

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1616  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A number of matters have come to light since the awarding of a contract to a vendor to market and sell personalized and other specialty license plates in Texas. The purpose of this legislation is to offer Texas drivers a wider variety of license plate options and increase revenue from the program.

Currently the personalized license plate program is limited in the variety of plates it may offer and in the prices it may set for those plates. This bill allows the sale of all personalized license plates and all license plates on colored backgrounds. The bill also permits the migration of existing sponsors of specialty license plates created by the Texas Department of Transportation (TxDOT) and enhances their ability to raise money by offering a greater amount of money than the current statutory scheme. The private vendor is also authorized to sell alphanumerical patterns at auction and in perpetuity to increase revenues. The bill streamlines pricing procedures by transferring pricing authority for all plates marketed and sold through the private vendor from the Texas Transportation Commission to the executive director of TxDOT and clarifies the disposition of funds received by TxDOT and redirects certain funds from the general revenue fund to the state highway fund.

As proposed, S.B. 1616 clarifies and expands the personalized license plate program.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to Texas Transportation Commission is transferred to the executive director of the Texas Department of Transportation (TxDOT) in SECTION 7 (Section 504.851, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the executive director of TxDOT in SECTION 8 (Section 504.853, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 504.003, Transportation Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Provides that if a souvenir license plate issued before September 1, 2009, is personalized, the fee for the plate is \$40. Makes nonsubstantive changes.

(c-1) Provides that the fee for a souvenir license plate issued on or after September 1, 2009, is the amount established under Section 504.851(c) (relating to fees for specialty and souvenir license plates).

SECTION 2. Amends Section 504.102, Transportation Code, as follows:

Sec. 504.102. New heading: PERSONALIZATION OF SPECIALTY LICENSE PLATE. Requires the fee for personalization of the specialty license plate, rather than the fee established by Section 504.101(c), if a specialty license plate is personalized, rather than if another specialty plate is personalized to be added to the fee for issuance of that specialty license plate.

SECTION 3. Amends Section 504.601, Transportation Code, as follows:

Sec. 504.601. New heading: GENERAL PROVISIONS APPLICABLE TO SPECIALTY LICENSE PLATES FOR GENERAL DISTRIBUTION. (a) Creates this subsection from existing text.

(b) Provides that this section does not apply to a specialty license plate marketed and sold by a private vendor at the request of the specialty license plate sponsor under Section 504.6011.

SECTION 4. Amends Subchapter G, Chapter 504, Transportation Code, by adding Section 504.6011, as follows:

Sec. 504.6011. GENERAL PROVISIONS APPLICABLE TO SPECIALTY LICENSE PLATES FOR GENERAL DISTRIBUTION SOLD THROUGH PRIVATE VENDOR.

(a) Authorizes the sponsor of a specialty license plate authorized to be issued under this subchapter before September 1, 2009, to contract with the private vendor authorized under Subchapter J (Marketing of Specialty Plates Through Private Vendor) for marketing and sale of the specialty license plate.

(b) Provides that the fee for issuance of a specialty license plate described by Subsection (a) is the amount established under Section 504.851 (Contract with Private Vendor).

(c) Requires the Texas Department of Transportation (TxDOT), notwithstanding any other law, from each fee received for the issuance of a specialty license plate described by Subsection (a), to deduct the administrative costs described by Section 504.601(a)(2) (relating to the requirements for the use of certain fees); deposit the credit of the account designated by the law authorizing the specialty license plate the portion of the fee for the sale of the plate that the state would ordinarily receive under the contract described by Section 504.851(a); and pay to the private vendor the remainder of the fee.

SECTION 5. Amends Section 504.801, Transportation Code, by amending Subsections (d), (e), and (f), and adding Subsection (d-1), as follows:

(d) Provides that the fee for issuance of license plates created, rather than authorized, under this subchapter, before September 1, 2009, is \$30 unless TxDOT sets a higher fee. Provides that this subsection does not apply to a specialty license plate marketed and sold by a private vendor at the request of the specialty license plate sponsor.

(d-1) Provides that the fee for issuance of license plates created under this subchapter on or after September 1, 2009, is the amount established under Section 504.851.

(e) Provides that for each fee collected for a license plate issued by TxDOT under this section, certain amounts are required to be allocated for certain purposes.

(f) Provides that Subchapter D (Appropriation of Unobligated Fund Balances to General Revenue Fund), Chapter 316 (Appropriations), Government Code, and Section 403.095 (Use of Dedicated Revenue), Government Code, do not apply to fees collected under this subchapter, rather than this section.

SECTION 6. Amends Subchapter I, Chapter 504, Transportation Code, by adding Section 504.802, as follows:

Sec. 504.802. MARKETING AND SALE BY PRIVATE VENDOR OF SPECIALTY LICENSE PLATES CREATED BEFORE SEPTEMBER 1, 2009. (a) Authorizes a sponsor of a specialty license plate created under this subchapter before September 1, 2009, to contract with the private vendor authorized under Subchapter J for the marketing and sale of the specialty license plate.

(b) Provides that the fee for issuance of a specialty license plate described by Subsection (a) is the amount established under Section 504.851(c).

(c) Requires TxDOT, notwithstanding any other law, from each fee received from the issuance of a specialty license plate marketed and sold by the private vendor under this section, to deduct the administrative costs described by Section 504.801(e)(1) (relating to \$8 to be used to reimburse TxDOT for its administrative costs); deposit the portion of the fee for the sale of the plate that the state would ordinarily receive under the contract described by Section 504.851(a) to the credit of certain funds; and pay to the private vendor the remainder of the fee.

SECTION 7. Amends Section 504.851, Transportation Code, by amending Subsections (a), (b), (c), (d), and (j), and adding Subsections (a-1), (a-2), and (c-1), as follows:

(a) Requires TxDOT 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 from this section, for the marketing and sale of with the agreement of the private vendor, other specialty license plates authorized by this chapter, rather than subchapter. Deletes existing text relating to the marketing and sale of personalized license plates authorized by Section 504.101.

(a-1) Prohibits TxDOT from issuing license plates with background colors other than white, unless the plates are marketed and sold by the private vendor.

(a-2) Requires specialty license plates authorized for marketing and sale under Subsection (a) to include specialty license plates created under Subchapters G (Specialty License Plats for General Distribution) and I (Development of New Specialty License Plates) on or after September 1, 2009, and, at the request of the specialty license plate sponsor, an existing specialty license plate created under Subchapters G and I before September 1, 2009.

(b) Requires the executive director of TxDOT (director) by rule to establish fees for the issuance or renewal of personalized license plates that are marketed and sold by the private vendor. Deletes existing text requiring that instead of the fees established by Section 504.101(c), the Texas Transportation Commission by rule establish fees. Requires fees to be reasonable and not less than the greater of certain amounts, including the amount established by Section 504.853(b), rather than 504.101(c).

(c) Requires the director by rule, rather than TTC, by rule to establish 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.

(c-1) Provides that Subsections (b) and (c) do not apply to the sale at auction of a license to display an alphanumeric pattern.

(d) Authorizes the director, rather than TTC, at any time as necessary to comply with Subsection (b) or (c), to increase the amount of a fee established under the applicable subsection. Deletes existing text relating to a decrease in the amount of a fee established under the applicable subsection.

(j) Requires TxDOT, from the amounts received by TxDOT under the contract described by Subsection (a), to deposit to the credit of the state highway fund an amount sufficient to enable the TxDOT to recover its administrative costs for all license plates issued under this section, any payments to the vendor under the contract, rather than Subsection (a), and any other amounts allocated by law to the state highway fund, rather than by another law. Requires that those amounts, to the extent that the disposition of other amounts received by TxDOT is, rather than from the vendor are, governed by another law be deposited in accordance with the other law. Prohibits the fee for each type of license plates issued under this chapter, rather than the amount charged for the license plate, from

being less than the fee, rather than amount, in effect on January 1, 2003. Requires that any additional amount received from TxDOT, rather than by the vendor, to be deposited to the credit of the state highway fund, rather than the general revenue fund. Makes nonsubstantive changes.

SECTION 8. Amends Subchapter J, Chapter 504, Transportation Code, by adding Section 504.853, 504.854, and 504.855, as follows:

Sec. 504.853. PERSONALIZED LICENSE PLATES ISSUED BEFORE SEPTEMBER 1, 2009. (a) Authorizes a personalized license plate issued before September 1, 2009, to be issued for a subsequent registration period only if the applicant submits an application and pays the required fee for the applicable registration period. Provides that a person who is issued a personalized license plate has first priority on that license plate for each subsequent registration period for which the person submits a new application for that plate.

(b) Provides that the fee for issuance of a personalized license plate issued before September 1, 2009, is \$40, unless the director adopts by rule a higher fee.

(c) Authorizes a person who is issued a personalized license plate by TxDOT before September 1, 2009 to submit an application for the plate under Subsection (a) and pay the required fee for each subsequent registration period under Subsection (b) or purchase through the private vendor a license to display the alphanumeric pattern on a license plate for any term allowed by law.

(d) Prohibits TxDOT from issuing a replacement set of personalized license plates to the same person before the sixth anniversary of the date of issuance unless the applicant for issuance of replacement plates pays an additional fee of \$30.

(e) Provides that of each fee collected by TxDOT under this section, \$1.25 is required to be used to defray the cost of administering this section and the remainder is required to be deposited to the credit of the general revenue fund.

Sec. 504.854. PERPETUAL LICENSE TO DISPLAY CERTAIN ALPHANUMERIC PATTERNS. (a) Authorizes a person to purchase through the private vendor a perpetual license to display a unique alphanumeric pattern on a license plate.

(b) Authorizes a license to display an alphanumeric pattern purchased under this section to be transferred to another person. Entitles the transferee to the same rights and privileges as the transferor.

(c) Requires the transferee to file a form prescribed by TxDOT to notify TxDOT of the transfer.

Sec. 504.855. AUCTION. (a) Authorizes the private vendor to sell at auction a license to display an alphanumeric pattern.

(b) Entitles a person who purchases a license to display an alphanumeric pattern at auction to the same rights and privileges as a person who purchases a license plate or a license to display an alphanumeric pattern under Section 504.854.

SECTION 9. Repealer: Section 504.101 (Personalized License Plates), Transportation Code.

Repealer: Section 504.851(m) (relating to fees collected in excess of the minimum amount to be deposited to the credit of the general revenue fund), Transportation Code.

SECTION 10. Provides that the changes in law made by this Act do not require the rebidding of a contract that is in effect on the effective date of this Act.

SECTION 11. Effective date: September 1, 2009.