before the second anniversary of the date on which the final segment of the western portion is completed. Provides that after a construction contract has been entered into for the initial segment of the eastern portion, excluding Segment I-2, for each of the remaining segments of the eastern portion, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for any remaining segment before the second anniversary of the date construction of a segment in the eastern portion contiguous to that initial segment, excluding Segment I-2, has been completed.

(g) Requires that the contracting requirements, in all events, be subject to the securing of all environmental requirements necessary for the development of the project and the conclusion of all legal challenges to development of the project, as provided in Subdivision (1), Subsection (g), Section 228.0111, or Subdivision (1), Subsection (i), Section 228.0111, as applicable.

(h) Authorizes the department and the local toll project entity to enter into an agreement modifying the segment descriptions and the development sequence specified in this section.

(i) Authorizes the local toll project entity or the department, as applicable, to enter into one or more agreements, including a comprehensive development agreement, with a public or private entity relating to the construction, development, financing, operation and maintenance of the State Highway 99 (Grand Parkway) project. Authorizes that the agreement, notwithstanding any law to the contrary, contain such provisions relating to revenue sharing and concession payments as the local toll project entity or the department, as applicable, may determine.

SECTION 27.07. Repealer: Section 228.0111 (Toll Projects of Local Toll Project Entities), Transportation Code.

SECTION 27.08. Provides that the repeal of Section 228.0111, Transportation Code, by this Act does not affect any project described in Section 373.002(b), Transportation Code, as added by this Act. Provides that a project described in that subsection is governed by Section 228.0111, Transportation Code, as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

## ARTICLE 28. NONCOMPETITION PROVISIONS IN COMPREHENSIVE DEVELOPMENT AGREEMENTS

SECTION 28.01. Amends Sections 371.103(b) and (c), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, as follows:

(b) Authorizes that an agreement, except as provided by Subsection (c), contain a provision authorizing the toll project entity to compensate the private participant in the agreement for the loss of toll revenues attributable to the construction by the entity of a limited access highway project located within an area that extends up to four miles from either side of the centerline of the project developed under the agreement, less the private participant's decreased operating and maintenance costs attributable to the highway project, if any. Authorizes that a provision under this subsection be effective only for a period of 30 years or less from the effective date of the agreement.

(c) Prohibits an agreement from requiring the toll project entity to provide compensation for the construction of certain projects, including a highway designated an interstate highway.

SECTION 28.02. (a) Provides that the change in law made by this Act to Section 371.103, Transportation Code, does not apply to certain projects.

(b) Provides that a project described by Subsection (a) of this section is governed by Section 371.103, Transportation Code, as that section existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

#### ARTICLE 29. TOLL COLLECTIONS

SECTION 29.01. Amends Section 228.055, Transportation Code, by amending Subsection (d) and adding Subsection (d-1), as follows:

(d) Provides that it is an exception to the application of Subsection (a) (relating to provision that the registered owner of the nonpaying vehicle is liable for the payment of both the proper toll and an administrative fee) or (c) (relating to the registered owner having committed an offense for failure to pay within the time specified) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the department a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 228.054 (Failure or Refusal to Pay Toll; Offense), with the name and address of the lessee clearly legible; or electronic data, in a format agreed on by the department and the lessor, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1) (relating to the license plate number issued for the motor vehicle), (2) (relating to the name and address of the person to whom the vehicle is rented), and (3) (relating to the license number of the person to whom the vehicle is rented) covering the vehicle on the date of the nonpayment under Section 228.054. Makes nonsubstantive changes.

(d-1) Authorizes the department, if the lessor provides the required information within the period prescribed under Subsection (d), to send a notice of nonpayment to the lessee at the address provided under Subsection (d), rather than shown on the contract document, by first class mail before the 30th day after the date of receipt of the required information from the lessor.

SECTION 29.02. Amends Sections 228.056(b) and (c), Transportation Code, as follows:

(b) Provides that in the prosecution of an offense under Section 228.055(c), (d-1), rather than (d), or (e) it is presumed that the notice of nonpayment was received on the fifth day after the date of mailing; a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 228.054 occurred; and a copy of the rental, lease, or other contract document, or the electronic data provided to the department under Section 228.055(d), covering the vehicle on the date of the underlying event of nonpayment under Section 228.054 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 228.054 occurred.

(c) Makes a conforming change.

SECTION 29.03. Amends Section 284.0701, Transportation Code, by amending Subsection (d) and adding Subsection (d-1), as follows:

(d) Provides that it is an exception to the application of Subsection (a) (relating to provision that the registered owner of the nonpaying vehicle being liable for the payment of both the proper toll and an administrative cost) or (c) (relating to provision that a person commits an offense for failure to pay the proper toll and administrative cost) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 284.070 (Nonpayment of Toll; Offense), with the name and address of the lessee clearly legible; or electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections

521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Section 284.070.

(d-1) Makes conforming changes.

SECTION 29.04. Amends Sections 284.0702(b) and (c), Transportation Code, as follows:

(b) In the prosecution of an offense under Section 284.0701(c), (d-1), or (e), a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 284.070 occurred; and a copy of the rental, lease, or other contract document, or the electronic data provided to the authority under Section 284.0701(d), covering the vehicle on the date of the underlying event of nonpayment under Section 284.070 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 284.070 occurred. Makes conforming and nonsubstantive changes.

(c) Makes conforming changes.

SECTION 29.05. Amends Section 366.178, Transportation Code, by amending Subsections (d), (f) and (i) and adding Subsection (i-1), as follows:

(d) Provides that notice of nonpayment under Subsection (c)(1) is required to be sent by first-class mail not later than the 90th day after the date of the alleged failure to pay and may not require payment of the proper toll and the administrative fee before the 30th day after the date the notice is mailed. Requires the registered owner to pay a separate toll and administrative fee for each nonpayment.

(f) Authorizes the proof of a violation for nonpayment to be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (i) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

(i) Provides that a registered owner who is the lessor of a vehicle for which a notice of nonpayment has been issued is not liable if, not later than the 30th day after the date the notice of nonpayment is mailed, the registered owner provides to the authority a copy of the rental, lease, or other contract document, rather than lease agreement, covering the vehicle on the date of the nonpayment, with the name and address of the lessee clearly legible, rather than requiring that the name and address of the lessee be clearly legible; or electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under this section.

(i-1) Provides that if the lessor timely provides the required information under Subsection (i), the lessee of the vehicle on the date of the violation is considered to be the owner of the vehicle for purposes of this section.

SECTION 29.06. Amends Section 370.177, Transportation Code, by amending Subsections (e), (g), and (i) and adding Subsection (e-1), as follows:

(e) Provides that it is an exception to the application of Subsection (b) (relating to the registered owner of the nonpaying vehicle is liable for the payment of both the proper toll and an administrative fee) or (d) (relating to the registered owner having committed an offense for failure to pay the fees) that the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Subsection (a), with the name and address of the lessee clearly legible; or electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections

521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Subsection (a).

(e-1) Authorizes the authority, if the lessor provides the required information within the period prescribed under Subsection (e), to send a notice of nonpayment to the lessee at the address provided under Subsection (e) by first class mail before the 30th day after the date of receipt of the required information from the lessor. Makes a conforming change.

(g) Provides that an offense under Subsection (d), (e-1), rather than (e), or (f) is a misdemeanor punishable by a fine not to exceed \$250.

(i) Authorizes that the proof of an offense under this section be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including evidence obtained by automated enforcement technology that the authority determines is necessary, including automated enforcement technology described by Sections 228.058(a) (relating to authorizing the department to use automated enforcement technology to aid in toll collection) and (b) (relating to using automated enforcement technology for recording an image of a license plate); or a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (e) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

#### ARTICLE 30. PROVISIONS APPLICABLE TO MORE THAN ONE TYPE OF TOLL PROJECT

SECTION 30.01. (a) Amends the heading to Section 371.052, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, to read as follows:

Sec. 371.052. NOTIFICATION TO LEGISLATIVE BUDGET BOARD.

(b) Repealer: Section 371.052(c) (relating to requiring a toll project entity to provide the state auditor with the traffic and revenue report before entering into an agreement), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007.

#### ARTICLE 31. ALLOCATION AND DISTRIBUTION OF TOLL PROJECT REVENUE AND PAYMENTS

SECTION 31.01. Amends Section 228.006, Transportation Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires TTC to authorize the use of surplus revenue of a toll project or system to pay the costs of a transportation project, highway project, or air quality project within a region, rather than the department district, in which any part of the toll project is located.

(a-1) Requires the department to allocate the distribution of the surplus toll revenue to the department districts in the region that are located in the boundaries of the metropolitan planning organization in which the toll project or system producing the surplus revenue is located based on the percentage of toll revenue from users in each the department district of the project or system. Requires each entity responsible for collecting tolls for a project or system, to assist the department in determining the allocation, to calculate on an annual basis the percentage of toll revenue from users of the project or system in each the department district based on the number of recorded electronic toll collections.

SECTION 31.02. Amends Section 228.012, Transportation Code, as follows:

Sec. 228.012. PROJECT SUBACCOUNTS. (a) Deletes existing text requiring the department to create a separate account in the state highway fund to hold payments received under Sections 228.0111(g)(2) (relating to requiring a local toll project entity to

commit to certain revenue) and (i)(2) (relating to requiring the department to commit to certain revenue).

(b) Requires that money, rather than requiring that money except as provided by Subsection (c), be allocated to projects authorized by Section 228.0055 (Use of Contract Payments and Other Revenue) or Section 228.006, as applicable.

(c) Deletes existing Subsection (c) requiring that money in a subaccount received from a county or the department under Section 228.0111 in connection with a project for which a county acting under Chapter 284 has the first option be allocated to transportation projects located in the county and the counties contiguous to that county. Redesignates Subsection (d) as Subsection (c).

(d) Redesignates Subsection (e) as Subsection (d). Prohibits TTC or the department from revising the formula as provided in the department's unified transportation program or a successor document in a manner that results in a decrease of a the department district's allocation because of the deposit of a payment into a project subaccount, rather than into a project subaccount or a commitment to undertake an additional transportation project under Section 228.0111; or take any other action that would reduce funding allocated to a the department district because of the deposit of a payment into a project subaccount, rather than a payment received from the department or local toll project entity into a project subaccount or a commitment to undertake an additional transportation project under Section 228.0111.

SECTION 31.03. Makes application of Section 228.012, Transportation Code, as amended by this article, prospective.

## ARTICLE 32. PHOTOGRAPHIC TRAFFIC SIGNAL ENFORCEMENT SYSTEMS

SECTION 32.01. Amends Section 707.002, Transportation Code, as follows:

Sec. 707.002. New hearing: **AUTHORITY TO PROVIDE FOR CIVIL PENALTY AND INTERSECTION SAFETY COURSE.** (a) Creates this subsection from existing text.

(b) Authorizes that the ordinance require that the owner of the motor vehicle successfully complete an intersection safety course, instead of a monetary penalty. Authorizes a local authority that requires completion of an intersection safety course to:

(1) charge a fee set by the governing body of the local authority for the course; and

(2) contract with a third party to provide an intersection safety course.

SECTION 32.02. Amends Chapter 707, Transportation Code, by adding Section 707.0021, as follows:

Sec. 707.0021. **IMPOSITION OF CIVIL PENALTY ON OWNER OF AUTHORIZED EMERGENCY VEHICLE.** (a) Defines, in this section, "authorized emergency vehicle" to have the meaning assigned by Section 541.201.

(b) Prohibits a local authority from imposing or attempting to impose a civil penalty under this chapter on the owner of an authorized emergency vehicle.

(c) Provides that this section does not prohibit an employer from taking disciplinary action against an employee who as the operator of an authorized emergency vehicle operated the vehicle in violation of a rule or policy of the employer.

SECTION 32.03. Amends Section 1001.002, Education Code, by adding Subsection (d), to exempt an intersection safety course required by a local authority under Section 707.002, Transportation Code, from this chapter.

#### ARTICLE 33. AUTOMATIC LICENSE PLATE IDENTIFICATION CAMERAS

SECTION 33.01. Amends Subchapter C, Chapter 202, Transportation Code, by adding Section 202.062, as follows:

Sec. 202.062. AGREEMENT TO LOCATE CERTAIN CAMERAS ON RIGHT-OF-WAY. (a) Defines, in this section, "automatic license plate identification camera."

(b) Authorizes the department to enter into an agreement with DPS a federal law enforcement agency, or a local law enforcement agency operating an automatic license plate identification camera under the authority of a federal law enforcement agency that authorizes DPS, federal law enforcement agency, or local law enforcement agency to install, maintain, and operate an automatic license plate identification camera on the right-of-way of a state highway.

(c) Requires that an agreement under this section be in writing, list the location of each automatic license plate identification camera to be installed on the state highway right-of-way, list the responsibilities of each party to the agreement, be for a fixed term, and be executed before an automatic license plate identification camera is installed.

(d) Authorizes that the images produced from an automatic license plate identification camera installed under an agreement authorized by this section be used only for the purpose of:

(1) enforcing a penal law of this state, other than a traffic law the violation of which is a misdemeanor punishable by fine only or a penal law of the United States;

(2) locating an abducted child for whom the statewide alert system authorized by Subchapter L, Chapter 411, Government Code, has been activated; a missing senior citizen for whom a statewide silver alert authorized by Subchapter M, Chapter 411, Government Code, has been activated; or a person for whom an alert has been issued under an executive order of the governor because the person has seriously injured or killed a local, state, or federal law enforcement officer; or

(3) prosecuting a criminal offense, other than a traffic law the violation of which is a misdemeanor punishable by fine only, if the images are otherwise admissible in a judicial proceeding.

(e) Provides that a person commits an offense if the person uses an automatic license plate identification camera to produce an image other than in the manner and for the purpose specified by this section.

(f) Provides that an offense under this section is a Class C misdemeanor.

#### ARTICLE 34. APPLICATION FOR DEALER GENERAL DISTINGUISHING NUMBER

SECTION 34.01. Amends Section 503.029, Transportation Code, by adding Subsections (d), (e), and (f), as follows:

(d) Requires an applicant for an original dealer general distinguishing number who proposes to be an independent motor vehicle dealer, as specified under Subsection (a)(6)(B), and who does not hold a general distinguishing number as a franchised motor vehicle dealer or independent motor vehicle dealer, as specified under Subsection (a)(6)(A) or (B), to submit to the department evidence that the applicant completed a

dealer education course, approved by the department, in the 12-month period preceding the date the application is filed. Requires that the course be at least eight hours and not more than 12 hours in length. Requires that the course, if the applicant is an entity, be completed by one individual listed on the application as an owner.

(e) Authorizes the department to approve a dealer education course under Subsection (d) only if the provider of the course:

(1) is a business with experience providing compliance education to independent motor vehicle dealers;

(2) provides online and CD-ROM versions of the course in English and in Spanish with assessment and verification capabilities;

(3) provides ongoing educational support by telephone or the Internet for one year at no additional cost to persons who have completed a course;

(4) provides at least one instructor-led dealer education course each month, including at least one instructor-led course each year in or near Austin, Dallas and Fort Worth, El Paso, Houston, and San Antonio; and

(5) has a curriculum review panel for the course that consists of at least four independent motor vehicle dealers who hold dealer general distinguishing numbers.

(f) Provides that an applicant is not required to comply with Subsection (d) if, at the time the application is submitted, a dealer education course is not currently approved by the department.

SECTION 34.02. Makes application of Section 503.029(d), Transportation Code, as added by this Act, prospective to September 1, 2010.

SECTION 34.03. Requires TxDOT, not later than January 1, 2010, to begin to approve or reject applications from providers of dealer education courses under Sections 503.029(d) and (e), Transportation Code, as added by this Act.

#### ARTICLE 35. USE OF CERTAIN VEHICLES FOR LAW ENFORCEMENT PURPOSES

SECTION 35.01. Amends Section 541.201(1) and (13-a), Transportation Code, to redefine "authorized emergency vehicle" and "police vehicle."

SECTION 35.02. Amends Section 545.421(b), Transportation Code, as follows:

(b) Requires that the officer's vehicle bear the insignia of a law enforcement agency, regardless of whether the vehicle displays an emergency light, rather than be appropriately marked as an official police vehicle.

#### ARTICLE 36. ABANDONED AND JUNKED VEHICLES

SECTION 36.01. Amends Section 683.071, Transportation Code, to redefine, in this subchapter, "junked vehicle."

#### ARTICLE 37. AUTHORITY OF CERTAIN TRANSPORTATION AND TRANSIT AUTHORITIES TO ENFORCE COMPLIANCE WITH HIGH OCCUPANCY VEHICLE LANE RESTRICTIONS

SECTION 37.01. Amends Subchapter B, Chapter 451, Transportation Code, by adding Section 451.0615, as follows:

Sec. 451.0615. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANES. (a) Defines, in this section, "automated enforcement system," "high occupancy vehicle lane," "official traffic-control device," and "owner of a motor vehicle."

(b) Authorizes a board by resolution to implement an automated enforcement system and provide that the owner of a motor vehicle, other than an authorized emergency vehicle as defined by Section 541.201, is liable to the authority for a penalty if the vehicle is operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane.

(b-1) Prohibits a resolution adopted under Subsection (b) from providing for the imposition of a penalty for a vehicle that is operated in violation of the minimum number of persons requirement for use of a high occupancy vehicle lane or for the purpose of enforcing compliance with posted speed limits.

(c) Requires that the resolution adopted under this section:

(1) provide for a penalty of not more than \$100;

(2) authorize an attorney employed by the authority or an attorney with whom the authority contracts to bring suit to collect the penalty;

(3) provide for notice of the violation to the owner of the motor vehicle that committed the violation;

(4) require that a peace officer commissioned by the authority review images produced by the automated enforcement system to determine whether the vehicle was operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane, and notarize the notice of violation before the notice is mailed to the owner of the motor vehicle that committed the violation;

(5) provide that a notice of violation is presumed to have been received on the fifth day after the date the notice is mailed if the notice was mailed to the owner of a motor vehicle;

(6) provide procedures by which the owner of the motor vehicle may request an administrative adjudication hearing to contest the imposition or the amount of the penalty;

(7) allow for the use of images produced by the automated enforcement system authorized by this section; and

(8) provide for other procedures the board determines are necessary for the imposition of a penalty authorized by this section.

(d) Prohibits an image produced by an automated enforcement system, except as provided by Subsection (e), from being used to prosecute a criminal offense.

(e) Authorizes that an image produced by an automated enforcement system be used to prosecute a criminal offense defined by Chapter 19, 20, 20A, 31, 38, or 49, Penal Code.

(f) Provides that this section does not apply to an authority in which the principal municipality has a population of more than 1.9 million.

SECTION 37.02. Amends Subchapter B, Chapter 452, Transportation Code, by adding Section 452.0615, as follows:

Sec. 452.0615. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANES. (a) Defines, in this section, "automated enforcement system," "high occupancy vehicle lane," "official traffic-control device," and "owner of a motor vehicle."

(b) Provides that this section applies only to an authority that consists of one subregion governed by a subregional board created under Subchapter O; and has entered into an agreement with a governmental entity to operate a high occupancy vehicle lane or provide peace officers to enforce compliance with instructions for high occupancy vehicle lane restrictions.

(c) Authorizes a board by resolution to implement an automated enforcement system and provide that the owner of a motor vehicle, other than an authorized emergency vehicle as defined by Section 541.201, is liable to the authority for a penalty if the vehicle is operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane.

(c-1) Prohibits a resolution adopted under Subsection (c) from providing for the imposition of a penalty for a vehicle that is operated in violation of the minimum number of persons requirement for use of a high occupancy vehicle lane or for the purpose of enforcing compliance with posted speed limits.

(d) Requires that the resolution adopted under this section:

(1) provide for a penalty of not more than \$100;

(2) authorize an attorney employed by the authority or an attorney with whom the authority contracts to bring suit to collect the penalty;

(3) provide for notice of the violation to the owner of the motor vehicle that committed the violation;

(4) require that a peace officer commissioned by the authority review images produced by the automated enforcement system to determine whether the vehicle was operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane, and notarize the notice of violation before the notice is mailed to the owner of the motor vehicle that committed the violation;

(5) provide that a notice of violation is presumed to have been received on the fifth day after the date the notice is mailed if the notice was mailed to the owner of a motor vehicle;

(6) provide procedures by which the owner of the motor vehicle may request an administrative adjudication hearing to contest the imposition or the amount of the penalty;

(7) allow for the use of images produced by the automated enforcement system authorized by this section; and

(8) provide for other procedures the board determines are necessary for the imposition of a penalty authorized by this section.

(e) Prohibits an image produced by an automated enforcement system, except as provided by Subsection (f), from being used to prosecute a criminal offense.

(f) Authorizes that an image produced by an automated enforcement system be used to prosecute a criminal offense defined by Chapter 19, 20, 20A, 31, 38, or 49, Penal Code.

#### ARTICLE 38. REGIONAL TOLLWAY AUTHORITIES

SECTION 38.01. (a) Amends Section 366.038, Transportation Code, as follows:

Sec. 366.038. New heading: TOLLING SERVICES. (a) Defines, in this section, "tolling services."

(b) Creates this subsection from existing text. Requires an authority to provide, for reasonable compensation, tolling, rather than customer service and other toll collection and enforcement, services for a toll project in the boundaries of the authority, regardless of whether the toll project is developed, financed, constructed, and operated under an agreement, including a comprehensive development agreement, with the authority or another entity. Provides that this section does not restrict an authority from agreeing to provide additional tolling services in an agreement described in Subsection (d). Provides that additional tolling services provided under an agreement under that subsection are subject to the provisions that apply to tolling services under this section.

(c) Prohibits an authority from providing financial security, including a cash collateral account, for the performance of tolling services the authority provides under this section if the authority determines that providing security could restrict the amount, or increase the cost, of bonds or other debt obligations the authority may subsequently issue under this chapter, or the authority is not reimbursed its cost of providing the security.

(d) Requires an authority, before providing tolling services for a toll project under this section, to enter into a written agreement that sets out the terms and conditions for the tolling services to be provided and the terms of compensation for those services.

(e) Provides that toll revenues are the property of the entity that is entitled to the revenues under a tolling services agreement for the toll project, regardless of who holds or collects the revenues. Provides that toll revenues that are held or collected by an authority under a tolling services agreement and are not the property of the authority are not subject to a claim adverse to the authority or a lien on or encumbrance against property of the authority. Provides that toll revenues that are the property of the authority are not subject to a claim adverse to any other entity or a lien on or encumbrance against property of any other entity.

(f) Authorizes an authority to agree in a tolling services agreement that its right and obligation to provide tolling services for the applicable toll project under this section are subject to termination for default, and that after a termination for default this section does not apply to that toll project.

(g) Authorizes any public or private entity, including an authority or the department, to agree to fund a cash collateral account for the purpose of providing money that may be withdrawn as provided in the tolling services agreement because of an authority's failure to make any payment as required by the tolling services agreement. Provides that an authority's written commitment to fully or partially fund a cash collateral account is conclusive evidence of the authority's determination that the commitment does not violate Subsection (c). Authorizes the department may use money from any available source to fund a cash collateral account under this subsection.

(b) Provides that Subsection (c), Section 366.038, Transportation Code, as added by this section, does not apply to any project, or portion of any project, subject to the tolling services agreement between the North Texas Tollway Authority and TxDOT or a private

participant in a comprehensive development agreement for the North Tarrant Express project in Tarrant County or the tolling services agreement for the IH-635 managed lanes project in Dallas County if the agreement is entered into before September 1, 2009.

SECTION 38.02. Amends Section 366.185, Transportation Code, by adding Subsection (d-2), as follows:

(d-2) Authorizes that the rules adopted under Subsection (d), notwithstanding Subsection (d-1), if the contract amount exceeds \$50 million, provide for a stipend to be offered to an unsuccessful design-build firm that submits a response to the authority's request for additional information, in an amount that:

(1) may exceed \$250,000; and

(2) is reasonably necessary, as determined by the authority in its sole discretion, to compensate an unsuccessful firm for preliminary engineering costs associated with the development of the proposal by the firm; and the value of the work product contained in the proposal, including the techniques, methods, processes, and information contained in the proposal.

SECTION 38.03. Amends Section 366.303, Transportation Code, by amending Subsection (d) and adding Subsections (f) and (g), as follows:

(d) Prohibits The term of an agreement under Subsections (a)-(c), rather than this section, from exceeding 40 years.

(f) Authorizes a county that is part of an authority, including a county acting under Chapter 284, to accelerate a toll project's design, financing, construction, and operation by the entity ultimately responsible for the toll project's design, financing, construction, and operation, to acquire right-of-way necessary to locate and preserve the proposed alignment for a potential toll project, and to obtain the environmental approvals, any necessary traffic and revenue studies, and any engineering data necessary to advance the feasibility of a potential toll project. Defines "toll project" for purposes of this subsection and Subsection (g).

(g) Authorizes a county that acquires right-of-way or obtains approvals, studies, or data under Subsection (f) to petition the applicable authority to negotiate a written agreement by which the county's and the authority's activities can be better coordinated and more efficiently accomplished. Authorizes that the agreement include provisions by which the authority may agree to later reimburse the county for certain costs the county incurs for right-of-way and other deliverables transferred to and used by the authority if the authority ultimately develops the toll project. Authorizes the department or the applicable metropolitan planning organization, or both, to be a party or parties to an agreement under this subsection if the county and the authority determine that the inclusion of one or both of those entities furthers the objectives of this subsection.

#### ARTICLE 39. AUTOMATED TRAFFIC CONTROL SYSTEMS

SECTION 39.01. Amends Section 542.2035, Transportation Code, as follows:

Sec. 542.2035. New heading: LIMITATION ON MUNICIPALITIES AND COUNTIES.

(a) Prohibits a municipality or county from implementing or operating an automated traffic control system with respect to a highway or street under its jurisdiction for the purpose of enforcing compliance with posted speed limits. Requires the attorney general to enforce this subsection.

(b) Makes no changes to this subsection.

SECTION 39.02. Amends Subchapter B, Chapter 542, Transportation Code, by adding Section 542.207, as follows:

Sec. 542.207. LIMITATION ON DEPARTMENT. (a) Defines "automated traffic control system" to have the meaning assigned by Section 542.2035.

(b) Prohibits the department from implementing or operating an automated traffic control system for the purpose of enforcing compliance with posted speed limits. Requires the attorney general to enforce this section.

#### ARTICLE 40. CERTIFICATES OF TITLE: VEHICLE REGISTRATION

SECTION 40.001. Amends Section 501.002, Transportation Code, as follows:

Sec. 501.002. DEFINITIONS. Redefines "certificate of title," "dealer," "distributor," "first sale," "manufacturer," "motorcycle," "motor vehicle," "new motor vehicle," "subsequent sale," and "title receipt." Defines "commercial fleet," "credit card," "debit card," "purchaser," "record of title," "seller," "travel trailer," and "vehicle identification number." Deletes existing definitions for "house trailer," "importer," "importer's certificate," "manufacturer's permanent vehicle identification number," and "serial number." Makes nonsubstantive changes.

SECTION 40.002. Amends the heading to Section 501.003, Transportation Code, to read as follows:

Sec. 501.003. PURPOSE.

SECTION 40.003. Amends Section 501.004(a), Transportation Code, to provide that, except as provided by this section, this chapter applies to all motor vehicles, including a motor vehicle owned by the state or a political subdivision of the state.

SECTION 40.004 Transfers Section 501.131, Transportation Code, to Subchapter A, Chapter 501, Transportation Code, and renumbers it as Section 501.0041, Transportation Code, and amends it as follows:

Sec. 501.0041. RULES; FORMS. (a) Authorizes the department to adopt rules to administer this chapter.

(b) Requires the department to post on the Internet or provide each county assessor-collector with a sufficient supply of any necessary forms. Deletes existing text requiring the department to, in addition to the forms required by this chapter, prescribe forms for a title receipt, manufacturer's certificate, and importer's certificate, and other forms the department determines necessary.

SECTION 40.005. Transfers Section 501.159, Transportation Code, to Subchapter A, Chapter 501, Transportation Code, renumbers it as Section 501.006, and amends it as follows:

Sec. 501.006. New heading: ALIAS TITLE. Authorizes the department, on receipt of a verified, rather than written, request approved by the executive administrator of a law enforcement agency, to issue a title, rather than certificate of title, in the form requested by the executive administrator for a vehicle in an alias for the law enforcement agency's use in a covert criminal investigation.

SECTION 40.006. Amends Section 501.021, Transportation Code, as follows:

Sec. 501.021. New heading: TITLE FOR MOTOR VEHICLE. (a) Requires a motor vehicle title issued by the department to include, rather than providing that a motor vehicle title is an instrument that includes: the name and address of each purchaser and seller at the first sale or a subsequent sale; the vehicle description; the name and address of each lienholder and the date of each lien on the vehicle, listed in the chronological order in which the lien was recorded; a statement indicating rights of survivorship under Section 501.031; if the vehicle has an odometer, the odometer reading; and any other information required by the department. Deletes existing text providing that a motor vehicle certificate of title is an instrument issued by the department that includes: the

name and address of the purchaser and seller at the first sale or the transferee and transferor at a subsequent sale; the make of the motor vehicle; the body type of the vehicle; the manufacturer's permanent vehicle identification number of the vehicle or the vehicle's motor number if the vehicle was manufactured before the date that stamping a permanent identification number on a motor vehicle was universally adopted; the serial number for the vehicle; the number on the vehicle's current Texas license plates, if any; a statement that no lien on the vehicle is recorded; or of the name and address of each lienholder and the date of each lien on the vehicle, listed in the chronological order in which the lien was recorded; a space for the signature of the owner of the vehicle; and if the vehicle has an odometer, the odometer reading indicated by the application for the certificate of title. Makes conforming and nonsubstantive changes.

(b) Sets forth the required language of the statement a printed certificate of title must bear on its face.

SECTION 40.007. Amends Section 501.022, Transportation Code, as follows:

Sec. 501.022. New heading: **MOTOR VEHICLE TITLE REQUIRED.** (a) Prohibits the owner of a motor vehicle registered in this state from operating or permitting the operation of the vehicle on a public highway until the owner obtains a title, rather than a certificate of title, for the vehicle or until the owner obtains registration for the vehicle if a receipt evidencing title to the vehicle is issued under Section 501.029(b) or Subchapter I.

(b) Makes a conforming change

(c) Makes a conforming and a nonsubstantive change.

(d) Provides that Subsection (c) does not apply to a motor vehicle operated on a public highway in this state with a metal dealer's license plate or a dealer's or buyer's temporary tag, rather than a cardboard tag, attached to the vehicle as provided by Chapter 503 (Dealer's and Manufacturer's Vehicle License Plates).

SECTION 40.008. Amends Section 501.023, Transportation Code, as follows:

Sec. 501.023. New heading: **APPLICATION FOR TITLE.** (a) Requires the owner of a motor vehicle to apply for a title as prescribed by the department to the county assessor-collector in the county in which the owner is domiciled or the motor vehicle is purchased or encumbered. Deletes existing text requiring an owner of a motor vehicle to apply for a certificate of title on a form prescribed by the department. Makes nonsubstantive changes.

(b) Requires the assessor-collector to send the application to the department or enter it into the department's titling system within 72 after receipt of the application, rather than not later than 24 hours after receiving the application.

(c) Authorizes the owner or a lessee of a commercial motor vehicle operating under the International Registration Plan or other agreement described by Section 502.091, rather than 502.054 (Agreements With Other Jurisdictions), that is applying for a title for purposes of registration only may apply, rather than must be made, directly to the department. Requires an applicant for registration under this subsection, notwithstanding Section 501.138(a), to pay the fee imposed by that section, rather than to pay the department the fee imposed by that section. Requires that the fee be distributed to the appropriate county assessor-collector in the manner provided by Section 501.138, rather than requiring the department to send the fee to the appropriate county assessor-collector for distribution. Makes a conforming change.

(d) Requires that applications submitted to the department electronically request the purchaser's choice of county as stated in Subsection (a) as the recipient of all taxes, fees, and other revenue collected as a result of the transaction.

SECTION 40.009. (a) Amends Section 501.0234(b), Transportation Code, effective September 1, 2009, to provide that this section does not apply to a motor vehicle purchased by a fleet buyer who is a full-service deputy under Section 520.008 and utilizes the dealer title application process developed to provide a method of submitting title transactions to the county in which utilizes the dealer title application process developed to provide a method of submitting title transactions to the country in which the fleet buyer is a full-service deputy. Makes a nonsubstantive change.

(b) Amends Sections 501.0234(a), (b), (d), and (e), Transportation Code, effective January 1, 2013, as follows:

(a) Makes a conforming change.

(b) Provides that this section does not apply to a motor vehicle for which the title has been surrendered in exchange for: a salvage vehicle title or salvage record of title issued under this chapter; a nonrepairable vehicle title or nonrepairable record of title issued under this chapter or Subchapter D (Demolition of Abandoned Motor Vehicles), Chapter 683 (Abandoned Motor Vehicles); or an ownership document issued by another state that is comparable to a document described by Paragraph (A) or (B), rather than Paragraphs (A)-(C); with a gross weight in excess of 11,000 pounds; or purchased by a fleet buyer who utilizes the dealer title application process developed to provide a method to submit title transactions to counties that have approved the persons as full-service deputies under Section 502.114. Deletes existing text providing that this section does not apply to a motor vehicle for which the certificate of title has been surrendered in exchange for a certificate of authority issued under Subchapter D, Chapter 683. Makes nonsubstantive changes.

(d) Makes conforming changes.

(e) Requires TxDOT to develop, rather than promulgate, a form or electronic process in which the purchaser of a motor vehicle shall designate the purchaser's choice as set out in Section 501.023 as the recipient of all taxes, fees, and other revenue collected as a result of the transaction, which the tax assessor-collector is authorized by law to retain. Requires a seller to make that form or electronic process available to the purchaser of a vehicle at the time of purchase. Makes a nonsubstantive change.

SECTION 40.010. Amends Section 501.0235, Transportation Code, as follows:

Sec. 501.0235. New heading: DRIVER'S LICENSE OR PERSONAL IDENTIFICATION CERTIFICATE NUMBER OF TITLE APPLICANT. (a) Requires TxDOT to require an applicant for a title to provide the applicant's driver's license or personal identification certificate number, rather than a social security number, to TxDOT. Makes a conforming change.

(b) Requires that the number be entered in the department 's electronic titling system but may not be printed on the title. Deletes existing text requiring the department or the county to enter the applicant's social security number in the department 's electronic database, but prohibiting printing of that number on the certificate of title. Deletes existing Subsection (c) providing that this section applies only in a county in which the department's automated registration and title system has been implemented.

SECTION 40.011. Amends Section 501.024, Transportation Code, as follows:

Sec. 501.024. TITLE RECEIPT. (a) Requires a county assessor-collector who receives an application for a title to issue a title receipt to the applicant containing the information concerning the motor vehicle required for issuance of a title under Section 501.021 or Subchapter I after the requirements of this chapter are met, including the payment of the

fees required under Section 501.138; and the information is entered into the department's titling system, rather than issue a title receipt on which is noted information concerning the motor vehicle required for the certificate of title under Section 501.021, including a statement of the existence of each lien as disclosed on the application or a statement that no lien is disclosed. Makes a conforming change.

(b) Requires the assessor-collector, if a lien is not disclosed on the application for a title, to issue a title receipt, rather than mark the title receipt "original" and deliver it, to the applicant. Makes a conforming change.

(c) Requires the assessor-collector, if a lien is disclosed on the application for a title, to issue a duplicate title receipt to the lienholder, rather than duplicate title receipts. Deletes existing text requiring the assessor-collector to mark one receipt "original" and mail or deliver it to the first lienholder disclosed on the application and mark the second receipt "duplicate original" and mail or deliver it to the address of the applicant provided on the application. Makes a conforming change.

(d) Makes a conforming and nonsubstantive change.

SECTION 40.012. Amends Section 501.025, Transportation Code, as follows:

Sec. 501.025. New heading: MANUFACTURER'S CERTIFICATE REQUIRED ON FIRST SALE. Prohibits a county assessor-collector from issuing a title receipt on the first sale of a motor vehicle unless the applicant for the title provides the application for a title and a manufacturer's certificate in a manner prescribed by the department. Deletes existing text prohibiting a county assessor-collector from issuing a title receipt on the first sale of a motor vehicle unless the applicant for the certificate of title provides to the assessor-collector the application for a certificate of title and a manufacturer's certificate on a form prescribed by the department that is assigned to the applicant by the manufacturer, distributor, or dealer shown on the manufacturer's certificate as the last transferee, and shows the transfer of the vehicle from its manufacturer to the purchaser, whether a distributor, dealer, or owner, and each subsequent transfer from distributor to dealer, dealer to dealer, and dealer to applicant.

SECTION 40.013. Amends Section 501.027, Transportation Code, as follows:

Sec. 501.027. New heading: ISSUANCE OF TITLE. (a) Requires that on the day that a county assessor-collector issues a title receipt, a copy of the title receipt and all evidence of title is required to be submitted to the department in the period specified in Section 501.023(b). Deletes existing text requiring the assessor-collector on the day that a county assessor-collector issues a title receipt, to mail to the department a copy of the receipt and the evidence of title delivered to the assessor-collector by the applicant.

(b) Requires that the title, not later than the fifth day after the date the department receives an application for a title and the department determines the requirements of this chapter are met, be issued to the first lienholder or to the applicant if a lien is not disclosed on the application or that the department notify the applicant that the department's titling system has established a record of title of the motor vehicle in the applicant's name if a lien is not disclosed. Deletes existing text requiring the department, not later than the fifth day after the date the department receives an application for a certificate of title and the department determines that the requirements of this chapter are met, to issue the certificate of title. Deletes existing text requiring the department, if a lien is not disclosed on the application, to send the certificate by first class mail to the applicant at the address provided on the application. Requires the department, if a lien is disclosed on the application, to notify lienholder that the lien has been perfected, rather than send the certificate by first class mail to the first lienholder as disclosed on the application.

SECTION 40.014. Amends Section 501.0275, Transportation Code, as follows:

Sec. 501.0275. ISSUANCE OF TITLE FOR UNREGISTERED VEHICLE.

(a) Requires the department to issue a title for a motor vehicle that complies with the other requirements, rather than requirements for issuance of a certificate of title, under this chapter except that: the vehicle is not registered for a reason other than a reason provided by Section 501.051(a)(6), rather than 501.051(6); and the applicant does not provide evidence of financial responsibility that complies with Section 502.046, rather than 502.153 (Evidence of Financial Responsibility). Makes a conforming change.

(b) Requires the applicant, on application for a title under this section, to surrender any license plates issued for the motor vehicle if the plates are not being transferred to another vehicle and any registration insignia for validation of those plates to the department. Makes a conforming change.

SECTION 40.015. Amends Section 501.0276, Transportation Code, as follows:

Sec. 501.0276. New heading: DENIAL OF TITLE RECEIPT, TITLE, OR RECORD OF TITLE FOR FAILURE TO PROVIDE PROOF OF EMISSIONS TESTING. Prohibits a county assessor-collector from issuing a title receipt and the department from issuing a certificate of title for a vehicle subject to Section 548.3011 (Emissions Test on Resale) unless proof that the vehicle has passed a vehicle emissions test as required by that section, in a manner, rather than form, authorized by that section is presented to the county assessor-collector with the application for a title. Makes a conforming change.

SECTION 40.016. Amends Section 501.029, Transportation Code, as follows:

Sec. 501.029. New heading: ACCEPTABLE PROOF OF OWNERSHIP. (a) Authorizes a person to use the department's record of title, a registration receipt issued under Chapter 502 (Registration of Vehicles), or a title receipt to evidence ownership of, rather than title to, a motor vehicle but not to transfer an interest in or establish a lien on the vehicle. Makes a nonsubstantive change.

(b) Makes a conforming change.

SECTION 40.017. Amends Sections 501.030(b), (d), (e), (f), and (g), Transportation Code, as follows:

(b) Requires the applicant, before a motor vehicle that was not manufactured for sale or distribution in the United States is authorized to be titled in this state, to provide to the assessor-collector a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging that the statement meets the safety requirements of 19 C.F.R. Section 12.80(e) or provide to the assessor-collector proof, satisfactory to the department, rather than the assessor-collector, that the vehicle was not brought into the United States from outside the country. Makes a nonsubstantive change.

(d) Makes a conforming change.

(e) Makes conforming changes.

(f) Makes a conforming change.

(g) Makes a conforming change.

SECTION 40.018. Amends Section 501.031, Transportation Code, as follows:

Sec. 501.031. RIGHTS OF SURVIVORSHIP AGREEMENT. (a) Requires the department to include on each title an optional rights of survivorship agreement that provides that if the agreement is between two or more eligible persons, the motor vehicle is held jointly by those persons with the interest of a person who dies to transfer to the surviving person or persons, and provides for the acknowledgment by signature, either electronically or by hand, of the persons. Deletes existing text requiring the department to include on each certificate of title a rights of survivorship agreement form

and requiring that the form provide that if the agreement is signed by two or more eligible persons, the motor vehicle is held jointly by those persons with the interest of a person who dies to survive to the surviving person or persons; and provide blanks for the signatures of the persons. Makes a conforming change.

(b) Authorizes the title, if the vehicle is registered in the name of one or more of the persons who acknowledged the agreement, to contain a rights of survivorship agreement acknowledged by all the persons, or remark if a rights of survivorship agreement is on file with the department. Deletes existing text authorizing, if the vehicle is registered in the name of one or more of the persons who signed the agreement, the certificate of title may contain a rights of survivorship agreement signed by all the persons or remark if a rights of survivorship agreement is surrendered with the application for certificate of title or otherwise on file with the department. Makes a conforming change

(c) Authorizes ownership of the vehicle to be transferred only on the death of one of the persons by the surviving person or persons by transferring ownership of the vehicle in the manner otherwise required by law with a copy of the death certificate of the deceased person. Deletes existing text authorizing ownership of the vehicle to be transferred only on the death of one of the persons by the surviving person or persons by transferring the certificate of title, in the manner otherwise required by law for transfer of ownership of the vehicle, with a copy of the death certificate of the deceased person attached to the certificate of title application.

(d) Authorizes a rights of survivorship agreement under this section to be revoked only if the persons named in the agreement file a joint application for a new title in the name of the person or persons designated in the application. Deletes existing text authorizing a rights of survivorship agreement under this section to be revoked only by surrender of the certificate of title to the department and joint application by the persons who signed the agreement for a new title in the name of the person or persons designated in the application.

(e) Provides that a person is eligible to file, rather than sign, a rights of survivorship agreement under this section if the person: is married and the spouse of the person is the only other party to the agreement; is unmarried and attests to that unmarried status by affidavit; or is married and provides the department with an affidavit from the person's spouse that attests that the person's interest in the vehicle is the person's separate property. Makes conforming changes.

(f) Authorizes the department to develop an optional electronic rights of survivorship agreement for public use. Deletes existing text providing that the seller, if the title is being issued in connection with the sale of the vehicle, is not eligible to sign a rights of survivorship agreement under this section unless the seller is the child, grandchild, parent, grandparent, brother, or sister of each other person signing the agreement. Deletes existing text authorizing a family relationship required by this subsection to be a relationship established by adoption. Deletes existing Subsection (g) requiring the department, if an agreement, other than the agreement provided for in Subsection (a), providing for right of survivorship is signed by two or more persons, to issue a new certificate of title to the surviving person or persons upon application accompanied by a copy of the death certificate of the deceased person and authorizing the department to develop for public use under this subsection an optional rights of survivorship agreement form.

SECTION 40.019. Amends Section 501.032, Transportation Code, as follows:

Sec. 501.032. New heading: ASSIGNMENT OF VEHICLE IDENTIFICATION NUMBER BY DEPARTMENT. (a) Requires the department, on proper application, to assign a vehicle identification number to a travel trailer, rather than a serial number to a house trailer, a trailer or semitrailer that has a gross vehicle weight that exceeds 4,000

pounds, or an item of equipment, including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment on which a vehicle identification number, rather serial number, was not die-stamped by the manufacturer, or a vehicle identification number die-stamped by the manufacturer has been lost, removed, or obliterated. Makes a conforming change.

(b) Makes conforming changes.

(c) Makes conforming changes.

SECTION 40.020. Amends Sections 501.033(a), (b), and (d), Transportation Code, as follows:

(a) Authorizes a person determined by a court, rather than by the department or a court, to be the owner of a motor vehicle, a part of a motor vehicle, or an item of equipment including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment to apply to the department for an assigned vehicle identification number that has been removed, altered, or obliterated. Makes a conforming and a nonsubstantive change.

(b) Requires that an application under this section be in a manner prescribed by the department and accompanied by valid evidence of ownership as required by the department, rather than on a form prescribed and furnished by the department and accompanied by the certificate of title for the vehicle or other valid evidence of ownership as required by the department if there is no certificate of title.

(d) Requires that the assigned vehicle identification number be die-stamped or otherwise affixed in the manner designated by the department. Deletes existing text requiring the assigned number to be die-stamped or otherwise affixed to the motor vehicle, part, or item of equipment at the location and in the manner designated by the department.

SECTION 40.021. Transfers Section 520.011, Transportation Code, to Subchapter B, Chapter 501, Transportation Code, renumbers it as Section 501.0331, and amends it as follows:

Sec. 501.0331. New heading: MOTOR NUMBER REQUIRED FOR REGISTRATION. Deletes existing subsection designations. Makes no further change to existing text of Subsection (a). Deletes existing Subsection (b) providing that a person commits an offense if the person violates this section and that an offense under this subsection is a misdemeanor punishable by a fine of not less than \$50 and not more than \$100.

SECTION 40.022. Transfers Section 520.012, Transportation Code, to Subchapter B, Chapter 501, Transportation Code, renumbers it as Section 501.0332, and amends it as follows:

Sec. 501.0332. New heading: APPLICATION FOR MOTOR NUMBER RECORD. (a) Makes no changes to this subsection.

(b) Requires the department to maintain a record of, rather than a separate register for recording, each motor number assigned by the department that includes the motor number assigned by the department; the name and address of the owner of the motor vehicle; and the make, model, and year of manufacture of the motor vehicle. Makes nonsubstantive changes. Deletes existing Subsection (c) providing that a person who fails to comply with this section commits an offense and that an offense under this subsection is a misdemeanor punishable by a fine of not less than \$10 and not more than \$100.

SECTION 40.023. Amends Section 501.034, Transportation Code, to make a conforming change.

SECTION 40.024. Amends Section 501.035, Transportation Code, as follows:

Sec. 501.035. New heading: TITLE FOR FORMER MILITARY VEHICLE.

(a) Authorizes the department, notwithstanding any other law, to issue a title for a former

military vehicle if all requirements for issuance of a title are met, rather than requiring the department to issue a certificate of title for a former military vehicle that is not registered under the laws of this state if all other requirements for issuance of a certificate of title are met.

(b) Redefines "former military vehicle."

SECTION 40.025. Amends Section 501.036, Transportation Code, as follows:

Sec. 501.036. New heading: TITLE FOR FARM SEMITRAILER. Makes conforming changes.

SECTION 40.026. Amends Section 501.051, Transportation Code, as follows:

Sec. 501.051. New heading: GROUNDS FOR REFUSAL TO ISSUE OR FOR REVOCATION OR SUSPENSION OF TITLE (a) Authorizes a title to be refused, canceled, suspended, or revoked by the department, rather than requiring the department to refuse to issue a certificate of title or suspend or revoke a certificate of title, under certain conditions. Makes conforming changes.

(b) Authorizes the department to rescind, cancel, or revoke an application for a title if a notarized affidavit is presented to the department containing a statement that the vehicle involved was a new motor vehicle in the process of a first sale; a statement that the dealer, the applicant, and any lienholder have canceled the sale; a statement that the vehicle was never in the possession of the title applicant or was in the possession of the title applicant; and the signatures of the dealer, the applicant, and any lienholder.

(c) Provides that a rescission, cancellation, or revocation containing the statement authorized under Subsection (b)(3)(B) does not negate the fact that the vehicle has been the subject of a previous retail sale.

SECTION 40.027. Amends the heading to Section 501.052, Transportation Code, to read as follows:

Sec. 501.052. HEARING ON REFUSAL TO ISSUE OR REVOCATION OR SUSPENSION OF TITLE; APPEAL.

SECTION 40.028. Amends Sections 501.052(a), (d), and (e), Transportation Code, as follows:

(a) Authorizes by an interested person aggrieved by a refusal, rescission, cancellation, suspension, or revocation under Section 501.051 to apply for a hearing to the county assessor-collector for the county in which the person is a resident, rather than domiciled. Requires the assessor-collector, on the day an assessor-collector receives the application, to notify the department of the date of the hearing.

(d) Makes conforming changes.

(e) Makes a conforming change.

SECTION 40.029. Amends Section 501.053, Transportation Code, by amending Subsections (a), (b), and (d), and adding Subsection (e), as follows:

(a) Authorizes the person, on the filing of the bond, to obtain a title, rather than authorizing the department to issue the certificate of title.

(b) Requires that the bond be in an amount equal to one and one-half times the value of the vehicle as determined by the department, which may set the value by appraisal if it is unable to determine that value. Makes conforming changes.

(d) Deletes existing text requiring the department to return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

(e) Authorizes the department by rule to establish a fee to cover the cost of administering this section.

SECTION 40.030. Amends Section 501.071, Transportation Code, as follows:

Sec. 501.071. SALE OF VEHICLE; TRANSFER OF TITLE. (a) Prohibits a motor vehicle, except as provided in Section 503.039 (Public Motor Vehicle Auctions), from being the subject of a subsequent sale unless the owner designated on the title submits a transfer of ownership of the title, rather than transfers the title at the time of the sale. Makes conforming changes.

(b) Requires that the transfer of the title be in a manner prescribed by the department that certifies the purchaser, rather than signer, is the owner of the vehicle and certifies there are no liens on the vehicle or provides a release of each lien on the vehicle, rather than except as shown on the vehicle certificate of title or as fully described in the statement. Makes conforming changes.

SECTION 40.031. Amends Section 501.072, Transportation Code, as follows:

Sec. 501.072. ODOMETER DISCLOSURE STATEMENT. (a) Requires the seller of a motor vehicle sold in this state, except as provided by Subsection (b), rather than Subsection (c), to provide to the buyer, in a manner prescribed by the department, a disclosure, rather than a written disclosure, of the vehicle's odometer reading at the time of the sale that complies with federal law. Deletes existing text requiring that the form include space for the signature and printed name of both the seller and buyer. Makes nonsubstantive and conforming changes.

(b) Deletes existing Subsection (b) requiring the owner, when application for a certificate of title is made, record the current odometer reading on the application and requiring the written disclosure required by Subsection (a) to accompany the application. Redesignates existing Subsection (c) as Subsection (b). Provides that an odometer disclosure statement is not required for the sale of a motor vehicle that has a gross vehicle weight rating of more than 18,000 pounds, rather than a manufacturer's rated carrying capacity of more than two tons.

SECTION 40.032. Transfers Section 520.022, Transportation Code, to Subchapter D, Chapter 501, Transportation Code, renumbers it as Section 501.0721, Transportation Code, and amends it as follows:

Sec. 501.0721. New heading: DELIVERY OF RECEIPT AND TITLE TO PURCHASER. Deletes existing subsection designations. Requires a person, whether acting for that person or another, who sells, trades, or otherwise transfers a used motor vehicle to deliver to the purchaser, rather than transferee, at the time of delivery of the vehicle, a properly assigned title or other evidence of title as required under this chapter, rather than Chapter 501 (Certificate of Title Act). Deletes existing text requiring that at the time of delivery of the vehicle the license receipt issued by the department for registration of the vehicle, if the vehicle was required to be registered at the time of the delivery. Deletes existing Subsection (b) providing that a person commits an offense if the person violates this section and that an offense under this subsection is a misdemeanor punishable by a fine not to exceed \$200.

SECTION 40.033. Amends Sections 501.074(a), (b), and (c), Transportation Code, as follows:

(a) Requires the department to issue a new title for a motor vehicle registered in this state for which the ownership is transferred by operation of law, rather than by operation of law including by inheritance, devise or bequest, bankruptcy, receivership, judicial sale. or

other involuntary divestiture of ownership after receiving certain documentation law. Makes conforming changes.

(b) and (c) Makes a conforming change.

SECTION 40.034. Amends Section 501.091, Transportation Code, by amending Subdivisions (2), (3), (6), (7), (8), (9), (10), (11), (12), (14), (15), (16), (17), (18), and (19), and adding Subdivisions (10-a) and (16-a), to redefine "casual sale," "damage," "major component part," "metal recycler," "motor vehicle," "nonrepairable motor vehicle," "nonrepairable vehicle title," "out-of-state buyer," "out-of-state ownership document," "rebuilder," "salvage motor vehicle," "salvage vehicle title," "salvage vehicle dealer," "self-insured motor vehicle," and "used part" and to define "nonrepairable record of title" and "salvage record of title."

SECTION 40.035. Renumbers Section 501.098, Transportation Code, as Section 501.09111, Transportation Code, and amends it as follows:

Sec. 501.09111. New heading: RIGHTS AND LIMITATIONS OF NONREPAIRABLE VEHICLE TITLE, NONREPAIRABLE RECORD OF TITLE, SALVAGE VEHICLE TITLE, OR SALVAGE RECORD OF TITLE. (a) Provides that a person who owns a nonrepairable motor vehicle, rather than holds a nonrepairable vehicle title for a motor vehicle, is entitled to possess, transport, dismantle, scrap, destroy, record a lien as provided for in Section 501.097(a)(3)(A), and sell, transfer, or release ownership of the motor vehicle or a used part from the motor vehicle; and may not operate or permit the operation of the motor vehicle on a public highway, in addition to any other requirement of law; repair, rebuild, or reconstruct the motor vehicle; or register the motor vehicle.

(b) Entitles a person who holds a nonrepairable certificate of title issued prior to September 1, 2003, to the same rights listed in Subsection (a) and to repair, rebuild, or reconstruct the motor vehicle. Deletes existing text authorizing the person to possess, transport, dismantle, scrap, or destroy the motor vehicle; and sell, transfer, or release ownership of the vehicle or a used part from the motor vehicle; and prohibiting the operation or permitting the operation of the motor vehicle on a public highway, in addition to any other requirement of law; or register the motor vehicle.

(c) Entitles a person who owns a salvage motor vehicle, rather than who holds a salvage vehicle title for a motor vehicle, to possess, transport, dismantle, scrap, destroy, repair, rebuild, reconstruct, record a lien on, and sell, transfer, or release ownership of the motor vehicle or a used part from the motor vehicle and prohibits the person from operating, registering, or permitting the operation of the motor vehicle on a public highway, in addition to any other requirement of law.

SECTION 40.036. Renumbers Section 501.103, Transportation Code, as Section 501.09112, and amends it as follows:

Sec. 501.09112. New heading: APPEARANCE OF NONREPAIRABLE VEHICLE TITLE OR SALVAGE VEHICLE TITLE. (a) Provides that the department's printed nonrepairable vehicle title must clearly indicate that it is the negotiable ownership document for a nonrepairable motor vehicle; may not be issued a regular title registered in this state or repaired, rebuilt, or reconstructed; and may be used only as a source for used parts or scrap metal. Deletes existing text requiring the department to print a nonrepairable vehicle title in a color that distinguishes it from a regular certificate of title or salvage vehicle title and so that it clearly shows that it is the negotiable ownership document for a nonrepairable motor vehicle. Deletes existing Subsection (b) requiring that a nonrepairable vehicle certificate state on its face certain information. Makes conforming and nonsubstantive changes.

(b) Redesignates Subsection (c) as Subsection (b). Requires the department's printed salvage vehicle title to clearly show that it is the ownership document for a salvage motor vehicle. Deletes existing text requiring the department to print a salvage vehicle title clearly in a color that distinguishes it from a regular

certificate of title or nonrepairable vehicle title and so that each document clearly show shows that it is the ownership document for a salvage motor vehicle.

(c) Redesignates Subsection (d) as Subsection (c). Requires that a salvage vehicle title or a salvage record of title for a vehicle that is a salvage motor vehicle because of damage caused exclusively by flood bear a notation, rather than bear a notation on its face, that the department considers appropriate.

(d) Requires that an electronic application for a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title clearly advise the applicant of the same provisions required on a printed title.

(e) Requires that nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title in the department's electronic database include appropriate remarks so that the vehicle record clearly shows the status of the vehicle. Deletes existing text authorizing the department to provide a stamp to a person who is a licensed salvage vehicle dealer under Chapter 2302 (Salvage Vehicle Dealers), Occupations Code, to mark the face of a title under this subchapter and requiring the department to provide the stamp to the person for a fee in the amount determined by the department to be necessary for the department to recover the cost of providing the stamp.

SECTION 40.037. Renumbers Section 501.101, Transportation Code, as Section 501.09113, and amends it as follows:

Sec. 501.09113. New heading: OUT-OF-STATE SALVAGE OR REBUILT SALVAGE VEHICLE. (a) Makes a conforming change.

(b) Makes a conforming change. Deletes existing Subsection (c) requiring a certificate of title issued under this section to show on its face: the date of issuance; the name and address of the owner; any registration number assigned to the motor vehicle; and a description of the motor vehicle or other notation the department considers necessary or appropriate.

SECTION 40.038. Amends the heading to Section 501.095, Transportation Code, to read as follows:

Sec. 501.095. SALE, TRANSFER, OR RELEASE.

SECTION 40.039. Amends Section 501.095, Transportation Code, as follows:

Sec. 501.095. SALE, TRANSFER, OR RELEASE OF NONREPAIRABLE MOTOR VEHICLE OR SALVAGE MOTOR VEHICLE. (a) Authorizes a business or governmental entity described by Subdivisions (1)-(3), if the department has not issued a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title for the motor vehicle and a comparable out-of-state ownership document for the motor vehicle has not been issued by another state or jurisdiction, to sell, transfer, or release a nonrepairable motor vehicle or salvage motor vehicle only to a person who is: a licensed salvage vehicle dealer or metal recycler under Chapter 2302, Occupations Code; an insurance company that has paid a claim on the nonrepairable or salvage motor vehicle; or a governmental entity. Deletes existing text to include an out-of-state buyer.

(b) Requires an owner, rather than a person, other than a salvage vehicle dealer or an insurance company licensed to do business in this state, who acquired ownership of a nonrepairable or salvage motor vehicle that has not been issued a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, salvage record of title, or a comparable ownership document issued by another state or jurisdiction, before selling the motor vehicle, to surrender the properly assigned title for the motor vehicle to the department and apply to the department for the appropriate ownership document. Deletes existing text to include a nonrepairable vehicle title if the vehicle is a nonrepairable motor vehicle or a

salvage vehicle title if the vehicle is a salvage motor vehicle. Makes a conforming change.

(c) Authorizes a person, if the department has issued a nonrepairable vehicle or salvage record of title for the motor vehicle or another state or jurisdiction has issued a comparable out-of-state ownership document for the motor vehicle, to sell, transfer, or release a nonrepairable motor vehicle or salvage motor vehicle to any person.

SECTION 40.040. Amends Section 501.097, Transportation Code, by amending Subsections (a) and (c), and adding Subsection (c-1), as follows:

(a) Requires that an application for a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title be made in a manner prescribed by the department and accompanied by a \$8 application fee and include, in addition to any other information required by the department the name and current address of the owner; and a description of the motor vehicle, including the make, style of body, model year, and vehicle identification number. Deletes existing text requiring the inclusion of a statement describing whether the motor vehicle was the subject of a total loss claim paid by an insurance company under Section 501.092 or 501.093; is a self-insured motor vehicle under Section 501.094 (Self-Insured Motor Vehicle); is an export-only motor vehicle under Section 501.099 (Sale of Export-Only Motor Vehicle); or was sold, transferred, or released to the owner or former owner of the motor vehicle or a buyer at a casual sale. Makes conforming and nonsubstantive changes.

(c) Requires that a printed nonrepairable vehicle title state on its face certain information. Makes a conforming change.

(c-1) Requires the department's titling system to include a remark that clearly identifies the vehicle as a salvage or nonrepairable motor vehicle.

SECTION 40.041. Amends Sections 501.100(a), (b), (c), and (f), Transportation Code, as follows:

(a) Provides that a vehicle for which a nonrepairable certificate of title issued prior to September 1, 2003, or for which a salvage vehicle title or salvage record of title has been issue may obtain, rather than be issued, a regular title after the motor vehicle has been repaired, rebuilt, or reconstructed, and, in addition to any other requirement of law, only if the application describes each major component part used to repair the motor vehicle; states the name of each person from whom the parts used in assembling the vehicle were obtained; and shows the identification number required by federal law to be affixed to or inscribed on the part. Deletes existing text authorizing that a regular certificate of title be issued after the motor vehicle has been repaired, rebuilt, or reconstructed, by a person described by Section 501.104(a) and, in addition to any other requirement of law, only if the application is accompanied by a separate form. Makes conforming and nonsubstantive changes.

(b) Requires the department, on receipt of a complete application under this section accompanied by the fee for the title, to issue the applicant a regular or record of title. Deletes existing text requiring the department, on receipt of a complete application under this section accompanied by the \$13 fee for the certificate of title, to issue the applicant a regular certificate of title for the motor vehicle.

(c) Requires that a regular title issued under this section describe or disclose the motor vehicle's former condition in a manner reasonably understandable to a potential purchaser of the motor vehicle. Deletes existing text requiring a certificate of title under this section to bear on its face the words "REBUILT SALVAGE" in capital letters that: are red; are centered on and occupy at least 15 percent of the face of the certificate of title; and do not prevent any other words on the title from being read or copied.

(f) Prohibits the department from issuing a regular title for a motor vehicle based on a nonrepairable vehicle title or comparable out-of-state ownership document; receipt issued under Section 501.1003(b), rather than 501.096(b); or certificate of authority. Makes a conforming change.

SECTION 40.042. Renumbers Section 501.092, Transportation Code, as Section 501.1001, Transportation Code, and amends it as follows:

Sec. 501.1001. New heading: SALVAGE MOTOR VEHICLES OR NONREPAIRABLE MOTOR VEHICLES FOR INSURANCE COMPANIES OR SELF-INSURED PERSONS. (a) Requires an insurance company that is licensed to conduct business in this state and that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by a title issued by this state or a manufacturer's certificate of origin, to surrender a properly assigned title or manufacturer's certificate of origin to the department, in a manner prescribed by the department, except that not earlier than the 31st, rather than the 46th, day after the date of payment of the claim the insurance company may surrender a title, in a manner prescribed by the department, and receive a salvage vehicle title or a nonrepairable vehicle title without obtaining a properly assigned title if the insurance company meets certain conditions. Makes conforming changes.

(b) Requires the insurance company, or a salvage motor vehicle, to apply for a salvage vehicle title or salvage record of title. Requires the insurance company, for a nonrepairable motor vehicle, to apply for a nonrepairable vehicle title or nonrepairable record of title.

(c) Deletes existing text of Subsection (a) prohibiting an insurance company from selling a certain motor vehicle unless certain conditions exist. Deletes existing Subsection (d) relating to the authority of an insurance to sell certain motor vehicles under certain conditions. Redesignates existing Subsection (e) as Subsection (c). Authorizes an insurance company or other person who acquires ownership of a motor vehicle other than a nonrepairable or salvage motor vehicle to voluntarily and on proper application obtain a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or nonrepairable record of title for the vehicle.

(d) Provides that this section applies only to a motor vehicle in this state that is a self-insured motor vehicle and damaged to the extent it becomes a nonrepairable or salvage motor vehicle.

(e) Requires the owner of a motor vehicle to which this section applies to submit to the department before the 31st business day after the date of the damage, in a manner prescribed by the department, a statement that the motor vehicle was self-insured and damaged.

(f) Requires the owner, when the owner submits a statement under Subsection (e), to surrender the ownership document and apply for a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title.

SECTION 40.043. Renumbers Section 501.093, Transportation Code, as Section 501.1002, Transportation Code, and amends it as follows:

Sec. 501.1002. New heading: OWNER-RETAINED VEHICLES. (a) Requires the insurance company, if an insurance company pays a claim on a nonrepairable motor vehicle or salvage motor vehicle and the insurance company does not acquire ownership of the motor vehicle, to apply for a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title; or notify the owner of the information contained in Subsection (b) or Section 501.09111; and submit to the department, before the 31st day after the date of the payment of the claim, in a manner prescribed by the department, a report stating that the insurance company has paid a

claim on the motor vehicle and has not acquired ownership of the motor vehicle. Makes conforming and nonsubstantive changes.

(b) Prohibits the owner of a motor vehicle to which this section applies from operating or permitting operation of the motor vehicle on a public highway or transfer ownership of the motor vehicle by sale or otherwise unless the department has issued a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or nonrepairable record of title for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle. Deletes existing Subsection (c) providing that Subsection (b) does not apply if the department has issued a nonrepairable vehicle title or salvage vehicle title for the motor vehicle or another state or jurisdiction has issued a comparable out-of-state ownership document for the motor vehicle. Makes a nonsubstantive change.

SECTION 40.044. Renumbers Section 501.096, Transportation Code, as Section 501.1003, Transportation Code, and amends it as follows:

Sec. 501.1003. New heading: SALVAGE DEALER RESPONSIBILITIES. (a) Requires the dealer, if a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, before the 31st day after the date the dealer acquires the motor vehicle, to submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. Requires the dealer to make the report in a manner prescribed by TxDOT, and submit with the report a properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document for the motor vehicle. Makes a conforming change.

(b) Makes no changes to this subsection.

(c) Requires the department to adopt rules to notify the salvage dealer, if the vehicle was not issued a printed title, but has a record of title in the department's titling system. Deletes existing text requiring the salvage vehicle dealer to keep on the business premises of the dealer, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed and to present to the department, on the form prescribed by the department, evidence that the motor vehicle was dismantled, scrapped, or destroyed before the 61st day after the date the dealer completed the dismantling, scrapping, or destruction of the motor vehicle.

SECTION 40.045. Amends Section 501.104, Transportation Code, as follows:

Sec. 501.104. REBUILDER TO POSSESS TITLE OR OTHER DOCUMENTATION.

(a) Provides that this section applies to a person engaged in repairing, rebuilding, or reconstructing motor vehicles regardless of whether the person is licensed to engage in that business. Deletes existing text providing that this section applies only to a rebuilder licensed as a salvage vehicle dealer; a person engaged in the business of a rebuilder, regardless of whether the person is licensed to engage in that business, or a person engaged in the casual repair, rebuilding, or reconstruction of fewer than three motor vehicles in the same 12-month period.

(b) Requires a person described by Subsection (a) to possess an acceptable ownership document or proof of ownership, rather than a regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state for any motor vehicle that meets certain conditions.

SECTION 40.046. Renumbers Section 501.105, Transportation Code, as Section 501.108, Transportation Code, and amends it as follows:

Sec. 501.108. New heading: RECORD RETENTION. (a) Creates Subsection (a) from existing text. Makes no further changes to this subsection.

(b) Requires the salvage vehicle dealer to keep on the business premises of the dealer, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed.

SECTION 40.047. Renumbers Section 501.102, Transportation Code, as Section 501.109, Transportation Code, and amends it as follows:

Sec. 501.109. OFFENSES. (a) Provides that a person commits an offense if the person applies to the department for a regular title for a motor vehicle and knows or reasonably should know that the vehicle is a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed; the vehicle identification number assigned to the motor vehicle belongs to a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed; the title issued to the motor vehicle belongs to a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed; or the motor vehicle is a nonrepairable motor vehicle or salvage motor vehicle for which a nonrepairable vehicle title, salvage vehicle title, or comparable ownership document issued by another state or jurisdiction has not been issued. Deletes existing providing that a person commits an offense if the person knows or reasonably should know that the vehicle identification number assigned to the motor vehicle belongs to an export-only motor vehicle or the motor vehicle is an export-only motor vehicle. Make a conforming change.

(b) Makes no changes to this subsection.

(c) Provides that a person commits an offense if the person knowingly fails or refuses to surrender a regular certificate of title after the person receives a notice from an insurance company that the motor vehicle is a nonrepairable or salvage motor vehicle; or knows the vehicle has become a nonrepairable motor vehicle or salvage motor vehicle under Section 501.1001, rather than 501.094.

(d) Makes no changes to this subsection.

(e) Makes no changes to this subsection.

SECTION 40.048. Renumbers Section 501.106, Transportation Code, as Section 501.110, Transportation Code, and amends it as follows:

Sec. 501.110. ENFORCEMENT OF SUBCHAPTER. (a) Makes no changes to this subsection.

(b) Provides that the department, an agent, officer, or employee of the department, or another person enforcing this subchapter is not liable to a person damaged or injured by an act or omission relating to the issuance of a title, nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title under this subchapter. Makes a conforming and a nonsubstantive change.

SECTION 40.049. Amends Section 501.111(a), Transportation Code, to make a conforming change.

SECTION 40.050. Amends Sections 501.113(a) and (b), Transportation Code, as follows:

(a) Provides that recordation of a lien under this chapter is considered to occur when the department's titling system is updated or the department accepts the application of title that discloses the lien with the filing fee. Deletes existing text providing that recordation of a lien under this chapter is considered to occur when the county assessor-collector is presented with an application for a certificate of title that discloses the lien with tender of the filing fee.

(b) Provides that for purposes of Chapter 9 (Secured Transactions), Business & Commerce Code, the time of recording a lien under this chapter is considered to be the time of filing the security interest, and on such recordation the recorded lienholder and assignees under Section 501.114 will obtain priority over the rights of a lien creditor as defined by Section 9.102 (Definitions and Index of Definitions), Business & Commerce Code, for so long as the lien is recorded on the title.

SECTION 40.051. Amends Section 501.114, Transportation Code, as follows:

Sec. 501.114. ASSIGNMENT OF LIEN. (a) Authorizes a lienholder to assign a lien recorded under Section 501.113 (Recordation of Security) without making any filing or giving any notice under this chapter. Provides that the lien assigned remains valid and perfected and retains its priority, securing the obligation assigned to the assignee, against transferees from and creditors of the original debtor, including lien creditors, as defined by Section 9.102, Business & Commerce Code.

(b) Authorizes an assignee or assignor, but does not require an assignee or assignor to in order to retain the validity, perfection, and priority of the lien assigned, as evidence of the assignment of a lien recorded under Section 501.113, to apply to the department for the assignee to be named as lieholder on the certificate of title and notify the debtor of the assignment. Deletes existing text authorizing a lienholder to assign a lien recorded under Section 501.113 by applying to the county assessor collector for the assignment of the lien and notifying the debtor of the assignment.

(c) Provides that failure, rather than a lienolder's failure, to make an application under Subsection (b) or to notify a debtor of an assignment does not create a cause of action against the recorded lienholder or the assignor of the assignee or affect the continuation of the perfected status of the assigned lien in favor of the assignee against transferees from and creditors of the original debtor, including lien creditors, as defined by Section 9.102, Business & Commerce Code.

(d) Requires that an application under Subsection (b) be acknowledged by the assignee to whom the lien is assigned. Deletes existing text requiring an application under Subsection (a) be signed by the person to whom the lien is assigned and accompanied by the applicable fee, a copy of the assignment agreement executed by the parties, and the certificate of title on which the lien to be assigned is recorded. Makes a nonsubstantive change.

(e) Authorizes the department, on receipt of the completed application and fee, to amend TxDOT's records to substitute the assignee for the recorded lienholder, rather than subsequent lienholder for the pervious lienholder; and issue a new title as provided by this chapter. Deletes existing text requiring that the department, on receipt of the completed application and fee, issue a new certificate of title as provided by Section 501.027 (Issuance of Certificate of Title). Makes a nonsubstantive change.

(f) Provides that regardless of whether application is made for the assignee to be named as lienholder on the title, the time of the recordation of a lien assigned under this section is considered to be the time the lien was initially recorded under Section 501.113. Deletes existing text providing that the issuance of a certificate of title under Subsection (d) is recordation of the assignment.

(g) Provides that notwithstanding Subsections (a) through (f) and procedures that are authorized to be conducted under those subsections, the assignment of a lien does not affect the procedures applicable to the foreclosure of a worker's lien under Chapter 70 (Miscellaneous Leins), Property Code, or the rights of the holder of a worker's lien. Provides that notice given to the last known lienholder of record, as provided by that chapter is adequate to allow foreclosure under that chapter.

(h) Provides that notwithstanding Subsections (a) through (f) and the procedures that are authorized to be conducted under those subsections, the assignment of a lien does not affect the procedures applicable to the release of a holder's lien under Section 348.408 (Outstanding Balance Information; Payment in Full), Finance Code.

SECTION 40.052. Amends Section 501.115, Transportation Code, as follows:

Sec. 501.115. DISCHARGE OF LIEN. (a) Makes conforming changes.

(b) Authorizes the owner to submit the discharge and title to the department for a new title. Deletes existing text authorizing the owner to present the discharge and certificate of title to the county assessor-collector with an application for a new certificate of title and requiring the department to issue a new title.

SECTION 40.053. Amends Section 501.116, Transportation Code, as follows:

Sec. 501.116. CANCELLATION OF DISCHARGED LIEN. Authorizes the department to cancel a discharged lien that has been recorded on a title for 10, rather than six years, or more if the recorded lienholder does not exist or cannot be located for the owner to obtain a release of the lien. Makes a conforming change.

SECTION 40.054. Amends Sections 501.134(a)-(d), (g), and (i), Transportation Code, as follows:

(a) Authorizes the owner or lienholder disclosed on the title, if a printed title is lost or destroyed, to obtain, in the manner provided by this section and the department rule, a certified copy of the lost or destroyed title directly from the department by applying in a manner prescribed by the department and paying a fee of \$2. Provides that a fee collected under this subsection must be deposited to the credit of the state highway fund and may be spent only as provided by Section 501.138. Makes conforming changes.

(b) Authorizes the department, if a lien is disclosed on a title, to issue a certified copy of the original title only to the first lienholder or the lienholder's verified agent. Makes conforming changes.

(c) Requires the department to plainly mark "certified copy" on the face of a certified copy issued under this section. Deletes existing text requiring the department to plainly mark "certified copy" on the face of a certified copy issued under this section each subsequent certificate issued for the motor vehicle until the vehicle is transferred.

(d) Makes a conforming change.

(g) Authorizes the department to issue a certified copy of a title before the fourth business day after the date application is made only if the applicant meets certain conditions, rather than before the fourth business day after the date application is made only if the applicant meets certain conditions. Makes a conforming change.

(i) Authorizes the department to establish acceptable identification requirements for an applicant for a certified copy of a certificate of title who is not a person other than a person described by Subsection (g)(1), rather than is a person other than a person described by Subsection (g)(1), the department is authorized to issue a certified copy of the certificate of title only by mail.

SECTION 40.055. Amends Section 501.135(a), Transportation Code, to require the department to make a record of each report to the department that a motor vehicle registered in this state has been stolen or concealed in violation of Section 32.33 (Hindering Secured Creditors), Penal Code, and note the fact of the report in the department's records, rather than in the department's records of the vehicle's certificate of title.

SECTION 40.056. Amends Sections 501.138(a), (b), and (b-1), Transportation Code, as follows:

(a) Requires an applicant for a title, rather than for a certificate of title, other than the state or political subdivision of the state, to pay a fee, rather than to pay the county assessor collector a fee, of a certain amount.

(b) Requires that the fees be distributed, rather than requiring the county assessor collector to send, as set forth.

(b-1) Deletes existing text requiring that fees collected under Subsection (b) be sent to the comptroller and be deposited as follows: before September 1, 2008, to the credit of the Texas emissions reduction plan fund, and on or after September 1, 2008, in a certain manner.

SECTION 40.057. Transfers Section 520.031, Transportation Code, as amended by Chapters 836 (H.B. 1743) and 1423 (H.B. 2409), Acts of the 76th Legislature, Regular Session, 1999, to Subchapter H, Chapter 501, Transportation Code, renumbers it as Section 501.145, Transportation Code, and reenacts and amends it as follows:

Sec. 501.145. New heading: FILING BY PURCHASER; APPLICATION FOR TRANSFER OF TITLE. (a) Requires the purchaser of the used motor vehicle, not later than the 30th day after the date of assignment on the documents to file with the county assessor-collector the certificate of title or other evidence of title or if appropriate, a document described by Section 502.457 and the title or other evidence of ownership. Deletes existing text requiring the transferee of the used motor vehicle, not later than the 20th working day after the date of receiving the documents under Section 520.022 (Delivery of Receipt and Title to Transferee) or 520.0225 (Persons on Active Duty in Armed Forces of United States), to file with the county assessor-collector the license receipt and the certificate of title or other evidence of title, or if appropriate, a document described by Section 520.0225(b)(1) or (2) and the title or other evidence of title.

(b) Provides that the filing under Subsection (a) is an application for transfer of title as required under this chapter and an application for transfer of the registration of the motor vehicle, rather than an application for transfer of title as required under Chapter 501 and, if the license receipt is filed, an application for transfer of the registration of the motor vehicle.

(c) Deletes existing text of Subsection (c) defining "working day." Redesignates existing Subsection (d) as Subsection (c). Requires that, notwithstanding Subsection (a), if the purchaser, rather than transferee, is a member of the armed forces of the United States, a member of the Texas National Guard or of the National Guard of another state serving on active duty under an order of the president of the United States, or a member of a reserve component of the armed forces of the United States serving on active duty under an order of the president of the United States, the documents described by Subsection (a) be filed with the county assessor-collector not later than the 60th day after the date of assignment of ownership, rather than the 60th working day after the date of their receipt by the transferee.

SECTION 40.058. Transfers Section 520.023, Transportation Code, to Subchapter H, Chapter 501, Transportation Code, renumbers it as Section 501.146, Transportation Code, and amends it as follows:

Sec. 501.146. New heading: VEHICLE TRANSFER NOTIFICATION. (a) Requires TxDOT, on receipt of a written notice of transfer from the seller, rather than transferor of a motor vehicle, to indicate the transfer on the motor vehicle records maintained by TxDOT. Makes conforming changes.

(b) Requires that the notice of transfer be provided by the department and include a place for the seller to state a complete description of the vehicle as

prescribed by the department; the full name and address of the seller; the full name and address of the purchaser; the date the seller delivered possession of the vehicle to the purchaser; the signature of the seller; and the date the seller signed the form. Requires that the form be provided by the department and include a place for the transferor to state the identification number of the vehicle; the number of the license plate issued to the vehicle, if any; the full name and address of the transferor; the full name and address of the transferee; the date the transferor delivered possession of the vehicle to the transferee; the signature of the transferor; and the date the seller transferor signed the form. Deletes existing text authorizing the department to design the written notice of transfer to be part of the certificate of title for the vehicle. Makes conforming and nonsubstantive changes.

(c) Makes conforming changes.

(d) Deletes existing text authorizing the department to adopt a fee for filing a notice of transfer under this section in an amount not to exceed the lesser of the actual cost to the department of implementing this section or \$5.

(e) Makes no changes to this subsection.

(f) Prohibits the department from issuing a title or registering the vehicle until the purchaser applies for a title to the county assessor-collector as provided by this chapter, rather than Chapter 501. Deletes existing text providing that this section does not require the department to issue a certificate of title to a person shown on a notice of transfer as the transferee of a motor vehicle. Makes conforming changes.

SECTION 40.059. Transfers Section 520.032, Transportation Code, to Subchapter H, Chapter 501, and renumbers it as Section 501.147, Transportation Code, and amends it as follows:

Sec. 501.147. New heading: TITLE TRANSFER; LATE FEE. (a) Deletes existing text requiring the transferee of a used motor vehicle to pay, in addition to any fee required under Chapter 501 for the transfer of title, a transfer fee of \$2.50 for the transfer of the registration of the motor vehicle. Redesignates existing Subsection (b) as Subsection (a). Provides that if the purchaser does not file the application for the transfer of title during the period provided by Section 501.145, rather than 520.031, the purchaser is liable for a late fee to be paid to the county assessor-collector when the application is filed. Provides that if the seller, rather than transferee, holds a general distinguishing number issued under Chapter 503 of this code or Chapter 2301 (Sale or Lease of Motor Vehicles), Occupations Code, the seller is liable for the late fee in the amount of the late fee is \$10, rather than the amount of the late fee is \$10. Provides that if the seller does not hold a general distinguishing number, subject to Subsection (b), rather than (b-1), the amount of the late fee is \$25. Makes conforming changes.

(b) Redesignates Subsection (b-1) as Subsection (b). Provides that if the application is filed after the 60th day after the date the purchaser was assigned ownership of the documents under Section 501.0721, rather than the 31st working day, after the date the transferee received the documents under Section 520.022, the late fee imposed under Subsection (a), rather than Subsection (b), accrues an additional penalty in the amount of \$25 for each subsequent 30-day period, or portion of a 30-day period, in which the application is not filed.

(c) Makes no changes to this subsection.

(d) Provides that Subsections (a) and (b), rather than Subsections (b) and (b-1), do not apply if the motor vehicle is eligible to be issued: classic vehicle license plates under Section 504.501 (Classic Motor Vehicles); or antique vehicle license plates under Section 504.502 (Certain Exhibition Vehicles; Offense).

SECTION 40.060. Transfers Section 520.033, Transportation Code, to Subchapter H, Chapter 501, Transportation Code, renumbers it as Section 501.148, Transportation Code, and amends it as follows:

Sec. 501.148. ALLOCATION OF FEES. (a) Authorizes the county assessor-collector to retain as commission for services provided under this subchapter half of each late fee, rather than half of each transfer fee collected, and half of each additional penalty collected under Section 501.147, rather than Section 520.032.

(b) Requires the county assessor-collector to report and remit the balance of the fees collected to the department on Monday of each week as other fees, rather than registration fees, are required to be reported and remitted.

(c) Authorizes that, of each late fee collected from a person who does not hold a general distinguishing number by the department, rather than that the department receives, under Subsection (b), \$10 is authorized to be used only to fund a statewide public awareness campaign designed to inform and educate the public about the provisions of this chapter.

SECTION 40.061. Amends Section 501.152(b), Transportation Code, as follows:

(b) Provides that it is not a violation of this section for the beneficial owner of a vehicle to sell or offer to sell a vehicle without having possession of the certificate of title to the vehicle if the sole reason he or she does not have possession of the certificate of title is that the title is in the possession of a lienholder who has not complied with the terms of Section 501.115(a), rather than of this code.

SECTION 40.062. Amends Section 501.153, Transportation Code, as follows:

Sec. 501.153. APPLICATION FOR TITLE FOR STOLEN OR CONCEALED VEHICLE. Makes a conforming change.

SECTION 40.063. Amends Section 501.154, Transportation Code, as follows:

Sec. 501.154. ALTERATION OF CERTIFICATE OR RECEIPT. Provides that a person commits an offense if the person alters a manufacturer's, rather than a manufacturer's or importer's, certificate, title receipt, or a certificate of title.

SECTION 40.064. Amends Section 501.155(a), Transportation Code, to make conforming changes.

SECTION 40.065. Amends the heading to Section 501.158, Transportation Code, to read as follows:

Sec. 501.158. SEIZURE OF STOLEN VEHICLE OR VEHICLE WITH ALTERED VEHICLE IDENTIFICATION NUMBER.

SECTION 40.066. Transfers Section 520.035, Transportation Code, to Subchapter H, Chapter 501, Transportation Code, renumbers it as Section 501.161, Transportation Code, and amends it as follows:

Sec. 501.161. EXECUTION OF TRANSFER DOCUMENTS; PENALTY. (a) Requires a person who transfers a motor vehicle in this state to complete, rather than execute, in full and date as of the date of the transfer, all documents relating to the transfer of registration or title. Makes a conforming change.

(b) and (c) Makes no changes to these subsections.

SECTION 40.067. Amends Subchapter H, Chapter 501, Transportation Code, by adding Sections 501.162 and 501.163, as follows:

Sec. 501.162. MOTOR NUMBER REQUIRED FOR REGISTRATION; PENALTY. Provides that a person commits an offense if the person violates Section 501.0331. Provides that an offense under this section is a misdemeanor punishable by a fine of not less than \$50 and not more than \$100.

Sec. 501.163. APPLICATION FOR MOTOR NUMBER RECORD; PENALTY. Provides that a person who fails to comply with Section 501.0332 commits an offense. Provides that an offense under this section is a misdemeanor punishable by a fine of not less than \$10 and not more than \$100.

SECTION 40.068. Amends Chapter 501, Transportation Code, by adding Subchapter I, as follows:

#### SUBCHAPTER I. ELECTRONIC TITLING SYSTEM

Sec. 501.171. APPLICATION OF SUBCHAPTER. Provides that this subchapter applies only if the department implements a titling system under Section 501.173.

Sec. 501.172. DEFINITIONS. Defines "document," "electronic," "electronic document," "electronic signature," and "paper document."

Sec. 501.173. ELECTRONIC TITLING SYSTEM. (a) Authorizes the department by rule to implement an electronic titling system.

(b) Provides that a record of title maintained electronically by the department in the titling system is the official record of vehicle ownership unless the owner requests that the department issue a printed title.

Sec. 501.174. VALIDITY OF ELECTRONIC DOCUMENTS. (a) Provides that if this chapter requires that a document be an original, be on paper or another tangible medium, or be in writing, the requirement is met by an electronic document that complies with this subchapter.

(b) Provides that if a law requires that a document be signed, the requirement is satisfied by an electronic signature.

(c) Provides that a requirement that a document or a signature associated with a document be notarized, acknowledged, verified, witnessed, or made under oath is satisfied if the electronic signature of the person authorized to perform that act, and all other information required to be included, is attached to or logically associated with the document or signature. Provides that a physical or electronic image of a stamp, impression, or seal is not required to accompany an electronic signature.

Sec. 501.175. RECORDING OF DOCUMENTS. (a) Authorizes the department, under the titling system, to receive, index, store, archive, and transmit electronic documents; provide for access to, and for search and retrieval of, documents and information by electronic means; and convert into electronic form paper documents that it accepts for the titling of a motor vehicle and information recorded and documents that were accepted for the titling of a motor vehicle before the titling system was implemented.

(b) Requires the department to continue to accept paper documents after the titling system is implemented.

Sec. 501.176. PAYMENT OF FEES BY ELECTRONIC FUNDS TRANSFER OR CREDIT CARD. (a) Authorizes the department to accept payment by electronic funds transfer, credit card, or debit card of any title or registration fee that the department is required or authorized to collect under this chapter.

(b) Authorizes the department to collect a fee for processing a title or registration payment by electronic funds transfer, credit card, or debit card. Requires that the

amount of the fee be reasonably related to the expense incurred by the department in processing the payment by electronic funds transfer, credit card, or debit card and prohibits it from being more than five percent of the amount of the registration and titling fee being paid.

(c) Authorizes the department, in addition to the fee authorized by Subsection (b), to collect from a person making payment by electronic funds transfer, credit card, or debit card an amount equal to the amount of any registration and titling transaction fee charged to the department by a vendor providing services in connection with payments made by electronic funds transfer, credit card, or debit card. Provides that the limitation prescribed by Subsection (b) on the amount of a fee does not apply to a fee collected under this subsection.

(d) Requires that online electronic commerce be processed in accordance with Chapter 2054 (Information Resources), Government Code.

Sec. 501.177. SERVICE CHARGE. Authorizes the department, if for any reason the payment of a fee under this chapter by electronic funds transfer, credit card, or debit card is not honored by the funding institution, or by the electronic funds transfer, credit card, or debit card company on which the funds are drawn, to collect from the person who owes the fee being collected a registration and titling service charge that is for the collection of that original amount and is in addition to the original fee. Requires that the amount of the service charge must be reasonably related to the expense incurred by the department in collecting the original amount.

Sec. 501.178. DISPOSITION OF FEES. Requires that all fees collected under this subchapter be deposited to the credit of the state highway fund.

Sec. 501.179. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. Provides that this subchapter modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001 et seq.) but does not modify, limit, or supersede Section 101(c) of that Act (15 U.S.C. Section 7001(c)) or authorize electronic delivery of any of the notices described in Section 103(b) of that Act (15 U.S.C. Section 7003(b)).

SECTION 40.069. Amends Section 502.001, Transportation Code, as follows:

Sec. 502.001. DEFINITIONS. Redefines "commercial motor vehicle," "department," "farm trailer," "farm semitrailer," "farm tractor," "forestry vehicle," "implements of husbandry," "light truck," "motorcycle," and "passenger car." Defines "apportioned license plate," "combination license plate," "combined gross weight," "commercial fleet," "construction machinery," "credit card," "debit card," "electric bicycle," "electric personal assistive mobility device," "empty weight," "golf cart," "gross vehicle weight," "moped," "motor bus," "motor vehicle," "motorized mobility device," "net carrying capacity," "oil well servicing, cleanout, or drilling machinery," "power sweeper," "private bus," "token trailer," "tow truck," and "travel trailer." Makes nonsubstantive changes.

SECTION 40.070. Amends Section 502.0021, Transportation Code, as follows:

Sec. 502.0021. RULES AND FORMS. (a) Makes no changes to this subsection.

(b) Requires the department to post on the Internet or provide each county assessor-collector with a sufficient supply of any necessary forms, rather than prescribe forms determined by the department to be necessary for the administration of this chapter and provide each county assessor-collector with an adequate supply of each form necessary for the performance of a duty under this chapter by the assessor-collector.

SECTION 40.071. Transfers Section 502.052, Transportation Code, Subchapter A, Chapter 502, Transportation Code, renumbers it as Section 502.00211, Transportation Code, and amends it as follows:

Sec. 502.00211. New heading: DESIGN OF REGISTRATION INSIGNIA. Requires the department to prepare the designs and specifications to be used as the registration insignia. Deletes existing designation of Subsection (a). Deletes existing text requiring TxDOT to prepare the designs and specifications of license plates and devices selected by the TTC to be used as the registration insignia. Deletes existing Subsection (b) requiring the department to design each license plate to include a design at least one-half inch wide that represents in silhouette the shape of Texas and that appears between letters and numerals and authorizing the department to omit the silhouette of Texas from specially designed license plates. Deletes existing Subsection (c) requiring that each license plate, to promote highway safety, be made with a reflectorized material that provides effective and dependable brightness for the period for which the plate is issued and that the purchase of reflectorized material be submitted to the comptroller for approval.

SECTION 40.072. Amends Section 502.0022, Transportation Code, as follows:

Sec. 502.0022. New heading: CONSOLIDATED REGISTRATION OF VEHICLES. (a) Requires TxDOT to develop and implement a system of registration so that an owner of more than one motor vehicle or trailer that is subject to registration under this chapter, rather than a fleet of motor vehicles, is authorized to consolidate the registration of the motor vehicles, rather than motor vehicles in the fleet, as an alternative to the separate registration of each motor vehicle. Authorizes the owner to designate an initial or a renewal registration period for a vehicle or trailer so that the registration period expires on the same date as the registration period for another vehicle or trailer previously registered by that owner. Makes a conforming change.

(b) Requires that a system of consolidated registration under this section allow the owner of the motor vehicles to register all, rather than an entire fleet of, motor vehicles in the county of the owner's residence or principal place of business; or vehicles, rather than those vehicles in a fleet of vehicles, that are operated most regularly in the same county by registering the vehicles in that county. Makes conforming changes.

(c) Requires that the registration, with the consent of the department, be issued in accordance with Section 502.044. Deletes existing text requiring the department by rule to define "fleet" for purposes of this section. Deletes existing Subsection (d) authorizing the department to adopt rules to administer this section.

SECTION 40.073. (a) Amends Subchapter A, Chapter 502, Transportation Code, by adding Section 502.0023, as follows:

Sec. 502.0023. EXTENDED REGISTRATION OF COMMERCIAL FLEET VEHICLES. (a) Requires the department to develop and implement a system of registration to allow an owner of a commercial fleet to register the motor vehicles in the commercial fleet for an extended registration period of not less than one year or more than eight years. Authorizes the owner to select the number of years for registration under this section within that range and register the commercial fleet for that period. Provides that payment for the entire registration period selected is due at the time of registration.

(b) Requires an owner registering a commercial fleet under this section, in addition to the registration fees prescribed by Subchapter D (Registration Procedures and Fees), to pay an annual commercial fleet registration fee of \$10 per motor vehicle and a one-time license plate manufacturing fee of \$1.50 for each issued motor vehicle license plate.

(c) Authorizes a license plate issued under this section, at the registered owner's option, to include on the legend the name or logo of the business

entity that owns the vehicle. Requires that the license plates conform in all respects to the provisions of this chapter, except as specified in this section.

(d) Requires that payment of all registration license taxes and fees under this chapter, for commercial a fleet registered under this section, be paid in advance for the extended registration period selected under Subsection (a). Provides that on payment of all registration license taxes and fees, no annual validation window insignia is required for the entire period paid for in advance and that a registration card is required to be issued for the period elected only for vehicles that exceed 10,000 pounds in weight.

(e) Provides that failure to comply with this section may result in suspension or termination from the commercial fleet program.

(f) Requires the department to adopt rules to implement this section.

(g) Requires the department and the counties in their budgeting processes to consider any temporary increases and resulting decreases in revenue that will result from the use of the process provided by this section.

(b) Requires the department to adopt the rules and establish the system required under Section 502.0023, Transportation Code, as added by this section, not later than September 1, 2010.

(c) Effective date of this section: September 1, 2009.

SECTION 40.074. Transfers Section 502.185, Transportation Code, to Subchapter A, Chapter 502, Transportation Code, renumbers it as Section 502.010, Transportation Code, and amends it as follows:

Sec. 502.010. New heading: COUNTY SCOFFLAW. (a)-(e) Makes no changes to these subsections.

(f) Authorizes the additional fee from a past due fine, fee, or tax to be used only to reimburse the department or the county for its expenses for providing services under the contract.

(g) Makes no changes to this subsection.

(h) Provides that this section does not apply to the registration of a motor vehicle under Section 501.0234 (Duty of Vehicle Dealer on Sale of Certain Vehicles), unless the vehicle is titled and registered in the name of a person who holds a general distinguishing number.

SECTION 40.075. Amends the heading to Subchapter B, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER B. REGISTRATION REQUIREMENTS

SECTION 40.076. Transfers Section 502.002, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.040, Transportation Code, and amends it as follows:

Sec. 502.040. REGISTRATION REQUIRED; GENERAL RULE. (a) Makes no changes to this subsection.

(b) Requires that the application be made in a manner prescribed by, rather than be made to, the department through the county assessor-collector of the county in which the owner resides.

(c) and (d) Makes no changes to these subsections.

SECTION 40.077. Transfers Section 502.157, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.041, Transportation Code, and amends it as follows:

Sec. 502.041. INITIAL REGISTRATION. (a) Authorizes the owner of a vehicle, notwithstanding Section 502.040, rather than Section 502.002, when a motor vehicle is required be registered before an application for a certificate of title will be accepted, to concurrently apply for a title and for registration, through the county assessor-collector of the county in which the owner resides or the vehicle is purchased or encumbered. Makes a conforming and nonsubstantive change.

(b) Authorizes the owner, the first time an owner applies for registration of a vehicle, to demonstrate compliance with Section 502.046(a), rather than 502.153(a), as to the vehicle by showing proof of financial responsibility in any manner specified in Section 502.046(c), rather than 502.153(c), as to any vehicle of the owner or any vehicle used as part of the consideration for the purchase of the vehicle the owner applies to register. Makes a conforming change.

SECTION 70.078. Transfers Section 502.152, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.042, Transportation Code, and amends it as follows:

Sec. 502.042. New heading: TITLE REQUIRED FOR REGISTRATION. Deletes existing designation as Subsection (a). Deletes existing Subsection (b) providing that this section does not apply to an automobile that was purchased new before January 1, 1936. Makes conforming changes.

SECTION 40.079. Transfers Section 502.151, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.043, Transportation Code, and amends it as follows:

Sec. 502.043. APPLICATION FOR REGISTRATION. (a) Requires that an application for vehicle registration be made in a manner prescribed and include the information required, rather than be made on a form furnished, by the department by rule and contain a full description of the vehicle as required by department rule, rather than contain the full name and address of the owner, contain a brief description of the vehicle; contain any other information required by the department; and be signed by the owner.

(b) Redesignates Subsection (c) as Subsection (b). Deletes existing text of Subsection (b) requiring that the description of a new motor vehicle include certain information. Requires an applicant for registration of a commercial motor vehicle, truck-tractor, trailer, or semitrailer to show acceptable proof to the county assessor-collector of, rather than deliver an affidavit showing the weight of the vehicle, the maximum load to be carried on the vehicle, and the gross weight for which the vehicle is to be registered. Deletes existing text requiring the assessor-collector to keep the affidavit on file.

(c) Redesignates Subsection (d) as Subsection (c). Provides that this section allows issuance for registration purposes only but does not authorize the department to issue a certificate of title or record of title. Deletes existing Subsection (e) requiring the county assessor-collector, if an owner or claimed owner has lost or misplaced the registration receipt or transfer receipt for the vehicle, to register the vehicle on the person's furnishing to the assessor-collector satisfactory evidence, by affidavit or otherwise, that the person owns the vehicle. Deletes existing Subsection (f) requiring a county assessor-collector to date each registration receipt issued for a vehicle with the date on which the application for registration is made.

SECTION 40.080. Transfers Section 502.158, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.044, Transportation Code, and amends it as follows:

Sec. 502.044. New heading: REGISTRATION PERIOD. (a)-(b) Makes no changes to these subsections.

(c) Authorizes the department to designate a registration period of less than 12 months to be, rather than providing that the registration fee for a registration period of less than 12 months is, computed at a rate of one-twelfth the annual registration fee multiplied by the number of months in the registration period. Authorizes the department by rule, to allow payment of registration fees for a designated period not to exceed 96 months. Deletes existing text prohibiting the department from designating a registration period of more than 12 months, but authorizing an owner with the consent of the department, to pay registration fees for a designated period of more than 12 months, and an owner of a vehicle to pay registration fees for a designated period of 12, 24, or 36 months. Deletes existing Subsection (d) requiring that an application for registration be made during the two months preceding the date on which the registration expires. Deletes existing Subsection (e) providing that the fee to be paid for renewing a registration is the fee that will be in effect on the first day of the vehicle registration year.

(d) Redesignates Subsection (g) as Subsection (d). Requires the department to issue a registration receipt and registration insignia that are valid until the expiration of the designated period, rather than issue the applicant for registration who pays registration fees for a designated period of 24 or 36 months a registration receipt and registration insignia that are valid until the expiration of the designated period.

SECTION 40.081. Transfers Section 502.176, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.045, Transportation Code, and amends it as follows:

Sec. 502.045. DELINQUENT REGISTRATION. (a) Provides that a registration fee, rather than a registration fee prescribed by this chapter, for a vehicle becomes delinquent immediately if the vehicle is used on a public highway without the fee having been paid in accordance with this chapter.

(b) Authorizes an applicant for registration who provides evidence acceptable to the assessor-collector to establish good reason for delinquent registration and who complies with the other requirements for registration under this chapter to register the vehicle for a 12-month period that ends on the last day of the 11th month after the month in which the registration occurs under this subsection. Deletes existing text requiring a county assessor-collector that determines that an applicant for registration for which payment of the registration fee is delinquent has provided evidence acceptable to the assessor-collector sufficient to establish good reason for delinquent registration and that the application complies with the other requirements for registration under this chapter to register the vehicle for a 12-month period that ends on the last day of the 11th month after the month in which the registration occurs under this subsection. Provides that the registration period for vehicles registered in accordance with Sections 502.255, 502.431, 502.435, 502.454, 504.401, 504.505 (Cotton Vehicles), 504.515, and 504.613 (Houston Livestock Show and Rodeo License Plates), rather than 502.164, 502.167, 502.203, 502.255, 502.267, 502.277, 502.278, 502.293 (County Judges), as added by Chapter 1222, Acts of the 75th Legislature, Regular Session, 1997, and 502.295 (State Officials), as added by Chapter 625, Acts of the 75th Legislature, Regular Session, 1997, will end on the annual registration date, and the registration fees will be prorated.

(c) Requires a county assessor-collector that determines that an applicant for registration who is delinquent and has not provided evidence acceptable to

establish good reason for delinquent registration but who complies with the other requirements for registration under this chapter to register the vehicle for a 12-month period without changing the initial month of registration. Makes conforming changes.

(d) Authorizes a person who has been arrested or received a citation for a violation of Section 502.472, rather than Section 502.402, to register the vehicle being operated at the time of the offense, rather than at the time of the offense with the county assessor-collector, for a 12-month period without change to the initial month of registration only if the person meets the other requirements for registration under this chapter; and pays an additional charge equal to 20 percent of the prescribed fee.

(e) Requires the department by rule, rather than the county assessor-collector, to adopt a list of evidentiary items sufficient to establish good reason for delinquent registration under Subsection (b) and provide for the evidence, rather than forms of evidence, that is authorized to be used to establish good reason under that subsection. Deletes existing text requiring that the list of evidentiary items adopted under this section allow for delinquent registration under Subsection (b) because of certain reasons.

(f) Makes no changes to this subsection.

SECTION 40.082. Transfers Section 502.153, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, rennumbers it as Section 502.046, Transportation Code, and amends it as follows:

Sec. 502.046. EVIDENCE OF FINANCIAL RESPONSIBILITY. (a) Requires that evidence of financial responsibility as required by Section 601.051 (Requirement of Financial Responsibility) other than for a trailer or semitrailer be submitted with the application for registration under Section 502.043. Requires the county assessor-collector to examine the evidence of financial responsibility to determine whether it complies with Subsection (c). Requires that the evidence, rather than the assessor-collector after examining the evidence to return the evidence, after examination, be returned unless it is in the form of a photocopy or an electronic submission. Deletes existing text requiring the owner of a motor vehicle, other than a trailer or semitrailer, except as provided by Subsection (j), for which evidence of financial responsibility is required by Section 601.051, or a person who represents the owner for purposes of registering a motor vehicle, to submit evidence of financial responsibility with the application for registration under Section 502.151.

(b) Requires that the evidence be returned after examination unless it is in the form of a photocopy or an electronic submission.

(c) Authorizes evidence of financial responsibility, in this section, to be certain information, including a document listed under Section 601.053(a) (relating to the requirement of an operator of a vehicle to provide certain things to a peace officer) or verified in compliance with Section 601.452 (Implementation of Program; Rules), as added by Chapter 892, Acts of the 79th Legislature, Regular Session, 2005.

(d) Requires that a personal automobile policy used as evidence of financial responsibility under this section comply with Section 1952.052 (Use of Previously Approved or Adopted Policy Forms Authorized) et seq. and Sections 2301.051 (Definitions), 2301.052 (Regulation of Policy Forms and Endorsements), 2301.053 (Requirements for Forms; Plain-Language Requirement), 2301.054 (Certain Contracts or Agreements Prohibited; Revocation of Certificate of Authority), and 2301.055 (Rules), rather than Article 5.06 (Policy Forms and Endorsements) or 5.145 (*not in Insurance Code*), Insurance Code.

(e) Requires the county assessor-collector, at the time of registration, to provide to a person registering a motor vehicle a statement that the motor vehicle, rather than a separate statement that the motor vehicle being registered, is prohibited from being operated in this state unless liability insurance coverage for the motor vehicle in at least the minimum amounts required by law remains in effect to insure against potential losses; or the motor vehicle is exempt from the insurance requirement because the person has established financial responsibility in a manner described by Sections 601.051(2) (relating to a surety bond), (3) (relating to a deposit under Section 601.122), (4) (relating to a deposit under Section 601.123), or (5) (relating to self-insurance) or is exempt under Section 601.052 (Exceptions to Financial Responsibility). Makes nonsubstantive changes.

(f)-(j) Makes no changes to these subsections.

SECTION 40.083. Transfers Section 502.009, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, rennumbers it as Section 502.047, Transportation Code, and amends it as follows:

Sec. 502.047. MOTOR VEHICLE EMISSIONS INSPECTION AND MAINTENANCE REQUIREMENTS. (a) Provides that Subsections (b)-(e) apply only if the United States Environmental Protection Agency determines that the state has not demonstrated, as required by 40 C.F.R. Section 51.361, that sticker-based enforcement of the program is more effective than registration-based enforcement and gives the Texas Commission on Environmental Quality (TCEQ), rather than the Texas Natural Resource Conservation Commission (TNRCC), or the governor written notification that the reregistration-based enforcement of the program, as described by those subsections, will be required. Makes a conforming change.

(b) Prohibits a motor vehicle from being registered, rather than the department from registering a motor vehicle, if the department receives from TCEQ, rather than TNRCC, or DPS notification that the registered owner of the vehicle has not complied with Subchapter F (Motor Vehicle Emissions Inspection and Maintenance), Chapter 548 (Compulsory Inspection of Vehicles).

(c) Prohibits a motor vehicle from being registered if the vehicle was denied registration under Subsection (b) unless verification is received, rather than prohibiting the county-tax collector from registering a vehicle denied registration under Subsection (b) unless the tax assessor-collector has verification, that the registered vehicle owner is in compliance with Subchapter F, Chapter 548.

(d) Requires the department, TCEQ, and DPS to enter an agreement regarding the responsibilities for costs associated with implementing this section. Makes a conforming change.

(e) Makes no changes to this subsection.

SECTION 40.084. Transfers Section 502.005, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, rennumbers it as Section 502.048, Transportation Code, and amends it as follows:

Sec. 502.048. REFUSAL TO REGISTER UNSAFE VEHICLE. Deletes existing designation as Subsection (a). Authorizes the department to refuse to register a motor vehicle and to cancel, suspend, or revoke a registration if the department determines that a motor vehicle is unsafe, improperly equipped, or otherwise unfit to be operated on a public highway. Deletes existing Subsection (b) authorizing the department to refuse to register a motorcycle and to suspend or revoke the registration of a motorcycle if the department determines that the motorcycle's braking system does not comply with Section 547.408 (Performance Requirements for Brakes). Makes a nonsubstantive change.

SECTION 40.085. Amends Section 502.055(b), Transportation Code, to authorize the department to require an applicant for registration under this chapter to provide the department with evidence of the manufacturer's rated carrying capacity for the vehicle, or the gross vehicle weight rating, rather than the nominal tonnage rating of the vehicle; the gross vehicle weight rating of the vehicle; or any combination of information described in Subdivisions (1)-(3). Makes nonsubstantive changes.

SECTION 40.086. Transfers Section 502.178, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.057, Transportation Code, and amends it as follows:

Sec. 502.057. REGISTRATION RECEIPT. Deletes existing designation as Subsection (a). Requires the department to issue or require to be issued to the owner of a vehicle registered under this chapter a registration receipt showing the information required by rule. Deletes existing Subsection (b) requiring that the registration receipt issued for a commercial motor vehicle, truck-tractor, trailer, or semitrailer show the gross weight for which the vehicle is registered. Makes conforming changes.

SECTION 40.087. Transfers Section 502.179, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.058, Transportation Code, and amends it as follows:

Sec. 502.058. DUPLICATE REGISTRATION RECEIPT. (a) Makes no changes to this subsection.

(b) Requires the office issuing a duplicate receipt to retain the fee received, rather than retain the fee received as a fee of office.

SECTION 40.088. Transfers Section 502.180, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, renumbers it as Section 502.059, Transportation Code, and amends it as follows:

Sec. 502.059. New heading: ISSUANCE OF REGISTRATION INSIGNIA. (a) Requires an applicant for motor vehicle registration, on payment of the prescribed fee, to be issued registration insignia, rather than requiring the department to issue, on payment of the prescribed fee to an applicant for motor vehicle registration a license plate or set of plates or a device that, when attached to the vehicle as prescribed by the department, is the registration insignia for the period for which it was issued.

(b) Redesignates Subsection (c) as Subsection (b). Requires the department, on application and payment of the prescribed fee for a renewal of the registration of a vehicle through the seventh, rather than for the first, second, third, or fourth, registration year after the issuance of a license plate or set of plates for the vehicle, to issue a registration insignia for the validation of the license plate or plates to be attached as provided by Subsection (c), rather than Subsection (d). Deletes existing text requiring the department, subject to Subchapter I (Registration Transfer and Removal of License Plates for the Sale or Transfer of Used Vehicles), to issue only one license plate or set of plates for a vehicle during a five-year period.

(c) Redesignates Subsection (d) as Subsection (c). Requires that the registration insignia for validation of a license plate, except as provided by Subsection (f), rather than Subsection (h), be attached to the inside of the vehicle's windshield, if the vehicle has a windshield, within six inches of the place where the motor vehicle inspection sticker is required to be placed.

(d) Redesignates Subsection (e) as Subsection (d). Authorizes the department rules to provide for the use of an automated registration process, including the automated on-site production of registration insignia, and automated on-premises and off-premises self-service registration. Deletes existing text requiring the

department to adopt rules for the issuance and use of license plates and registration insignia issued under this chapter.

(e) Redesignates Subsection (f) as Subsection (e). Provides that Subsection (c) does not apply to, rather than Subsections (b)-(d) do not apply to, the issuance of specialized license plates as designated by the department, including state official license plates, exempt plates for governmental entities, and temporary registration plates; or the issuance or validation of replacement license plates, except as provided by Chapter 504, rather than Section 502.184.

(f) Redesignates Subsection (h) as Subsection (f). Requires that the registration insignia, rather than the insignia for validation of a license plate, be attached to the rear license plate of certain vehicles. Makes a conforming change. Deletes existing Subsection (g) requiring the department to provide a separate and distinctive tab to be affixed to the license plate of an automobile, pickup, or recreational vehicle that is offered for rent, as a business, to any part of the public.

SECTION 40.089. Transfers Section 502.184, Transportation Code, to Subchapter B, Chapter 502, Transportation Code, rennumbers it as Section 502.060, Transportation Code, and amends it as follows:

Sec. 502.060. New heading: REPLACEMENT OF REGISTRATION INSIGNIA. (a) Authorizes the owner of a registered motor vehicle to obtain from the department through the county assessor-collector a replacement registration insignia by:

(1) certifying that the registration insignia to be replaced has been lost, stolen, or mutilated; and that the replacement registration insignia will not be used on any other vehicle owned or operated by the person making the statement;

(2) paying a fee of \$5 plus the fees required by Sections 502.356(a) and 502.360 for each replacement registration insignia, unless specified in other law; and

(3) returning the registration insignia in the owner's possession.

Deletes existing text authorizing the owner of a registered motor vehicle to obtain from the department through the county assessor-collector replacement license plates or a replacement registration insignia, by filing with the assessor-collector a statement showing that one or both of the license plates or the registration insignia to be replaced has been lost, stolen, or mutilated; and stating that no license plate or registration insignia to be replaced will be used on any vehicle owned or operated by the person making the statement; paying a fee of \$5 plus the fees required by Sections 502.170(a) and 502.1705(a) for each set of replacement license plates or each replacement registration insignia, except as provided by Subsection (b), (c), or (i); and returning to the assessor-collector each replaced plate or registration insignia in the owner's possession.

(b) Provides that a fee is not required under this section if the replacement fee has been paid under Section 504.008. Deletes existing text providing that no fee is required for the replacement of lost, stolen, or mutilated specialized license plates issued under Sections 504.308 (Distinguished Flying Cross Medal Recipients) and 504.315(e) (relating to Congressional Medal of Honor specialty license plates) and (f) (relating to certain military specialty license plates), and certain fees for replacement of certain specialized license plates.

(c) Provides that the fee for replacement of a registration insignia of all other specialized license plates issued under this chapter, rather than Section 504.507, is the amount prescribed by the department as necessary to recover the cost of providing the replacement, rather than replacement plates.

(d) Redesignates Subsection (e) as Subsection (d). Prohibits a county assessor-collector from issuing replacement registration insignia without complying with this section. Makes a conforming change. Deletes existing text authorizing the owner of the vehicle, if license plates approved under Section 504.501(b) or 504.502(c) are lost, stolen, or mutilated, to obtain approval of another set of license plates as provided by Section 504.501 or 504.502, respectively, and providing that the fee for approval of replacement license plates is \$5.

(e) Redesignates Subsection (f) as Subsection (e). Requires a county assessor-collector to retain \$2.50 of each fee collected under this section and report and send the remainder to the department, rather than to the department as provided by Sections 502.102 and 502.105.

Deletes existing Subsection (g) authorizing replacement license plates to be used in the registration year in which the plates are issued and during each succeeding year of the five-year period as prescribed by Section 502.180(b) (relating to issuance of only one license plate for a vehicle during a 5 year period) if the registration insignia is properly attached.

Deletes existing Subsection (h) providing that Subsection (g) does not apply to the issuance of specialized license plates as designated by the department, including state official license plates, exempt plates for governmental entities, and temporary registration plates.

Deletes existing Subsection (i) authorizing the owner of a vehicle listed in Section 502.180(h) (relating to the registration insignia to be attached to the rear license plate) to obtain replacement plates and a replacement registration insignia by paying a fee of \$5 plus the fees required by Sections 502.170(a) and 502.1705(a).

SECTION 40.090. Amends the heading to Subchapter C, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER C. SPECIAL REGISTRATIONS

SECTION 40.091. Transfers Section 502.0025, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, renumbers it as Section 502.090, Transportation Code, and amends it as follows:

Sec. 502.090. EFFECT OF CERTAIN MILITARY SERVICE ON REGISTRATION REQUIREMENT. (a) Makes no changes to this subsection.

(b) Provides that unless the registration or license issued for a vehicle described by Subsection (a) (relating to this section applying only to a motor vehicle that is owned by certain persons) is suspended, canceled, or revoked by this state as provided by law Section 502.040(a), rather than Section 502.002(a), does not apply.

SECTION 40.092. Transfers Section 502.054, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, renumbers it as Section 502.091, Transportation Code, and amends it as follows:

Sec. 502.091. New heading: INTERNATIONAL REGISTRATION PLAN. (a)-(f) Makes no changes to these subsections.

SECTION 40.093. Transfers Section 502.355, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, renumbers it as Section 502.092, Transportation Code, and amends it as follows:

Sec. 502.092. New heading: NONRESIDENT-OWNED VEHICLES USED TO TRANSPORT FARM PRODUCTS. (a) and (b) Makes no changes to these subsections.

(c) Authorizes a person to obtain a permit under this section by performing certain actions, including applying to the department as prescribed by the department, rather than on a form prescribed by the department;

(d) Makes no changes to this subsection.

(e) Prohibits a vehicle for which a permit is issued under this section from being operated in this state after the permit expires unless the owner obtains another temporary permit; or registers the vehicle under Sections 502.253, 502.254, 502.256, or 502.255, rather than Sections 502.162, 502.165, 502.166, or 502.167, as appropriate, for the remainder of the registration year.

(f) Prohibits a vehicle for which a permit is issued under this section from being registered under Section 502.433, rather than Section 502.163.

(g) Makes no changes to this subsection.

Deletes existing Subsection (h) providing that a person operating a vehicle under a permit issued under this section commits an offense if the person transports farm products to a place of market, storage, or processing or a railhead or seaport that is farther from the place of production or point of entry, as appropriate, than the distance provided for in the permit; or follows a route other than that prescribed by TTC.

Deletes existing Subsection (i) providing that an offense under Subsection (h) is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

SECTION 40.094. Transfers Section 502.353, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, renumbers it as Section 502.093, Transportation Code, and amends it as follows:

Sec. 502.093. New heading: ANNUAL PERMITS. (a) Authorizes TxDOT to issue an annual permit in lieu of registration to a foreign commercial motor vehicle, trailer, or semitrailer that is subject to registration in this state and is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or country in which the vehicle is registered. Makes nonsubstantive changes.

(b) Provides that a permit issued under this section is valid for a vehicle registration year to begin on the first day of a calendar month designated by the department and end on the last day of the last calendar month of the registration year, rather than is in lieu of registration.

(c) Makes no changes to this subsection.

(d) Authorizes a person to obtain a permit under this section by:

(1) applying in the manner prescribed by the department, rather than to the department;

(2) paying a registration fee in the amount required by Subsection (e) in the manner prescribed by the department, including a service charge for a credit card payment or escrow account, rather than in cash or by postal money order or certified check; and

(3) furnishing evidence of financial responsibility for the motor vehicle that complies with Sections 502.046(c), rather than 502.153(c), and 601.168(a), the policies to be written by an insurance company or surety company authorized to write motor vehicle liability insurance in this state.

(e) Provides that the fee for a permit under this section is the fee that would be required for registering the vehicle under Section 502.253 or 502.255, rather than Section 502.162 or 502.167, except as provided by Subsection (f).

(f) Provides that a vehicle registered under this section is exempt from the token fee and is not required to display the associated distinguishing license plate if the vehicle is a semitrailer that has a gross weight of more than 6,000 pounds; and is used or intended to be used in combination with a truck tractor or commercial motor vehicle with a gross vehicle weight of more than 10,000 pounds, rather than a manufacturer's rated carrying capacity of more than one ton.

(g) Provides that a vehicle registered under this section is not subject to the fee required by Section 502.401 or 502.403, rather than Section 502.172 or 502.173.

Deletes existing Subsection (h) authorizing the department to adopt rules to administer this section and prescribe an application for a permit and other forms under this section.

Deletes existing Subsection (i) providing that a person who violates this section commits an offense and that an offense under this section is a misdemeanor punishable by a fine not to exceed \$200.

SECTION 40.095. Transfers Section 502.352, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, renumbers it as Section 502.094, Transportation Code, and amends it as follows:

Sec. 502.094. New heading: 72- OR 144-HOUR PERMITS. (a) Authorizes the department to issue a temporary registration permit in lieu of registration for a commercial motor vehicle, trailer, semitrailer, or motor bus that:

(1) is owned by a resident of the United States, Canada, or the United Mexican States;

(2) is subject to registration in this state; and

(3) is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or province in which the vehicle is registered.

(b) Makes a conforming change.

(c) Authorizes a person to obtain a permit under this section by:

(1) applying to the county assessor-collector, the department, or the department's wire service agent, if the department has a wire service agent;

(2) paying a fee of \$25 for a 72-hour permit or \$50 for a 144-hour permit in the manner prescribed by the department that may include a service charge for a credit card payment or escrow account, rather than in cash; by postal money order; by certified check; by wire transfer through the department's wire service agent, if any; by an escrow account; or where the service is provided, by a credit card issued by a financial institution chartered by a state or the United States, or a nationally recognized credit organization approved by TTC; and

(3) paying a discount or service charge for a credit card payment or escrow account, in addition to the fee; and furnishing to the county assessor-collector, the department, or the department's wire service agent, evidence of financial responsibility for the vehicle that complies with Sections 502.046(c) and 601.168(a), rather than 502.153(c) and is written

by an insurance company or surety company authorized to write motor vehicle liability insurance in this state.

(d) Requires a county assessor-collector to report and send a fee collected under this section in the manner provided by Section 502.198, rather than Sections 502.102 and 502.105. Requires a wire service agent, each week, to send to the department a report of all permits issued by the agent during the previous week. Requires the department by rule to prescribe the format, rather than form, and content of a report required by this subsection.

(e) Redesignates Subsection (f) as Subsection (e). Deletes existing text authorizing the department to adopt rules to administer this section and prescribe an application for a permit and other forms under this section.

(f) Redesignates Subsection (g) as Subsection (f).

(g) Redesignates Subsection (h) as Subsection (g).

(h) Redesignates Subsection (i) as Subsection (h).

(i) Authorizes the department to refuse and to instruct a county assessor-collector to refuse to issue a temporary registration for any vehicle if, in the department's opinion, the vehicle or the owner of the vehicle has been involved in operations that constitute an abuse of the privilege granted by this section. Provides that a registration issued after notice of the involvement is received is void.

SECTION 40.096. Transfers Section 502.354, Transportation Code, to Subchapter C, Chapter 502, Transportation Code, rennumbers it as Section 502.095, Transportation Code, and amends it as follows:

Sec. 502.095. New heading: ONE-TRIP OR 30-DAY TRIP PERMITS. (a) Authorizes the department to issue a temporary permit in lieu of registration for a vehicle subject to registration in this state that is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or country in which the vehicle is registered. Makes nonsubstantive changes.

(b) Provides that a permit issued under this section is valid for one trip, as provided by Subsection (c), or 30 days, as provided by Subsection (d). Makes conforming and nonsubstantive changes.

(c) Makes no changes to this subsection.

(d) Authorizes a 30-day permit to be issued only to a passenger vehicle, a private bus, a trailer or semitrailer with a gross weight of not more than 10,000 pounds, a light truck, or a light commercial vehicle with a gross vehicle weight of more than 10,000 pounds that will operate unladen. Makes conforming changes.

(e) Authorizes a person to obtain a permit under this section by performing certain actions, including paying a fee, in the manner prescribed by the department including a registration service charge for a credit card payment or escrow account, rather than in cash or by postal money order or certified check, of \$5 for a one-trip permit, or \$25 for each 30-day period; and furnishing evidence of financial responsibility for the vehicle in a form listed under Section 502.046(c), rather than 502.153(c).

(f) Requires that a registration receipt be carried in the vehicle at all times during the period in which it is valid, rather than a registration receipt and temporary tag be issued on forms provided by the department.

(g) Makes no changes to this subsection.

Deletes existing Subsection (h) providing that a person issued a temporary registration under this section who operates a vehicle in violation of Subsection (f) commits an offense and that an offense under this subsection is a Class C misdemeanor.

Deletes existing Subsection (i) authorizing the department to adopt rules to administer this section, and prescribe an application for a permit and other forms under this section.

SECTION 40.097. Amends the heading to Subchapter D, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER D. VEHICLES NOT ISSUED REGISTRATION

SECTION 40.098. Transfers Section 502.006, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.140, Transportation Code, and amends it as follows:

Sec. 502.140. ALL-TERRAIN VEHICLES. (a) and (b) Makes no changes to these subsections.

(c) Redesignates Subsection (e) as Subsection (c). Provides that Section 502.401, rather than Section 502.172, does not apply to an all-terrain vehicle.

(d) Provides that operation in compliance with Section 663.037 (Operation on Public Roadway Prohibited) does not require registration.

SECTION 40.099. Transfers Section 502.0071, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.141, Transportation Code, and amends it as follows:

Sec. 502.141. GOLF CARTS. Authorizes a golf cart to be operated on a public highway without registration, rather than providing that an owner of a golf cart is not required to register the golf cart, under certain circumstances.

SECTION 40.100. Transfers Section 502.0072, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.142, Transportation Code, as follows:

Sec. 502.142. MANUFACTURED HOUSING. Provides that manufactured housing, as defined by Section 1201.003 (Definitions), Occupations Code, is not a vehicle subject to this chapter.

SECTION 40.101. Transfers Section 502.0073, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.143, Transportation Code, and amends it as follows:

Sec. 502.143. New heading: OTHER VEHICLES. (a) Provides that an owner, rather than an owner of a power sweeper, is not required to register for operation on a public highway power sweepers, motorized mobility devices, electric personal assistive mobility devices, and electric bicycles. Makes a conforming change. Deletes existing Subsection (b) defining "power sweeper."

SECTION 40.102. Transfers Section 502.0078, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.144, Transportation Code, as follows:

Sec. 502.144. VEHICLES OPERATED ON PUBLIC HIGHWAY SEPARATING REAL PROPERTY UNDER VEHICLE OWNER'S CONTROL. Makes no changes to this section.

SECTION 40.103. Transfers Section 502.0079, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.145, Transportation Code, and amends it as follows:

Sec. 502.145. **VEHICLES OPERATED BY CERTAIN NONRESIDENTS.**  
(a) Redesignates Subsection (c) as Subsection (a).

(b) Redesignates Subsection (d) as Subsection (b).

(c) Redesignates Subsection (e) as Subsection (c).

(d) Redesignates Subsection (f) as Subsection (d).

Deletes existing Subsection (a) authorizing a nonresident owner of a motor vehicle, trailer, or semitrailer that is registered in the state or country in which the person resides to operate the vehicle to transport persons or property for compensation without being registered in this state, if the person does not exceed two trips in a calendar month and each trip does not exceed four days.

Deletes existing Subsection (b) prohibiting a nonresident owner of a privately owned vehicle that is not registered in this state from making more than five occasional trips in any calendar month into this state using the vehicle and each occasional trip into this state from exceeding five days.

SECTION 40.104. Transfers Section 504.504, Transportation Code, to Subchapter D, Chapter 502, Transportation Code, renumbers it as Section 502.146, Transportation Code, and amends it as follows:

Sec. 502.146. **CERTAIN FARM VEHICLES AND DRILLING AND CONSTRUCTION EQUIPMENT.** (a) Makes no changes to this subsection.

(b) Provides that an owner is not required to register certain vehicles that are used only temporarily on the highways, including oil well servicing or drilling machinery; or construction machinery, rather than construction machinery that is not designed to transport persons or property on a public highway.

(c)-(e) Makes no changes to these subsections.

(f) Provides that a vehicle to which this section applies that is operated on a public highway in violation of this section is considered to be operated while unregistered and is immediately subject to the applicable registration fees and penalties prescribed by this chapter, rather than Chapter 502.

(g) Makes no changes to this subsection.

SECTION 40.105. Amends the heading to Subchapter E, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER E. ADMINISTRATION OF FEES

SECTION 40.106. Transfers Section 502.159, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.190, Transportation Code, and amends it as follows:

Sec. 502.190. New heading: **SCHEDULE OF REGISTRATION FEES.** Requires TxDOT to post a complete schedule of registration fees on the Internet, rather than compile and furnish to each county assessor-collector a complete schedule of fees to be collected on the various makes, models, and types of vehicles.

SECTION 40.107. Transfers Section 502.004, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.191, Transportation Code, and amends it as follows:

Sec. 502.191. COLLECTION OF FEES. (a) Creates this subsection from existing text.

(b) Authorizes the department to accept electronic payment by electronic funds transfer, credit card, or debit card of any fee that the department is authorized to collect under this chapter.

(c) Authorizes the department to collect a fee for processing a payment by electronic funds transfer, credit card, or debit card. Requires that the amount of the fee be reasonably related to the expense incurred by the department in processing the payment by electronic funds transfer, credit card, or debit card and prohibits it from being more than five percent of the amount of the registration fee being paid.

(d) Authorizes the department, in addition to the fee authorized by Subsection (c), to collect from a person making payment by electronic funds transfer, credit card, or debit card an amount equal to the amount of any registration transaction fee charged to the department by a vendor providing services in connection with payments made by electronic funds transfer, credit card, or debit card. Provides that the limitation prescribed by Subsection (c) on the amount of a fee does not apply to a fee collected under this subsection.

(e) Authorizes the department, if, for any reason, the payment of a fee under this chapter by electronic funds transfer, credit card, or debit card is not honored by the funding institution or by the electronic funds transfer, credit card, or debit card company on which the funds are drawn, to collect from the person who owes the fee being collected a service charge that is for the collection of that original amount and is in addition to the original fee. Requires that the amount of the service charge be reasonably related to the expense incurred by the department in collecting the original amount.

SECTION 40.108. Amends Subchapter E, Chapter 502, Transportation Code, by adding Section 502.192, as follows:

Sec. 502.192. TRANSFER FEE. Requires the purchaser of a used motor vehicle to pay, in addition to any fee required under Chapter 501 for the transfer of title, a transfer fee of \$2.50 for the transfer of the registration of the motor vehicle. Authorizes the county assessor-collector to retain as commission for services provided under this subchapter half of each transfer fee collected.

SECTION 40.109. Transfers Section 502.181, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.193, Transportation Code, and amends it as follows:

Sec. 502.193. New heading: PAYMENT BY CHECK DRAWN AGAINST INSUFFICIENT FUNDS. (a) Requires a county assessor-collector who receives from any person a check or draft for payment of a registration fee for a registration year that has not ended, rather than drawn on a bank or trust company in payment of a registration fee for a registration year that has not ended on a motor vehicle, trailer, or motorcycle sidecar, that is returned unpaid because of insufficient funds or no funds in the bank or trust company to the credit of the drawer of the check or draft to immediately certify the fact to the sheriff or a constable or highway patrol officer in the county. Sets forth requirements of the certification, including the name and address of the person who gave the check or draft, rather than the name and address of the person who gave the assessor-collector the check or draft.

(b) Requires the sheriff, constable, or highway patrol officer, on receiving a complaint under Subsection (a) from the county assessor-collector, to find the

person who gave the check or draft, if the person is in the county, and demand immediate redemption of the check or draft from the person. Requires the sheriff, constable, or highway patrol officer, if the person fails or refuses to redeem the check or draft, to seize and remove the license plates and registration insignia from the vehicle; and return the license plates and registration insignia to the county assessor-collector. Makes a conforming change.

SECTION 40.110. Transfers Section 502.182, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.194, Transportation Code, and amends it as follows:

Sec. 502.194. CREDIT FOR REGISTRATION FEE PAID ON MOTOR VEHICLE SUBSEQUENTLY DESTROYED. (a) Entitles the owner of a motor vehicle that is destroyed to the extent that it cannot afterwards be operated on a public highway to a registration fee credit if the prorated portion of the registration fee for the remainder of the registration year is more than \$15. Requires the owner to claim the credit by sending the registration fee receipt for the vehicle to the department, rather than sending the registration fee receipt and the license plates, and executing a statement on a form provided by the department showing that the license plates have been surrendered to the department.

(b) Makes no changes to this subsection.

Deletes existing Subsection (c) requiring that a statement executed under Subsection (a)(2) be delivered to a purchaser of the destroyed vehicle and authorizing the purchaser to surrender the statement to the department in lieu of the vehicle license plates.

Deletes existing Subsection (d) requiring the department to adopt rules to administer this section.

SECTION 40.111. Transfers Section 502.183, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.195, Transportation Code, and amends it as follows:

Sec. 502.195. REFUND OF OVERCHARGED REGISTRATION FEE. (a) Entitles the owner of a motor vehicle, rather than the owner of a motor vehicle that is required to be registered, who pays an annual registration fee in excess of the statutory amount to a refund of the overcharge.

(b) Requires the county assessor-collector who collects the excessive fee to refund an overcharge on presentation to the assessor-collector of satisfactory evidence of the overcharge, rather than the owner to make a claim for a refund of an overcharge, not later than the first, rather than fifth, anniversary of the date the excessive registration fee was paid.

(c) Makes no changes to this subsection.

SECTION 40.112. Transfers Section 502.051, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, and renumbers it as Section 502.196, Transportation Code, to read as follows:

Sec. 502.196. DEPOSIT OF REGISTRATION FEES IN STATE HIGHWAY FUND. Makes no changes to this section.

SECTION 40.113. Transfers Section 502.101, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, and renumbers it as Section 502.197, Transportation Code, to read as follows:

Sec. 502.197. REGISTRATION BY MAIL OR ELECTRONIC MEANS; SERVICE CHARGE. (a)-(c) Makes no changes to these subsections.

SECTION 40.114. Transfers Section 502.102, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.198, Transportation Code, and amends it as follows:

Sec. 502.198. DISPOSITION OF FEES GENERALLY. (a) Provides that except as provided by Section 502.1982, rather than Sections 502.103 and 502.104 (Disposition of Certain Special Fees), this section applies to all fees collected by a county assessor-collector under this chapter.

(b) Requires a county assessor-collector, each Monday, to credit to the county road and bridge fund an amount equal to the net collections made during the preceding week until the amount so credited for the calendar year equals the total of \$60,000; \$350 for each mile of county road maintained by the county, according to the most recent information available from the department, not to exceed 500 miles; and an additional amount of fees equal to the amount calculated under Section 502.1981, rather than Section 502.1025.

(c) and (d) Makes no changes to these subsections.

Deletes existing Subsection (e) requiring the county assessor-collector, each Monday, to send to TxDOT a copy of each receipt issued the previous week for a registration fee under this chapter.

SECTION 40.115. Transfers Section 502.1025, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.1981, Transportation Code, and amends it as follows:

Sec. 502.1981. CALCULATION OF ADDITIONAL FEE AMOUNTS RETAINED BY A COUNTY. (a) Makes no changes to this subsection.

(b) Requires a county tax assessor-collector to retain under Section 502.198(b), rather than Section 502.102(b), fees based on certain percentages of the amounts calculated under Subsection (a) (relating to the requirement of the county tax assessor-collector each calendar year to calculate five percent of the tax and penalties collected) during certain fiscal years, including in fiscal year 2013, 20 percent; in fiscal year 2014, 10 percent; and in fiscal year 2015 and succeeding years, 0 percent. Deletes existing text providing certain percentages for fiscal years 2006-2012. Makes nonsubstantive changes.

(c) Makes no changes to this subsection.

SECTION 40.116. Transfers Section 502.103, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.1982, Transportation Code, and amends it as follows:

Sec. 502.1982. DISPOSITION OF OPTIONAL COUNTY ROAD AND BRIDGE FEE. Requires a county assessor-collector, each Monday, to apportion the collections for the preceding week for a fee imposed under Section 502.401, rather than Section 502.172, by crediting an amount equal to 97 percent of the collections to the county road and bridge fund; and sending to the department an amount equal to three percent of the collections to defray the department's costs of administering Section 502.401, rather than Section 502.172.

SECTION 40.117. Transfers Section 502.106, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.1983, Transportation Code, and amends it as follows:

Sec. 502.1983. DEPOSIT OF FEES IN INTEREST-BEARING ACCOUNT. (a) Authorizes a county assessor-collector, except as provided by Section 502.1982, rather than Sections 502.103 and 502.104, to deposit the fees in an interest-bearing account or

certificate in the county depository; and send the fees to the department not later than the 34th day after the date the fees are due, rather than due under Section 502.104.

(b) Makes no changes to this subsection.

SECTION 40.118. Transfers Section 502.107, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, and renumbers it as Section 502.1984, Transportation Code, to read as follows:

Sec. 502.1984. INTEREST ON FEES. (a)-(c) Makes no changes to these subsections.

SECTION 40.119. Transfers Section 502.108, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, renumbers it as Section 502.1985, Transportation Code, and amends it as follows:

Sec. 502.1985. USE OF REGISTRATION FEES RETAINED BY COUNTY.  
(a) Prohibits money credited to the county road and bridge fund under Section 502.198 or 502.1982, rather than Section 502.102 or 502.103 from being used to pay the compensation of the county judge or a county commissioner.

(b)-(d) Makes no changes to these subsections

SECTION 40.120. Transfers Section 502.110, Transportation Code, to Subchapter E, Chapter 502, Transportation Code, and renumbers it as Section 502.1986, Transportation Code, to read as follows:

Sec. 502.1986. CONTINGENT PROVISION FOR DISTRIBUTION OF FEES BETWEEN STATE AND COUNTIES. Makes no changes to this section.

SECTION 40.121. Amends the heading to Subchapter F, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER F. REGULAR REGISTRATION FEES

SECTION 40.122. Transfers Section 502.160, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, renumbers it as Section 502.251, Transportation Code, and amends it as follows:

Sec. 502.251. New heading: FEE: MOTORCYCLE OR MOPED. Provides that the fee for a registration year for registration of a motorcycle or moped is \$30.

SECTION 40.123. Transfers Section 502.161, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, renumbers it as Section 502.252, Transportation Code, and amends it as follows:

Sec. 502.252. New heading: FEE: PASSENGER CAR, MUNICIPAL BUS, PRIVATE BUS, PRIVATELY OWNED FORMER MILITARY VEHICLE OR FIRE TRUCK. (a)-(c) Makes no changes to these subsections.

(d) Provides that the fee for a registration year for registration of a privately owned former military vehicle or fire truck, including the plate, is \$15, unless eligible for the fee in accordance with Section 504.502. Defines "fire truck," "former military vehicle," and "privately owned." Deletes existing definition of "private bus."

SECTION 40.124. Transfers Section 502.162, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, renumbers it as Section 502.253, Transportation Code, and amends it as follows:

Sec. 502.253. FEE: COMMERCIAL MOTOR VEHICLE OR TRUCK-TRACTOR. Deletes existing designation as Subsection (a). Deletes existing Subsection (b) providing

that the gross weight of a vehicle is the actual weight of the vehicle, fully equipped with a body and other equipment, as certified by a public weigher or a license and weight inspector of DPS, plus its net carrying capacity. Deletes existing Subsection (c) providing that the net carrying capacity of a vehicle other than a bus is the heaviest net load to be carried on the vehicle, but not less than the manufacturer's rated carrying capacity. Deletes existing Subsection (d) providing that the net carrying capacity of a bus is computed by multiplying its seating capacity by 150 pounds and that the seating capacity of a bus is the manufacturer's rated seating capacity, excluding the operator's seat; or if the manufacturer has not rated the vehicle for seating capacity, a number computed by allowing one passenger for each 16 inches of seating on the bus, excluding the operator's seat.

SECTION 40.125. Transfers Section 502.166, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, renumbers it as Section 502.254, Transportation Code, and amends it as follows:

Sec. 502.254. FEE: TRAILER OR SEMITRAILER. Deletes existing designation as Subsection (a). Deletes existing Subsection (b) providing that the gross weight of a trailer or semitrailer is the actual weight of the vehicle, as certified by a public weigher or a license and weight inspector of DPS, plus its net carrying capacity. Deletes existing Subsection (c) providing that the net carrying capacity of a vehicle is the heaviest net load to be carried on the vehicle, but not less than the manufacturer's rated carrying capacity. Deletes existing Subsection (d) authorizing the department to issue specially designed license plates for rental trailers and travel trailers that include, as appropriate, the words "rental trailer" or "travel trailer." Deletes existing Subsection (e) defining "rental fleet," "rental trailer," and "travel trailer."

SECTION 40.126. Transfers Section 502.167, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, renumbers it as Section 502.255, Transportation Code, and amends it as follows:

Sec. 502.255. TRUCK-TRACTOR OR COMMERCIAL MOTOR VEHICLE COMBINATION FEE; SEMITRAILER TOKEN FEE. (a) Provides that this section applies only to a truck-tractor or commercial motor vehicle with a gross vehicle weight of more than 18,000 pounds, rather than a manufacturer's rated carrying capacity of more than one ton, that is used or is to be used in combination with a semitrailer that has a gross weight of more than 6,000 pounds. Makes conforming changes.

(b) Provides that notwithstanding Section 502.253, rather than Section 502.162, the fee for a registration year for registration of a truck-tractor or commercial motor vehicle is \$40 plus a certain amount determined according to the combined gross weight of the vehicles.

(c) Provides that notwithstanding Section 502.254, rather than Section 502.166, the fee for a registration year for registration of a semitrailer used in the manner described by Subsection (a), regardless of the date the semitrailer is registered, is \$30, for a semitrailer being propelled by a power unit for which a permit under Section 623.011 (Permit for Excess Axle or Gross Weight) has been issued; or \$15, for a semitrailer being propelled by a power unit for which a permit under Section 623.011 has not been issued.

(d)-(f) Makes no changes to these subsections.

(g) Provides that this section does not apply to:

(1) a combination of vehicles that includes a vehicle that has a distinguishing license plate under Section 502.146, rather than Section 504.504;

(2) a truck-tractor or commercial motor vehicle registered or to be registered with \$5 distinguishing license plates for which the vehicle is eligible under this chapter;

(3) a truck-tractor or commercial motor vehicle used exclusively in combination with a semitrailer of the travel trailer, rather than housetrailer, type; or

(4) a vehicle registered or to be registered with a temporary registration permit; under Section 502.433 or 502.435, rather than Section 502.163 or 502.188.

(h)-(i) Makes no changes to these subsections.

(j) Authorizes a person to register a semitrailer under this section for a registration period of five consecutive years if the person applies to the department for the five-year registration; provides proof of the person's eligibility to register the vehicle under this subsection as required by the department; and pays a fee of \$15, plus any applicable fee under Section 502.401, rather than Section 502.172, for each year included in the registration period.

(k) Makes no changes to this subsection.

Deletes existing Subsection (l), defining "combined gross weight," "empty weight," "token trailer," "apportioned license plate," and "combination license plate."

SECTION 40.127. Transfers Section 502.165, Transportation Code, to Subchapter F, Chapter 502, Transportation Code, and renumbers it as Section 502.256, Transportation Code, as follows:

Sec. 502.256. FEE: ROAD TRACTOR. Makes no changes to this section.

SECTION 40.128. Amends the heading to Subchapter G, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER G. ADDITIONAL FEES

SECTION 40.129. Transfers Section 502.1705, Transportation Code, to Subchapter G, Chapter 502, Transportation Code, renumbers it as Section 502.356, Transportation Code, and amends it as follows:

Sec. 502.356. New heading: AUTOMATED REGISTRATION AND TITLING SYSTEM. (a) Makes no changes to this subsection.

(b) Authorizes the department to use money collected under this section to enhance and provide for automated on-premises and off-premises registration and titling related services, rather than to perform one or more of the following: enhancing the department's automated registration and title system; providing for the automated on-site production of registration insignia; or providing for automated on-premises and off-premises self-service registration.

(c) Makes no changes to this subsection.

SECTION 40.130. Transfers Section 502.1715, Transportation Code, as amended by Chapters 892 (S.B. 1670) and 1108 (H.B. 2337), Acts of the 79th Legislature, Regular Session, 2005, to Subchapter G, Chapter 502, Transportation Code, renumbers it as Section 502.357, Transportation Code, and reenacts and amends it as follows:

Sec. 502.357. New heading: FINANCIAL RESPONSIBILITY PROGRAMS. (a) Requires the applicant, in addition to other fees imposed for registration of a motor vehicle, at the time of application for registration or renewal of registration of a motor

vehicle for which the owner is required to submit evidence of financial responsibility under Section 502.046, rather than Section 502.153, to pay a fee of \$1. Requires that fees collected under this section be remitted weekly the department.

(b)-(d) Makes no changes to these subsections.

SECTION 140.131. Transfers Section 502.1675, Transportation Code, to Subchapter G, Chapter 502, Transportation Code, renumbers it as Section 502.358, Transportation Code, and amends it as follows:

Sec. 502.358. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. (a) Provides that in addition to the registration fees charged under Section 502.255, rather than Section 502.167, a surcharge is imposed on the registration of a truck-tractor or commercial motor vehicle under that section in an amount equal to 10 percent of the total fees due for the registration of the truck-tractor or commercial motor vehicle under that section.

(b)-(c) Makes no changes to these subsections.

SECTION 40.132. Transfers Section 502.171, Transportation Code, to Subchapter G, Chapter 502, Transportation Code, renumbers it as Section 502.359, Transportation Code, and amends it as follows:

Sec. 502.359. ADDITIONAL FEE FOR CERTAIN VEHICLES USING DIESEL MOTOR. (a) Provides that the registration fee under this chapter for a motor vehicle other than a passenger car, a truck with a gross vehicle weight of 18,000 pounds, rather than a manufacturer's rated carrying capacity of two tons, or less, or a vehicle registered in combination under Section 502.255, rather than Section 502.167, is increased by 11 percent if the vehicle has a diesel motor.

(b) Requires that the registration receipt, rather than requiring a county assessor-collector to show on the registration receipt for a motor vehicle, other than a passenger car or a truck with a gross vehicle weight of 18,000 pounds or less, show that the vehicle has a diesel motor. Makes conforming changes.

(c) Makes no changes to this subsection.

SECTION 40.133. Transfers Section 502.170, Transportation Code, to Subchapter G, Chapter 502, Transportation Code, and renumbers it as Section 502.360, Transportation Code, as follows:

Sec. 502.360. ADDITIONAL FEE FOR REFLECTORIZED LICENSE PLATES. Makes no changes to this section.

SECTION 40.134. Amends the heading to Subchapter H, Chapter 502, Transportation Code, to read as follows:

#### SUBCHAPTER H. OPTIONAL FEES

SECTION 40.135. Transfers Section 502.172, Transportation Code, to Subchapter H, Chapter 502, Transportation Code, renumbers it as Section 502.401, Transportation Code, and amends it as follows:

Sec. 502.401. OPTIONAL COUNTY FEE FOR ROAD AND BRIDGE FUND. (a)-(e) Makes no changes to these subsections.

(f) Requires the department to collect the additional fee on a vehicle that is owned by a resident of a county imposing a fee under this section that, rather than under this section and under this chapter, is required to be registered directly with the department.

(g) Requires the department to adopt rules necessary to administer registration, rather than adopt rules and develop forms necessary to administer registration by mail, for a vehicle being registered in a county imposing a fee under this section.

SECTION 40.136. Transfers Section 502.1725, Transportation Code, to Subchapter H, Chapter 502, Transportation Code, rennumbers it as Section 502.402, Transportation Code, and amends it as follows:

Sec. 502.402. OPTIONAL COUNTY FEE FOR TRANSPORTATION PROJECTS.

(a) Makes no changes to this subsection.

(b) Provides that the commissioners court of a county by order may impose an additional fee, not to exceed \$10, for a vehicle registered in the county, rather than for registering a vehicle in the county.

(c) Authorizes a vehicle that may be registered under this chapter without payment of a registration fee to be registered under this section, rather than in a county imposing a fee, without payment of the additional fee.

(d) Authorizes a fee imposed under this section to take effect and be removed in accordance with Section 502.401 requirements. Deletes existing text authorizing a fee imposed under this section to take effect only on January 1 of a year; requiring the county to adopt the order and notify the department not later than September 1 of the year preceding the year in which the fee takes effect. Deletes existing text authorizing a fee imposed under this section to be removed; authorizing the removal to take effect only on January 1 of a year; authorizing a county to remove the fee only by rescinding the order imposing the fee, and notifying the department not later than September 1 of the year preceding the year in which the removal takes effect. Makes a nonsubstantive change.

(e) Redesignates existing Subsection (f) as Subsection (e). Requires that the additional fee be collected, rather than requiring the county assessor-collector of a county imposing a fee under this section to collect the additional fee, for a vehicle when other fees imposed under this chapter are collected. Requires that the fee revenue collected be sent, rather than requiring the county to send the fee revenue, to the regional mobility authority of the county to fund long-term transportation projects in the county. Makes a nonsubstantive change.

(f) Redesignates existing subsection (h) as Subsection (f). Requires the department to adopt rules necessary to administer registration, rather than to adopt rules and develop forms necessary to administer registration by mail, for a vehicle being registered in a county imposing a fee under this section. Deletes existing text of Subsection (g) requiring the department to collect the additional fee on a vehicle that is owned by a resident of a county imposing a fee under this section and that, under this chapter, must be registered directly with the department and requiring the department to send all fees collected for a county under this subsection to the regional mobility authority of the county to fund long-term transportation projects in the county. Makes a nonsubstantive change.

SECTION 40.137. Transfers Section 502.173, Transportation Code, to Subchapter H, Chapter 502, Transportation Code, rennumbers it as Section 502.403, Transportation Code, and amends it as follows:

Sec. 502.403. OPTIONAL COUNTY FEE FOR CHILD SAFETY. (a) Authorizes the commissioners court of a county that has a population greater than 1.3 million and in which a municipality with a population of more than one million is primarily located to impose by order an additional fee of not less than 50 cents or more than \$1.50 for a vehicle registered in the county, rather than registering a vehicle in the county.

(b) Authorizes a vehicle that may be registered under this chapter without payment of a registration fee to be registered without payment of the additional fee, rather than be registered in a county imposing a fee under this section.

(c) Creates this subsection from existing Subsections (c) and (d). Authorizes a fee imposed under this section to take effect and be removed in accordance with the provisions of Section 502.401. Deletes existing text authorizing a fee imposed under this section to take effect only on January 1 of a year; requiring the county to adopt the order and notify the department not later than September 10 of the year preceding the year in which the fee takes effect; authorizing a fee imposed under this section to be removed; authorizing the removal to take effect only on January 1 of a year; authorizing a county to remove the fee only by rescinding the order imposing the fee, and notifying the department not later than September 1 of the year preceding the year in which the removal takes effect. Makes a nonsubstantive change.

(d) Redesignates existing Subsection (e) as Subsection (d). Requires the additional fee to be collected for a vehicle when other fees imposed under this chapter are collected, rather than requiring the county assessor collector of a county imposing a fee under this section to collect the additional fee for a vehicle when other fees imposed under this chapter are collected. Makes a nonsubstantive change.

(e), (f), and (g) Redesignates Subsections (f), (g), and (h) as Subsections (e), (f), and (g).

SECTION 40.138. Transfers Section 502.174, Transportation Code, to Subchapter H, Chapter 502, Transportation Code, rennumbers it as Section 502.404, Transportation Code, and amends it as follows:

Sec. 502.404. VOLUNTARY ASSESSMENT FOR YOUNG FARMER LOAN GUARANTEES. (a) Requires a person, when the person registers a commercial motor vehicle under Section 502.433, rather than Section 502.163, to pay a voluntary assessment of \$5.

(b) - (c) Makes no changes to these subsections.

SECTION 40.139. Transfers Section 502.1745, Transportation Code, to Subchapter H, Chapter 502, Transportation Code, rennumbers it as Section 502.405, Transportation Code, and amends it as follows:

Sec. 502.405. New heading: DONOR EDUCATION, AWARENESS, AND REGISTRY PROGRAM. (a) Requires that the educational materials be made available, rather than requiring a county assessor-collector to make the educational materials available, in each office authorized to accept applications for registration of motor vehicles.

(b) Authorizes a person to elect to pay an additional fee of \$1, rather than requiring a county assessor collector to collect an additional fee of \$1, for the registration or renewal of registration of a motor vehicle to pay the costs of the Donor Education, Awareness, and Registry Program of Texas, established under Chapter 49 (Donor Education, Awareness, and Registry), Health and Safety Code, and of the Texas Organ, Tissue, and Eye Donor Council, established under Chapter 113 (Texas Organ, Tissue, and Eye Donor Council), Health and Safety Code, rather than if the person registering or renewing the registration of a motor vehicle opts to pay the additional fee.

(c) Makes no changes to this subsection.

SECTION 40.140. Amends the heading to Subchapter I, Chapter 502, Transportation Code, to read as follows:

## SUBCHAPTER I. ALTERNATE REGISTRATION FEES

SECTION 40.141. Transfers Section 502.164, Transportation Code, to Subchapter I, Chapter 502, Transportation Code, and renumbers it as Section 502.431, Transportation Code, to read as follows:

Sec. 502.431. FEE: MOTOR VEHICLE USED EXCLUSIVELY TO TRANSPORT AND SPREAD FERTILIZER. Makes no changes to this section.

SECTION 40.142. Transfers Section 502.1586, Transportation Code, to Subchapter I, Chapter 502, Transportation Code, renumbers it as Section 502.432, Transportation Code, and amends it as follows:

Sec. 502.432. New heading: VEHICLE TRANSPORTING SEASONAL AGRICULTURAL PRODUCTS. (a) Makes no changes to this subsection.

(b) Creates this subsection from existing text of Subsections (b) and (c). Requires the department to prescribe a registration receipt that is valid until the expiration of the designated registration period. Deletes existing text requiring the department to adopt forms for registration under this section; an applicant to indicate the number of months registration is applied for; and the department to design, prescribe, and furnish a registration receipt that is valid until the expiration of the designated registration period. Makes nonsubstantive changes.

(c) Redesignates Subsection (d) as Subsection (c). Provides that the registration fee for a registration under this section is computed at a rate of one-twelfth the annual registration fee under Section 502.253, 502.433, or 502.255, rather than Section 502.162, 502.163, or 502.167, as applicable, multiplied by the number of months in the registration period specified in the application for the registration, which may not be less than one month or longer than six months. Deletes existing text of Subsection (e) providing that a person issued a registration under this section commits an offense if the person, during the registration period for the truck-tractor or commercial motor vehicle, uses the truck-tractor or commercial motor vehicle for a purpose other than to transport a seasonal agricultural product. Deletes existing text of Subsection (f) prohibiting a truck-tractor or commercial motor vehicle from being registered under this section for a registration period that is less than one month or longer than six months.

(d) Redesignates Subsection (g) as Subsection (d).

SECTION 40.143. Transfers Section 502.163, Transportation Code, to Subchapter I, Chapter 502, Transportation Code, renumbers it as Section 502.433, Transportation Code, and amends it as follows:

Sec. 502.433. New heading: FEE: COMMERCIAL FARM MOTOR VEHICLE. (a) Provides that the registration fee for a commercial motor vehicle as a farm vehicle is 50 percent of the applicable fee under Section 502.253, rather than 502.162, if the vehicle's owner will use the vehicle for commercial purposes only to transport certain goods, items, or individuals.

(b) - (d) Makes no changes to these subsections.

(e) Makes no changes to this subsection. Deletes existing Subsection (f) providing that an offense under this section is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

SECTION 40.144. Transfers Section 502.351, Transportation Code, to Subchapter I, Chapter 502, Transportation Code, renumbers it as Section 502.434, Transportation Code, and amends it as follows:

Sec. 502.434. FARM VEHICLES: EXCESS WEIGHT. (a)-(b) Makes no changes to these subsections.

(d) Makes a conforming change.

(e) Makes no changes to this subsection.

SECTION 40.145. Transfers Section 502.188, Transportation Code, to Subchapter I, Chapter 502, Transportation Code, renumbers it as Section 502.435, Transportation Code, and amends it as follows:

Sec. 502.435 . CERTAIN SOIL CONSERVATION EQUIPMENT. (a) and (b) Makes no changes to these subsections.

(c) Requires an owner to certify, rather than an owner applying for registration under this section to submit a statement, that the vehicle is to be used only as provided by Subsection (a).

(d) Requires the registration receipt issued for a vehicle registered under this section to be carried in or on the vehicle and state the nature of the operation for which the vehicle may be used. Deletes existing text requiring that the receipt be carried at all times in or on the vehicle to permit ready inspection. Makes a nonsubstantive change.

(e) Makes no changes to this subsection.

SECTION 40.146. Amends Chapter 502, Transportation Code, by adding Subchapter J, as follows:

#### SUBCHAPTER J. REGISTRATIONS EXEMPT FROM FEES

SECTION 40.147. Transfers Section 502.201, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.451, Transportation Code, and amends it as follows:

Sec. 502.451. New heading: EXEMPT VEHICLES. Makes no changes to this section.

SECTION 40.148. Transfers Section 502.2015, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.452, Transportation Code, and amends it as follows:

Sec. 502.452. LIMITATION ON ISSUANCE OF EXEMPT LICENSE PLATES; SEIZURE OF CERTAIN VEHICLES. (a) Prohibits the department from issuing exempt license plates for a vehicle owned by the United States, this state, or a political subdivision of this state unless when application is made for registration of the vehicle, the person who under Section 502.453, rather than Section 502.202, has authority to certify to the department that the vehicle qualifies for registration under that section also certifies in writing to the department that there is printed on each side of the vehicle, in letters that are at least two inches high or in an emblem that is at least 100 square inches in size, the name of the agency, department, bureau, board, commission, or officer of the United States, this state, or the political subdivision of this state that has custody of the vehicle.

(b) Makes a conforming change.

(c) - (e) Makes no changes to these subsections.

(f) Provides that subsections (a) and (b) do not apply to a vehicle to which Section 502.451(g), rather than Section 502.201(g) or 502.206, applies.

(g) Makes no changes to this subsection

SECTION 40.149. Transfers Section 502.202, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.453, Transportation Code, and amends it as follows:

Sec. 502.453. GOVERNMENT-OWNED VEHICLES; PUBLIC SCHOOL BUSES; FIRE-FIGHTING VEHICLES; COUNTY MARINE LAW ENFORCEMENT VEHICLES. (a) The owner of a motor vehicle, trailer, or semitrailer may annually apply for registration under Section 502.451, rather than 502.201, and is exempt from the payment of a registration fee under this chapter if the vehicle meets certain requirements, including that the vehicle is used by law enforcement under an alias for covert criminal investigations.

(b) Makes no changes to this subsection.

SECTION 40.150. Transfers Section 502.203, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.454, Transportation Code, and amends it as follows:

Sec. 502.454. VEHICLES USED BY NONPROFIT DISASTER RELIEF ORGANIZATIONS. (a) The owner of a commercial motor vehicle, trailer, or semitrailer may apply for registration under Section 502.451, rather than 502.201, and is exempt from the payment of the registration fee that would otherwise be required by this chapter if the vehicle is owned and used exclusively for emergencies by a nonprofit disaster relief organization.

(b) - (f) Makes no changes to these subsections.

SECTION 40.151. Transfers Section 502.2035, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.455, Transportation Code, and amends it as follows:

Sec. 502.455. TRAILERS AND SEMITRAILERS OWNED BY RELIGIOUS ORGANIZATIONS. Makes no changes to this section.

SECTION 40.152. Transfers Section 502.204, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.456, Transportation Code, and amends it as follows:

Sec. 502.456 . EMERGENCY SERVICES VEHICLES. (a) Authorizes a vehicle to be registered without payment under certain circumstances, including if the vehicle is authorized under an emergency medical services provider license issued by the Department of State Health Services under Chapter 773 (Emergency Medical Services), Health and Safety Code, rather than the Texas Board of Health, and is used exclusively as an emergency medical services vehicle.

(b) Makes no changes to this subsection.

(c) Makes a conforming change.

(d) Makes no changes to this subsection.

(e) Requires the department to approve an application for registration under this section as provided by Section 502.451, rather than Section 502.201.

SECTION 40.153. Transfers Section 520.0225, Transportation Code, to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.457, Transportation Code, and amends it as follows:

Sec. 502.457. PERSONS ON ACTIVE DUTY IN ARMED FORCES OF UNITED STATES. (a) Makes no changes to this subsection.

(b) Provides that the requirement that a used vehicle be registered, rather than the requirement in Section 520.021, that a used vehicle be registered, under the law of this state does not apply to a vehicle described by Subsection (a). Requires the person selling, trading, or otherwise transferring a used motor vehicle described by Subsection (a), in lieu of delivering the license receipt to the transferee of the vehicle, as required by Section 501.0721, rather than Section 520.022, to deliver to the transferee certain proof of registration.

(c) Makes no changes to this subsection.

SECTION 40.154. Amends Chapter 502, Transportation Code, by adding Subchapter K, as follows:

#### SUBCHAPTER K. OFFENSES AND PENALTIES

SECTION 40.155. Transfers Section 502.401, Transportation Code, to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.471, Transportation Code, and amends it as follows:

Sec. 502.471. GENERAL PENALTY. (a) Makes no changes to this subsection.

(b) Creates this subsection from existing text of Subsections (b) and (c). Provides that unless otherwise specified, an offense under this section is a misdemeanor punishable by a fine not to exceed \$200. Deletes existing text of Subsection (b) providing that this section does not apply to a violation of Section 502.003, 502.101, 502.109, 502.112, 502.113, 502.114, 502.152, 502.164, or 502.282. Makes a nonsubstantive change.

SECTION 40.156. Transfers Section 502.402, Transportation Code, to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.472, Transportation Code, and amends it as follows:

Sec. 502.472. New heading: OPERATION OF VEHICLE UNDER IMPROPER REGISTRATION. Deletes existing designation as Subsection (a). Provides that a person commits an offense if the person operates a motor vehicle that has not been registered or registered for a class other than that to which the vehicle belongs as required by law. Deletes existing text providing that an offense under this subsection is a misdemeanor punishable by a fine not to exceed \$200. Makes a nonsubstantive change.

SECTION 40.157. Transfers Section 502.404, Transportation Code, to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.473, Transportation Code, and amends it as follows:

Sec. 502.473. New heading: OPERATION OF VEHICLE WITHOUT REGISTRATION INSIGNIA. (a) Provides that a person commits an offense if the person operates on a public highway during a registration period a passenger car, commercial motor vehicle, road tractor, motorcycle, trailer, or semitrailer that does not display a validated registration insignia issued by the department that establishes that the vehicle is registered, rather than two license plates, at the front and rear of the vehicle, that have been assigned by the department for the period or validated by a registration insignia issued by the department that establishes that the vehicle is registered for the period.

(b) Created from text of existing Subsection (d). Provides that Subsection (a), rather than Subsections (a) and (b), does not apply to a dealer operating a vehicle as provided by law. Deletes existing text of Subsection (b) providing that a person commits an offense if the person operates on a public highway during a registration period a passenger car or commercial motor vehicle, other than a vehicle assigned license plates for the registration period, that does not properly display the registration insignia issued by the department that establishes that the license plates have been validated for the period. Deletes existing Subsection (c)

providing that a person commits an offense if the person operates on a public highway during a registration period a road tractor, motorcycle, trailer, or semitrailer that does not display a license plate, attached to the rear of the vehicle, that has been assigned by the department for the period or validated by a registration insignia issued by the department that establishes that the vehicle is registered for the period. Deletes existing Subsection (e) providing that an offense under this section is a misdemeanor punishable by a fine not to exceed \$200.

(c) Created from text of existing Subsections (f) and (g). Authorizes a court to dismiss a charge brought under Subsection (a) if the defendant remedies the defect before the defendant's first court appearance, or, rather than and, shows that the passenger car or commercial vehicle, rather than motor vehicle, was issued a registration insignia by the department that was attached to the passenger car or commercial vehicle that establishes that the vehicle was registered for the period during which the offense was committed, and pays an administrative fee not to exceed \$10. Deletes existing text of Subsection (f) authorizing a court to dismiss a charge brought under Subsection (a) if the defendant pays an administrative fee not to exceed \$10. Deletes existing text of Subsection (g) authorizing a court to dismiss a charge brought under Subsection (b) if the defendant shows that the registration insignia described in Paragraph (A) was attached to the passenger car or commercial motor vehicle before the defendant's first court appearance.

SECTION 40.158. Amends Subchapter K, Chapter 502, Transportation Code, as added by this Act, by adding Section 502.474, as follows:

Sec. 502.474. OPERATION OF ONE-TRIP PERMIT VEHICLE. Provides that a person commits an offense if the person operates a vehicle for which a one-trip permit is required without the registration receipt and properly displayed temporary tag.

SECTION 40.159. Transfers Section 502.409, Transportation Code, as amended by Chapters 30 (S.B. 369) and 1027 (H.B. 1623), Acts of the 80th Legislature, Regular Session, 2007, to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.475, Transportation Code, and amends it as follows:

Sec. 502.475. New heading: WRONG, FICTITIOUS, ALTERED, OR OBSCURED INSIGNIA. (a) Deletes existing text providing that a person commits an offense if the person attaches to or displays on a motor vehicle registration insignia, rather than a motor vehicle a number plate or registration insignia, has blurring or reflective matter that significantly impairs the readability of the name of the state in which the vehicle is registered or the letters or numbers of the license plate number at any time; has an attached illuminated device or sticker, decal, emblem, or other insignia that is not authorized by law and that interferes with the readability of the letters or numbers of the license plate number or the name of the state in which the vehicle is registered; or has a coating, covering, protective material, or other apparatus that distorts angular visibility or detectability, alters or obscures one-half or more of the name of the state in which the vehicle is registered, or alters or obscures the letters or numbers of the license plate number or the color of the plate.

(b) Provides that an offense under Subsection (a), rather than an offense under Subsection (a) except as provided by Subsection (f), under Subsection (a) is a misdemeanor punishable by a fine of not more than \$200, unless it is shown at the trial of the offense that the owner knowingly altered or made illegible the letters, numbers, and other identification marks, in which case the offense is a Class B misdemeanor. Deletes existing Subsection (c) prohibiting Subsection (a)(7) from being construed to apply to trailer hitch installed on a vehicle in a normal or customary manner; a transponder, as defined by Section 228.057 (Electronic Toll Collection), that is attached to a vehicle in the manner required by the issuing authority; a wheelchair lift or wheelchair carrier that is attached to a vehicle in a normal or customary manner; a trailer being towed by a vehicle; or a bicycle rack that is attached to a vehicle in a normal or customary manner. Deletes existing

Subsection (c) authorizing a court to dismiss a charge brought under Subsection (a)(3), (5), (6), or (7) if the defendant remedies the defect before the defendant's first court appearance and pays an administrative fee not to exceed \$10. Deletes existing Subsection (f) providing that an offense under Subsection (a)(4) is a Class B misdemeanor.

SECTION 40.161. Amends Subchapter K, Chapter 502, Transportation Code, as added by this Act, by adding Sections 502.476, 502.477, 502.478, and 502.479, as follows:

Sec. 502.476. FOREIGN COMMERCIAL REGISTRATION; OFFENSE. Provides that a person who violates Section 502.093 commits an offense.

Sec. 502.477. NONRESIDENT-OWNED VEHICLES USED TO TRANSPORT AGRICULTURAL PRODUCT; OFFENSE. (a) Provides that a person operating a vehicle under a permit issued under Section 502.092 commits an offense if the person transports farm products to a place of market, storage, or processing or a railhead or seaport that is farther from the place of production or point of entry, as appropriate, than the distance provided for in the permit; or follows a route other than that prescribed by the department.

(b) Provides that an offense under this section is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

Sec. 502.478. COMMERCIAL MOTOR VEHICLE USED PRIMARILY FOR AGRICULTURAL PURPOSES; OFFENSE. Provides that an offense under Section 502.432 is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

Sec. 502.479. SEASONAL AGRICULTURAL VEHICLE; OFFENSE. Provides that a person issued a registration under Section 502.432 commits an offense if the person, during the registration period, uses the truck-tractor or commercial motor vehicle for a purpose other than to transport a seasonal agricultural product.

SECTION 40.161. Transfers Section 520.014, Transportation Code, to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.480, Transportation Code, and amends it as follows:

Sec. 502.480. VIOLATION BY COUNTY ASSESSOR-COLLECTOR; PENALTY. (a) Provides that a county assessor-collector commits an offense if the county assessor-collector knowingly accepts an application for the registration of a motor vehicle that has had the original motor number or vehicle identification number removed, erased, or destroyed; and does not bear a motor number or vehicle identification number assigned by the department.

(b) Makes no changes to this subsection.

SECTION 40.162. Amends Chapter 502, Transportation Code, by adding Subchapter L, as follows:

#### SUBCHAPTER L. REGISTRATION AND TRANSFER OF USED VEHICLES

SECTION 40.163. Transfers Section 502.451, Transportation Code, to Subchapter L, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.491, Transportation Code, and amends it as follows:

Sec. 502.491. New heading: TRANSFER OF VEHICLE REGISTRATION. (a) Requires that on the sale or transfer of a motor vehicle the registration insignia issued for the motor vehicle be removed. Deletes existing text requiring the dealer, on the sale or transfer of a motor vehicle to a dealer, as defined by Section 503.001, who holds a general distinguishing number issued under Chapter 503, to remove each license plate and the registration insignia issued for the motor vehicle. Deletes existing Subsection (a-1) authorizing the seller or transferor, on a sale or transfer of a motor vehicle to a person

that does not hold a general distinguishing number issued under Chapter 503, to remove each license plate and the registration insignia issued for the motor vehicle.

(b) Creates this subsection from text of existing Subsection (c). Requires that part of the registration period remaining at the time of the sale or transfer shall continue with the vehicle being sold or transferred and provides that it does not transfer with the license plates or registration validation insignia. Requires the purchaser or transferee, to continue the remainder of the registration period, to file the documents required under Section 501.145, rather than Section 520.031. Deletes existing text requiring that a license plate removed from a motor vehicle under Subsection (a) or (a-1) be disposed of in the manner specified by the department; or transferred to another vehicle owned by the seller or transferor as provided by Section 502.452.

SECTION 40.164. Transfers Section 502.454, Transportation Code, to Subchapter L, Chapter 502, Transportation Code, as added by this Act, renumbers it as Section 502.492, Transportation Code, and amends it as follows:

Sec. 502.492. New heading: TEMPORARY PERMIT FOR A VEHICLE PURCHASED. (a) Authorizes a purchaser, rather than a purchaser or transferee, to obtain from the department a temporary permit, rather than a temporary single trip permit, to operate a motor vehicle that meets certain requirements including, from which the license plates and the registration insignia have been removed as authorized by Section 502.491, rather than Section 502.451(a-1).

(b) - (d) Makes no changes to these subsections.

(e) Authorizes a person to obtain a permit under this section by applying, as provided, rather than on a form provided, by the department, to the department. Authorizes the application to be made using the department's Internet website.

(f) Makes no changes to this subsection.

(g) Requires that a permit receipt issued under this section be in a manner provided, rather than on a form provided, by the department. Requires that the receipt contain the information required by this section and shall be carried in the vehicle at all times during which it is valid.

(h) Makes no changes to this subsection.

SECTION 40.165. Amends Section 504.001(a), Transportation Code, to define "seller" and "purchaser."

SECTION 40.166. Renumbers Section 504.004, Transportation Code, as Section 504.0011, Transportation Code, and amends it as follows:

Sec. 504.0011. New heading: RULES. Authorizes the Texas Transportation Commission (TTC) to adopt rules to implement and administer this chapter. Deletes existing text authorizing the department to issue forms to implement and administer this chapter.

SECTION 40.167. Amends Section 504.002, Transportation Code, as follows:

Sec. 504.002. New heading: GENERAL PROVISIONS. Provides that unless expressly provided by this chapter or by department rule:

(1) except for license plates specified as exempt, the fee for issuance of a license plate, including replacement plates, rather than of a specialty license plate, is in addition to each other fee that is paid for at the time, rather than or at the time, of the registration of the motor vehicle and shall be deposited to the credit of the

state highway fund. Deletes existing text relating to the eligibility for, design of, and application for specialty license plates.

(2) the department is the exclusive owner of the design of each license plate, rather than each specialty license plate. Deletes existing text relating to certain fees for specialty license plates.

(3) if a license plate, rather than specialty license plate, is lost, stolen, or mutilated, an application for a replacement plate must be accompanied by the fee prescribed by Section 502.060, rather than Section 502.184(a)(2). Deletes existing text relating to the content of certain specialty license plates and the allocation of certain fees; and

(4) the department is required to prepare the designs and specifications of license plates. Deletes existing text prohibiting a person who is issued a specialty license plate from transferring it to another person or vehicle without first receiving approval from the department.

SECTION 40.168. Transfers Section 504.103, Transportation Code, to Subchapter A, Chapter 504, Transportation Code, rennumbers it as Section 504.005, Transportation Code, and amends it as follows:

Sec. 504.005. DESIGN AND ALPHANUMERIC PATTERN. Provides that the department has sole control over the design, typeface, color, and alphanumeric pattern for all license plates, rather than for a personalized license plate.

SECTION 40.169. Amends Subchapter A, Chapter 504, Transportation Code, by adding Section 504.006, as follows:

Sec. 504.006. DESIGN OF LICENSE PLATES. (a) Requires the department to prepare the designs and specifications of license plates and devices selected by TTC to be used as a unique identifier.

(b) Requires the department to design each license plate to include a design at least one-half inch wide that represents in silhouette the shape of Texas and that appears between letters and numerals. Authorizes the department to omit the silhouette of Texas from specially designed license plates.

(c) Requires that each license plate, to promote highway safety, be made with a reflectorized material that provides effective and dependable brightness for the period for which the plate is issued.

SECTION 40.170. Transfers Section 502.053, Transportation Code, Subchapter A, Chapter 504, Transportation Code, rennumbers it as Section 504.007, Transportation Code, and amends it as follows:

Sec. 504.007. New heading: COST OF MANUFACTURING. (a) Requires the department to reimburse the Texas Department of Criminal Justice (TDCJ) for the cost of manufacturing license plates or registration insignia as the invoices, rather than as the license plates or insignia and the invoice, for the license plates or insignia are delivered to the department.

(b) Requires TDCJ and the department, rather than TDCJ, the department, and the comptroller, after negotiation, to set the price to be paid for each license plate or insignia. Requires that the price be determined from certain costs, including the inmate maintenance cost per shift, rather than per day, and a previously agreed upon, rather than approved, amount of profit for the work. Deletes existing Subsection (c) prohibiting the annual profit received by TDCJ from all contracts for the manufacturing of license plates or related manufacturing from being less than the profit received by the Texas Department of Corrections for manufacturing license plates for use in 1974.

SECTION 40.171. Amends Subchapter A, Chapter 504, Transportation Code, by adding Sections 504.008 and 504.009, as follows:

Sec. 504.008. REPLACEMENT OF LICENSE PLATE. (a) Authorizes the owner of a registered motor vehicle to obtain replacement license plates through the county assessor-collector by certifying that the replacement plates will not be used on any other vehicle owned or operated by the person making the statement; paying a fee of \$5 plus the fees required by Sections 502.356(a) and 502.360 for each set of replacement license plates, unless otherwise specified by law; and returning each replaced plate in the owner's possession.

(b) Provides that a fee is not required under this section if the replacement fee has been paid under Section 502.060. Provides that no fee is required for the replacement of specialized license plates issued under Section 504.202 (Veterans with Disabilities), 504.305 (Members of Texas National Guard, State Guard, or United States Armed Forces Reserves), 504.308 (Distinguished Flying Cross Medal Recipients), 504.315(c) (relating to specialty license plates for a person who was captured and incarcerated by an enemy of the United States during certain times), (e) (relating to specialty license plates for a recipient of a Congressional Medal of Honor award), or (f) (relating to specialty license plates for recipients of certain awards), 504.513, or 504.515.

(c) Authorizes the owner of a vehicle issued license plates approved under Section 504.501(b) or 504.502(c) to obtain approval of another set of license plates as provided by Section 504.501 or 504.502, respectively. Provides that the fee for approval of replacement license plates is \$5.

(d) Prohibits replacement license plates from being issued except in compliance with this section.

(e) Requires a county assessor-collector to retain \$2.50 of each fee collected under this section and to report and send the remainder to the department as provided by Section 502.060.

(f) Authorizes replacement license plates to be used in the registration year in which the plates are issued and during each succeeding year of the six-year period as prescribed by Section 502.059(b) if the registration insignia is properly displayed on the vehicle.

(g) Provides that Subsection (f) does not apply to the issuance of specialized license plates for limited distribution, including state official license plates, exempt plates for governmental entities, and temporary registration plates.

(h) Authorizes the owner of a vehicle listed in Section 502.059(f) or 504.011(d) to obtain replacement plates and a replacement registration insignia by paying a fee of \$5 plus the fees required by Sections 502.356(a) and 502.360(a).

Sec. 504.009. SPECIALTY LICENSE PLATES. (a) Requires the department to prepare the designs and specifications of specialty license plates.

(b) Provides that any motor vehicle other than a vehicle manufactured for off-highway use only is eligible to be issued specialty license plates, provided that the department is authorized to vary the design of a license plate to accommodate or reflect its use on a motor vehicle other than a passenger car or light truck.

(c) Requires that an application for specialty license plates be submitted in the manner specified by the department, provided that if issuance of a specialty license plate is limited to particular persons or motor vehicles, the application is required to be accompanied by evidence satisfactory to the department that the applicant or the applicant's vehicle is eligible.

(d) Provides that each fee described by this chapter is an annual fee, provided that the department is authorized to prorate the fee for a specialty license plate fee on a monthly basis to align the license plate fee to the registration month for the motor vehicle for which the license plate was issued, and if a fee is prorated the allocation of the fee by this chapter to an account or fund is required to be prorated in proportion.

(e) Authorizes the executive director or the executive director's designee to refuse to issue a specialty license plate with a design or alphanumeric pattern that the executive director or designee considers potentially objectionable to one or more members of the public and the executive director or designee's refusal is prohibited from being overturned in the absence of an abuse of discretion.

(f) Provides that the department is the exclusive owner of the design of each license plate.

(g) Requires the department, for each specialty license plate that is issued by a county assessor-collector and for which the department is allocated a portion of the fee for administrative costs, to credit 50 cents from its administrative costs to the county treasurer of the applicable county, who are required to credit the money to the general fund of the county to defray the costs to the county of administering this chapter.

(h) Requires that a replacement license plate of a specialty license plate be accompanied by an application for a replacement plate and the fee prescribed by Section 504.008.

(i) Requires the owner, if the owner of a motor vehicle for which a specialty license plate is issued disposes of the vehicle or for any reason ceases to be eligible for that specialty license plate, to return the specialty license plate to the department.

(j) Prohibits a person who is issued a specialty license plate from transferring the plate to another person or vehicle unless the department approves the transfer.

SECTION 40.172. Renumbers Section 504.003, Transportation Code, as Section 504.010, Transportation Code, and amends it as follows:

Sec. 504.010. SOUVENIR LICENSE PLATES. (a) Authorizes the department to issue a souvenir version of any specialty license plate for any vehicle, rather than a motor vehicle including a motorcycle.

(b) and (c) Makes no changes to these subsections.

(d) Prohibits a souvenir license plate from being used on a motor vehicle, rather than a motor vehicle including a motorcycle, and is not an insignia of registration for a motor vehicle. Requires that each souvenir license plate be identified by TxDOT in a way that identifies it to law enforcement officers and others as a souvenir license plate.

(e) Authorizes a beneficiary of a specialty license plate issued under Subchapter G (Specialty License Plates for General Distribution) or I (Development of New Specialty License Plates), as designated by the applicable section of those subchapters, to purchase the specialty license plates, in minimum quantity amounts determined by the department, rather than in boxes of 25, for use or resale by the beneficiary. Requires the beneficiary to pay the required fee per plate, less the amount of the fee that would be deposited to the credit of the designated account.

SECTION 40.173. Amends Subchapter A, Chapter 504, Transportation Code, by adding Section 504.011, as follows:

Sec. 504.011. ISSUANCE OF LICENSE PLATE. (a) Requires an applicant for motor vehicle registration, on payment of the prescribed fee, to be issued a license plate or set of plates.

(b) Requires the department, subject to Subchapter I, to issue only one license plate or set of plates for a vehicle during a seven-year period.

(c) Requires the department, on application and payment of the prescribed fee for a renewal of the registration of a vehicle for the first through the seventh year, to issue a registration insignia for the validation of the license plate or plates to be attached as provided by Chapter 502.

(d) Requires that the registration insignia for validation of a license plate be attached to the rear license plate of the vehicle, if the vehicle is a motorcycle; machinery used exclusively to drill water wells or construction machinery for which a distinguishing license plate has been issued under Section 502.146; or oil well servicing, oil clean out, or oil well drilling machinery or equipment for which a distinguishing license plate has been issued under Subchapter G, Chapter 623.

SECTION 40.174. Amends Section 504.101(a), Transportation Code, to require the department to issue personalized license plates. Prohibits the department from issuing more than one set of license plates with the same alphanumeric pattern. Authorizes all personalized license plates issued before January 1, 2013, to continue to be renewed in accordance with the law at the time of initial issuance.

SECTION 40.175. Amends Sections 504.201(b), (d), and (g), Transportation Code, as follows:

(b) Requires the department to issue specialty license plates for a motor vehicle that has a gross vehicle weight of 18,000 pounds, or less, rather than a manufacturer's rated carrying capacity of two tons and is regularly operated for noncommercial use by or for the transportation of a person with a permanent disability.

(d) Provides that a written statement is not required as acceptable medical proof if certain conditions are met, including if the applicant executes a statement attesting to the person's disability before the county assessor-collector, rather than if the applicant and the county assessor collector processing the application executive an affidavit attesting to the person's disability.

(g) Entitles an eligible person, in addition to a license plate issued under this section, to be issued a set of the license plates for each motor vehicle owned by the person that has a gross vehicle weight of 18,000 pounds or less, rather than carrying capacity of two tons, and is equipped with special equipment that meets certain conditions.

SECTION 40.176. Amends Section 504.202(b), Transportation Code, to entitle a veteran of the United States armed forces to register, for the person's own use, two motor vehicles under this section if certain requirements are met, including if the motor vehicle has a gross vehicle weight of 18,000 pounds, rather than a manufacturer's rated carrying capacity of two tons or less.

SECTION 40.177. Amends Section 504.203(b), Transportation Code, to require that an application for license plates under this section be accompanied by a written statement acknowledged, rather than signed, by the administrator or manager of the institution, facility, or retirement community certifying that the institution, facility, or retirement community regularly transports, as a part of the services that the institution, facility, or retirement community provides, one or more eligible persons who reside in the institution, facility, or retirement community.

SECTION 40.178. Amends Section 504.3011, Transportation Code, as follows:

Sec. 504.3011. DESIGN OF CERTAIN LICENSE PLATES FOR THE MILITARY. Deletes existing Subsection (a) requiring that license plates issued under Section 504.303 at a minimum bear a color depiction of the emblem of the appropriate branch of the United States armed forces. Deletes existing Subsection (b) requiring that license plates issued under Section 504.308(a) or 504.315(e), (f), or (g) at a minimum bear a color depiction of the appropriate medal. Requires the department to design military license plates that bear a color depiction of the emblem of the appropriate branch of the United States armed forces or a color depiction of the appropriate medal as provided by the United States Department of Defense, rather than requiring the department to design license plates to which this section applies in consultation with veterans organizations. Makes a nonsubstantive change.

SECTION 40.179. Amends Section 504.315(d), Transportation Code, to require that the license plates include the words "Pearl Harbor Survivor," rather than to include certain words and be consecutively numbered.

SECTION 40.180. Amends Subchapter E, Chapter 504, Transportation Code, by adding Section 504.400, as follows:

Sec. 504.400. FEES FOR CERTAIN RESTRICTED PLATES. Requires the department to issue, without charge, not more than three sets of specialty license plates under this subchapter.

SECTION 40.181. Amends Section 504.401(a), Transportation Code, to require the department to issue specialty license plates that include the words "State Official" to a state official, rather than to issue without charge specialty license plates to a state official. Deletes existing text requiring that the license plates include the words "State Official."

SECTION 40.182. Amends Section 504.402(a), Transportation Code, to require the department to issue specialty license plates to members of congress, rather than to issue without charge specialty license plates for members of congress, which are required to include the words "U.S. Congress." Deletes existing text requiring that license plates issued under this section include certain words.

SECTION 40.183. Amends Section 504.403(a), Transportation Code, to make a conforming change.

SECTION 40.184. Amends Section 504.403(d)(2), Transportation Code, to redefine "state judge."

SECTION 40.185. Amends Section 504.404, Transportation Code, as follows:

Sec. 504.404. FEDERAL ADMINISTRATIVE LAW JUDGES. Requires the department to issue specialty license plates to current federal administrative law judges that bear the words "U.S. A. L. Judge," rather than requiring the department to issue without charge specialty license plates for current federal administrative law judges. Deletes existing text requiring that the license plate bear certain words. Deletes existing Subsection (b) authorizing a person to be issued three sets of license plates under this section. Makes a nonsubstantive change.

SECTION 40.186. Amends Section 504.405(a), Transportation Code, to make conforming changes.

SECTION 40.187. Amends Section 504.406, Transportation Code, to make conforming changes.

SECTION 40.188. Renumbers Section 504.412, Transportation Code, as Section 504.4061, Transportation Code, and amends it as follows:

Sec. 504.4061. FOREIGN ORGANIZATION VEHICLES. Requires the department to issue specialty license plates for an instrumentality established by a foreign government recognized by the United States before January 1, 1979, that is without official representation or diplomatic relations with the United States. Requires that the license plates include the words "Foreign Organization." Deletes existing text requiring that the license plates remain valid for five years. Deletes existing Subsection (b) authorizing a person entitled to specialty license plates under this section to register the vehicle without payment of any fee paid for or at the time of registration. Makes a nonsubstantive change.

SECTION 40.189. Transfers Section 504.509, Transportation Code, to Subchapter E, Chapter 504, Transportation Code, rennumbers it as Section 504.414, Transportation Code, and amends it as follows:

Sec. 504.414. VEHICLES CARRYING MOBILE AMATEUR RADIO EQUIPMENT. Makes no changes to this section.

SECTION 40.190. Amends the heading to Subchapter F, Chapter 504, Transportation Code, to read as follows:

SUBCHAPTER F. SPECIALTY LICENSE PLATES WITH RESTRICTED DISTRIBUTION  
AND REGULAR LICENSE PLATE FEES

SECTION 40.191. Amends the heading to Section 504.501, Transportation Code, to read as follows:

Sec. 504.501. CLASSIC MOTOR VEHICLES AND TRAVEL TRAILERS.

SECTION 40.192. Amends Section 504.501(a), Transportation Code, to require the department to issue specialty license plates for a motor vehicle that is at least 25 years old. Requires that the license plates include the word "Classic," rather than the words "Classic Auto," "Classic Motorcycle," or "Classic Truck," or a similar designation, as appropriate.

SECTION 40.193. Amends the heading to Section 504.502, Transportation Code, to read as follows:

Sec. 504.502. ANTIQUE VEHICLES; OFFENSE.

SECTION 40.194. Amends Sections 504.502(b) and (g), Transportation Code, as follows:

(b) Requires that the license plates include the words "Antique Vehicle," rather than the words "Antique Auto," "Antique Truck," "Antique Motorcycle," or "Military Vehicle," as appropriate.

(g) Authorizes a person entitled to specialty license plates or to the department approval under this section to register the vehicle without payment of any fees paid for or at the time of registration except the fee for the license plate. Deletes existing text providing that an owner of a vehicle registered under this subsection who violates this section commits an offense; providing that an offense under this section is a misdemeanor punishable by a fine of not less than \$5 or more than \$200.

SECTION 40.195. Amends Section 504.503, Transportation Code, as follows:

Sec. 504.503. New heading: MUNICIPAL, MOTOR, AND PRIVATE BUSES. Requires the department to issue without charge specialty license plates for municipal buses, motor buses, and private buses. Requires that the license plates include the words "City Bus," "Motor Bus," or "Private Bus," as appropriate. Deletes exiting Subsection (b) defining "private bus."

SECTION 40.196. Amends the heading to Section 504.506, Transportation Code, to read as follows:

Sec. 504.506. LOG LOADER VEHICLES.

SECTION 40.197. (a) Amends Section 504.510(d), Transportation Code, to provide that this section applies only to an owner of a golf cart who resides in a county that borders another state and has a population of more than 110,000 but less than 140,000, rather than 111,000.

(b) Effective date, this section: September 1, 2009.

SECTION 40.198. Transfers Sections 504.407, 504.408, 504.409, 504.410, and 504.411, Transportation Code, to Subchapter F, Chapter 504, Transportation Code, and renumbers them as Sections 504.511, 504.512, 504.513, 504.514, and 504.515, Transportation Code, and amends them as follows:

Sec. 504.511. PEACE OFFICERS WOUNDED OR KILLED IN LINE OF DUTY. Makes no changes to this section.

Sec. 504.512. GOLD STAR MOTHER, SPOUSE, OR FAMILY MEMBER. Makes no changes to this section.

Sec. 504.513. VOLUNTEER FIREFIGHTERS. Makes no changes to this section.

Sec. 504.514. EMERGENCY MEDICAL SERVICES PERSONNEL. (a) Requires the department to issue specialty license plates for emergency medical services personnel certified by the Department of State Health Services, rather than the Texas Department of Health, under Subchapter C (Licenses, Certification, and Qualifications), Chapter 773, Health and Safety Code.

(b) - (c) Makes no changes to these subsections.

Sec. 504.515. HONORARY CONSULS. Makes no changes to this section.

SECTION 40.199. Amends Subchapter F, Chapter 504, Transportation Code, by adding Section 504.516, as follows:

Sec. 504.516. RENTAL TRAILER OR TRAVEL TRAILER FEE: TRAILER OR SEMITRAILER. (a) Authorizes the department to issue specially designed license plates for rental trailers and travel trailers that include, as appropriate, the words "rental trailer" or "travel trailer."

(b) Defines "rental fleet," "rental trailer," and "travel trailer."

SECTION 40.200. Amends Section 504.614(a), Transportation Code, to authorize a license plate to be issued under this section only for a professional sports team that certifies to the department that the requirements of Section 504.702 (Specialty License Plates Authorized After January) are met; and plays its home games in a facility constructed or operated, in whole or in part, with public funds, rather than that the department has determined that at least 3,500 persons will apply for the plates.

SECTION 40.201. Amends Section 504.615(a), Transportation Code, to authorize the department to issue a license plate under this section only for a college that certifies to the department that the requirements of Section 504.702 are met, rather than that it has determined that at least 1,500 persons will apply for the plates.

SECTION 40.202. Amends Section 504.616(a), Transportation Code, to require the department to issue specialty license plates including the words "Texas Reads" that incorporate one or more submissions from middle school students in a competition conducted by the department. Deletes existing text requiring the department to issue special license plates including certain words and to design the license plates to incorporate one or more submissions from middle school students in a competition conducted by the department.

SECTION 40.203. Amends Section 504.647(a), Transportation Code, to require the department to issue Fight Terrorism specialty license plates that include a pentagon-shaped border surrounding certain images or words. Deletes existing text requiring that the license plates include a pentagon-shaped border surrounding certain images or words.

SECTION 40.204. Transfers Section 504.413, Transportation Code, to Subchapter G, Chapter 504, Transportation Code, and renumbers it as Section 504.659, Transportation Code, to read as follows:

Sec. 504.659. MEMBERS OF AMERICAN LEGION. Makes no changes to this section.

SECTION 40.205. Amends Section 504.702, Transportation Code, by amending Subsection (b) and adding Subsections (e) and (f), as follows:

(b) Authorizes the department to manufacture the specialty license plates only if a request for manufacture of the license plates is filed with the department. Requires that the request be made in a manner prescribed, rather than on a form adopted, by the department; filed before the fifth anniversary of the effective date of the law that authorizes the issuance of the specialty license plates; and accompanied by a deposit of \$8,000, rather than a deposit of \$8,000 or applications for issuance of at least 1,900 sets of the license plates plus the fees for issuance of that number of sets.

(e) Authorizes the department to issue license plates under Section 504.614 (Professional Sports Team License Plates) for a particular professional sports team only if \$8,000 has been deposited with the department for that sports team; or Section 504.615 (Collegiate License Plates) for a particular institution of higher education or private college or university only if \$8,000 has been deposited with the department for that institution, college, or university.

(f) Requires that money deposited with the department under Subsection (b)(3) or (e) be returned by the department to the person who made the deposit after 800 sets of plates have been issued.

SECTION 40.206. Amends Sections 504.801(a) and (b), Transportation Code, as follows:

(a) Requires that the redesign of an existing specialty license plate at the request of a sponsor be treated like the issuance of a new specialty license plate, rather than be treated like the issuance of a new specialty license plate except that the department is authorized require a lower deposit amount to reflect the actual costs of redesigning the license plate.

(b) Authorizes any nonprofit entity, rather than person, to submit an application to TxDOT to sponsor a new specialty license plate, rather than sponsor a new specialty license plate by submitting an application to the department.

SECTION 40.207. Amends Section 504.851, Transportation Code, by amending Subsections (a), (b), (c), (d), (f), (g), and (h) and adding Subsection (n), as follows:

(a) Requires the department to enter into a contract with the private vendor whose proposal is most advantageous to the state, as determined from competitive sealed proposals that satisfy the requirements of this section for the exclusive marketing and sale of souvenir or personalized license plates authorized by Section 504.101 (Personalized License Plates) with the exception that personalized plates issued before September 1, 2009, may be renewed in accordance with the law at that time; or for the marketing and sale of, with the agreement of the private vendor, other specialty license plates authorized by this subchapter. Makes a nonsubstantive change.

(b) Requires TTC, instead of the fees established by Section 504.101(c) (relating to the fee for issuance of a personalized license plate), by order, rather than by rule, to establish fees for the issuance or renewal of personalized license or personalized souvenir plates that are marketed and sold by the private vendor.

(c) Requires TTC by order, rather than by rule, to establish standard fees, rather than the fees, for the issuance or renewal of souvenir license plates, specialty license plates, or souvenir or specialty license plates that are personalized that are marketed and sold by the private vendor.

(d) Authorizes specialty license or specialty personalized plates to be sold for varying periods, including a permanent sale that may be made through auction. Deletes existing text authorizing TTC at any time as necessary to comply with Subsection (b) or (c), to increase or decrease the amount of a fee established under the applicable subsection.

(f) Authorizes the department to approve new design and color combinations for specialty or personalized license plates that are marketed and sold by a private vendor under a contract entered into with the private vendor.

(g) Provides that except as otherwise provided by this chapter, this subsection does not authorize a private vendor to market and sell a specialty license plate with a design or color combination that is issued as a license plate designed for a nonprofit organization. Deletes existing text authorizing the department to approve new design and color combinations for specialty license plates authorized by this chapter, including specialty license plates that may be personalized, that are marketed and sold by a private vendor under a contract entered into with the private vendor; providing that each approved license plate design and color combination remains the property of the department; providing that except as otherwise provided by this chapter, this subsection does not authorize the department to approve a design or color combination for a specialty license plate that is inconsistent with the design or color combination specified for the license plate by the section of this chapter that authorizes the issuance of the specialty license plate; or the private vendor to market and sell a specialty license plate with a design or color combination that is inconsistent with the design or color combination specified by that section.

(h) Authorizes the department, subject to the limitations provided by Subsection (g-1) (relating to prohibiting the department from certain actions), rather than Subsections (g) and (g-1), to cancel a license plate or require the discontinuation of a license plate design or color combination that is marketed and sold by a private vendor under contract at any time if the department determines that the cancellation or discontinuation is in the best interest of this state or the motoring public.

(n) Authorizes the program, if the vendor ceases operation, to be operated temporarily by the department until another vendor is selected and commences operation.

SECTION 40.208. Amends Chapter 504, Transportation Code, by adding Subchapter K, as follows:

#### SUBCHAPTER K. TRANSFER AND REMOVAL OF LICENSE PLATES

SECTION 40.209. Transfers Section 502.451, Transportation Code, to Subchapter K, Chapter 504, Transportation Code, as added by this Act, renumbers it as Section 504.901, Transportation Code, and amends it as follows:

Sec. 504.901. New heading: TRANSFER AND REMOVAL OF LICENSE PLATES.

(a) Requires that on the sale or transfer of a motor vehicle each license plate issued for the motor vehicle be removed. Deletes existing text requiring the dealer, on the sale or transfer of a motor vehicle to a dealer, as defined by Section 503.001, who holds a general distinguishing number issued under Chapter 503, to remove each license plate and the registration insignia issued for the motor vehicle. Deletes existing Subsection (a-1) authorizing the seller or transferor, on a sale or transfer of a motor vehicle to a person that does not hold a general distinguishing number issued under Chapter 503, to remove each license plate and the registration insignia issued for the motor vehicle.

(b) Requires that a license plate removed from a motor vehicle under Subsection (a), rather than Subsection (a) or (a-1), be transferred to another motor vehicle

that is titled in the seller's name, rather than be disposed of in the manner specified by the department or transferred to a vehicle that is purchased by the seller, rather than another vehicle owned by the seller or transferor as provided by Section 502.452.

(c) Requires that to be eligible for transfer, license plates be appropriate for the class of vehicle to which the plates are being transferred. Requires the owner, if the vehicle is a different classification to pay the applicable title and vehicle registration fees; obtain a new registration insignia; and dispose of the license plates in the manner specified by the department, or if the applicant fails to remove and transfer the license plates, purchase replacement license plates in accordance with this chapter. Deletes existing text requiring that the part of the registration period remaining at the time of the sale or transfer continue with the vehicle being sold or transferred and providing that it does not transfer with the license plates or registration validation insignia; requiring the purchaser or transferee that to continue the remainder of the registration period, to file the documents required under Section 520.031.

SECTION 40.210. Amends Chapter 504, Transportation Code, by adding Subchapter L, as follows:

#### SUBCHAPTER L. OFFENSES AND PENALTIES

Sec. 504.941. ANTIQUE VEHICLES; OFFENSE. (a) Provides that a person who violates Section 504.502 commits an offense. Provides that an offense under this section is a misdemeanor punishable by a fine of not less than \$5 or more than \$200.

(b) Provides that it is an affirmative defense to prosecution under this section that at the time of the offense the vehicle was en route to or from a location for the purpose of routine maintenance of the vehicle.

Sec. 504.942. LOG LOADER VEHICLES; PENALTIES. Provides that a vehicle operated in violation of Section 504.506 is considered to be operated or moved while unregistered and is immediately subject to the applicable fees and penalties prescribed by this chapter.

Sec. 504.943. OPERATION OF VEHICLE WITHOUT LICENSE PLATE. (a) Provides that a person commits an offense if the person operates on a public highway during a registration period a passenger car, as defined by Section 541.201 (Vehicles), or commercial motor vehicle that does not display two license plates issued by the department and attached to the front and rear of the vehicle; or a road tractor, motorcycle, trailer, or semitrailer that does not display a license plate assigned by the department and attached to the rear of the vehicle.

(b) Provides that Subsection (a) does not apply to a person who holds a general distinguishing number operating a vehicle as provided by law.

(c) Provides that an offense under this section is a misdemeanor punishable by a fine not to exceed \$200.

(d) Authorizes a court to dismiss a charge brought under Subsection (a) if the defendant remedies the defect before the defendant's first court appearance, and pays an administrative fee not to exceed \$10.

SECTION 40.211. Transfers Section 502.408, Transportation Code, to Subchapter L, Chapter 504, Transportation Code, as added by this Act, renumbers it as Section 504.944, Transportation Code, and amends it as follows:

Sec. 504.944. OPERATION OF VEHICLE WITH WRONG LICENSE PLATE. Makes a nonsubstantive change.

SECTION 40.212. Amends Subchapter L, Chapter 504, Transportation Code, as added by this Act, by adding Section 504.945, as follows:

Sec. 504.945. **WRONG, FICTITIOUS, ALTERED, OR OBSCURED LICENSE PLATE.** (a) Provides that person commits an offense if the person attaches to or displays on a motor vehicle a license plate that is

- (1) issued for a different motor vehicle;
- (2) is issued for the vehicle under any other motor vehicle law other than by the department;
- (3) is assigned for a registration period other than the registration period in effect;
- (4) is fictitious;
- (5) has blurring or reflective matter that significantly impairs the readability of the name of the state in which the vehicle is registered or the letters or numbers of the license plate number at any time;
- (6) has an attached illuminated device or sticker, decal, emblem, or other insignia that is not authorized by law and that interferes with the readability of the letters or numbers of the license plate number or the name of the state in which the vehicle is registered; or
- (7) has a coating, covering, protective substance, or other material that causes certain distortions or alterations to the visibility of the license.

(b) Provides that except as provided by Subsection (e), an offense under Subsection (a) is a misdemeanor punishable by a fine of not more than \$200, unless it is shown at the trial of the offense that the owner knowingly altered or made illegible the letters, numbers, and other identification marks, in which case the offense is a Class B misdemeanor.

(c) Prohibits Subsection (a)(7) from being construed to apply to a trailer hitch installed on a vehicle in a normal or customary manner; a transponder, as defined by Section 228.057 (Electronic Toll Collection), that is attached to a vehicle in the manner required by the issuing authority; a wheelchair lift or wheelchair carrier that is attached to a vehicle in a normal or customary manner; a trailer being towed by a vehicle; or a bicycle or motorcycle rack that is attached to a vehicle in a normal or customary manner.

(d) Authorizes a court to dismiss a charge brought under Subsection (a)(3), (5), (6), or (7) if the defendant remedies the defect before the defendant's first court appearance, and pays an administrative fee not to exceed \$10.

(e) Provides that an offense under Subsection (a)(4) is a Class B misdemeanor.

SECTION 40.213. Amends Subchapter A, Chapter 520, Transportation Code, by adding Sections 520.003 and 520.004, as follows:

Sec. 520.003. **RULES.** Authorizes the department to adopt rules to administer this chapter.

Sec. 520.004. **DEPARTMENT RESPONSIBILITIES.** Provides that the department has jurisdiction over the registration and titling of, and the issuance of license plates to, motor vehicles in compliance with the applicable statutes. Requires the department to provide services that are reasonable, adequate, and efficient; to establish standards for service quality; and authorizes the department to enter into an agreement with a person involved in the transaction processing, including a lienholder or an electronic verification service,

only to facilitate the processing of electronic title benefits so as to benefit this state and minimize inconveniences to the general public.

SECTION 40.214. Transfers Section 501.137, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.005, Transportation Code, and amends it as follows:

Sec. 520.005. DUTY OF COUNTY ASSESSOR-COLLECTOR. (a) Requires each county assessor-collector to comply with Chapter 501, rather than this chapter.

(b) Provides that an assessor-collector who fails or refuses to comply with Chapter 501, rather than this chapter, is liable on the assessor-collector's official bond for resulting damages suffered by any person.

SECTION 40.215. Transfers Section 502.109, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.006, Transportation Code, and amends it as follows:

Sec. 520.006. COMPENSATION OF ASSESSOR-COLLECTOR. (a) Requires a county assessor-collector to receive a fee of \$1.90 for each receipt issued under Chapter 502, rather than this chapter. Deletes existing text providing that if the assessor-collector is authorized to be compensated by fees, a fee received is compensation for services under this chapter and requiring the assessor-collector to deduct the fee weekly from the gross collections made under this chapter.

(b) Requires a county assessor-collector who is compensated under this section to pay the entire expense of issuing registration receipts and license plates under Chapter 501 or 502, rather than this chapter, from the compensation allowed under this section.

SECTION 40.216. Transfers Section 502.111, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.007, Transportation Code, and amends it as follows:

Sec. 520.007. New heading: COUNTY BRANCH OFFICES. Makes no changes to this section.

SECTION 40.217. Transfers Section 502.114, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.008, Transportation Code, and amends it as follows:

Sec. 520.008 . FULL-SERVICE DEPUTIES. (a) Requires a full-service deputy appointed under Section 520.0091, rather than Section 502.112, to accept any application for registration, registration renewal, or title transfer that the county assessor-collector may accept.

(b) and (c) Makes no changes to these subsections.

SECTION 40.218. Transfers Section 502.113, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.009, Transportation Code, and amends it as follows:

Sec. 520.009. LIMITED-SERVICE DEPUTIES. (a) Authorizes a limited-service deputy appointed under Section 520.0091, rather than Section 502.112, to only accept registration renewal cards provided by the department and prohibits the deputy from preparing or accepting an application for title transfer.

(b) Authorizes the county assessor-collector to pay a limited-service deputy an amount not to exceed the fee the assessor-collector could collect under Section 520.006(a), rather than Section 502.109(a), for each registration receipt issued.

SECTION 40.219. Transfers Section 502.112, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, and renumbers it as Section 520.0091, Transportation Code, to read as follows:

Sec. 520.0091. DEPUTY ASSESSOR-COLLECTORS. Makes no changes to this section.

SECTION 40.220. Transfers Section 501.136, Transportation Code, to Subchapter A, Chapter 520, Transportation Code, renumbers it as Section 520.0092, Transportation Code, and amends it to read as follows:

Sec. 520.0092. ACTS BY DEPUTY COUNTY ASSESSOR-COLLECTOR. Authorizes a deputy county assessor-collector, other than a limited service deputy appointed under Section 520.0091, rather than Section 502.112, to perform the duties of an assessor-collector under Chapter 501, rather than this chapter.

SECTION 40.221. Renumbers Section 520.002, Transportation Code, as Section 520.0093, Transportation Code, and amends it as follows:

Sec. 520.0093. LEASE OF ADDITIONAL COMPUTER EQUIPMENT. (a) Provides that this section applies only to the lease of equipment, rather than the lease of equipment to a county, for the operation of the automated registration and titling system, rather than title system, in addition to the equipment provided by the department at no cost to the county under a formula prescribed by the department.

(b) - (e) Makes conforming changes.

SECTION 40.222. Amends the heading to Subchapter B, Chapter 520, Transportation Code, to read as follows:

#### SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

SECTION 40.223. Amends Subchapter B, Chapter 520, Transportation Code, by adding Sections 520.015 and 520.016, as follows:

Sec. 520.015. REGISTRATION AND INSPECTION CONSOLIDATION STUDY. (a) Requires TxDOT and Department of Public Safety (DPS), in consultation with the TCEQ, to conduct a joint study on the feasibility of consolidation of the state's motor vehicle registration and compulsory inspection procedures in a manner that will allow completion of annual registration and compulsory inspection requirements as part of a single process. Requires that the study address recommendations for consolidating shared records and information; the manner in which registration and inspection fees collected will be distributed; oversight regarding implementation of the consolidated procedures; transition from the current separate procedures to the consolidated procedures; and other related issues the department considers appropriate.

(b) Requires the department to share the cost of the study in equal amounts.

Sec. 520.016. MERGER OR CONSOLIDATION OF SHARED INFORMATION STUDY. (a) Requires the department and DPS, in consultation with TCEQ, to conduct a joint study on the merger or consolidation of similar information that is collected separately by each agency. Provides that the study should include the feasibility of establishing a database interface software system that sufficiently protects the privacy of the public, sufficiently protects the security and integrity of information provided, increases public convenience, is cost-effective, and improves the coordination of regulatory resources.

(b) Authorizes the implementing agencies to facilitate the implementation of the merger or consolidation, assist in the development of rules, and coordinate a testing phase.

SECTION 40.224. Transfers Section 520.036, Transportation Code, to Subchapter B, Chapter 520, Transportation Code, and renumbers it as Section 520.017, Transportation Code, to read as follows:

Sec. 520.017. GENERAL PENALTY. Makes no changes to this section.

SECTION 40.225. Amends Section 520.051(5), Transportation Code, to redefine "title service record."

SECTION 40.226. Amends Section 681.003(b), Transportation Code, to require that an application for a disabled parking placard be on a form furnished by the department; submitted to the county assessor-collector of the county in which the person with the disability resides; accompanied by a fee of \$5 if the application is for a temporary placard.

SECTION 40.227. Amends Section 386.251(c), Health and Safety Code, providing that the Texas emissions reduction plan fund. consists of the amount of money deposited to the credit of the fund under certain sections of code, including Section 502.358, rather than Section 502.1657, Transportation Code.

SECTION 40.228. Repealer: Sections 501.026 (Importer's Certificate) and 501.075 (Validity of Documents Not Notarized), Transportation Code;

Repealer: Section 501.091(4) (relating to the definition of "export-only motor vehicle"), Transportation Code;

Repealer: Sections 501.094 (Self-Insured Motor Vehicle), 501.099 (Sale of Export-Only Motor Vehicles), and 501.133 (Issuance of New Certificate of Title Because of Subsequent Sales), Transportation Code;

Repealer: Section 501.134(e) (relating to a requirement that the owner of the vehicle, if the certificate of title is recovered, to surrender the certificate of title to the department for cancellation) and (f) (relating to a prohibition against the department from issuing a certificate of title before the fourth business day after the date the application is made), Transportation Code;

Repealer: Sections 502.007 (Mopeds), Transportation Code;

Repealer: Section 502.0074 (Motorized Mobility Device), Transportation Code;

Repealer: Section 502.0075 (Electric Bikes), 502.008 (Release of Information in Vehicle Registration), Transportation Code;

Repealer: Section 502.104 (Disposition of Certain Special Fees), Transportation Code;

Repealer: Section 502.105 (Report of Fees Collected), Transportation Code;

Repealer: Section 502.1535 (Evidence of Vehicle Emissions Inspection), Transportation Code;

Repealer: Section 502.154 (Report by County Assessor-Collector), Transportation Code;

Repealer: Section 502.1585 (Designation of Registration Period By Owner), Transportation Code;

Repealer: Section 502.168 (Fee: Motor Bus), Transportation Code;

Repealer: Section 502.175 (Transfer Fee), Transportation Code;

Repealer: Section 502.177 (Minimum Registration Fee), Transportation Code;

Repealer: Section 502.187 (Parade Vehicles Owned by Nonprofit Service), Transportation Code;

Repealer: Section 502.206 (Registration of Certain Law Enforcement Vehicles Under Alias), Transportation Code;

Repealer: Section 502.271 (Texas Aerospace and Aviation License Plates), Transportation Code;

Repealer: Section 502.2862 (Electric Personal Assistive Mobility Devices), Transportation Code;

Repealer: Section 502.2971 (Federal Administrative Law Judges), Transportation Code;

Repealer: Section 502.403 (Operation of Vehicle Under Improper Registration), Transportation Code;

Repealer: Section 502.405 (Operation of Motorcycle Without Seal), Transportation Code;

Repealer: Section 502.407(c) (relating to the provision that an offense under this section is a misdemeanor punishable by a certain fine), Transportation Code;

Repealer: Section 502.412(c) (relating to the provision that an offense under this section is a misdemeanor punishable by a certain fine), Transportation Code;

Repealer: Section 502.452 (Transfer of Removed Plates), Transportation Code;

Repealer: 502.453 (Fees Required for Transfer of License Plate and Registration Insignia), Transportation Code;

Repealer: Section 502.455 (Application of Subchapter; Temporary); Transportation Code;

Repealer: Sections 504.401(b) (relating to authorizing a state official to be issued three sets of license plates), Transportation Code;

Repealer: Section 504.402(b) (relating to authorizing a person to be issued three sets of license plates), Transportation Code;

Repealer: Section 504.403(b) (relating to authorizing a person to be issued three sets of license plates), Transportation Code;

Repealer: Section 504.405(b) (relating to authorizing a person to be issued three sets of license plates), Transportation Code;

Repealer: Section 504.5011 (Classic Travel Trailers), Transportation Code;

Repealer: Section 504.502(j) (relating to the provision that it is an affirmative defense to prosecution of an offense under this section that at the time of the offense the vehicle was en route to or from a location for a certain purpose), Transportation Code;

Repealer: Section 504.506(f) (relating to the provision that a certain vehicle operated on a public highway while in violation of this section is considered to be operated or moved while unregistered and is subject to certain fees and penalties), Transportation Code;

Repealer: Section 504.507(c) (relating to the definition of "forestry vehicle"), Transportation Code;

Repealer: Section 504.508(d) (relating to the definition of "tow truck"), Transportation Code;

Repealer: Section 504.620 (Texans Conquer Cancer License Plates), Transportation Code;

Repealer: Section 504.624 (100th Football Season of Stephen F. Austin High School), Transportation Code;

Repealer: Section 504.629 (Texas PGA Junior Golf License Plates), Transportation Code;

Repealer: Section 504.634 (San Antonio Missions National Historical Park), Transportation Code;

Repealer: Section 504.643 (Star Day School Library Readers are Leaders License Plates), Transportation Code;

Repealer: Section 504.649 (Texas Juneteenth License Plates), Transportation Code;

Repealer: Section 504.650 (Keeping Texas Strong License Plates), Transportation Code;

Repealer: Section 504.653 (Mother-Child Survivors Educational Scholarship Fund License Plates), Transportation Code;

Repealer: Section 504.655 (Tejano Monument License Plates), Transportation Code;

Repealer: Section 504.701 (Discontinuance of Certain Specialty License Plates), Transportation Code;

Repealer: Section 504.702(c) (relating to the requirement that money deposited with the department under Subsection (b)(3)(A) be returned to the person who made the deposit only under certain circumstances), Transportation Code;

Repealer: Section 504.801(h) (relating to authorizing the department to vary the design of a license plate created under this section to accommodate or reflect its use on a motor vehicle other than a passenger car or light truck), Transportation Code;

Repealer: Sections 504.851(e) (relating to a portion of a contract with a private vendor) and (k) (relating to the requirement that the department certify to the comptroller the estimate with certain information of all reasonable costs to the department), Transportation Code;

Repealer: Sections 520.013 (Representation of Motor Number Receipt Required), Transportation Code; and

Repealer: Section 520.034 (Processing of Application; Rules), Transportation Code.

SECTION 40.229. (a) Provides that the change in law made by this article applies only to an offense committed on or after January 1, 2013.

(b) Makes application of this article prospective to January 1, 2013.

SECTION 40.230. Effective date, except as otherwise provided by this Act: January 1, 2013.

## ARTICLE 41. MOBILITY IMPROVEMENTS

SECTION 41.01. Amends Title 5, Transportation Code, by adding Chapter 92, as follows:

### CHAPTER 92. RAIL DIVISION; URBAN PASSENGER RAIL

Sec. 92.001. STATEWIDE PASSENGER RAIL SYSTEM; URBAN PASSENGER RAIL DEMONSTRATION PROGRAM. (a) Requires the department, to facilitate the development and interconnectivity of rail systems in this state, to coordinate activities regarding the planning, construction, operation, and maintenance of a statewide

passenger rail system and an urban passenger rail system. Requires the department to coordinate with other entities involved with passenger rail systems, including governmental entities, private entities, and nonprofit corporations.

(b) Requires the department, using the procedures described in this chapter, to, by January 1, 2010, select at least one metropolitan planning organization to design, construct, and implement an urban passenger rail demonstration project and other mobility improvement projects as described by Chapter 180. Prohibits the department from designating more than five demonstration programs in a year.

(c) Requires the department to advise the legislature in an annual report about the appropriateness of designating additional urban rail demonstration programs.

Sec. 92.002. LONG-TERM PLAN FOR PASSENGER RAIL SYSTEMS. (a) Requires the department to prepare and update annually a long-term plan for a statewide passenger rail system and urban passenger rail demonstration programs.

(b) Requires the department to annually submit, by December 31 each year, a report regarding the long-term plan and the demonstration programs to the governor; the lieutenant governor; the speaker of the house of representatives; and the standing committee of each house of the legislature that has primary jurisdiction over rail transportation issues.

(c) Requires that information contained in the report include:

- (1) a description of existing and proposed passenger rail systems;
- (2) information regarding the status of passenger rail systems under construction and the methods of finance used to construct and operate the systems;
- (3) an analysis of potential interconnectivity difficulties; and
- (4) current ridership numbers and future projections for passenger rail projects.

Sec. 92.003. DEMONSTRATION PROGRAMS; REQUIREMENTS. (a) Requires any passenger rail system selected for the demonstration program and developed under this chapter to:

- (1) enhance connectivity to airports;
- (2) enhance connectivity to major employment centers; and
- (3) service major metropolitan urban regions in this state which contain at least one county over 300,000 in population.

Sec. 92.004. APPLICATION. (a) Authorizes a metropolitan planning organization which contains a county with over 300,000 in population, by October 1, 2009, to submit an application to the department to be considered an urban passenger rail demonstration project.

(b) Requires that an application include:

- (1) resolutions of support from at least one county commissioners court located in the metropolitan planning organization;
- (2) a map and description of the region's proposed urban passenger rail system, including construction and implementation timelines;

(3) a description of the community benefits the system would provide including the impact of the system on the environment, existing freeway system, and the workforce population;

(4) a financial plan for the construction and ongoing maintenance and operation of the system using the methods of finance authorized under Chapter 180; and

(5) a description of the operations and management of the system.

(c) Prohibits TTC from considering an incomplete application or an application from a metropolitan planning organization that does not service at least one county over 300,000 in population. Provides that for the purposes of this section, population is based on the most recent estimate published by the council of governments of the region.

(d) Requires the department, by January 1, 2009, to designate at least one but not more than five metropolitan planning organizations as an urban passenger rail demonstration project. Requires the department to conduct at least two public hearings to consider the applications received.

(e) Requires the department to base the selection of an urban passenger rail demonstration project on:

(1) the completeness and thoroughness of the application;

(2) demonstration of support for the project and application from the community as shown through testimony and written correspondence;

(3) demonstration of support for the project as shown from the private sector and large employers;

(4) demonstration of support for the application and project from units of local government located in and near the applicant as shown in resolutions of support and testimony; and

(5) demonstration of support for the application and project from members of the legislature and congress as shown in written correspondence and testimony.

Sec. 92.005. POWERS AND DUTIES. (a) Provides that the legislature authorizes any county located within a metropolitan planning organization selected by the department as an urban passenger rail demonstration project under this chapter with the specific powers and duties prescribed by Chapter 180, Transportation Code.

(b) Provides that any county selected by the department as an urban passenger rail demonstration project has the powers described in Chapter 180.

Sec. 92.006. RULES. (a) Authorizes the department to adopt rules, no later than September 1, 2009, to implement the provisions of this chapter.

(b) Requires the department, by September 1, 2009, to develop a standard application form.

SECTION 41.02. Amends Title 5, Transportation Code, by adding Chapter 180, as follows:

## CHAPTER 180. URBAN PASSENGER RAIL DEMONSTRATION PROGRAM

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 180.001. SHORT TITLE. Authorizes this chapter to be cited as the Urban Passenger Rail Demonstration Program.

Sec. 180.002. DEFINITIONS. Defines "dealer," "diesel fuel," "gasoline," "motor fuel," "motor vehicle," "public highway," "sale," "department," "intermodal hub," "metropolitan planning organization," "mobility improvement project," "transit authority," "transportation authority," and "urban passenger rail demonstration program."

Sec. 180.0025. APPLICABILITY. Provides that the provisions of this chapter only apply to a county located within the boundaries of a metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92.

Sec. 180.003. REDUCTION PROHIBITED. (a) Prohibits a county, municipality, or metropolitan planning organization from being penalized with a reduction in state or federal transportation funding, including funding from the state highway fund, the Texas mobility fund, the Texas highway beautification fund, general obligation bonds, or any other method of state or federal transportation financing, because of being selected as an urban passenger rail demonstration program as authorized in Chapter 92.

(b) Prohibits the department from reducing any allocation of state or federal transportation funding to a department district because the district contains a county that imposes a county motor fuels tax under this chapter.

Sec. 180.004. URBAN PASSENGER RAIL DEMONSTRATION PROGRAM. (a) Provides that the Legislature grants any county located in a metropolitan planning organization selected by the department as an urban passenger rail demonstration program with the powers, duties, and provision granted by this chapter.

Sec. 180.005. PROHIBITIONS ON USE OF REVENUE. Prohibits a county located within a metropolitan planning organization selected by the department as an urban passenger rail demonstration program from using revenue from a method of finance imposed under this chapter:

- (1) to acquire, construct, maintain, or otherwise directly fund a toll project;
- (2) for an approved mobility improvement project if the revenue is used in order to reallocate other revenue toward a toll project; or
- (3) to directly or indirectly hold, promote, or oppose an election under this chapter, including paying for promotional, educational, or advocacy materials.

Sec. 180.008. INTERLOCAL CONTRACTING AUTHORITY. (a) Authorizes a political subdivision to contract or agree with another political subdivision to perform governmental functions and services in accordance with this chapter.

(b) Authorizes a party to an interlocal contract to contract with an agency, as that term is defined by Section 771.002, Government Code.

(c) Defines "interlocal contract."

[Reserves Sections 180.009-180.050 for expansion.]

#### SUBCHAPTER B. ELECTIONS; PROJECT SELECTION; EQUITY

Sec. 180.051. CALLING OF ELECTION. (a) Requires all of the commissioners courts of those counties that are wholly or partly located in the boundaries of the same metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92 to, by order, call an election on the issue of imposing a method of finance under this chapter if, at least 240 days before a uniform election date in November, a resolution or resolutions requesting that an election be

called are adopted by the commissioners courts of one or more of those counties that contain at least 66 percent of the total population of those counties.

(b) Requires that an election called under this section by the commissioners courts of more than one county in the boundaries of the same metropolitan planning organization be held on the same date and be held on a uniform election date in November.

(c) Provides that Section 334.025, Local Government Code, applies to an election called under this section.

Sec. 180.052. SUBSEQUENT ELECTIONS. (a) Provides that this section applies only to a county in which the majority of voters did not approve the imposition of a method of finance at an election held under Section 180.051.

(b) Authorizes the commissioners court by order to call a subsequent election to impose a method of finance authorized under this chapter using the procedures described by this subchapter.

(c) Prohibits the commissioners court of a county from calling a subsequent election under this section before the second anniversary of a previously held election.

Sec. 180.053. REQUIRED BALLOT LANGUAGE. (a) Requires that an order under this subchapter calling an election list and generally describe:

(1) the nature and scope of the proposed mobility improvement projects to be constructed;

(2) the estimated cost and the estimated completion date for the capital construction of each proposed mobility improvement project; and

(3) the method of finance and the rate proposed to finance the mobility improvement project.

(b) Sets forth the required language of the ballot at an election held under this subchapter.

(c) Provides that the estimated cost of construction of a mobility improvement project listed on a ballot is not a legally binding restriction on the actual and ultimate cost of financing the project.

(d) Prohibits a ballot from permitting individual mobility improvement projects being voted on as separate options. Requires that all mobility improvement projects included on a ballot be approved or rejected as a group.

(e) Prohibits a ballot from listing more projects than the proposed methods of finance can immediately finance.

Sec. 180.054. AUTHORIZED PROJECTS. (a) Authorizes a county to propose for funding by a method of finance imposed under this chapter:

(1) the construction of a new mobility improvement project and related maintenance and operations;

(2) the expansion, reconstruction, or rehabilitation of an existing mobility improvement project;

(3) improvements in the maintenance and operation of an existing mobility improvement project; or

(4) the retirement of existing debt of a transit agency related to a mobility improvement project.

(b) Authorizes a county located in a metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92 to only use funds collected from a method of finance imposed under this chapter to fund mobility improvement projects consistent with the transportation plans and programs of the metropolitan planning organization in which the county is wholly or partly located.

(c) Requires the metropolitan planning organization in which the county is wholly or partly located On or before the 30th day before the date described in Section 180.051, to submit to the county a list of eligible mobility improvement projects with a primary emphasis on passenger rail and major roadway improvements.

(d) Requires the commissioners court, on or before the 180th day before an election is held under this subchapter, to, by order and in consultation with municipalities and transit agencies located or operating in the county, determine in a public hearing which projects from the list submitted under Subsection (c) are required to be proposed for funding from a method of finance imposed under this chapter.

Sec. 180.0545. PROJECT SELECTION COMMITTEE FOR CERTAIN COUNTIES.

(a) Requires the county commissioners of each county to which this section applies, if an election is to be held in a metropolitan planning organization that services multiple counties, at least two of which contain over one million in population, then not later than 30 days later, to jointly establish with the municipalities in the county a project selection committee no later than 30 days after the election is ordered.

(b) Authorizes the governing bodies of two or more cities that contain at least 60 percent of the county's total population, if a county commissioners court to which this section applies fails to establish a project selection committee pursuant to Subsection (a), to, by a joint resolution establish a joint project selection committee.

(c) Requires the project selection committee, by supermajority vote of not less than two-thirds of its membership, to select the specific mobility improvement projects to be placed on the ballot and the methods of finance and adequate rates to financially support those projects. Authorizes a project selection committee to only select new mobility improvement projects that are consistent with the transportation plan adopted by the metropolitan planning organization. Authorizes a project selection committee, except as provided in Section 180.055, to select a mobility improvement project located outside the county. Prohibits a project selection committee from recommending more projects for placement on the ballot than the methods of finance can immediately support.

(d) Requires a project selection committee to conduct at least two public hearings regarding the proposed mobility improvement projects and use best efforts to meet with all affected parties, including workforce populations and affected neighborhood groups.

(e) Requires the project selection committee to submit all recommended projects and methods of finance to the commissioners court at least 180 days before an election. Prohibits the commissioners court from amending the list of recommended projects or methods of finance.

(f) Provides that, except as provided by Subsection (g), the project selection committee is composed of 11 members as follows:

(1) two members who are elected county officials, appointed by the county commissioners court;

(2) one member who is a member of the governing body of a municipality not otherwise entitled to a seat under Subdivision (4) or (5) with a population of 25,000 or less located in the county, appointed by the county commissioners court;

(3) one member who is a member of the governing body of a municipality not otherwise entitled to a seat under Subdivision (4) or (5) with a population greater than 25,000 but less than 95,000 located in the county, appointed by the county commissioners court;

(4) two members who are elected officials of the most populous municipality located in the county, appointed by the governing body of the municipality;

(5) four members who are elected officials of the next four most populous municipalities located in the county, one each appointed by the governing body of each municipality; and

(6) one member who is a member of the governing board of the transit or transportation authority with the largest service area in the county, appointed by the governing body of the authority.

(g) Provides that if the most populous municipality located in the county contains 45 percent or more of the county population, the county's project selection committee is composed of the membership provided by Subsection (f) except that:

(1) the most populous municipality receives three members who are elected officials; and

(2) three members who are elected officials of the next three most populous municipalities located in the county, one each appointed by the governing body of each municipality.

(h) Authorizes that only the portion of a municipality's population that is located within the county be used to determine municipal population for the purposes of this section. Provides that for the purposes of this section, municipal population is based on the most recent estimate published by the council of governments of the region.

(i) Requires a project selection committee to elect a chair from among its members and is authorized to adopt rules for the conduct of its activities and appoint vacancies.

(j) Provides that all meetings of a project selection committee are open meetings. Requires that notice of project selection committee meetings be provided in accordance with Sections 551.041, 551.0411, 551.042, 551.043, and 551.049, Government Code.

(k) Provides that a project selection committee established under this section is abolished, and all the duties of the committee expire, on the date the committee submits recommendations to the commissioners court.

Sec. 180.055. COMMITMENT TO EQUITY. (a) Requires that revenue from a method of finance imposed under this chapter and collected within any municipality having territory located in a transportation authority funded by a dedicated sales tax and governed by a subregional board under Subchapter O, Chapter 452, Transportation Code,

be maintained in a single segregated account separate from tax revenue collected elsewhere in the county.

(b) Prohibits revenue maintained in the account described by Subsection (c) from being used outside the boundaries of the territory of that authority or the county unless the governing body of each municipality in the county with territory in the authority and the governing body of the transportation authority consent to the use.

(c) Prohibits tax revenue collected in an area outside the territory of a transportation authority funded by a dedicated sales tax and governed by a subregional board under Subchapter O, Chapter 452, Transportation Code, from being used in the territory of that authority or outside the county unless the commissioners court of the county or the governing bodies of two or more municipalities representing 60 percent or more of the population of the county outside of the territory of the authority consent to the use.

(d) Requires the governing body of any authority, county, or municipality required under this section to provide its consent regarding the use of revenue collected under this chapter, before the commissioners court selects a mobility improvement project under Section 180.054, to indicate by order, resolution, or other formal action whether the consent is granted. Prohibits the governing body of a municipality or authority, on final approval of the project by the commissioners court, from rescinding its consent if it has been given.

[Reserves Sections 180.056-180.100 for expansion.]

#### SUBCHAPTER C. METHODS OF FINANCE

Sec. 180.101. METHODS OF FINANCE AUTHORIZED; EXPIRATION. (a) Requires the county, if approved by a majority of the votes cast in a county at an election held under Subchapter B, to impose and collect any combination of the following methods of finance:

(1) a county local tax at a rate of 2, 4, 6, 8, or 10 cents per gallon on the sale of gasoline and diesel fuel that is sold in the county by a person, including a dealer, distributor, supplier, or permissive supplier, engaged in the sale of motor fuels used to propel a motor vehicle on the public highways of the state;

(2) a mobility improvement fee, in an amount not less than \$1 or more than \$60, imposed on a person registering a motor vehicle in the county at the time of registration, except that the fee is not imposed on a person registering a motor vehicle in the manner provided by Section 501.0234, Transportation Code;

(3) a fee for the renewal of a driver's license issued to a county resident as described by Section 180.1015; and

(b) Provides that the mobility improvement fee authorized by this section is not an automobile registration fee and prohibits the fee from being construed as automobile registration fees for any legal or constitutional purpose.

(d) Requires a county, except as otherwise provided by this subchapter, to adopt rules and prescribe forms for the collection of a tax or fee authorized by this section. Requires a person required to collect a tax or fee authorized by this section to report and send the tax or fee to the county as provided by the county.

(e) Authorizes a county imposing a tax or fee under this section to prescribe monetary penalties, including interest charges, for failure to keep records required

by rules adopted under this section, failure to report when required, or failure to pay the tax when due.

(f) Authorizes a county attorney, criminal district attorney, or district attorney to bring suit against a person to enforce the provisions of this section.

Sec. 180.1012. COUNTY AUTHORITY TO IMPOSE METHOD OF FUNDING.

(a) Authorizes a county to impose and collect a method of local option funding approved by a majority of the voters of the county voting at an election held under this chapter and to enter into a contract or interlocal agreement as provided by Section 446.058 to implement the imposition or collection.

Sec. 180.1013. LOW-INCOME RELIEF. (a) Requires a county commissioners court to, by an order, establish an exemption, waiver, or partial reduction from the mobility improvement fee and the driver's license fee for citizens of the county of low or moderate income who demonstrate significant financial hardship, based on income guidelines adopted by TCEQ under Section 382.210, Health and Safety Code. Requires the commissioners court, before issuing an order under this section, to hold a public hearing regarding the proposed exemption, waiver, or partial reduction.

(b) Requires the commissioners court to qualify for the exemption, waiver, or partial reduction established under this section any person who is eligible to participate in the income vehicle repair assistance, retrofit, and accelerated vehicle retirement program authorized under Chapter 382, Health and Safety Code.

Sec. 180.1014. IMPOSITION OF METHOD OF LOCAL OPTION FUNDING.

(a) Requires the commissioners court of the county, if a majority of the votes cast in an election held in a county under this chapter approve any method or combination of methods of local option funding, by order to, except in regard to a motor fuel tax, impose and begin the collection of the approved method or methods of funding before the 91st day after the election date.

(b) Requires that the order, at a minimum, imposing the method or methods of local option funding specify:

(1) the rate or amount of the method or methods approved at the election; and

(2) the manner in which each method will be administered, collected, and enforced.

(c) Provides that Sections 502.102, 502.1025, and 502.108, Transportation Code, do not apply to money collected under this chapter.

Sec. 180.1015. IMPOSITION OF COUNTY DRIVER'S LICENSE FEE. (a) Defines "driver's license" and "license."

(b) Authorizes a county to which this chapter applies to, if approved in accordance with other provisions of this chapter, impose a fee on the renewal by a county resident of a license under Chapter 521, Transportation Code, in an amount not less than \$1 or more than the license renewal fee under Section 521.421, Transportation Code. Provides that a fee imposed under this section is in addition to the fee imposed under Section 521.421, Transportation Code.

(c) Requires that a fee imposed by a county under this section be collected by DPS and deposited in trust in the separate suspense account of the county from which the fees were collected for allocation to the county as provided by this section.

(d) Requires the comptroller each month, to send to the county treasurer or to the person who performs the office of the county treasurer the county's share of the

fees payable to a municipality within the county collected by DPS under this section.

(e) Authorizes the comptroller to retain in the suspense account of a county a portion of the municipality's share of the fees collected for the municipality under this section, not to exceed two percent of the amount remitted to the county. Prohibits the amount that may be retained, if the county has abolished the fee, from exceeding two percent of the final remittance to the county at the time of the termination of the collection of the fee.

(f) Authorizes the comptroller, from the amounts retained in a county's suspense account, to redeem dishonored checks and drafts deposited to the credit of the account.

(g) Requires the comptroller, before the expiration of one year after the effective date of the abolition of a county driver's license fee imposed under this section, to send to the county the remainder of the money in the county's suspense account and to close the account.

(h) Requires that interest earned on all deposits made under this section, including interest earned from retained suspense accounts, be credited to the county's trust account and allocated to the county as described by this section.

(i) Provides that the county motor fuels tax is added to the selling price of the gasoline or diesel fuel and is part of the gasoline or diesel fuel price, is a debt owed to the seller, and is recoverable at law in the same manner as the fuel charge for gasoline or diesel fuel.

(j) Provides that the county motor fuels tax authorized by this section is in addition to the tax imposed by Chapter 162, Tax Code, and requires the county motor fuels tax to be collected in conjunction with that tax when gasoline or diesel fuel is removed from a terminal using the terminal rack, other than by bulk transfer, to be sold or delivered into a county that has imposed the tax authorized by this section.

(k) Requires a county to discontinue the collection of a method of finance authorized under this chapter when the approved mobility improvement projects are accepted by the governmental entity that contracted for the projects or when the bonds are paid off, whichever is later, unless continued funding for maintenance and operation of a project, including the impact to an existing system as specified by an interlocal agreement, was authorized at an election held under this chapter.

Sec. 180.102. IMPOSITION OF COUNTY MOTOR FUELS TAX. (a) Requires the comptroller to administer, collect, and enforce a tax imposed on the sale of gasoline or diesel fuel approved in accordance with the provisions of this chapter. Requires that the tax be exclusively administered, collected, and enforced in conformance with Chapter 162, Tax Code, governing the tax assessed on the sale of gasoline and diesel fuel. Provides that references in Chapter 162, Tax Code, to taxes imposed under that chapter also include taxes imposed under this section.

(b) Provides that the definitions in Chapter 162, Tax Code, apply to this section.

(c) Provides that the exemptions provided by Sections 162.104 and 162.204, Tax Code, apply to the tax authorized by this section.

(d) Authorizes the comptroller, subject to Section 180.1025, to adopt reasonable rules and prescribe forms that are consistent with this chapter and Chapter 162, Tax Code, for the administration, collection, reporting, and enforcement of this section.

(e) Provides that except as provided by Subsection (f), the tax authorized by this section takes effect on the first day of the first calendar quarter following the expiration of the first complete quarter occurring after the date of election authorizing the order imposing the tax under Subchapter B.

(f) Authorizes the comptroller, if the comptroller determines that an effective date provided by Subsection (e) will occur before the comptroller can reasonably take the action required to begin collecting the tax, to delay the effective date until the first day of the first calendar quarter following the date the comptroller declares that the comptroller is ready to begin collecting the tax.

(g) Requires a county, except as otherwise provided by this chapter, to adopt rules and prescribe forms for the collection of a tax authorized by this section. Requires a person required to collect a tax authorized by this section to report and send the tax to the county as provided by the county.

(h) Authorizes a county imposing a tax under this chapter to prescribe monetary penalties, including interest charges, for failure to keep records required by rules adopted under this section, failure to report when required, or failure to pay the tax when due.

(i) Authorizes a county attorney, criminal district attorney, or district attorney to bring suit against a person to enforce the provisions of this section.

(j) Requires the comptroller, before making a distribution to a county under Section 180.104, to deduct any costs incurred by the comptroller related to the comptroller's preparations to administer, collect, and enforce a tax on the sale of gasoline or diesel fuel approved in accordance with this chapter. Requires each county that approves the imposition of a tax on the sale of gasoline or diesel fuel to be charged a pro rata amount for the comptroller's costs in preparing to administer, collect, and enforce the tax. Requires that county, if only one county elects to approve the imposition of a tax on the sale of gasoline or diesel fuel in its jurisdiction, to bear all of the costs incurred by the comptroller but is authorized to recover pro rata shares of this cost from other counties that approve the imposition of the tax.

Sec.180.1025. ADOPTION OF RULES RELATING TO MOTOR FUELS TAX. (a) Requires the comptroller, before the comptroller is authorized to adopt rules under Section 180.102, to consult with representatives of:

(1) the entities that would be required to collect and remit a motor fuels tax imposed under this chapter; and file reports with the comptroller relating to a motor fuels tax imposed under this chapter; and

(2) counties in which the voters have approved the imposition of a motor fuels tax under this chapter.

(b) Requires that rules adopted under Section 180.102 provide for the uniform administration and reporting of all motor fuels taxes imposed by a county under this chapter. Prohibits a county from imposing requirements on an entity required to collect a motor fuels tax under this chapter that are not specifically authorized by the rules adopted under Section 180.102.

(c) Provides that rules adopted under Section 180.102:

(1) are authorized to require the comptroller to report sufficient information to each county imposing a motor fuels tax under this chapter to ensure proper allocation of revenue by the county under this chapter;

(2) are prohibited from requiring the comptroller to report proprietary information collected from an individual taxpayer in a way that would be subject to public disclosure; and

(3) are prohibited from authorizing a county imposing a motor fuels tax under this chapter to contract with a private entity to perform any duty or responsibility associated with the collection, enforcement, or administration of the tax.

Sec. 180.103. TRUST ACCOUNT. Requires the comptroller to deposit the county taxes collected by the comptroller under this chapter and Chapter 162, Tax Code, in trust in the separate suspense account of the county for which the taxes were collected.

Sec. 180.104. DISTRIBUTION OF TRUST FUNDS. Requires the comptroller to each month distribute to the county treasurer, payable to the county and for deposit in the county mobility improvement fund, the county's share of the taxes collected by the comptroller under this chapter and Chapter 162, Tax Code.

Sec. 180.105. STATE'S SHARE. Requires the comptroller, before making a distribution to a county under Section 180.104, also to deduct an amount not to exceed two percent of the amount of the taxes collected for the county during the period for which a distribution is made as the state's charge for its services. Requires the comptroller to credit the amount deducted to the general revenue fund. Requires the comptroller to adjust the percentage of the amount deducted each state fiscal year considering the projected expenditures necessary for the collection, administrative, and enforcement functions related to the county motor fuels tax.

Sec. 180.106. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) Authorizes the comptroller to retain in the suspense account of a county a portion of the county's share of the tax collected for the county under this chapter and Chapter 162, Tax Code, not to exceed five percent of the amount distributed to the county. Prohibits the amount that may be retained if the county has abolished the tax from exceeding five percent of the final distribution to the county at the time of the termination of the collection of the tax.

(b) Authorizes the comptroller, from the amounts retained in a county's suspense account, to correct erroneous deposits to the account, make refunds for overpayments to the account, and redeem dishonored checks and drafts deposited to the credit of the account.

(c) Requires the comptroller, before the fourth anniversary of the effective date of the abolition of a county tax collected under this chapter and Chapter 162, Tax Code, to send to the county the remainder of the money in the county's account and to close the account.

Sec. 180.107. INTEREST ON TRUST ACCOUNT. Requires that interest earned on all deposits made by the comptroller under this subchapter be credited to the suspense account of the county.

[Reserves Sections 180.108-180.150 for expansion.]

#### SUBCHAPTER D. FUND

Sec. 180.151. COUNTY MOBILITY IMPROVEMENT FUND. (a) Requires the commissioners court of each county that imposes a method of finance collected under this chapter to, by order, establish a county mobility improvement fund that is separate and apart from the county's general fund account.

(b) Requires the county to deposit in the fund money distributed to the county under Section 180.104.

(c) Requires the county to establish segregated accounts in the fund:

(1) for each approved mobility improvement project; and

(2) for funds collected in the jurisdiction of a transit authority or transportation authority that is funded through a dedicated sales tax and that operates under Subchapter O, Chapter 452, or Chapter 460, Transportation Code.

(d) Authorizes that money in the fund be spent only as provided by Section 180.152., and provides that money in the fund, including any interest earned, is the property of the county depositing the money.

Sec. 180.152. USE OF MONEY IN FUND; ISSUANCE OF BONDS. (a) Authorizes a county to use money in its county mobility improvement fund to:

(1) reimburse or pay, without issuing bonds or other obligations or otherwise creating debt, the costs of planning, acquiring, establishing, developing, constructing, or renovating mobility improvement projects in the county that were approved at an election under this subchapter;

(2) pay the principal of, interest on, or other costs relating to bonds or other obligations the county issues for the purpose of financing mobility improvement projects in the county that were approved at an election under this subchapter;

(3) pay amounts due and owing to a transit authority or transportation authority under a contract or interlocal agreement between the county and the authority under which the authority agrees to provide, develop, construct, install, and operate passenger rail facilities and services inside and outside the county and to issue bonds and other obligations that are secured by and payable from the amounts due from the county under the contract or interlocal agreement for the purpose of financing the capital costs of the facilities, if a county motor fuels tax was approved for that purpose at an election under this chapter;

(4) pay amounts due and owing to a municipality under a contract or interlocal agreement between the county and the municipality under which the municipality agrees to provide, develop, or construct mobility improvement projects located inside the municipality;

(5) pay amounts owed to a transit agency to accelerate the retirement of outstanding debt; and

(6) reimburse or pay the actual and customary costs of financial administration of the fund.

(b) Authorizes that a contract or interlocal agreement entered into between a county and a transit authority or transportation authority for the purposes described by Subsection (a)(3) have those terms and provisions, and impose and contain requirements, grants, and limitations, as the county and the transit authority or transportation authority to mutually agree, including the power of the transit authority or transportation authority to pledge as security for its bonds all amounts, less agreed costs of collection, deposited to the county's local option transportation fund, if such a pledge was approved at an election under this subchapter.

(c) Authorizes that bonds or other obligations issued by a county under this section be made payable from money in the county's county mobility improvement fund, subject to any limitations contained in a contract or interlocal agreement between the county and a transit authority or transportation authority, and from any other sources of revenue of the county that are lawfully available.

Requires that bonds or other obligations issued by a transit authority or transportation authority under a contract or interlocal agreement be payable from and secured by the money in the county's county mobility improvement fund and the revenue received from the operation of the passenger rail services financed by the bonds or other obligations and prohibits including any revenue the transit authority or transportation authority receives from a dedicated sales tax or the operation of any other passenger rail or bus system or related services.

(d) Authorizes that bonds or other obligations issued by a county under this section or by a transit authority or transportation authority under a contract or interlocal agreement mature serially or otherwise not more than 30 years after the date of issuance.

(e) Requires that any bonds or other obligations issued by a county or by a transit authority or transportation authority under this section, and the proceedings authorizing the bonds or other obligations, be submitted to the attorney general for review and approval under Chapter 1202, Government Code.

(f) Prohibits a county from:

(1) use money in the fund to finance the construction of a mobility improvement project not approved by the voters in an election under this chapter; or

(2) use funds approved for a particular mobility improvement project to fund a different project.

[Reserves Sections 180.153-180.200 for expansion.]

#### SUBCHAPTER E. TRANSIT AND TRANSPORTATION AUTHORITIES

Sec. 180.201. USE OF SALES TAX BY TRANSPORTATION AUTHORITY. Prohibits a subregion of a transportation authority governed by a subregional board described by Subchapter O, Chapter 452, Transportation Code, from using any proceeds from a sales and use tax imposed under that chapter, or any other revenue of the authority under that chapter, for a mobility improvement project under this chapter without the favorable vote of four-fifths of the members of the subregional board.

Sec. 180.202. TRANSIT AUTHORITY OR TRANSPORTATION AUTHORITY SERVICES NOT AUTHORIZED. (a) Prohibits a county acting under this chapter from directly operating or providing passenger rail services or any service expressly reserved by a transit authority or a transportation authority that serves the county.

(b) Prohibits a motor fuels tax imposed by a county under this chapter from being used to establish or fund services of a transit authority or a transportation authority created on or after January 1, 2009.

(c) Provides that this chapter does not authorize the creation of a transit authority or a transportation authority.

SECTION 41.03. Amends Subchapter C, Chapter 791, Government Code, by adding Section 791.034, as follows:

Sec. 791.034. CONTRACTS RELATED TO COUNTY MOTOR FUELS TAXES. (a) Authorizes the comptroller to enter into an interlocal contract with one or more local governments or political subdivisions to collect, administer, and enforce a county motor fuels tax enacted under Chapter 180, Local Government Code, and any other related law.

(b) Provides that this section expires January 1, 2012.

SECTION 41.04. Amends Section 162.001, Tax Code, by adding Subdivisions (16-a), (16-b), (56-a), (56-b), and (57-a), as follows:

(16-a) Defines "county diesel fuel tax."

(16-b) Defines "county gasoline tax."

(56-a) Defines "state diesel fuel tax."

(56-b) Defines "state gasoline tax."

(57-a) Defines "taxing county."

SECTION 41.05. Amends Sections 162.004(e) and (g), Tax Code, as follows:

(e) Requires a person to whom a shipping document was issued to perform certain requirements including, if delivering the motor fuel into a county in this state, denote on the shipping document the county to which the motor fuel will be delivered or, in the case of a split load, each county in which a portion of the motor fuel will be delivered. Makes nonsubstantive changes.

(g) Prohibits the person to whom motor fuel is delivered by barge, vessel, railroad tank car, or transport vehicle from accepting delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is a state other than this state, except that the person is authorized to accept the delivery if the document contains a diversion number authorized by the comptroller and destination state, if applicable, and has received a properly completed shipping document listing the county in this state in which the person accepts delivery. Requires the person to whom the motor fuel is delivered to examine the shipping document to determine that the destination state is this state and the county in this state is the county in which the person accepts delivery, and to retain a copy of the shipping document at the delivery location or another place until the fourth anniversary of the date of delivery.

SECTION 41.06. Amends Section 162.005(e), Tax Code, as follows:

(e) Authorizes the comptroller to revoke a license if the license holder:

(1) purchases for export motor fuel on which the tax was not paid under this chapter and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or to any destination other than the originally designated state or country without first obtaining a diversion number; or

(2) delivers motor fuel on which the county gasoline tax or county diesel fuel tax is due without issuing a properly completed shipping document listing the taxing county in which the delivery occurred.

SECTION 41.07. Amends Section 162.012, Tax Code, as follows:

Sec. 162.012. PRESUMPTIONS. (a) Makes no changes to this subsection.

(b) Creates this subsection from existing text. Makes no changes to this subsection.

(c) Provides that if a person claims an exemption from the county motor fuels tax and fails to produce proof of delivery to a nontaxing county, the person is presumed to have delivered the motor fuel to a taxing county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code.

(d) Creates this subsection from existing text. Makes no changes to this subsection.

(e) Deletes existing Subsection (b) designation. Makes no changes to this subsection.

SECTION 41.08. Amends Section 162.015, Tax Code, as follows:

Sec. 162.015. ADDITIONAL TAX APPLIES TO INVENTORIES. (a) Requires a distributor or dealer that possesses for the purpose of sale 2,000 or more gallons of gasoline or diesel fuel at each business location on which a tax imposed by this chapter at a previous rate has, rather than have, been paid, on the effective date of an increase in the rate, rather than rates, of a tax, rather than the taxes, imposed by this chapter, to report to the comptroller the volume of that gasoline and diesel fuel, and at the time of the report to pay a tax on that gasoline and diesel fuel at a rate equal to the rate of the tax increase.

(b) Makes conforming changes.

SECTION 41.09. Amends Section 162.016, Tax Code, by amending Subsection (a) and adding Subsection (g-1), as follows:

(a) Requires that the shipping document include certain information including the destination state and, if the destination state is this state, the county in this state to which the gasoline or diesel fuel will be delivered, rather than the destination of the motor fuel, as represented by the purchaser of the motor fuel and the number of gallons of the fuel to be delivered, if delivery is to only one state.

(g-1) Requires an importer or exporter who wants to deliver a single cargo tank of motor fuel to a county in this state to issue a properly completed shipping document denoting the county to which the motor fuel will be delivered or, in the case of a split load, each county to which a portion of the motor fuel will be delivered.

SECTION 41.10. Amends the heading to Section 162.101, Tax Code, to read as follows:

Sec. 162.101. POINT OF IMPOSITION OF STATE GASOLINE TAX.

SECTION 41.11. Amends Sections 162.101(a), (b), (c), and (f), Tax Code, as follows:

(a) Requires the supplier or permissive supplier to collect the tax imposed by this section, rather than subchapter, from the person who orders the withdrawal at the terminal rack.

(b), (c), and (f) Makes conforming changes.

SECTION 41.12. Amends Subchapter B, Chapter 162, Tax Code, by adding Section 162.1011, as follows:

Sec. 162.1011. IMPOSITION OF COUNTY GASOLINE TAX; POINT OF COLLECTION. (a) Provides that in a county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code, a tax is imposed on the delivery of gasoline into the taxing county.

(b) Requires the distributor to collect the tax imposed by this section from each person on delivery of gasoline into a taxing county.

(c) Requires that the tax imposed by this section, in each subsequent sale of gasoline on which the tax has been paid, be collected from the purchaser so that the tax is paid ultimately by the person who uses the gasoline. Provides that gasoline is considered to be used when it is delivered into a fuel supply tank.

SECTION 41.13. Amends Section 162.102, Tax Code, as follows:

Sec. 162.102. New heading: TAX RATES. (a) Provides that the state gasoline tax rate is 20 cents for each net gallon or fractional part of a net gallon on which the tax is imposed under Section 162.101.

(b) Provides that in a taxing county, the county gasoline tax rate for each net gallon or fractional part of a net gallon is the rate established by Chapter 616, Local Government Code.

SECTION 41.14. Amends the heading to Section 162.103, Tax Code, to read as follows:

Sec. 162.103. BACKUP STATE GASOLINE TAX; LIABILITY.

SECTION 41.15. Amends Sections 162.103(a) and (c), Tax Code, as follows:

(a) Provides that a backup tax is imposed at the rate prescribed by Section 162.102(a), rather than 162.102, on certain individuals.

(c) Provides that the tax imposed by, rather than under, Subsection (a)(3) is also imposed on the ultimate consumer.

SECTION 41.16. Amends Subchapter B, Chapter 162, Tax Code, by adding Section 162.1035, as follows:

Sec. 162.1035. BACKUP COUNTY GASOLINE TAX; LIABILITY. (a) Provides that a backup tax is imposed at the rate prescribed by Section 162.102(b) on:

(1) a person who, in a county that imposes the tax authorized by Chapter 616, Local Government Code delivers gasoline into the fuel supply tank of a motor vehicle; purchases or receives gasoline from another person; or sells or delivers gasoline to another person; and

(2) a person who obtains a refund of the tax imposed by Section 162.1011 for gasoline that the person delivered into the fuel supply tank of a motor vehicle, purchased or acquired, or sold or delivered in a county that imposes the tax authorized by Chapter 616, Local Government Code.

(b) Requires a person who sells gasoline subject to the tax imposed by this section to at the time of sale collect the tax from the purchaser or recipient of the gasoline in addition to the selling price and is liable to this state for the taxes collected at the time and in the manner provided by this chapter.

(c) Provides that gasoline on which the tax imposed by Section 162.1011 has been paid and gasoline exempt under Section 162.104 are exempt from the tax imposed by this section

(d) Provides that the tax imposed by this section is in addition to any penalty imposed under this chapter.

SECTION 41.17. Amends Sections 162.104(a) and (c), Tax Code, as follows:

(a) Provides that the taxes, rather than tax, imposed by this subchapter do not apply to certain gasoline including gasoline moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the gasoline removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the state gasoline tax imposed by this subchapter. Makes a nonsubstantive change.

(c) Makes a conforming and a nonsubstantive change.

SECTION 41.18. Amends Section 162.105, Tax Code, as follows:

Sec. 162.105. PERSONS REQUIRED TO BE LICENSED. Requires a person to obtain the appropriate license or licenses issued by the comptroller before conducting the activities of certain individuals including a supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders. Makes conforming changes.

SECTION 41.19. Amends Sections 162.107(a) and (b), Tax Code, as follows:

(a) Authorizes a person to elect to obtain a permissive supplier license to collect the state gasoline tax imposed by, rather than under, this subchapter for gasoline that is removed at a terminal in another state and has this state as the destination state.

(b) Requires a licensed permissive supplier, with respect to gasoline that is removed by the licensed permissive supplier at a terminal located in another state and that has this state as the destination state, to perform certain duties including to report and pay the state gasoline tax and the county gasoline tax due on the gasoline in the same manner as if the removal had occurred at a terminal located in this state. Makes conforming changes.

SECTION 41.20. Amends Section 162.108, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Requires an applicant for a license as a dealer, in addition to the information required by Subsection (a), to list on the application:

(1) the street address, city, county, and zip code of the location for which the applicant seeks a license to sell or dispense motor fuel at retail;

(2) the applicant's social security number, driver's license number, and federal employer identification number if the applicant is a natural person who is not licensed as a supplier, permissive supplier, or terminal operator; and

(3) if the applicant is a corporation, limited liability company, professional association, partnership, or other entity that is not licensed as a supplier, permissive supplier, or terminal operator and is not wholly owned by an entity that is licensed as a supplier, permissive supplier, or terminal operator, the physical address, mailing address, social security number, and driver's license number of each natural person responsible for the purchase of motor fuel for sale by the applicant and each officer, director, manager, member, shareholder, and partner of the applicant.

SECTION 41.21. Amends Section 162.110(a), Tax Code, to provide that the license issued to a supplier, permissive supplier, distributor, importer, exporter, terminal operator, blender, motor fuel transporter, or dealer is permanent and is valid during the period the license holder has in force and effect the required bond or security and furnishes timely reports and supplements as required, or until the license is surrendered by the holder or canceled by the comptroller. Makes a nonsubstantive change.

SECTION 41.22. Amends Section 162.111(a), Tax Code, to require the comptroller to determine the amount of security required of a supplier, permissive supplier, distributor, exporter, importer, dealer, or blender, taking into consideration the amount of tax that has or is expected to become due from the person, any past history of the person as a license holder under this chapter or its predecessor, and the necessity to protect this state against the failure to pay the tax as the tax becomes due.

SECTION 41.23. Amends Section 162.112(a), Tax Code, to make a conforming change.

SECTION 41.24. Amends Sections 162.113(a), (d), and (e), Tax Code, as follows:

(a) Requires each distributor and importer, rather than each licensed distributor and licensed importer, to remit to the supplier or permissive supplier, as applicable, the tax imposed by Section 162.101 for gasoline removed at a terminal rack.

(d) Requires the supplier or permissive supplier to reinstate without delay the right of the licensed distributor or licensed importer to defer the payment of gasoline tax after the comptroller provides to the supplier or permissive supplier notice that the licensed distributor or licensed importer is in good standing with the comptroller for the purposes of the taxes imposed by, rather than gasoline tax imposed under, this subchapter.

(e) Entitles a licensed distributor or licensed importer who makes timely payments of the state gasoline tax imposed by this subchapter to retain an amount equal to 1.75 percent of the total state gasoline tax to be paid to the supplier or permissive supplier to cover administrative expenses. Makes conforming changes.

SECTION 41.25. Amends Section 162.114(a), Tax Code, to require each person who is liable for the taxes, rather than tax, imposed by this subchapter, a terminal operator, a dealer, and a distributor, rather than licensed distributor, except as provided by Subsection (b), to file a return on or before the 25th day of the month following the end of each calendar month.

SECTION 41.26. Amends Sections 162.115(b), (c), (e), (g), and (h), Tax Code, as follows:

(b) Requires a distributor to keep certain information including, a record showing the number of gallons of all gasoline sold, distributed, or used, showing the county in this state to which the gasoline was delivered and the amount of county gasoline tax collected from the purchaser; an itemized statement showing by load the number of gallons of all gasoline sold, distributed, or used, showing the name of the purchaser; the county or counties in this state; the amount of county gasoline tax collected from the purchaser; and the date of the sale, distribution, or use; and for gasoline exported from this state all shipping documents. Makes nonsubstantive changes.

(c) Requires an importer to keep, certain information, including a record showing the number of gallons of all gasoline sold, distributed, or used, showing the name of the purchaser, the county in this state, and the date of the sale, distribution, or use; and an itemized statement showing by load the number of gallons of all gasoline sold, distributed, or used, showing the name of the purchaser, the county or counties in this state, and the date of the sale, distribution, or use. Makes nonsubstantive changes.

(e) Makes a conforming change.

(g) Makes conforming changes.

(h) Requires a dealer to keep a record showing the number of gallons of certain gasoline and the shipping documents.

SECTION 41.27. Amends Section 162.116(c), Tax Code, to authorize a supplier or permissive supplier to take a credit for any state gasoline tax that was, rather than any taxes that were, not remitted in a previous period to the supplier or permissive supplier by a licensed distributor or licensed importer as required by Section 162.113 (Remittance of Tax to Supplier or Permissive Supplier; Allowances).

SECTION 41.28. Amends Section 162.118, Tax Code, as follows:

Sec. 162.118. New heading: INFORMATION REQUIRED ON DISTRIBUTOR'S RETURN; PAYMENT OF TAXES AND ALLOWANCES. (a) Requires that the monthly return and supplements of each distributor contain for the period covered by the return certain information, including the number of net gallons delivered into a taxing county sorted by taxing county and purchaser. Makes a nonsubstantive change.

(b) Entitles a distributor or importer who makes timely payments of the county tax imposed by this subchapter is to retain an amount equal to two percent of the

total county gasoline taxes remitted to the comptroller to cover administrative expenses.

SECTION 41.29. Amends Section 162.123, Tax Code, to make a conforming change.

SECTION 41.30. Amends Subchapter B, Chapter 162, Tax Code, by adding Section 162.1235 as follows:

Sec. 162.1235. INFORMATION REQUIRED ON DEALER'S RETURN. Requires that the monthly return and supplements of each dealer contain for the period covered by the return the number of gallons of gasoline inventories on hand at the first of each month, sorted by product code; the number of gallons of gasoline received by the dealer during the month, sorted by seller; the number of gallons of gasoline inventories on hand at the end of each month; and any other information required by the comptroller.

SECTION 41.31. Amends Sections 162.127(a) and (d), Tax Code, as follows:

(a) Requires that a refund claim be filed on a form provided by the comptroller, be supported by the original invoice issued by the seller, and contain certain information, including the stamped or preprinted name and address, including county in this state, of the seller; the name and address of the purchaser; and the amount of state or county gasoline taxes paid, rather than the amount of tax, either separately stated from the selling price or stated with a notation that both state and county taxes are included if both apply, rather than a notation that the selling price includes the tax.

(d) Provides that for purposes of this section, a distributor meets the requirement of filing a valid refund claim for state and county gasoline taxes if the distributor designates the gallons of gasoline sold or used that are the subject of the refund claim on the monthly report submitted by the distributor to the comptroller.

SECTION 41.32. Amends the heading to Section 162.201, Tax Code, to read as follows:

Sec. 162.201. POINT OF IMPOSITION OF STATE DIESEL FUEL TAX.

SECTION 41.33. Amends Sections 162.201(a), (b), and (c), Tax Code, as follows:

(a) Requires the supplier or permissive supplier to collect the tax imposed by this section, rather than subchapter, from the person who orders the withdrawal at the terminal rack.

(b) and (c) Makes a conforming change.

SECTION 41.34. Amends Subchapter C, Chapter 162, Tax Code, by adding Section 162.2011, as follows:

Sec. 162.2011. COUNTY DIESEL FUEL TAX IMPOSED; POINT OF COLLECTION.

(a) Provides that in a county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code, a tax is imposed on the delivery of diesel fuel into the taxing county.

(b) Requires the distributor to collect the tax imposed by this section from each person on delivery of diesel fuel into a taxing county.

(c) Requires that the tax imposed by this section, in each subsequent sale of diesel fuel on which the tax has been paid, be collected from the purchaser so that the tax is paid ultimately by the person who uses the diesel fuel. Provides that diesel fuel is considered to be used when it is delivered into a fuel supply tank.

SECTION 41.35. Amends Section 162.202, Tax Code, as follows:

Sec. 162.202. New heading: TAX RATES. (a) Creates this subsection from existing text. Provides that the state diesel fuel tax rate is 20 cents for each net gallon or fractional part of a net gallon on which the tax is imposed under Section 162.201.

(b) Provides that in a taxing county, the county diesel fuel tax rate for each net gallon or fractional part of a net gallon is the rate established by Chapter 616, Local Government Code.

SECTION 41.36. Amends the heading to Section 162.203, Tax Code, to read as follows:

Sec. 162.203. BACKUP STATE DIESEL FUEL TAX; LIABILITY.

SECTION 41.37. Amends Sections 162.203(a) and (c), Tax Code, as follows:

(a) Provides that a backup tax is imposed at the rate prescribed by Section 162.202(a), rather than Section 162.202, on certain persons.

(c) Provides that the tax imposed by, rather than under, Subsection (a)(3) is also imposed on the ultimate consumer.

SECTION 41.38. Amends Subchapter C, Chapter 162, Tax Code, by adding Section 162.2035 as follows:

Sec. 162.2035. BACKUP COUNTY DIESEL FUEL TAX; LIABILITY. (a) Provides that a backup tax is imposed at the rate prescribed by Section 162.202(b) on a person who, in a county that imposes the tax authorized by Chapter 616, Local Government Code delivers diesel fuel into the fuel supply tank of a motor vehicle, purchases or receives diesel fuel from another person, or sells or delivers diesel fuel to another person; and a person who obtains a refund of the tax imposed by Section 162.2011 for diesel fuel that the person delivered into the fuel supply tank of a motor vehicle, purchased or acquired, or sold or delivered in a county that imposes the tax authorized by Chapter 616, Local Government Code.

(b) Requires person who sells diesel fuel subject to the tax imposed by this section to at the time of sale collect the tax from the purchaser or recipient of the diesel fuel in addition to the selling price and is liable to this state for the taxes collected at the time and in the manner provided by this chapter.

(c) Provides that the following are exempt from the tax imposed by this section diesel fuel on which the tax imposed by Section 162.2011 had been paid and diesel fuel exempt under Section 162.204 (Exemptions).

(d) Provides that the tax imposed by this section is in addition to any penalty imposed under this chapter.

SECTION 41.39. Amends Sections 162.204(a) and (c), Tax Code, as follows:

(a) Provides that the taxes, rather than tax, imposed by this subchapter do, rather than does, not apply to certain fuels, including diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that diesel fuel moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the diesel fuel removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the state diesel tax imposed by this subchapter.

(c) Requires a supplier, if an exporter described by Subsection (a)(4)(B) does not have an exporter's license issued under this subchapter, to collect the state diesel fuel tax imposed by, rather than under, this subchapter.

SECTION 41.40. Amends Section 162.205(a), Tax Code, to require a person to obtain the appropriate license or licenses issued by the comptroller before conducting the activities certain

positions, including the activities of a supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders. Makes conforming changes.

SECTION 41.41. Amends Section 162.206(d), Tax Code, to provide that any gallons purchased or sold in excess of the limitations prescribed by Subsection (c) constitute a purchase or sale subject to the taxes imposed by this subchapter, rather than a taxable purchase or sale.

SECTION 41.42. Amends Sections 162.208(a) and (b), Tax Code, to make conforming changes.

SECTION 41.43. Amends Section 162.209, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Requires that an applicant for a license as a dealer, in addition to the information required by Subsection (a), list on the application:

(1) the street address, city, county, and zip code of the location for which the applicant seeks a license to sell or dispense motor fuel at retail;

(2) the applicant's social security number, driver's license number, and federal employer identification number if the applicant is a natural person who is not licensed as a supplier, permissive supplier, or terminal operator; and

(3) if the applicant is a corporation, limited liability company, professional association, partnership, or other entity that is not licensed as a supplier, permissive supplier, or terminal operator and is not wholly owned by an entity that is licensed as a supplier, permissive supplier, or terminal operator, the physical address, mailing address, social security number, and driver's license number of each natural person responsible for the purchase of motor fuel for sale by the applicant; and each officer, director, manager, member, shareholder, and partner of the applicant.

SECTION 41.44. Amends Section 162.211(a), Tax Code, to make a conforming change.

SECTION 41.45. Amends Section 162.212(a), Tax Code, to make a conforming change.

SECTION 41.46. Amends Section 162.213(a), Tax Code, to make a conforming change.

SECTION 41.47. Amends Sections 162.214(a) and (e), Tax Code, as follows:

(a) Requires each distributor and importer, rather than each licensed distributor and licensed importer, to remit to the supplier or permissive supplier, as applicable, the tax imposed by Section 162.201 for diesel fuel removed at a terminal rack.

(e) Makes conforming changes.

SECTION 41.48. Amends Section 162.215(a), Tax Code, to make conforming changes.

SECTION 41.49. Amends Sections 162.216(b), (c), (e), (g), and (h), Tax Code, as follows:

(b) Requires distributor to keep certain information, including a record showing the number of gallons of all diesel fuel sold, distributed, or used, showing the county or counties in this state and the amount of county diesel fuel collected from the purchaser; an itemized statement showing by load the number of gallons of all diesel fuel sold, distributed, or used, showing the name of the purchaser, the destination county or counties in this state, the amount of county diesel fuel tax collected from the purchaser, and the date of the sale, distribution, or use; and all shipping documents.

(c) Requires that an importer keep certain information, including a record showing the number of gallons of all diesel fuel sold, distributed, or used, showing the name of the purchaser, the county in this state, and the date of the sale, distribution, or use; and an

itemized statement showing by load the number of gallons of all diesel fuel sold, distributed, or used, showing the name of the purchaser, the county or counties in this state, and the date of sale, distribution, or use.

(e) Makes conforming changes.

SECTION 41.50. Amends Section 162.217(c), Tax Code, to authorize a supplier or permissive supplier to take a credit for any state gasoline tax that was, rather than any taxes that were, not remitted in a previous period to the supplier or permissive supplier by a licensed distributor or licensed importer as required by Section 162.214.

SECTION 41.51. Amends Section 162.219, Tax Code, as follows:

Sec. 162.219. New heading: INFORMATION REQUIRED ON DISTRIBUTOR'S RETURN; PAYMENT OF TAXES AND ALLOWANCES. (a) Creates this subsection from existing text. Requires that the monthly return and supplements of each distributor contain for the period covered by the return the number of net gallons delivered into a taxing county sorted by taxing county and purchaser.

(b) Entitles a distributor or importer who makes timely payments of the county tax imposed by this subchapter is to retain an amount equal to two percent of the total county diesel fuel taxes remitted to the comptroller to cover administrative expenses.

SECTION 41.52. Amends Section 162.224, Tax Code, to make a conforming change.

SECTION 41.53. Amends Subchapter C, Chapter 162, Tax Code, by adding Section 162.2245, as follows:

Sec. 162.2245. INFORMATION REQUIRED ON DEALER'S RETURN. Requires that the monthly return and supplements of each dealer contain for the period covered by the return the number of gallons of diesel fuel inventories on hand at the first of each month, sorted by product code; the number of gallons of diesel fuel received by the dealer during the month, sorted by seller; the number of gallons of diesel fuel inventories on hand at the end of each month; and any other information required by the comptroller.

SECTION 41.54. Amends Sections 162.229(a) and (d), Tax Code, as follows:

(a) Requires that a refund claim be filed on a form provided by the comptroller, be supported by the original invoice issued by the seller, and contain certain information, including the stamped or preprinted name and address, including county, of the seller; the name and address of the purchaser; and the amount of state or county diesel fuel taxes paid, rather than the amount of tax, either separately stated from the selling price or stated with a notation that both state and county taxes are included if both apply, rather than a notation that the selling price includes the tax.

(d) Provides that for purposes of this section, a distributor meets the requirement of filing a valid refund claim for state and county diesel fuel taxes if the distributor designates the gallons of diesel fuel sold or used that are the subject of the refund claim on the monthly report submitted by the distributor to the comptroller.

SECTION 41.55. Amends Sections 162.402(a), (c), and (d), Tax Code, as follows:

(a) Provides that a person forfeits to the state a civil penalty of not less than \$25 and not more than \$200 if the person transports motor fuel to a county in this state other than the county stated on the shipping document. Makes conforming and nonsubstantive changes.

(c) Provides that a person receiving motor fuel who accepts a shipping document that does not conform with the requirements of Section 162.004 or 162.016(a) is liable to this state for a civil penalty of \$2,000 or five times the amount of the unpaid tax, whichever is greater, for each occurrence.

(d) Makes a conforming change.

SECTION 41.56. Amends Section 162.403, Tax Code, to provide that except as provided by Section 162.404 (Criminal Offenses; Special Provisions and Exceptions), a person commits an offense if the person performs certain actions, including transports motor fuel to a county in this state other than the county stated on the shipping document. Makes conforming and nonsubstantive changes.

SECTION 41.57. Amends Section 162.405(d), Tax Code, to provide that an offense under Section 162.403(7), (18-a), (22), (23), (24), (25), (26), (27), (28), or (29) is a felony of the third degree.

SECTION 41.58. Amends Subsection (a), Section 502.003, Transportation Code, to prohibit a political subdivision of this state, except as provided by Subsection (b) and by Chapter 180, Transportation Code, from requiring an owner of a motor vehicle to register the vehicle, pay a motor vehicle registration fee, or pay an occupation tax or license fee in connection with a motor vehicle.

SECTION 41.59. (a) Provides that the comptroller's duties and responsibilities for the collection, administration, and enforcement of a county motor fuels tax as authorized by Chapter 180, Transportation Code, as added by this Act, are specifically contingent on the comptroller receiving sufficient funding in advance of the effective date of any motor fuels tax imposed by a county to adequately cover the comptroller's initial implementation costs.

(b) Provides that the legislature intends that the initial implementation costs be funded through an interlocal agreement between the comptroller of public accounts and one or more local entities. Provides that the comptroller's duties and responsibilities under this Act are specifically contingent on the approval and execution of this agreement by the parties in a manner that results in funding being available to the comptroller on or before September 1, 2009. Provides that if the comptroller does not receive funding in a timely manner as determined by the comptroller, the comptroller is not required to enforce the provisions of this Act related to a county motor fuels tax.

SECTION 41.60. (a) Prohibits a county from imposing a motor fuels tax under Chapter 180, Transportation Code, as added by this Act, before the effective date of rules adopted by the comptroller under Chapter 180, Transportation Code, as added by this Act.

(b) Requires the comptroller to adopt the rules required by Chapter 180, Transportation Code, as added by this Act, before the first anniversary of the date on which an agreement described by Section 41.59 of this Act is entered into.

SECTION 41.61. (a) Authorizes money collected from a county motor fuels tax authorized by this Act, unless otherwise authorized by the constitution of this state, to be used only for acquiring rights-of-way, for constructing, maintaining, and policing public roadways, and for administering laws related to the supervision of traffic and safety on those roads.

(b) Requires the county, if the constitution of this state does not authorize the use of money collected under the county motor fuel tax authorized by this Act for transportation uses other than those described by Subsection (a) of this section, to deposit such money into an account separate from the money collected under other provisions of Chapter 616, Local Government Code, as added by this Act, and the count is authorized to use the money only for the purposes described by Subsection (a) of this section.

(c) Requires the county, if the constitution of this state requires that one-fourth of the county motor fuels tax authorized by this Act be allocated to the available school fund, to deposit such money into an account separate from the money collected under other provisions of this Act and to allocate the money to the comptroller of public accounts for deposit in the state treasury for the purpose required by the constitution.

SECTION 41.62. (a) Effective date, this section and Section ---- of this Act: upon passage or August 31, 2009.

(b) Effective date, except as provided by Subsection (a) of this section: September 1, 2009.

#### ARTICLE 42. CONFLICTS WITH FEDERAL LAW

SECTION 42.01. (a) Requires the executive director of TxDOT, if TTC or TxDOT has reason to believe that a provision of law as added or amended by this Act is in conflict with a federal statute, rule, or regulation that is applicable to TTC, TxDOT, or an activity of TTC or TxDOT, to immediately notify the attorney general and request a determination by the attorney general as to whether the provision of law as added or amended by this Act is in conflict with the federal statute, rule, or regulation. Requires that the request for a determination be in writing and accompanied by a copy of the applicable provision of state law, the applicable federal statute, rule, or regulation, and any other information pertinent to the issue.

(b) Requires the attorney general, as soon as practicable, but not later than the 45th day after the date the attorney general receives a request for a determination under Subsection (a) of this section, to render a written decision determining the question presented. Requires the attorney general to send a copy to the executive director of TxDOT and to the presiding officer of the Transportation Legislative Oversight Committee.

(c) Provides that if the attorney general's determination is that the provision of state law is in conflict with the federal statute, rule, or regulation, TxDOT is not required to comply with the provision of state law as added or amended by this Act, but only to the extent of the conflict; and if applicable, comply with the provision of state law as it existed immediately before the effective date of this Act.

(d) Provides that for purposes of the application of Subsection (c) of this section, the applicable provision of state law as it existed immediately before the effective date of this Act is continued in effect.

#### ARTICLE 43. TRANSFERS OF CERTAIN POWERS, DUTIES, OBLIGATIONS, AND RIGHTS OF ACTION

SECTION 43.01. (a) Provides that all powers, duties, obligations, and rights of action of the Motor Vehicle Division and the Vehicle Titles and Registration Division of TxDOT are transferred to TDMV and all powers, duties, obligations, and rights of action of TTC in connection or associated with those divisions of TxDOT are transferred to the board of TDMV on November 1, 2009.

(b) Provides that the powers, duties, obligations, and rights of action of the portion of the Motor Carrier Division of TxDOT that is responsible for motor carrier registration and the enforcement of Subtitle F (Commercial Motor Vehicles), Title 7 (Vehicles and Traffic), Transportation Code, are transferred to TDMV and the associated powers, duties, obligations, and rights of action of TTC are transferred to the board of the TDMV on November 1, 2009.

(c) Provides that in connection with the transfers required by Subsections (a) and (b) of this section, the personnel, furniture, computers, other property and equipment, files, and related materials used by the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of TxDOT described in Subsection (b) of this section are transferred to TDMV.

(d) Requires TDMV to continue any proceeding involving the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of TxDOT described in Subsection (b) of this section that was brought before the effective date of this Act in accordance with the law in effect on the date the proceeding was brought, and the former law is continued in effect for that purpose.

(e) Provides that a certificate, license, document, permit, registration, or other authorization issued by the Motor Vehicle Division or the Vehicle Titles and Registration Division of TxDOT or a registration issued by the Motor Carrier Division of TxDOT that is in effect on the effective date of this Act remains valid for the period for which it was issued unless suspended or revoked by TDMV.

(f) Provides that a rule adopted by TTC or the executive director of TxDOT in connection with or relating to the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of TxDOT described in Subsection (b) of this section continues in effect until it is amended or repealed by the board of TDMV or TDMV, as applicable.

(g) Provides that the unobligated and unexpended balance of any appropriations made to TxDOT in connection with or relating to the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of the TxDOT described in Subsection (b) of this section for the state fiscal biennium ending August 31, 2009, is transferred and reappropriated to TDMV for the purpose of implementing the powers, duties, obligations, and rights of action transferred to that department under Subsections (a) and (b) of this section.

(h) Requires TxDOT to continue, as necessary, to perform the duties and functions being transferred to the TDMV until the transfer of agency duties and functions is complete.

SECTION 43.02. (a) Provides that in connection with the establishment by this Act of the Automobile Burglary and Theft Prevention Authority in TDMV and with the transfer by this Act of the duty to provide personnel and services to the Automobile Burglary and Theft Prevention Authority from TxDOT to TDMV, the personnel, furniture, computers, other property and equipment, files, and related materials used by the Automobile Burglary and Theft Prevention Authority are transferred to TDMV.

(b) Provides that the unobligated and unexpended balance of any appropriations made to TxDOT in connection with or relating to the Automobile Burglary and Theft Prevention Authority for the state fiscal biennium ending August 31, 2009, is transferred and reappropriated to TDMV for the purpose of allowing the authority to continue to exercise its powers, duties, and obligations under the auspices of that department.

SECTION 43.03. (a) Provides that in addition to the positions of TxDOT assigned to the Vehicle Titles and Registration Division, Motor Vehicle Division, Motor Carrier Division, and Automobile Burglary and Theft Prevention Authority Division that are transferred to TDMV, it is estimated that 75 other full-time equivalent employee positions of TxDOT primarily support the transferred divisions and, subject to this section, those positions are also transferred to TDMV. Authorizes the number of positions transferred under this subsection to be modified by agreement of the two agencies in a memorandum of understanding.

(b) Provides that if in another Act of the 81st Legislature, Regular Session, 2009, the legislature establishes a maximum number of full-time equivalent employee positions for TDMV, the number of positions transferred under Subsection (a) of this section is prohibited from resulting in a number of full-time equivalent employee positions of that department that exceeds the maximum.

(c) Requires TDMV, when filling a position described by Subsection (a) of this section, to give first consideration to an applicant who, as of September 1, 2009, was a full-time employee of TxDOT and primarily supported one or more of the transferred divisions.

#### ARTICLE 44. APPOINTMENT OF BOARD

SECTION 44.01. Requires the governor, not later than October 1, 2009, to appoint the members of the board of TDMV in accordance with Subchapter B, Chapter 1001, Transportation Code, as added by this Act.

#### ARTICLE 45. MEMORANDUM OF UNDERSTANDING

SECTION 45.01. (a) Requires the board of TDMV and TTC to enter into or revise a joint memorandum of understanding to coordinate TDMV's and TxDOT's information systems to allow for the sharing of information so that each department may effectively and efficiently perform the functions and duties assigned to it. Prohibits TDMV and TxDOT from imposing or collecting a fee or charge in connection with the sharing of information under a joint memorandum of understanding entered into or revised under this section.

(b) Requires TDMV and TxDOT to implement the joint memorandum of understanding using existing personnel and resources.

(c) Provides that otherwise confidential information shared under the memorandum of understanding remains subject to the same confidentiality requirements and legal restrictions on access to the information that are imposed by law on the department that originally obtained or collected the information.

(d) Authorizes information to be shared under the memorandum of understanding without the consent of the person who is the subject of the information.

(e) Requires that the memorandum of understanding required by Subsection (a) of this section be entered into or revised at the first official meeting of the board members of TDMV.

SECTION 45.02. (a) Authorizes the board of TDMV and TTC, in addition to the memorandum of understanding required by Section 45.01 of this article, to enter into or revise one or more other joint memoranda of understanding necessary to effectuate the transfer of the powers and duties of TxDOT to TDMV under this Act. Authorizes a memorandum of understanding to include an agreement for the provision of office space, utilities, and other facility services; the need for full-time equivalent positions of TxDOT to provide support services in addition to the positions transferred to TDMV under Section 43.01 of this Act; support services; and the transfer of information technology as necessary or appropriate to effectuate the transfer of the powers and duties of TxDOT to TDMV.

(b) Provides that Sections 45.01(b), (c), and (d) of this article apply to a memorandum of understanding entered into or revised under Subsection (a) of this section.

#### ARTICLE 46. DEPARTMENT OF MOTOR VEHICLES TRANSITION TEAM

SECTION 46.01. (a) Requires TxDOT to establish a Department of Motor Vehicles Transition Team to plan for and make recommendations regarding the transfer of obligations, property, full-time equivalent positions, rights, powers, and duties from TxDOT to TDMV. Requires that the transition team include the division directors from the Motor Vehicle Division, the Vehicle Titles and Registration Division, and the Motor Carrier Division and the Assistant Executive Director for Support Operations.

(b) Requires the transition team, not later than October 1, 2009, to report on and make recommendations to the board of TDMV, the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the senate and house committees with jurisdiction over transportation regarding the transfer of obligations, property, full-time equivalent positions, rights, powers, and duties from TxDOT to TDMV.

#### ARTICLE 47. FINANCIAL AUDIT

SECTION 47.01. (a) Requires the office of the state auditor, as soon as practicable after the effective date of this Act, to conduct an initial financial audit to establish financial benchmarks for TDMV on its overall status and condition in relation to funds on hand, equipment and other assets, pending matters, and other issues considered appropriate by the office of the state auditor.

(b) Requires that the results of the audit, as soon as practicable after the completion of the audit required by Subsection (a) of this section, be reported by the office of the state

auditor to the board of TDMV and to TTC. Requires the office of the state auditor to also provide a copy of the audit to the board and the commission.

ARTICLE 48. EFFECTIVE DATE

SECTION 48.01. Effective date: September 1, 2009.