



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



TxDMV Board Meeting

9:00 a.m.

Thursday, December 12, 2024

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
THURSDAY, DECEMBER 12, 2024
9:00 A.M.

The presiding officer of the Board of the Texas Department of Motor Vehicles (Board) will be physically present at 4000 Jackson Avenue, Austin, Texas 78731. Some Board members may attend via videoconferencing.

Link to December 12, 2024, Board Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

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

PAGE

- 1. Roll Call and Establishment of Quorum**
- 2. Pledges of Allegiance - U.S. and Texas**
- 3. Chair's Reports - Chairman Bacarisse (BRIEFING ONLY)**
 - A. Moment of Silence for Former Board Member Paul Scott
 - B. Chair's Annual Report to Governor on State of Affairs - Fiscal Year 2024
 - C. [Proposed 2025 Board Meeting Calendar](#)
 - D. Texas Department of Motor Vehicles (TxDMV) 15 Year Anniversary
- 4. Executive Director's Reports - Daniel Avitia (BRIEFING ONLY)**
 - A. Texas Association for Strategic Solutions and Collaboration in Computing (TASSCC) Annual Conference Update
 - i. [2024 Project Excellence Award - ITSD](#)
 - ii. [TASSCC Board of Directors Election - Wendy Barron, Treasurer](#)
 - B. [Introduction of Internal Auditor Jason Gonzalez](#)
 - C. [V. G. Young School for County Tax Assessor Collectors Conference](#)
 - D. [Awards, Recognition of Years of Service, and Announcements](#)

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RULE ADOPTIONS

- 12 5. **Chapter 218, Motor Carriers** - Jimmy Archer (ACTION ITEM)
Amendments: Subchapters A, B, C, D, E, F and G
Repeal: §218.58
(Relating to Cleanup)
(Published 8/23/24 - 49 TexReg 6410)
- 129 6. **Rule Review**
Rule Review Adoption under Government Code, §2001.039: Chapter 218, Motor Carriers - Laura Moriaty (ACTION ITEM)
(Published 8/23/24 - 49 TexReg 6471)

RULE PROPOSALS

- 131 7. **Chapter 217, Vehicle Titles and Registration** - Annette Quintero (ACTION ITEM)
New: §217.66
(Relating to Specialized License Plate for Registration of Rental Trailers)

BRIEFING AND ACTION ITEMS

- 138 8. **Specialty Plate Design** - Annette Quintero (ACTION ITEM)
State Fair of Texas - New Design Proposed under Transportation Code §504.801
- 141 9. **Projects and Operations**
- 142 A. **State Office of Risk Management (SORM) and the Continuity Council Recognition** - Marlin Craig (BRIEFING ONLY)
- B. **Camp Hubbard Renewal Project** - Glenna Bowman (BRIEFING ONLY)
- 154 10. **Finance and Audit**
- 206 A. **FY 2024 Annual Financial Report** - Eric Horn (BRIEFING ONLY)
- B. **Internal Audit Division Status Update** - Jason Gonzalez (BRIEFING ONLY)
- i. Fleet Management Audit
- ii. Consumer Relations Advisory
- iii. Texas Comptroller's Statewide Controls Over Expenditure Processing Desk Audit
- iv. Introduction of New Internal Auditors

CLOSED SESSION

11. **The Board may enter into closed session under one or more provisions of the Texas Open Meetings Act, Government Code, Chapter 551, including but not limited to:**

Section 551.071 - Consultation with and advice from legal counsel regarding:
- pending or contemplated litigation, or a settlement offer;

- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda; or
- *Lucid Group USA, Inc. vs. Monique Johnston, in her official capacity as Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles, et al.* Case No. 1:22-cv-01116; in the United States District Court for the Western District of Texas, Austin Division.

Section 551.074 - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

- security assessments or deployments relating to information resources technology;
- network security information as described by Government Code Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

12. Action Items from Closed Session

13. Public Comment

14. Adjournment

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

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board or send an email to GCO_General@txdmv.gov to register by providing the required information prior to the agenda item being taken up by the Board:

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1. a completed [Public Comment Registration Form](#); or
2. the following information:
 - a. the agenda item you wish to comment on;
 - b. your name;
 - c. your address (optional), including your city, state, and zip code; and
 - d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker

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

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

CERTIFYING OFFICIAL: Laura Moriaty, General Counsel, (512) 465-5665.

2025 Board and Committee Meeting Dates

Hold dates for Board Meetings are 2nd Thursdays of February, April, June, August, October and December, and at the call of the Board Chair.

Call to Order is 9:00 a.m., unless otherwise updated. Availability and quorum will be confirmed with all board members. See legend below.

**89th Legislative Session begins January 14 and ends June 2.

January						
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 Committee Meetings

 Full Board Meetings

 State Holidays and Weekends

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A.i
Subject: Executive Director's Report - Texas Association for Strategic Solutions and Collaboration in Computing (TASSCC) 2024 Project Excellence Award - ITSD

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

To inform the TxDMV Board of the ITSD TASSCC 2024 Project Excellence Award.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Information Technology Services Division (ITSD) leadership team attended the TASSCC Annual Conference, in Houston, August 4-7, 2024. At the event, ITSD was honored with the 2024 Project Excellence Award for Cost-Effective/High-Value Initiatives, recognizing their outstanding work in disaster recovery (DR) planning and the innovative use of dark capacity DR storage within the state's data center services program. By utilizing dark capacity, which significantly reduces costs compared to maintaining a dedicated DR server, ITSD achieved more than 80 percent in savings for its technology DR preparedness. These improvements also enabled TxDMV to recover swiftly from the recent global technology outage.

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A.ii
Subject: Executive Director's Report - Texas Association for Strategic Solutions and Collaboration in Computing (TASSCC) Board of Directors Election

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

To inform the TxDMV Board about Chief Information Officer Wendy Barron's election as Treasurer of the TASSCC Board of Directors.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Information Technology Services Division (ITSD) leadership team attended the TASSCC Annual Conference, August 4-7, 2024, in Houston. During the conference, Chief Information Officer Wendy Barron was elected Treasurer of the TASSCC Board of Directors.

This appointment builds upon her previous service on the board, which began in September 2022. TASSCC is an organization that promotes the effective use of information technology in Texas state agencies and higher education institutions. Ms. Barron's election to the treasurer position on the TASSCC Board of Directors reflects TxDMV's commitment to leadership in government technology and collaboration with other state entities. This recognition highlights the department's ongoing efforts to stay at the forefront of technological advancements and best practices in state government IT operations.



Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.B.
Subject: Executive Director's Report - Introduction of Internal Auditor Jason Gonzalez

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Mr. Jason Gonzalez began serving as the Director of the Internal Audit Division for the Texas Department of Motor Vehicles (TxDMV) on October 25, 2024.

In this role, Jason is responsible for leading the division that provides the TxDMV Board and department management with assurance and advisory services to reduce exposure to risks associated with the operations of the Department.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

N/A

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.C
Subject: Executive Director’s Report – V.G. Young School for County Tax Assessor Collectors Conference

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Department staff attended the 42nd Annual V.G. Young School for Tax Assessor-Collectors Conference held November 19-21, 2023, in San Marcos, Texas. The annual event offers continuing education for tax assessor-collectors, deputies and their employees, and provides an opportunity for TxDMV to share information on department activities and directly respond to questions from our county partners.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

TxDMV staff provided training and collaboration opportunities throughout the course of the conference to the numerous tax assessor-collector and county staff attendees.

Staff from the Vehicle Titles and Registration and Enforcement divisions provided training sessions on system reporting and fraud prevention programs. The department also participated with staff from the Office of the Comptroller of Public Accounts in a joint session discussing how to navigate overlapping or joint state regulations with multiple offices. Deputy Executive Director Roland D. Luna, Sr., accompanied by program leadership staff, provided a TxDMV update on House Bills 718 and 3297 implementation activities during a final general session. While these bills represent significant operational changes and challenges to the department, they will also make material processing adjustments for county tax office operations. Board Vice Chair and Montgomery County Tax Assessor-Collector Tammy McRae and Executive Director Daniel Avitia addressed the full group in the conference’s closing session to provide an overview of major projects and initiatives underway.

Conference attendees and TxDMV staff networked and engaged in collaborative discussions to continue building upon the established partnership between TxDMV, tax assessor-collectors and their staff.

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.D
Subject: Executive Director’s Report – Awards, Recognition of Years of Service, Announcements

RECOMMENDATION

Briefing Only. Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the December 12, 2024, Board Meeting for state service awards and retirements include:

20 years of state service:

- Guy Montgomery - Information Technology Services Division

25 years of state service:

- Wendy Barron - Information Technology Services Division
- Lenora Blakes - Motor Carrier Division
- Thelma Dufort - Finance and Operations Division

30 years of state service:

- Warren Kirkland II - Enforcement Division
- Jennifer Robbins - Vehicle Titles and Registration Division

40 Years of state service:

- Dianne Kenny - Motor Carrier Division

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

N/A

Board Meeting Date: 12/12/2024
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 5
Subject: Chapter 218, Motor Carriers
Amendments: Subchapters A, B, C, D, E, F and G
Repeal: §218.58
(Relating to Cleanup)

RECOMMENDATION

Action Item. Adopt proposed amendments and the repeal to sections in 43 Texas Administrative Code Chapter 218.

PURPOSE AND EXECUTIVE SUMMARY

The amendments and the repeal are necessary to clean up the rule text in Chapter 218.

FINANCIAL IMPACT

No significant fiscal implications.

BACKGROUND AND DISCUSSION

The amendments and repeal are necessary to do the following:

1. require new applicants for operating authority to provide the department with more information and documents, so the department can detect and prevent chameleon carriers¹;
2. make the rules consistent with the department's current processes;
3. make the rules consistent with the current law;
4. delete language for which the department does not have rulemaking authority;
5. clarify language;
6. delete unnecessary language; and
7. otherwise clean up the rule text.

Comments

The proposed revisions to Chapter 218 were published for comment in the August 23, 2024, issue of the *Texas Register*. The comment period closed on September 23, 2024. The department received one written comment (attached) from the representative on behalf of both the Southwest Movers Association and the Texas Trucking Association. The

¹ A chameleon carrier is a motor carrier that attempts to continue operating under a certificate of registration without addressing a previous penalty, violation of a legal requirement, or order regarding violation of a legal requirement under a different certificate of registration. There are two types of chameleon carriers: 1) a motor carrier that applies to the department for a new certificate of registration to continue to operate as a motor carrier under a different person's name or a different legal entity; and 2) a motor carrier that already has more than one certificate of registration under different names or legal entities.

department considered the comment, but is not recommending changes to the rule text at adoption in response to the comment.

If the board adopts the revisions during the December 12, 2024, open meeting, staff anticipates:

- publication in the December 27, 2024, issue of the *Texas Register*; and
- an effective date of January 2, 2025.

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ADOPTION OF REVISIONS TO

SUBCHAPTER A. GENERAL PROVISIONS

43 TAC §218.2

SUBCHAPTER B. MOTOR CARRIER REGISTRATION

43 TAC §§218.10, 218.11, 218.13, 218.14, 218.16, AND 218.18

SUBCHAPTER C. RECORDS AND INSPECTIONS

43 TAC §218.31 AND §218.32

SUBCHAPTER D. MOTOR TRANSPORTATION BROKERS

43 TAC §218.41

SUBCHAPTER E. CONSUMER PROTECTION

43 TAC §§218.53, 218.54, 218.56, 218.57, 218.61, 218.62, 218.64, AND 218.65

SUBCHAPTER F. ADMINISTRATIVE PENALTIES AND SANCTIONS

43 TAC §218.72

SUBCHAPTER G. FINANCIAL RESPONSIBILITY FOR FOREIGN COMMERCIAL MOTOR VEHICLES

43 TAC §218.80 AND §218.82

REPEAL OF

SUBCHAPTER E. CONSUMER PROTECTION

43 TAC §218.58

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts amendments to 43 Texas Administrative Code (TAC) Subchapter A, General Provisions, §218.2; Subchapter B, Motor Carrier Registration, §§218.10, 218.11, 218.13, 218.14, 218.16, and 218.18; Subchapter C, Records and Inspections, §218.31 and §218.32; Subchapter D, Motor Transportation Brokers, §218.41; Subchapter E, Consumer Protection, §§218.53, 218.54, 218.56, 218.57, 218.61, 218.62, 218.64, and 218.65; Subchapter

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Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

1 F, Administrative Penalties and Sanctions, §218.72; and Subchapter G, Financial Responsibility for Foreign
2 Commercial Motor Vehicles, §218.80 and §218.82. The department adopts amendments to the following
3 sections without changes to the proposed text as published in the August 23, 2024, issue of the *Texas*
4 *Register* (49 TexReg 6410): §§218.2, 218.10, 218.11, 218.14, 218.18, 218.31, 218.32, 218.41, 218.53,
5 218.54, 218.56, 218.57, 218.61, 218.64, 218.65, 218.72, and 218.82. The department adopts §§218.13,
6 218.16, 218.62, 218.80, and Figure: 43 TAC §218.16(a) with changes at adoption to the proposed text as
7 published in the August 23, 2024, issue of the *Texas Register* (49 TexReg 6410 and 49 TexReg 6486,
8 respectively). The department also adopts the repeal of §218.58.

9 These adopted revisions are necessary to require the applicants for operating authority under
10 Chapter 218 and Transportation Code, Chapter 643 to provide the department with more information and
11 documents, so the department can detect and prevent chameleon carriers; to make the rules consistent
12 with the department's current processes; to make the rules consistent with current law (both Texas law
13 and applicable federal law); to delete language for which the department does not have rulemaking
14 authority; to clarify language; to delete unnecessary language; and to otherwise clean up the rule text.

15 REASONED JUSTIFICATION.

16 Subchapter A. General Provisions.

17 An adopted amendment to §218.2 adds a new subsection (a) and creates a new subsection (b) for
18 the defined terms. Adopted new §218.2(a) adds language stating that the definitions contained in
19 Transportation Code, Chapter 643 apply to Chapter 218 and that the definitions contained in Chapter 643
20 govern in the event of a conflict with Chapter 218, except for the definition of the word "director" in
21 §218.2. To the extent that the terms used in Chapter 218 are already defined in Transportation Code,
22 Chapter 643, there is no need to duplicate the definitions in Chapter 218. As a result, adopted
23 amendments to §218.2 delete the following definitions because the terms are already defined in

TITLE 43. TRANSPORTATION

Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

1 Transportation Code, Chapter 643: “department,” “household goods,” and “insurer.” In addition, the
2 department adopts the deletion of the definition for “commercial school bus” from §218.2 because the
3 correct term is “school bus,” which is defined in Transportation Code, §643.1015.

4 An adopted amendment to the word “director” in new §218.2(b) clarifies that the department’s
5 executive director designated the director of the department’s Motor Carrier Division as the director
6 under Transportation Code, §643.001(2). Transportation Code, §643.001(2) defines “director” as the
7 executive director of the department or an employee of the department who is a division or special office
8 director or holds a higher rank and is designated by the director. The department’s executive director has
9 designated the director of the department’s Motor Carrier Division to perform the functions of the
10 director under Chapter 218 and Transportation Code, Chapter 643. Therefore, a separate definition for
11 “director” is necessary.

12 An adopted amendment to the definition for “advertisement” in new §218.2(b)(1) replaces the
13 word “on-line” with the word “online” to be consistent with current terminology. An adopted amendment
14 to the definition for “binding proposal” in new §218.2(b)(3) deletes the word “formal” because the word
15 is not clear and is not necessary for the definition. Adopted amendments to the definition for “commercial
16 motor vehicle” in new §218.2(b)(8) incorporate the definition of the term in Transportation Code,
17 §548.001 and delete the prior definition, including the language regarding a commercial enterprise. This
18 amendment is necessary to align with statute: neither Transportation Code, §548.001 nor Transportation
19 Code, §643.051(a) defines a commercial motor vehicle to require the vehicle to be used in furtherance of
20 a commercial enterprise. Only Transportation Code, §643.051(b) refers to compensation; however, that
21 requirement only applies to household goods carriers that transport household goods, regardless of the
22 size of the vehicle. Transportation Code, §643.051(a) states that the term “commercial motor vehicle” is
23 defined in Transportation Code, §548.001.

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Adopted Sections

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Chapter 218 – Motor Carriers

1 Adopted amendments to the definition for “commercial motor vehicle” in new §218.2(b)(8) also
2 delete the letter for subparagraph (B) due to the adopted deletion of subparagraph (A), add language to
3 create a full sentence regarding the exclusions from the definition for “commercial motor vehicle,” and
4 replace prior clause numbers (i) through (vi) with subparagraph letters (A) through (F) to provide the
5 correct rule structure under 1 TAC §91.33. In addition, an adopted amendment to the definition for
6 “commercial motor vehicle” in new §218.2(b)(8)(A) changes the word “and” to “or” regarding a farm
7 vehicle to be consistent with Transportation Code, §548.001. Although an adopted amendment to the
8 definition for “commercial motor vehicle” in new §218.2(b)(8) refers to the definition found in
9 Transportation Code, §548.001, it is helpful to clarify the language regarding a farm vehicle in §548.001
10 because the language in §548.001 has caused confusion in the past. An adopted amendment to the
11 definition for “commercial motor vehicle” in new §218.2(b)(8)(B) rewords the exception to apply to a
12 single cotton vehicle to be consistent with Transportation Code, §643.002(2). An adopted amendment to
13 the definition for “commercial motor vehicle” in new §218.2(b)(8)(F) deletes language that requires a tow
14 truck to be permitted under Occupations Code, Chapter 2308, Subchapter C to be consistent with the
15 language in Transportation Code, §643.002(7) regarding exemptions from Transportation Code, Chapter
16 643.

17 An adopted amendment to the definition for the word “conversion” in new §218.2(b)(10) deletes
18 the word “and” in the title to the Business Organizations Code because the word “and” does not appear
19 in the name of this code. An adopted amendment to new §218.2(b) deletes the definition for the word
20 “division” because the definition is not necessary due to the adoption of amendments that remove the
21 word “division” in Chapter 218, except for references that indicate a particular division. These
22 amendments provide clarity because Chapter 218 contains references to the department’s Motor Carrier
23 Division and the department’s Enforcement Division.

TITLE 43. TRANSPORTATION

Adopted Sections

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Chapter 218 – Motor Carriers

1 Adopted amendments to the definition for “farmer” and “farm vehicle” in new §218.2(b)(13) and
2 (14) make the definitions consistent with the definitions in 49 C.F.R. §390.5T because Transportation
3 Code, §548.001 says the term “farm vehicle” has the meaning assigned by the federal motor carrier safety
4 regulations assigned by Transportation Code, §644.001. The term “farm vehicle” appears in the definition
5 of “commercial motor vehicle” in §218.2, and Transportation Code, §643.051(a) says that the term
6 “commercial motor vehicle” is defined in Transportation Code, §548.001.

7 An adopted amendment to the definition for “foreign commercial motor vehicle” in new
8 §218.2(b)(16) replaces the definition with a reference to the definition found in Transportation Code,
9 §648.001, which contains the complete definition. An adopted amendment to the definition for
10 “household goods carrier” in new §218.2(b)(19) deletes the clause regarding a commercial enterprise to
11 align with statute because that clause does not appear in Transportation Code, §643.051(b).

12 Although Transportation Code, §643.001 defines the term “motor carrier,” §643.001 does not
13 define the term “carrier.” Prior §218.2(28) included the same definition for the terms “motor carrier” and
14 “carrier.” For this reason, an adopted amendment modifies the definition for “motor carrier or carrier” in
15 new §218.2(b)(23) to refer to the definition in Transportation Code, §643.001(6), rather than deleting the
16 defined terms. An adopted amendment to the definition for “motor transportation broker” in new
17 §218.2(b)(24) refers to the definition in Transportation Code, §646.001 because it is not necessary to
18 duplicate statutory language in a rule.

19 An adopted amendment to new §218.2(b)(28) changes the term “principal place of business” to
20 “principal business address” to use the same term that is used in Transportation Code, §643.052(1). An
21 adopted amendment to new §218.2(b) deletes the definition for the term “reasonable dispatch” because
22 the term only appeared in §218.58, which the department repealed. An adopted amendment to new
23 §218.2(b) deletes the definition for “SOAH” because the acronym does not appear in Chapter 218.

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Adopted Sections

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Chapter 218 – Motor Carriers

1 Adopted amendments to new §218.2(b) renumber the definitions due to adopted amendments that
2 delete definitions.

3 Subchapter B. Motor Carrier Registration.

4 An adopted amendment to §218.10 deletes the first sentence because it is not necessary to
5 repeat language from Transportation Code, §643.051 and §643.002. An adopted amendment to §218.10
6 also modifies the language regarding a household goods carrier because the term “household goods
7 carrier” is a defined term in §218.2. In addition, an adopted amendment to §218.10 clarifies the language
8 to state that a motor carrier, leasing business, or household goods carrier registers with the department.
9 Lastly, an adopted amendment to §218.10 deletes the reference to workers’ compensation because
10 Subchapter B of Chapter 218 does not set out the minimum workers’ compensation insurance
11 requirements.

12 Adopted amendments to §218.11 replace the term “the public roads or highways” with “a public
13 highway,” which is a defined term in §218.2.

14 Many of the adopted amendments to §218.13 and §218.14 were presented to the Motor Carrier
15 Regulation Advisory Committee (MCRAC) for review and feedback at the MCRAC meeting in December
16 2023. The focus of the MCRAC meeting was to discuss the draft amendments to §218.13 and §218.14 to
17 detect and prevent chameleon motor carriers (chameleon carriers). A chameleon carrier is a motor carrier
18 that attempts to continue operating under a certificate of registration without addressing a previous
19 penalty, violation of a legal requirement, or order regarding violation of a legal requirement under a
20 different certificate of registration. There are two types of chameleon carriers: 1) a motor carrier that
21 applies to the department for a new certificate of registration to continue to operate as a motor carrier
22 under a different person’s name or a different legal entity; and 2) a motor carrier that already has more
23 than one certificate of registration under different names or legal entities. Under this second type of

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1 chameleon carrier, the motor carrier continues to operate under a different certificate of registration
2 when it incurs a penalty, is found to be in violation of a legal requirement, or receives an order regarding
3 a violation of a legal requirement under one of its current certificates of registration.

4 At the December 2023 MCRAC meeting, the MCRAC members made informal suggestions and
5 approved two motions requesting changes to the draft amendments to §218.13. The department made
6 changes consistent with MCRAC's informal suggestions and one of its motions. Although MCRAC
7 recommended the deletion of the draft amendments to §218.13(a)(3)(E), the department modified the
8 language in §218.13(a)(3)(E) and (i) to strike a balance between addressing the concerns of MCRAC and
9 enabling the department to request necessary information to help detect and prevent chameleon carriers.

10 The department also met with staff from the Federal Motor Carrier Safety Administration
11 (FMCSA) to learn how FMCSA detects chameleon carriers and prevents them from obtaining operating
12 authority for interstate transportation. In addition, the department reviewed the applicable federal laws
13 and forms to inform the department regarding the amendments to §218.13. Further, the department
14 reviewed materials from International Registration Plan, Inc. regarding another state's procedures to
15 identify a possible chameleon carrier.

16 Many of the adopted amendments to §218.13 are designed to require new applicants for
17 intrastate operating authority to provide the department with the information it needs to detect and
18 prevent chameleon carriers. The department's primary goal is to prevent chameleon carriers. However,
19 the additional information and documents that are addressed in the adopted amendments to §218.13
20 will also help the department detect any current chameleon carriers. The Texas Legislature passed laws
21 to authorize the department to deny intrastate operating authority to chameleon carriers and to revoke
22 a chameleon carrier's intrastate operating authority, such as Transportation Code, §643.054(a-2) and
23 §643.252(a)(7).

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1 An adopted amendment to the introductory sentence in §218.13(a) clarifies and modernizes the
2 rule by stating that an application for motor carrier registration must be filed electronically in the
3 department's designated registration system and that the applicant must provide both information and
4 documents. An adopted amendment to §218.13(a)(1) clarifies that the applicant must provide a valid
5 United States Department of Transportation (USDOT) number that was issued to the applicant, to prevent
6 applicants from attempting to use others' USDOT numbers.

7 Adopted amendments to §218.13(a)(2) require the applicants to provide additional information
8 and documents, which will help the department to detect, prevent, and revoke chameleon carriers. The
9 department currently requires applicants to provide most of the information in adopted new
10 §218.13(a)(2)(A) and (B) regarding the applicant, including contact and identifying information. Adopted
11 new §218.13(a)(A) also makes the rule text consistent with the department's current process, which
12 requires that the applicant's name and email address match the information the applicant provided to
13 FMCSA to obtain the USDOT number that the applicant provided to the department in the application.
14 This requirement helps the department to identify the applicant and to prevent fraud. Adopted new
15 §218.13(a)(2)(C) adds a new requirement for a legible and accurate electronic image of the certificate of
16 filing, certificate of incorporation, or certificate of registration on file with the Secretary of State, as well
17 as the existing requirement for an applicant to provide each assumed named certificate on file with the
18 Secretary of State or county clerk, if applicable. This new requirement also helps the department to
19 identify the applicant and prevent fraud.

20 Adopted new §218.13(a)(3)(A) through (F) require applicants to provide information and
21 documents on the applicant's owners, managers, representatives, and affiliates, as applicable. An adopted
22 amendment to §218.13(a)(3)(A) puts authorized representatives of an applicant on notice that they may
23 be required to provide written proof of authority to act on behalf of the applicant. Many of these

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1 requirements are new requirements that will provide the department with additional information and
2 documents that are necessary to detect and prevent chameleon carriers.

3 At the MCRAC meeting in December 2023, members of MCRAC expressed concerns regarding a
4 prior draft of adopted new §218.13(a)(3)(E) because the language could have required applicants to
5 provide information on many employees who do not direct the operations of the motor carrier, and to
6 update the information frequently due to frequent staff turnover in lower-ranking positions. Although the
7 MCRAC members voted to strike new §218.13(a)(3)(E), the department further defined the positions to
8 which this application requirement applies to obtain relevant information to help the department detect
9 and prevent chameleon carriers by focusing on the applicant’s representatives who have or exercise
10 authority to direct some or all of the applicant’s operational policy regarding compliance with applicable
11 laws regarding a motor carrier. Examples of applicable laws regarding a motor carrier are the motor carrier
12 safety regulations that are administered by the Texas Department of Public Safety under Transportation
13 Code, Chapter 644 and 37 TAC Chapter 4 (Commercial Vehicle Regulations and Enforcement Procedures).
14 In addition, the department modified the draft amendments to §218.13(i) that the department provided
15 to the MCRAC members for the December 2023 MCRAC meeting to eliminate the draft amendment that
16 would have required a motor carrier with a certificate of registration to update all information and
17 documents that the motor carrier provided to the department in the motor carrier’s current application
18 within 30 days of a change in the information or documents the motor carrier provided to the department.
19 The adopted amendments to §218.13(i) only require a motor carrier with a certificate of registration to
20 update its principal business address, mailing address, and email address in the department’s online
21 system within 30 days of a change to the information.

22 The department adopts §218.13(a)(3)(F)(ii) with a change at adoption to decapitalize the word
23 “card” because the word should not be capitalized in the term “Texas identification card.”

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1 Adopted amendments to §218.13(a)(4) clarify the language and replace the term “principal place
2 of business” with the term “principal business address” to be consistent with the terminology used in
3 Transportation Code, §643.052(1). Adopted amendments to §218.13(a)(6) delete the word “commercial”
4 from the term “commercial motor vehicle” because Transportation Code, §643.051(b) requires a
5 household goods carrier to obtain operating authority under Transportation Code, Chapter 643, even if
6 their motor vehicles do not fall within the definition of a “commercial motor vehicle” as defined by
7 Transportation Code, §548.001. An adopted amendment to §218.13(a)(6) also removes the word “motor”
8 from the term “vehicle identification number” to make the term consistent with current terminology.

9 An adopted amendment to §218.13(a)(7) deletes the language that required the applicant to state
10 if the applicant is domiciled in a foreign country because this requirement is not relevant to the type of
11 motor carrier operation, and an adopted amendment adds this requirement to new §218.13(a)(12)(E).
12 Adopted amendments to §218.13(a)(11)(A)(ii) and §218.13(a)(14) replace the references to
13 §218.2(8)(A)(ii) with references to Transportation Code, §548.001(1)(B) to specify the portion of the
14 definition for “commercial motor vehicle” that deals with a vehicle designed or used to transport more
15 than 15 passengers. These adopted amendments are necessary because an adopted amendment to
16 §218.2 removes the specific language from the definition of “commercial motor vehicle” and instead
17 refers broadly to Transportation Code, §548.001.

18 Adopted amendments to §218.13(a) and §218.13(a)(12) clarify that the requirements apply to an
19 original application. An adopted amendment to §218.13(a)(12)(C) adds the word “the” to improve the
20 wording of the sentence.

21 An adopted amendment to §218.13(a)(12) deletes the language in prior subparagraph (D)
22 because an adopted amendment moved the language to new §218.13(a)(2)(A), and re-lettered
23 subsequent subparagraphs accordingly. Adopted amendments to new §218.13(a)(12)(D) incorporate the

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1 language from the department’s New Applicant Questionnaire into rule text, with certain amendments,
2 such as providing a three-year timeframe for certain responses. The New Applicant Questionnaire was
3 designed to obtain relevant information to help the department detect, prevent, and revoke chameleon
4 carriers.

5 Adopted amendments to new §218.13(a)(12)(F) include the current application certification in
6 rule text. An adopted amendment to new §218.13(a)(12)(G) clarifies that an application must be
7 accompanied by any other information and documents the department requires to evaluate the
8 application under current law, to allow the department the latitude to request additional required
9 information and documentation in order to prevent chameleon carriers and ensure the applicant is
10 eligible for a certificate of registration under Chapter 218 and Transportation Code, Chapter 643.

11 Adopted amendments to §218.13(a) also delete prior language because the prior language was
12 modified and incorporated into adopted amendments to §218.13(a) in addition to new requirements. In
13 addition, adopted amendments to §218.13(a) renumber or re-letter subdivisions due to deletions and
14 additions.

15 An adopted amendment to §218.13(a)(14)(B) replaces the word “vehicles” with the word
16 “vehicle” to correct a grammatical error and to clarify that the requirement applies to each commercial
17 motor vehicle.

18 Adopted amendments throughout §218.13(c), (g) and (i) change certain instances of the words
19 “will” or “must” to “shall” for clarity and consistency. Government Code, §311.016 defines the word
20 “shall” to impose a duty, which is the intended meaning in §218.13(c), (g) and (i). The department adopts
21 §218.13(c) with changes at adoption to change the word “will” to “must” in two places. Government Code,
22 §311.016 defines the word “must” to create or recognize a condition precedent, which is the intended
23 meaning in §218.13(c). An adopted amendment to §218.13(c)(2) changes the term “registrant’s” to

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1 “motor carrier’s” because the term “motor carrier” is defined in §218.2. An adopted amendment to
2 §218.13(c)(2) also changes the term “principal place of business” to “principal business address” to be
3 consistent with terminology in Transportation Code, §643.052(1). An adopted amendment to
4 §218.13(c)(2)(C) deletes the word “commercial” from the term “commercial motor vehicle” because
5 Transportation Code, §643.051(b) applies to household goods carriers, even if their motor vehicles do not
6 fall within the definition of a “commercial motor vehicle” as defined by Transportation Code, §548.001.

7 An adopted amendment to §218.13(c)(2)(F) replaces the word “information” with “cab card” for
8 consistency. In addition, an adopted amendment to §218.13(c)(2) deletes prior subparagraph (G), which
9 said the display of an image that includes the insurance cab card or the display of insurance information
10 via a wireless communication device does not constitute effective consent for a law enforcement officer
11 or any other person to access any other content of the wireless communication device, because the
12 department does not have the statutory authority for this language. However, the person who chooses
13 to display an image that includes the insurance cab card or the display of insurance information via a
14 wireless communication device can verbally specify the extent of their consent to having the law
15 enforcement officer or any other person access the device prior to displaying the image.

16 An adopted amendment to §218.13(d)(2) replaces the word “shall” with the word “must.”
17 Government Code, 311.016 defines the word “must” to create or recognize a condition precedent, which
18 is the intended meaning in §218.13(d)(2).

19 An adopted amendment to the introductory sentence in §218.13(e) modernizes the rule text by
20 adding language that says a motor carrier shall electronically file a supplement to an original application
21 in the department’s designated registration system. An adopted amendment to §218.13(e)(7)(A) replaces
22 the word “re-register” with the word “reregister” because the word does not have a hyphen in

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1 Transportation Code, §643.0585. An adopted amendment to §217.13(e)(7)(B) replaces the word “facts”
2 with the word “issue” for clarity.

3 An adopted amendment to §218.13(g) deletes the word “commercial” from the term
4 “commercial motor vehicle” because Transportation Code, §643.051(b) applies to household goods
5 carriers, even if their motor vehicles do not fall within the definition of a “commercial motor vehicle”
6 under Transportation Code, §548.001. Adopted amendments to §218.13(i) require a motor carrier with a
7 certificate of registration to update their principal business address, mailing address, and email address
8 in the department’s online system within 30 days of a change to the information. These amendments to
9 §218.13(i) replace a requirement for the motor carrier to review this information in the department’s
10 online system every six months and to update such information if it is no longer correct. The requirement
11 for the motor carrier to update information within 30 days is intended to provide the department with
12 updated information sooner and to eliminate an unnecessary requirement for a motor carrier to review
13 this information every six months even if there is no change to the information.

14 An adopted amendment to the title to §218.14 deletes the word “commercial” from the term
15 “commercial motor vehicle” because Transportation Code, §643.051(b) applies to household goods
16 carriers, even if their motor vehicles do not fall within the definition of a “commercial motor vehicle”
17 under Transportation Code, §548.001. Adopted amendments throughout §218.14 change the word “will”
18 to “shall.” Government Code, §311.016 defines the word “shall” to impose a duty, which is the intended
19 meaning in §218.14. Adopted amendments throughout §218.14 add a hyphen to the words “90-day” and
20 “seven-day” as a grammatical correction because the words are compound modifiers of the word
21 “certificates.”

22 An adopted amendment to §218.14(b)(1) changes the first sentence to say that the department
23 shall provide the renewal notice to each registered motor carrier at least 30 days before the expiration of

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1 the motor carrier's registration to be consistent with Transportation Code, §643.058(b). An adopted
2 amendment to §218.14(b)(1) also replaces the word "division's" with the term "Motor Carrier Division's"
3 for clarity because other sections in Chapter 218 refer to the department's Enforcement Division, and an
4 adopted amendment to §218.2 deletes the definition for the word "division." In addition, an adopted
5 amendment to §218.14(b)(1) changes the word "mailed" to "sent" because the department may send the
6 notice electronically. Further, an adopted amendment to §218.14(b)(1) removes the requirement for the
7 motor carrier to submit its renewal application to the department at least 15 days prior to the renewal
8 date because motor carriers currently submit their renewals online in the department's designated
9 registration system in which the renewal is automated if there are no issues with the renewal application.
10 Lastly, an adopted amendment to §218.14(b)(1) adds language that says a motor carrier shall
11 electronically file a renewal application in the department's designated registration system to modernize
12 the rule.

13 Adopted amendments to §218.14(b)(1)(A) require the applicant to provide the department with
14 any new information and documents required under §218.13(e) if the information or documents have not
15 previously been provided to the department. The department needs updated information and documents
16 to ensure the motor carrier still qualifies to be a motor carrier, as well as to prevent and detect chameleon
17 carriers.

18 Adopted amendments to §218.14(b)(5) make the language consistent with Transportation Code,
19 §643.058(d), which prohibits a motor carrier from renewing a registration that has been expired for more
20 than 180 days. Also, adopted amendments to §218.14(b)(5) modernize the rule by adding language that
21 says a motor carrier shall electronically file a supplemental application in the department's designated
22 registration system. In addition, adopted amendments to §218.14(b)(5) make the language easier to read
23 by breaking the language into multiple subparagraphs and improving the language. An adopted

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1 amendment to new §218.14(b)(5)(C) clarifies the language by adding a reference to evidence of financial
2 responsibility as authorized by Transportation Code, §643.102. Adopted amendments to new
3 §218.14(b)(5)(C) replace a reference to the “division” with a reference to the “department” for clarity and
4 consistency.

5 An adopted amendment to §218.14(c)(2) replaces the word “re-register” with the word
6 “reregister” because the word does not have a hyphen in Transportation Code, §643.0585. Adopted
7 amendments to §218.14(c)(2) replace the term “public streets and highways” with “a public highway,”
8 which is a defined term in §218.2. Adopted amendments throughout §218.14(c) and §218.16 change the
9 word “will” to “shall.” Government Code, §311.016 defines the word “shall” to impose a duty, which is
10 the intended meaning in §218.14(c) and §218.16.

11 Adopted amendments to §218.16(a) delete the word “commercial” in the term “commercial
12 automobile liability insurance” because Transportation Code, §643.101 does not use the word
13 “commercial” to describe the amount of liability insurance that is required under Transportation Code,
14 Chapter 643. An adopted amendment to §218.16(a) also clarifies the coverage required under an
15 automobile liability insurance policy, which must cover bodily injury to or death of an individual, as well
16 as loss or damage to property.

17 In addition, adopted amendments to §218.16(a) clarify the financial responsibility requirements
18 of a motor carrier that operates a foreign commercial motor vehicle in intrastate transportation in Texas
19 if the motor carrier is required to register with the department under Transportation Code, Chapter 643.
20 Although Transportation Code, §643.101(b) authorizes the department to set the amount of required
21 liability insurance at an amount that does not exceed the amount required for a motor carrier under a
22 federal regulation adopted under 49 U.S.C. §13906(a)(1), Transportation Code, §648.102 requires the
23 department to adopt rules that conform with 49 C.F.R. Part 387 requiring motor carriers that operate

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1 foreign commercial motor vehicles in Texas to maintain financial responsibility. Also, Transportation Code,
2 §648.102(b) states that Transportation Code, Chapter 648 prevails over any other requirement of state
3 law relating to financial responsibility for operation of foreign commercial motor vehicles in Texas. The
4 department must comply with both Transportation Code, §643.101 and §648.102 regarding the required
5 amount of financial responsibility for a motor carrier that is required to register with the department
6 under Transportation Code, Chapter 643 that operates a foreign commercial motor vehicle in intrastate
7 transportation in Texas. The financial responsibility requirements under 49 C.F.R. §387.9 regarding
8 minimum levels of financial responsibility for motor carriers of property, and 49 C.F.R. §387.33T regarding
9 minimum levels of financial responsibility for motor carriers of passengers, are higher than the minimum
10 levels of financial responsibility for certain motor carriers under §218.16 that do not operate a foreign
11 commercial motor vehicle.

12 Pursuant to the department's rulemaking authority under both Transportation Code, §643.101(b)
13 and §648.102, adopted amendments to §218.16(a) adopt by reference the required level of financial
14 responsibility under 49 C.F.R. Part 387, including any amendments that became effective through July 1,
15 2024, for a motor carrier operating a foreign commercial motor vehicle in intrastate transportation in
16 Texas. An adopted amendment to §218.16(a) deletes reference to the amendments to 49 C.F.R. Part 387
17 with an effective date of October 23, 2015, because FMCSA has since amended 49 C.F.R. Part 387.

18 The department adopts §218.16(a) with changes at adoption to clarify that a motor carrier that is
19 required to register with the department under Transportation Code, Chapter 643 and operates a foreign
20 commercial motor vehicle in intrastate transportation in Texas must comply with the minimum level of
21 financial responsibility in 49 C.F.R. Part 387 for such vehicle. If such a motor carrier also operates a motor
22 vehicle that is not a foreign commercial motor vehicle as defined in Transportation Code, §648.001, the

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1 motor carrier must comply with the minimum level of financial responsibility in Figure 43 TAC §218.16(a)
2 for the non-foreign commercial motor vehicle while operating in intrastate transportation in Texas.

3 Adopted amendments to the second and third categories in Figure 43 TAC §218.16(a) modify the
4 language to be consistent with Transportation Code, §548.001(1)(B) regarding vehicles, including buses,
5 designed or used to transport more than 15 passengers, including the driver. The department adopts
6 Figure 43 TAC §218.16(a) with a change at adoption to delete the word “commercial” from the term
7 “commercial school buses” in the fourth category because Transportation Code, §643.1015 uses the term
8 “school bus.” Adopted amendments to the seventh and eighth categories in Figure 43 TAC §218.16(a)
9 modify the language to be consistent with language in 49 C.F.R. §387.9(3) and (2), respectively, because
10 federal law provides the minimum levels of financial responsibility for intrastate transportation for these
11 categories under 49 U.S.C. §31139(d). Adopted amendments to the ninth category in Figure 43 TAC
12 §218.16(a) modify the language to be consistent with language in 49 C.F.R. §387.9(4) because
13 Transportation Code, §643.101(b) requires the department to set the amount of required liability
14 insurance at an amount that does not exceed the amount required for a motor carrier under a federal
15 regulation adopted under 49 U.S.C. §13906(a)(1), which cites to §31139 regarding the minimum financial
16 responsibility requirements for transporting property. The statutory authority listed for 49 C.F.R. §387.9
17 regarding minimum levels of financial responsibility for motor carriers of property includes 49 U.S.C.
18 §13906 and §31139.

19 Adopted amendments to §218.16(b) remove the words “for hire” because the definition for the
20 term “household goods carrier” in §218.2 already includes the words “for compensation.” An adopted
21 amendment to §218.16(b) also changes the word “shipper” to a plural possessive “shippers” because the
22 language deals with damage to multiple shippers’ cargo. Adopted amendments to §218.16(c) make the
23 language consistent with the language in Transportation Code, §643.106 regarding insurance for

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1 employees. Adopted amendments to §218.16(c) also add letters for new subparagraphs (C) and (D) to
2 break the paragraph into additional subdivisions to help make the language consistent with the language
3 in Transportation Code, §643.106.

4 Adopted amendments throughout §218.16(d) add the term “motor carrier” after the term “self-
5 insured” for clarity. Adopted amendments to §218.16(d)(1) clarify that an applicant for self-insured status
6 under Transportation Code, §643.102 is authorized to request self-insured status for cargo liability, as well
7 as for bodily injury and property damage liability. An adopted amendment to §218.16(d)(2) changes the
8 word “allow” to “enable” for clarity because the department is allowed to determine whether the
9 applicant should be granted self-insured status; however, the department needs information and
10 documents to enable the department to make the determination. An adopted amendment to
11 §218.16(d)(2) also replaces the word “materials” with the term “information and documents” for clarity.

12 An adopted amendment to §218.16(d)(2)(B) replaces the term “security limits” with the term
13 “insurance levels” for clarity. An adopted amendment to §218.16(d)(2)(C) makes the language consistent
14 with the Texas Department of Public Safety’s “satisfactory safety rating” under Transportation Code,
15 Chapter 644 and 37 TAC §4.15. Also, an adopted amendment to §218.16(d)(2)(C) authorizes an applicant
16 to provide evidence of a “satisfactory” safety rating from FMCSA because a safety rating from FMCSA is
17 relevant evidence of the motor carrier’s safety program. Another adopted amendment to
18 §218.16(d)(2)(C) states that an application by a motor carrier with less than a “satisfactory” safety rating
19 or no safety rating will be summarily denied for self-insured status. Transportation Code, §643.102
20 requires the department to provide a responsible system of self-insurance for a motor carrier, and safety
21 is an integral component of such a system.

22 Adopted amendments to §218.16(d)(4) replace the word “applicant” with the words “approved
23 self-insured motor carrier” or “motor carrier” for clarity. Adopted amendments to §218.16(d)(4) also

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1 update the language to reflect current procedures regarding the filing of annual statements and any
2 reports with the department.

3 An adopted amendment to §218.16(d)(5) replaces the word “applicant” with the term “motor
4 carrier” for clarity. An adopted amendment to §218.16(d)(5) also clarifies the department’s current
5 practice of including limitations, restrictions, and requirements in the department’s letter approving self-
6 insured status under Transportation Code, §643.102. The department adopts §218.16(d)(5) with a change
7 at adoption to improve the language regarding any department letter approving self-insured status.

8 Adopted amendments to §218.16(d)(6) update the language to reflect current procedures, to
9 clarify the language, and to remove unnecessary language.

10 An adopted amendment to §218.16(e)(2)(A) adds the word “a” to correct a grammatical error. An
11 adopted amendment to §218.16(e)(3) changes the word “shall” to “must” because it a condition
12 precedent for an applicant to pay the required filing fee of \$100 to obtain a certificate of registration.
13 Government Code, §311.016 states that the word “must” creates or recognizes a condition precedent,
14 which is the intended meaning in §218.16(e)(3). An adopted amendment to §218.16(e)(3) also combines
15 the two prior sentences into one sentence to clarify that the applicant is only required to pay the \$100
16 filing fee when the applicant submits an original application and when the applicant submits a
17 supplemental application when retaining a revoked certificate of registration number. Transportation
18 Code, §643.103(a) and (c) only authorize the department to charge the \$100 filing fee in certain
19 circumstances, which are more limited than the circumstances under which a motor carrier’s insurer is
20 required to file proof of insurance with the department under §218.16(e)(2).

21 An adopted amendment to §218.16(f) makes the language consistent with Transportation Code,
22 §643.104(a) by modifying the language and replacing the word “shall” with “may not.” Government Code,
23 §311.016 defines the word “may not” as imposing a prohibition, and the language in §218.16(f) is intended

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1 to be a prohibition. Transportation Code, §643.104(a) prohibits an insurer from terminating insurance
2 coverage to a motor carrier that is registered under Subchapter B of Transportation Code, Chapter 643
3 unless the insurer provides the department with notice at least 30 days before the date the termination
4 of insurance takes effect. Adopted amendments to §218.16(f) also add a hyphen to the words “90-day”
5 and “seven-day” as a grammatical correction because the words are compound modifiers of the word
6 “certificates.” Adopted amendments to §218.16(h) make the language consistent with Transportation
7 Code, §643.105 and specify the people who are authorized to sign the affidavit for the motor carrier if an
8 insurer for a motor carrier becomes insolvent, is placed in receivership, or has its certificate of authority
9 suspended or revoked, and the motor carrier no longer has insurance coverage as required by
10 Transportation Code, Chapter 643, Subchapter C.

11 An adopted amendment to §218.18(d) clarifies that a motor carrier is not required to carry proof
12 of registration in a vehicle leased from a registered leasing business under a short-term lease.
13 Transportation Code, §643.063(a)(2) defines a “short-term lease” as a lease of 30 days or less.

14 Subchapter C. Records and Inspections.

15 An adopted amendment to §218.31(b)(3) changes the word “will” to “shall” for consistency and
16 clarity. Government Code, §311.016 defines the word “shall” to impose a duty, and that is the intended
17 meaning in §218.31. Adopted amendments to §218.31(c)(1) and §218.32(c) change the term “principal
18 place of business” to “principal business address” for consistency and to use the same term that is defined
19 in §218.2 and used in Transportation Code, §643.052(1). An adopted amendment to §218.32(c) also
20 decapitalizes the word “department” because the word is not capitalized in Transportation Code, Chapter
21 643. In addition, an adopted amendment to §218.32(c)(3) deletes a reference to 49 C.F.R. §390.29
22 because the inspection of documents for motor carriers that are required to register under Transportation
23 Code, Chapter 643 is governed by Transportation Code, §643.254.

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1 Subchapter D. Motor Transportation Brokers.

2 An adopted amendment to §218.41(b)(3) replaces the word “shipper” with a reference to the
3 person to whom the motor transportation broker provides services to clarify that this language is not
4 limited to a shipper of a household goods motor carrier. An adopted amendment to §218.41(b)(3) also
5 changes the word “it” to “the person” to conform with the adopted amendment to replace the reference
6 to the word “shipper.” An adopted amendment to §218.41 deletes prior subsection (d), regarding the
7 amount of recovery, because the department lacks statutory authority for the language.

8 Subchapter E. Consumer Protection.

9 Adopted amendments to §218.53 replace the mandatory standard for uniform cargo liability with
10 a voluntary standard for uniform cargo liability for a household goods carrier as authorized by
11 Transportation Code, §643.152. The adopted amendments to §218.53 are consistent with 49 C.F.R.
12 §375.201, which is a federal regulation adopted under Subtitle IV, Title 49, United States Code. The
13 language in Transportation Code, §643.152 is based on language in 49 U.S.C. §14501(c)(1) and (3)(A) and
14 (B), which is a federal preemption statute. Even though 49 U.S.C. §14501(c)(2)(B) says that the restrictions
15 in subsection (c)(1) do not apply to the intrastate transportation of household goods, Transportation
16 Code, §643.152 does not provide an exemption for the intrastate transportation of household goods. The
17 department therefore does not have statutory authority to set a mandatory standard for uniform cargo
18 liability for the intrastate transportation of household goods in Texas.

19 The absence of a mandatory standard for uniform cargo liability under Transportation Code,
20 §643.152 means that language in a moving services contract regarding cargo liability, including limitation
21 of liability for loss or damage to cargo, is not an enforcement issue for the department. Household goods
22 carriers and shippers are authorized to agree to any cargo liability and limitation of liability for each
23 intrastate shipment of household goods to the extent authorized by other applicable law that the

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1 department is not authorized to implement or enforce, such as Transportation Code, Chapter 5, contract
2 law, other consumer protection laws, and certain common law, which a court could interpret in the event
3 of a lawsuit.

4 An adopted amendment to §218.53 also adopts by reference 49 C.F.R. §375.201, including any
5 amendments that became effective through July 1, 2024.

6 Adopted amendments to §218.54(a) replace the word “carrier” with the possessive word
7 “carrier’s” to fix a grammatical error, include a reference to the moving service contract between the
8 parties (including a pre-existing transportation contract as described by §218.57(d)) to replace a reference
9 to §218.53 regarding the amount of the household goods carrier’s liability, and clarify that the parties
10 might agree that the household goods carrier would have no liability for loss or damage regarding the
11 shipper’s property. An adopted amendment to §218.54(d) replaces the catch line for the subsection
12 because the word “penalty” is a confusing term. The department is authorized to assess administrative
13 penalties, which is something different than the liability referenced in §218.54(d).

14 An adopted amendment to §218.56(a)(5) deletes language regarding the mandatory uniform
15 cargo liability that the department deleted in the adopted amendments to §218.53. An adopted
16 amendment to §218.56(a)(5) also rewords the sentence due to the deletion and clarifies that the proposal
17 might state that the household goods carrier would have no liability for loss or damage regarding the
18 shipper’s property. An adopted amendment to §218.56(e)(3) deletes language regarding a portion of a
19 uniform bill of lading under §218.58 because the department adopted the repeal of §218.58. An adopted
20 amendment to §218.56(e)(3) also adds a reference to the moving services contract regarding the
21 authority for the household goods carrier to place the shipment in storage and assess fees relating to
22 storage.

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1 Adopted new §218.57(a)(6) replaces a reference to the mandatory uniform cargo liability under
2 §218.53 for the reasons stated regarding the adopted amendments to §218.53, and replaces the language
3 with text that is similar to the language in 49 C.F.R. §375.201 regarding the disclosure of the limits of the
4 household goods carrier’s liability for loss or damage to a shipper’s household goods; however, the
5 adopted amendment also clarifies that the moving services contract must expressly state if the household
6 goods carrier’s liability is \$0.00 for loss or damage to a shipper’s household goods.

7 Adopted new §218.57(a)(7) replaces a reference to the mandatory uniform cargo liability under
8 §218.53 for the reasons stated regarding the adopted amendments to §218.53, and replaces the language
9 with text that requires the household goods carrier to clearly and concisely disclose any costs associated
10 with the household goods carrier’s increased liability for loss or damage to a shipper’s household goods.

11 Adopted new §218.57(a)(9) replaces a mandatory clause with an explanation of the clause that a
12 household goods carrier must include in its contract with a shipper to put the shipper on notice regarding
13 the documents that constitute the contract. The mandatory clause in prior §218.57(a)(9) appeared to be
14 written for a hard copy of the moving services contract because it referred to “the front and back of this
15 document.” However, the parties may use an electronic version of the moving services contract. Also, the
16 mandatory clause in prior §218.57(a)(9) referred to an addendum, but the average shipper may not know
17 what an addendum is. The adopted new §218.57(a)(9) gives the household goods carrier the flexibility to
18 draft a clause that works for its moving services contract.

19 Adopted new §218.57(a)(13) adds a clause to require the household goods carrier to include
20 certain language in the moving services contract regarding the claims process for a shipper who wants to
21 file a claim against the household goods carrier. This language is designed to protect a consumer using
22 the services of a household goods carrier, as authorized by Transportation Code, §643.153(a) and (b).
23 Although the department is prohibited from establishing a uniform bill of lading under Transportation

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1 Code, §643.152, the prohibitions under §643.152 are intended to prohibit the economic regulation of
2 motor carriers regarding the prices, routes, or services as stated in Transportation Code, §643.151 and
3 the title to Transportation Code, Chapter 643, Subtitle D (Economic Regulation). New §218.57(a)(13) is
4 not an economic regulation regarding the household goods carrier’s prices, routes, or services. New
5 §218.57(a)(13) deals with the claims process under §218.61, which is part of the department’s formal
6 process for resolving a dispute over a fee or damage under Transportation Code, §643.153(b)(1). Due to
7 the adoption of new §218.57(a)(13), the department also adopts amendments to §218.57(a) to delete the
8 word “and” in §218.57(a)(11) and to add the word “and” at the end of §218.57(a)(12).

9 The department adopts the repeal of §218.58 because Transportation Code, §643.152 says that
10 the department is only authorized to establish a voluntary standard for “uniform bills of lading or receipts
11 for cargo being transported” and that any voluntary standard that the department establishes must be
12 consistent with Subtitle IV, Title 49, United States Code, or a regulation adopted under that law. The
13 language in Transportation Code, §643.152 is based on language in 49 U.S.C. §14501(c)(1) and (3)(A) and
14 (B), which is a federal preemption statute. Transportation Code, §643.152 and 49 U.S.C. 14501(c)(3)(A)
15 both use the term “uniform cargo liability.” Although 49 U.S.C. 14501(c)(3)(A) uses the term “uniform bills
16 of lading or receipts for property being transported,” Transportation Code, §643.152 uses the similar term
17 “uniform bills of lading or receipts for cargo being transported.” The federal laws on household goods
18 carriers are therefore relevant sources to determine what the Texas Legislature intended the term “bill of
19 lading” to mean in Transportation Code, §643.152. Federal law, such as 49 C.F.R. §375.103, and Appendix
20 A to 49 C.F.R. Part 375 (Your Rights and Responsibilities When You Move), Definitions and Common Terms,
21 and the language in the department’s rules, such as the definition for “moving services contract” in §218.2
22 and the repealed language in §218.58, state that a bill of lading is a moving services contract. A “moving
23 services contract” in repealed §218.58 is a “bill of lading” under state and federal law. The department

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1 adopts the repeal of §218.58 because it contained a mandatory standard for a portion of a “uniform bill
2 of lading” regarding limitation of liability, that is impermissible under Transportation Code, §643.152. To
3 the extent the household goods carrier sought to alter or expand on the limitation of liability language
4 that is set forth in §218.57, §218.58 required the household goods carrier to include one of two sets of
5 legal terms and conditions verbatim in their moving services contract with the shipper, which means the
6 language in prior §218.58 was a mandatory standard for a portion of a “uniform bill of lading” regarding
7 limitation of liability. As stated above, prior §218.57(a)(6) and (7) included uniform cargo liability language
8 that said a household goods carrier’s liability for loss or damage to any shipment is \$0.60 per pound per
9 article, unless the carrier and shipper agree, in writing, to a greater level of liability. The department
10 adopted the deletion of the language in prior §218.57(a)(6) and (7) because they were mandatory
11 standards, which the department lacks legal authority to create through rule under Transportation Code,
12 §643.152.

13 Moreover, the department was not authorized to amend §218.58 to say that it is a voluntary
14 standard because Transportation Code, §643.152 says that the department is only authorized to establish
15 a voluntary standard for “uniform bills of lading or receipts for cargo being transported” and that any
16 voluntary standard that the department establishes must be consistent with Subtitle IV, Title 49, United
17 States Code, or a regulation adopted under that law. The language in repealed §218.58 was not entirely
18 consistent with Subtitle IV, Title 49, United States Code, or a regulation adopted under that law, such as
19 49 C.F.R Part 375 (Transportation of Household Goods in Interstate Commerce; Consumer Protection
20 Regulations).

21 An adopted amendment to §218.61(b)(1) provides a clear deadline of 23 days for a household
22 goods carrier to issue the acknowledgment letter to the claimant, and an adopted amendment to
23 §218.61(b)(1)(B) makes a conforming amendment due to the adopted amendment to §218.61(b)(1). The

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1 prior 20-day deadline for a household goods carrier to send an acknowledgment of the claim to the
2 claimant excluded Sundays and nationally-recognized holidays, which made it harder for a household
3 goods carrier to calculate the deadline.

4 Adopted amendments to §218.61(b)(1)(A) and (2) provide a clear deadline of 35 days for a shipper
5 to submit a request to the department for mediation. The prior 30-day deadline excluded Sundays and
6 nationally recognized holidays, which made it harder for a shipper to calculate the deadline.

7 Section 218.62 describes the department’s mediation process, which is part of the department’s
8 formal process for resolving a dispute over a fee or damage under Transportation Code, §643.153(b)(1)
9 to protect a shipper of a household goods carrier from deceptive or unfair practices and unreasonably
10 hazardous activities. Adopted amendments to §218.62(a) clarify that a claimant may only make a written
11 request to the department for mediation regarding a dispute over a fee or damage to a shipper’s
12 household goods because Transportation Code, §643.153(b)(1) only authorizes the department to
13 establish a formal process for resolving a dispute over a fee or damage. There are other potential claims
14 that a claimant may have against a household goods carrier, such as a personal injury claim, that are
15 outside the scope of the department’s mediation program. The claimant may have the right to seek
16 damages against the household goods carrier or the individuals who are responsible for the damages in a
17 court of law.

18 An adopted amendment to §218.62(c) provides a clear deadline of 35 days for a shipper to submit
19 a request for mediation to the department. The prior 30-day deadline excluded Sundays and nationally
20 recognized holidays, which made it harder for a shipper to calculate the deadline. An adopted amendment
21 to §218.62(d) makes a conforming amendment to increase the number of days after which the
22 department shall deny a request for mediation due to the adopted amendment to §218.62(c). The
23 adopted amendment to §218.62(d) substitutes “125 days” for “120 days (excluding Sundays and

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1 nationally recognized holidays).” The current 90-day deadline in §218.61(a)(1) does not include the clause
2 “(excluding Sundays and nationally recognized holidays),” so 90 days plus the new 35-day deadline under
3 the adopted amendment to §218.62(c) equals 125 days. An adopted amendment to §218.62(f) makes a
4 conforming amendment to increase the 30-day deadline to a 35-day deadline for a shipper to submit a
5 request for mediation to the department, due to the adopted amendment to §218.62(c).

6 An adopted amendment to §218.62(c)(3) corrects a grammatical error by changing the word “has”
7 to “have.” Adopted amendments to §218.62(d) change the word “will” to “shall” for consistency and
8 clarity. Government Code, §311.016 defines the word “shall” to impose a duty, which is the intended
9 meaning in §218.62(d). An adopted amendment to §218.62(f) modernizes the rule by authorizing the
10 calculation of the 35-day deadline for requesting mediation to be based on the date the claim denial or
11 settlement offer letter is emailed to the claimant.

12 Adopted amendments to §218.62(i) add a new paragraph (1) and modify the requirement for a
13 household goods carrier to participate in the mediation process due to the adopted amendments to
14 §218.53 to change the mandatory uniform cargo liability standard to a voluntary standard. The adopted
15 amendments to §218.62(i) strike a balance between protecting a shipper and not forcing the household
16 goods carrier to mediate a shipper’s claim for loss or damage regarding the shipper’s property that
17 conflicts with the terms of the moving services contract regarding the household goods carrier’s liability.
18 Because there is no longer a mandatory standard for uniform cargo liability under the adopted
19 amendments to §218.53, the household goods carrier and the shipper might agree in their moving
20 services contract that the household goods carrier will have \$0.00 liability for loss or damage to the
21 shipper’s property, which may reduce the contract costs for the shipper. If the parties agree that there
22 will be \$0.00 liability or if a pre-existing transportation contract states the household goods carrier will
23 have \$0.00 liability, there is nothing to mediate regarding liability for loss or damages to the shipper’s

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1 property. However, there could still be a need for a mediation regarding a possible claim on the fee under
2 the moving services contract, or a claim if the shipper purchases insurance from the household goods
3 carrier and the household goods carrier does not obtain the insurance policy or other appropriate
4 evidence of purchased insurance for the shipper under §218.54. The department adopts §218.62(i)(1)
5 with changes at adoption to remove the word “would” and to change the word “exceed” to “exceeds” to
6 improve the language in the rule text.

7 Adopted amendments to §218.62(i) also add a new paragraph (2) to separate the language in new
8 paragraph (1) from the prior language in §218.62(i) regarding the department’s authority to impose
9 administrative penalties on a household goods carrier who refuses to participate in mediation as required
10 by §218.62. In addition, an adopted amendment to new §218.62(i)(2) substitutes the word “penalties” for
11 the word “sanctions” because §218.71 deals with penalties, rather than sanctions.

12 Adopted amendments to §218.64(a) and (b) delete the references to “two incorporated cities” to
13 be consistent with the language in Transportation Code, §643.153(d) regarding the tariff that a household
14 goods carrier shall file with the department regarding the maximum charges for all transportation
15 services. An adopted amendment to §218.64(c)(3)(B) replaces the word “applicant” with the word
16 “association” because the language refers to the collective ratemaking association. An adopted
17 amendment to §218.64(c)(6)(B) makes the language consistent with the language in Transportation Code,
18 §643.154(e) regarding the approval of a collective ratemaking agreement. An adopted amendment to
19 §218.64(c)(9) changes the word “of” to “by” to correct a grammatical error.

20 Adopted new §218.64(d) exempts a household goods carrier that is required to register under
21 Transportation Code, Chapter 643 from Chapter 15, Business and Commerce Code, for an activity relating
22 to the establishment of a joint line rate, route, classification, or mileage guide, as authorized by
23 Transportation Code, §643.154(c).

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1 Adopted amendments to §218.64 and §218.65 change the word “will” to “shall” for consistency
2 and clarity. Government Code, §311.016 defines the word “shall” to impose a duty, which is the intended
3 meaning in §218.64 and §218.65.

4 An adopted amendment to §218.65(a)(1)(E) deletes a portion of the language because paragraph
5 (1) is supposed to list the contents of the tariff; however, the department moved the deleted language to
6 the appropriate location in §218.65(a)(4)(D) and (b) under adopted amendments referenced below. An
7 adopted amendment to §218.65(a)(3)(B) replaced the term “principal office” with the term “principal
8 business address,” which is the term used in Transportation Code, §643.052(1) and a defined term in
9 §218.2. An adopted amendment to §218.65(a)(3)(C) added the words “certificate of” for clarity because
10 the transmittal letter must include the household goods carrier’s certificate of registration number.
11 Adopted new §218.65(a)(4)(D) includes a modified version of the first sentence in the language that the
12 department removed from §218.65(a)(1)(E) regarding the requirement to file the mileage guide as an
13 addendum to the tariff because §218.65(a)(4) is the correct location for this language. Another adopted
14 amendment to §218.65 deletes prior subsection (b) as outdated and unnecessary because the oldest tariff
15 that is on file with the department is dated 2018. All tariffs must now comply with §218.65. Adopted new
16 §218.65(b) contains the second sentence from the language the department deleted from
17 §218.65(a)(1)(E) regarding the requirement to allow department personnel free access to a computer
18 database used as a mileage guide in the household goods carrier’s tariff.

19 Subchapter F. Administrative Penalties and Sanctions.

20 Adopted amendments to §218.72(b) add the word “Texas” to clarify that the references are to
21 the Texas Department of Public Safety. Adopted amendments to §218.72(c) replace the word “motor”
22 with “household goods” for clarity and consistency because the term “household goods carrier” is a
23 defined term in §218.2. Adopted amendments to §218.72(c) also replace the words “mover’s” and

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1 “mover” with the terms “goods carrier’s” and “goods carrier” for clarity and consistency because
2 “household goods carrier” is a defined term in §218.2.

3 Subchapter G. Financial Responsibility for Foreign Commercial Motor Vehicles.

4 Transportation Code, §648.102 requires the department to adopt rules that conform with 49
5 C.F.R. Part 387 requiring motor carriers that operate foreign commercial motor vehicles in Texas to
6 maintain financial responsibility. Also, Transportation Code, §648.102(b) states that Transportation Code,
7 Chapter 648 prevails over any other requirement of state law relating to financial responsibility for
8 operation of foreign commercial motor vehicles in Texas. The department complied with Transportation
9 Code, §648.102 by adopting Subchapter G of Chapter 218. The department adopts amendments to
10 Subchapter G to clarify and update the rules.

11 An adopted amendment to §218.80 clarifies that for the purposes of Subchapter G of Chapter
12 218, the term “motor carrier” is defined by Transportation Code, §648.001, which defines the term “motor
13 carrier” to include a foreign motor carrier and a foreign motor private carrier, as defined in 49 U.S.C.
14 §13102(6) and (7). Also, adopted amendments to §218.80 clarify that Subchapter G does not apply to a
15 motor carrier that is required to register with the department under Transportation Code, Chapter 643
16 because the financial responsibility requirements for such a motor carrier are addressed in §218.16. In
17 addition, an adopted amendment to §218.80 clarifies that Subchapter G does not apply to a motor carrier
18 that is required to register with FMCSA for interstate transportation and is not operating in intrastate
19 transportation within this state. FMCSA has the authority to regulate motor carriers regarding interstate
20 transportation.

21 The department adopts §218.80 with clarifying changes at adoption to reorganize the text into
22 separate subsections (a) and (b), and to state that the language in subsection (b) is an exception to the
23 language in subsection (a).

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1 An adopted amendment to §218.82(a) deletes the prior second sentence regarding a motor
2 carrier that is required to register with the department under Transportation Code, Chapter 643 due to
3 the adopted amendments to §218.80, including the amendment that moves most of this second sentence
4 to §218.80 with some changes. An adopted amendment to §218.82(a) also changes the term “public road
5 or highway” to “public highway,” which is a defined term in §218.2.

6 Adopted amendments to §218.82(b) adopt by reference the required level of financial
7 responsibility under 49 C.F.R. Part 387, including any amendments that became effective through July 1,
8 2024. Also, an adopted amendment to §218.82(b) deletes reference to the amendments to 49 C.F.R. Part
9 387 with an effective date of October 23, 2015, because FMCSA has since amended 49 C.F.R. Part 387.

10 SUMMARY OF COMMENTS.

11 The department received one written comment on the proposal from the representative for both
12 the Southwest Movers Association and the Texas Trucking Association (commenters).

13 **Comment:** The commenters support the department’s revised amendments to §218.13(a)(3)(E) and (i),
14 which the department made in response to an adopted motion and comments from the members of
15 MCRAC at the MCRAC meeting in December 2023.

16 **Response:** The department agrees with this comment.

17
18 **Comment:** The commenters are opposed to the department’s proposed amendments regarding the
19 voluntary standard for uniform cargo liability under Transportation Code, §643.152 out of concern that
20 the amendments would eliminate essential consumer protections, are not in the public’s best interest,
21 and could harm the reputation of the household goods moving industry. In addition, the commenters
22 state that they intend to work closely with all stakeholders, their members, the department, and state

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1 lawmakers in the upcoming legislative session to address the concerns regarding the voluntary standard
2 for uniform cargo liability.

3 **Response.** The department disagrees that Transportation Code, §643.152 allows the department to adopt
4 or enforce a rule requiring a mandatory standard for uniform cargo liability because the statute permits
5 only a voluntary standard. The department is therefore required by Transportation Code, §643.152 to
6 adopt the revisions regarding the voluntary standard for uniform cargo liability. The department agrees
7 that lawmakers in the upcoming legislative session will have an opportunity to decide whether the
8 department's authority to establish a voluntary standard for uniform cargo liability under Transportation
9 Code, §643.152 should be amended regarding the intrastate transportation of household goods.

10

1 **SUBCHAPTER A. GENERAL PROVISIONS**

2 **43 TAC §218.2**

3

4 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code,

5 §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter

6 643; Transportation Code, §643.051, which states that a motor carrier may not operate a commercial

7 motor vehicle, as defined by Transportation Code, §548.001, on a road or highway in Texas, and may not

8 operate a vehicle, regardless of size, to transport household goods for compensation on a road or highway

9 in Texas unless the motor carrier registers with the department under Subchapter B of Transportation

10 Code, Chapter 643; Transportation Code, §548.001, which defines the term “commercial motor vehicle”

11 and “farm vehicle” under Transportation Code, Chapter 548; Transportation Code, §643.153, which

12 authorizes the department to adopt rules that are necessary to ensure that a customer of a motor carrier

13 transporting household goods is protected from deceptive or unfair practices and unreasonably

14 hazardous activities, including rules that require the motor carrier to indicate clearly to a customer

15 whether an estimate is binding or nonbinding and to disclose the maximum price a customer could be

16 required to pay, and rules that require a motor carrier transporting household goods to list a place of

17 business with a street address in Texas and the motor carrier’s registration number issued under

18 Transportation Code, Chapter 643 in any print advertising published in Texas; Transportation Code,

19 §648.102, which authorizes the department to adopt rules that conform with 49 C.F.R. Part 387 requiring

20 motor carriers operating foreign commercial motor vehicles in Texas to maintain financial responsibility;

21 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and

22 appropriate to implement the powers and duties of the department under the Transportation Code and

23 other laws of this state; Government Code, §2001.004, which requires state agencies to adopt rules of

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1 practice stating the nature and requirements of all available formal and informal procedures; and the
2 statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein
3 by reference.

4 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter 643
5 and §648.102; and Government Code, Chapter 2001.

6

7 TEXT.

8 §218.2. Definitions.

9 (a) The definitions contained in Transportation Code, Chapter 643 apply to this chapter. In the
10 event of a conflict with this chapter, the definitions contained in Transportation Code, Chapter 643
11 control; however, the definition of the word “director” in this section controls over the definition in
12 Transportation Code, Chapter 643.

13 (b) The following words and terms, when used in this chapter, shall have the following
14 meanings, unless the context clearly indicates otherwise.

15 (1) Advertisement--An oral, written, graphic, or pictorial statement or representation
16 made in the course of soliciting intrastate household goods transportation services, including, without
17 limitation, a statement or representation made in a newspaper, magazine, or other publication, or
18 contained in a notice, sign, poster, display, circular, pamphlet, or letter, or on radio, the Internet, or via
19 an online [~~on-line~~] service, or on television. The term does not include direct communication between a
20 household goods carrier or carrier's representative and a prospective shipper, and does not include the
21 following:

22 (A) promotional items of nominal value such as ball caps, tee shirts, and pens;

23 (B) business cards;

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1 (C) listings not paid for by the household goods carrier or its household goods
2 carrier's agent; and

3 (D) listings of a household goods carrier's business name or assumed name as it
4 appears on the motor carrier certificate of registration, and the household goods carrier's address, and
5 contact information in a directory or similar publication.

6 (2) Approved association--A group of household goods carriers, its agents, or both, that
7 has an approved collective ratemaking agreement on file with the department under §218.64 of this
8 title (relating to Rates).

9 (3) Binding proposal--A ~~formal~~ written offer stating the exact price for the
10 transportation of specified household goods and any related services.

11 (4) Board--Board of the Texas Department of Motor Vehicles.

12 (5) Certificate of insurance--A certificate prescribed by and filed with the department in
13 which an insurance carrier or surety company warrants that a motor carrier for whom the certificate is
14 filed has the minimum coverage as required by §218.16 of this title (relating to Insurance
15 Requirements).

16 (6) Certificate of registration--A certificate issued by the department to a motor carrier
17 and containing a unique number.

18 (7) Certified scale--Any scale designed for weighing motor vehicles, including trailers or
19 semitrailers not attached to a tractor, and certified by an authorized scale inspection and licensing
20 authority. A certified scale may also be a platform-type or warehouse-type scale properly inspected and
21 certified.

22 (8) Commercial motor vehicle--As defined in Transportation Code, §548.001.

23 ~~[(A) Includes:]~~

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1 ~~[(i) any motor vehicle or combination of vehicles with a gross weight,~~
2 ~~registered weight, or gross weight rating in excess of 26,000 pounds, that is designed or used for the~~
3 ~~transportation of cargo in furtherance of any commercial enterprise;]~~

4 ~~[(ii) any vehicle, including buses, designed or used to transport more~~
5 ~~than 15 passengers, including the driver; and]~~

6 ~~[(iii) any vehicle used in the transportation of hazardous materials in a~~
7 ~~quantity requiring placarding under the regulations issued under the federal Hazardous Materials~~
8 ~~Transportation Act (49 U.S.C. §§5101-5128).]~~

9 ~~[(B)]~~ The definition for commercial motor vehicle does ~~[Does]~~ not include:

10 (A) ~~[(+)]~~ a farm vehicle with a gross weight, registered weight, or ~~[and]~~ gross
11 weight rating of less than 48,000 pounds;

12 (B) ~~[(+)]~~ a cotton vehicle ~~[vehieles]~~ registered under Transportation Code,
13 §504.505;

14 (C) ~~[(+)]~~ a vehicle registered with the Railroad Commission under Natural
15 Resources Code, §113.131 and §116.072;

16 (D) ~~[(+)]~~ a vehicle operated by a governmental entity;

17 (E) ~~[(+)]~~ a motor vehicle exempt from registration by the Unified Carrier
18 Registration Act of 2005; and

19 (F) ~~[(+)]~~ a tow truck, as defined by Occupations Code, §2308.002 ~~[and permitted~~
20 ~~under Occupations Code, Chapter 2308, Subchapter C].~~

21 ~~[(9) Commercial school bus – A motor vehicle owned by a motor carrier that is:]~~

22 ~~[(A) registered under Transportation Code, Chapter 643, Subchapter B;]~~

23 ~~[(B) operated exclusively within the boundaries of a municipality and used to~~

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1 ~~transport preprimary, primary, or secondary school students on a route between the students'~~
2 ~~residences and a public, private, or parochial school or daycare facility;]~~

3 ~~[(C) operated by a person who holds a driver's license or commercial driver's~~
4 ~~license of the appropriate class for the operation of a school bus;]~~

5 ~~[(D) complies with Transportation Code, Chapter 548; and]~~

6 ~~[(E) complies with Transportation Code, §521.022.]~~

7 (9) ~~[(10)]~~ Conspicuous--Written in a size, color, and contrast so as to be readily noticed
8 and understood.

9 (10) ~~[(11)]~~ Conversion--A change in an entity's organization that is implemented with a
10 Certificate of Conversion issued by the Texas Secretary of State under Business ~~[and]~~ Organizations
11 Code, §10.154.

12 ~~[(12) Department--Texas Department of Motor Vehicles (TxDMV).]~~

13 (11) ~~[(13)]~~ Director--The director of the department's Motor Carrier Division, whom the
14 executive director of the department designated as the director under Transportation Code,
15 §643.001(2) ~~[Texas Department of Motor Vehicles].~~

16 ~~[(14) Division--The Motor Carrier Division.]~~

17 (12) ~~[(15)]~~ Estimate--An informal oral calculation of the approximate price of
18 transporting household goods.

19 (13) ~~[(16)]~~ Farmer--A person who operates a farm or is directly involved in cultivating
20 land, ~~[or in raising]~~ crops, or livestock that are owned by or are under the direct control of that person.

21 (14) ~~[(17)]~~ Farm vehicle--A commercial motor vehicle that is: [Any vehicle or
22 combination of vehicles controlled or operated by a farmer or rancher being used to transport
23 agriculture products, farm machinery, and farm supplies to or from a farm or ranch.]

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- 1 (A) controlled and operated by a farmer to transport either:
- 2 (i) agricultural products; or
- 3 (ii) farm machinery, farm supplies, or both, to and from a farm;
- 4 (B) not being used in the operation of a for-hire motor carrier;
- 5 (C) not carrying hazardous materials of a type or quantity that requires the
- 6 commercial motor vehicle to be placarded in accordance with 49 C.F.R. §177.823; and
- 7 (D) being used within 150 air-miles of the farmer’s farm.

8 (15) [(18)] FMCSA--Federal Motor Carrier Safety Administration.

9 (16) [(19)] Foreign commercial motor vehicle--As defined in Transportation Code,

10 §648.001. [A commercial motor vehicle that is owned by a person or entity that is domiciled in or a

11 citizen of a country other than the United States.]

12 (17) [(20)] Gross weight rating--The maximum loaded weight of any combination of

13 truck, tractor, and trailer equipment as specified by the manufacturer of the equipment. If the

14 manufacturer's rating is unknown, the gross weight rating is the greater of:

15 (A) the actual weight of the equipment and its lading; or

16 (B) the maximum lawful weight of the equipment and its lading.

17 ~~[(21) Household goods--Personal property intended ultimately to be used in a dwelling~~

18 ~~when the transportation of that property is arranged and paid for by the householder or the~~

19 ~~householder's representative. The term does not include personal property to be used in a dwelling~~

20 ~~when the property is transported from a manufacturing, retail, or similar company to a dwelling if the~~

21 ~~transportation is arranged by a manufacturing, retail, or similar company.]~~

22 (18) [(22)] Household goods agent--A motor carrier who transports household goods

23 on behalf of another motor carrier.

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1 (19) ~~[(23)]~~ Household goods carrier--A motor carrier who transports household goods
2 for compensation ~~[or hire in furtherance of a commercial enterprise]~~, regardless of the size of the
3 vehicle.

4 ~~[(24) Insurer--A person, including a surety, authorized in this state to write lines of~~
5 ~~insurance coverage required by Subchapter B of this chapter.]~~

6 (20) ~~[(25)]~~ Inventory--A list of the items in a household goods shipment and the
7 condition of the items.

8 (21) ~~[(26)]~~ Leasing business--A person that leases vehicles requiring registration under
9 Subchapter B of this chapter to a motor carrier that must be registered.

10 (22) ~~[(27)]~~ Mediation--A non-adversarial form of alternative dispute resolution in which
11 an impartial person, the mediator, facilitates communication between two parties to promote
12 reconciliation, settlement, or understanding.

13 (23) ~~[(28)]~~ Motor Carrier or carrier--As defined in Transportation Code, §643.001(6). ~~[A~~
14 ~~person who controls, operates, or directs the operation of one or more vehicles that transport persons~~
15 ~~or cargo over a public highway in this state.]~~

16 (24) ~~[(29)]~~ Motor transportation broker--As defined in Transportation Code, §646.001.
17 ~~[A person who sells, offers for sale, or negotiates for the transportation of cargo by a motor carrier~~
18 ~~operated by another person or a person who aids and abets another person in selling, offering for sale,~~
19 ~~or negotiating for the transportation of cargo by a motor carrier operated by another person.]~~

20 (25) ~~[(30)]~~ Moving services contract--A contract between a household goods carrier
21 and shipper, such as a bill of lading, receipt, order for service, or work order, that sets out the terms of
22 the services to be provided.

23 (26) ~~[(31)]~~ Multiple user--An individual or business who has a contract with a

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1 household goods carrier and who used the carrier's services more than 50 times within the preceding 12
2 months.

3 (27) ~~[(32)]~~ Not-to-exceed proposal--A formal written offer stating the maximum price a
4 shipper can be required to pay for the transportation of specified household goods and any related
5 services. The offer may also state the non-binding approximate price. Any offer based on hourly rates
6 must state the maximum number of hours required for the transportation and related services unless
7 there is an acknowledgment from the shipper that the number of hours is not necessary.

8 (28) ~~[(33)]~~ Principal ~~[place of]~~ business address--A single location that serves as a motor
9 carrier's headquarters and where it maintains its operational records or can make them available.

10 (29) ~~[(34)]~~ Print advertisement--A written, graphic, or pictorial statement or
11 representation made in the course of soliciting intrastate household goods transportation services,
12 including, without limitation, a statement or representation made in or contained in a newspaper,
13 magazine, circular, or other publication. The term does not include direct communication between a
14 household goods carrier or carrier's representative and a prospective shipper, and does not include the
15 following:

16 (A) promotional items of nominal value such as ball caps, tee shirts, and pens;

17 (B) business cards;

18 (C) Internet websites;

19 (D) listings not paid for by the household goods carrier or its household goods
20 carrier's agent; and

21 (E) listings of a household goods carrier's business name or assumed name as it
22 appears on the motor carrier certificate of registration, and the household goods carrier's address, and
23 contact information in a directory or similar publication.

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1 (30) ~~[(35)]~~ Public highway--Any publicly owned and maintained street, road, or highway
2 in this state.

3 ~~[(36) Reasonable dispatch--The performance of transportation, other than
4 transportation provided under guaranteed service dates, during the period of time agreed on by the
5 carrier and the shipper and shown on the shipment documentation. This definition does not affect the
6 availability to the carrier of the defense of force majeure.]~~

7 (31) ~~[(37)]~~ Replacement vehicle--A vehicle that takes the place of another vehicle that
8 has been removed from service.

9 (32) ~~[(38)]~~ Revocation--The withdrawal of registration and privileges by the department
10 or a registration state.

11 (33) ~~[(39)]~~ Shipper--The owner of household goods or the owner's representative.

12 (34) ~~[(40)]~~ Short-term lease--A lease of 30 days or less.

13 ~~[(41) SOAH--The State Office of Administrative Hearings.]~~

14 (35) ~~[(42)]~~ Substitute vehicle--A vehicle that is leased from a leasing business and that is
15 used as a temporary replacement for a vehicle that has been taken out of service for maintenance,
16 repair, or any other reason causing the temporary unavailability of the permanent vehicle.

17 (36) ~~[(43)]~~ Suspension--Temporary removal of privileges granted to a registrant by the
18 department or a registration state.

19 (37) ~~[(44)]~~ Unified Carrier Registration System or UCR--A motor vehicle registration
20 system established under 49 U.S.C. §14504a or a successor federal registration program.

21 (38) ~~[(45)]~~ USDOT--United States Department of Transportation.

22 (39) ~~[(46)]~~ USDOT number--An identification number issued by or under the authority of
23 the FMCSA or its successor.

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SUBCHAPTER B. MOTOR CARRIER REGISTRATION

43 TAC §§218.10, 218.11, 218.13, 218.14, 218.16, AND 218.18

STATUTORY AUTHORITY. The department adopts the amendments under Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.051, which states that a motor carrier may not operate a commercial motor vehicle, as defined by Transportation Code, §548.001, on a road or highway in Texas, and may not operate a vehicle, regardless of size, to transport household goods for compensation on a road or highway in Texas unless the motor carrier registers with the department under Subchapter B of Transportation Code, Chapter 643; Transportation Code, §643.052, which requires a motor carrier to submit to the department an application on a form prescribed by the department to register under Subchapter B of Transportation Code, Chapter 643, as well as the required components of the application, which include information the department by rule determines is necessary for the safe operation of a motor carrier under Transportation Code, Chapter 643; Transportation Code, §643.053, which provides additional requirements for an application filed with the department under Transportation Code, §643.052; Transportation Code, §643.054, which authorizes the department to deny an application for registration under certain circumstances, in addition to authorizing the department to adopt simplified procedures for the registration of motor carriers transporting household goods as agents for carriers required to register under Transportation Code, Chapter 643; Transportation Code, §643.056, which requires a motor carrier that is required to register under Subchapter B of Transportation Code, Chapter 643, to supplement the motor carrier’s application for registration under certain circumstances; Transportation Code, §643.058, which specifies the

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1 requirements for a motor carrier to apply for renewal of registration issued under Subchapter B of
2 Transportation Code, Chapter 643, as well as the authority for the department to deny an application for
3 renewal of registration; Transportation Code, §643.0585, which specifies the requirements for a motor
4 carrier to apply for reregistration after its registration has been revoked, as well as the authority for the
5 department to deny an application for reregistration; Transportation Code, §643.061, which authorizes
6 the department to adopt rules to vary the registration period under Subchapter B of Transportation
7 Code, Chapter 643; Transportation Code, §643.062, which states that a foreign-based international
8 motor carrier that is required to register under Transportation Code, Chapter 643 or that is registered
9 under Transportation Code, Chapter 645 may not transport persons or cargo in intrastate commerce in
10 Texas; Transportation Code, §643.063, which authorizes the department to adopt rules that provide for
11 the operation of vehicles under a short-term lease under flexible procedures, which are designed to
12 avoid requiring a vehicle to be registered more than once in a calendar year and which allow a leasing
13 business to register a vehicle on behalf of a lessee; Transportation Code, §643.101(b), which authorizes
14 the department to adopt rules to set the amount of liability insurance that a motor carrier that is
15 required to register under Subchapter B of Transportation Code, Chapter 643 must maintain, at an
16 amount that does not exceed the amount required for a motor carrier under a federal regulation
17 adopted under 49 U.S.C. §13906(a)(1); Transportation Code, §643.102, which authorizes the
18 department to adopt rules to provide for a responsible system of self-insurance for a motor carrier;
19 Transportation Code, §643.103, which authorizes the department to charge a fee of \$100 when a motor
20 carrier that is required to register under Subchapter B of Transportation Code, Chapter 643 files
21 evidence of insurance in the amounts required by Transportation Code, §643.101 or §643.1015, or
22 evidence of financial responsibility as described by Transportation Code, §643.102, in a form prescribed
23 by the department; Transportation Code, §643.252, which authorizes the department to deny a

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1 registration issued under Transportation Code, Chapter 643 under certain circumstances; Transportation
2 Code, §648.102, which authorizes the department to adopt rules that conform with 49 C.F.R. Part 387
3 requiring motor carriers operating foreign commercial motor vehicles in Texas to maintain financial
4 responsibility; Transportation Code, §1002.001, which authorizes the board to adopt rules that are
5 necessary and appropriate to implement the powers and duties of the department under the
6 Transportation Code and other laws of this state; Government Code, §2001.004, which requires state
7 agencies to adopt rules of practice stating the nature and requirements of all available formal and
8 informal procedures; Government Code, §2001.054, which specifies the requirements regarding the
9 grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license; and the statutory
10 authority referenced throughout this preamble and in the rule text, which is incorporated herein by
11 reference.

12 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter
13 643; and Government Code, Chapter 2001.

14

15 TEXT.

16 §218.10. Purpose.

17 [~~Transportation Code, Chapter 643, provides that a motor carrier may not operate a commercial motor~~18 ~~vehicle or transport household goods on a for-hire basis on a road or highway of this state unless the~~19 ~~carrier registers with the department or is exempt from registration under Transportation Code,~~20 ~~§643.002.] This subchapter prescribes the procedures by which a motor carrier, leasing business, or [for-~~21 ~~hire transporter of] household goods carrier may register with the department, and sets out minimum~~22 insurance requirements and minimum [~~workers' compensation or~~] accidental insurance requirements.

23

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1 §218.11. Motor Carrier Registration.

2 (a) A motor carrier may not operate a commercial motor vehicle upon a public highway [~~the~~
3 ~~public roads or highways~~] of this state without first obtaining a certificate of registration issued by the
4 department as prescribed in this subchapter and a valid USDOT number.

5 (b) A household goods carrier may not operate a vehicle upon a public highway [~~the public roads~~
6 ~~or highways~~] of this state without first obtaining a certificate of registration issued by the department as
7 prescribed in this subchapter and a valid USDOT number.

8 (c) For the purposes of this subchapter, a valid USDOT number is an active USDOT number.

9

10 §218.13. Application for Motor Carrier Registration.

11 (a) Form of original application. An original application for motor carrier registration must be filed
12 electronically in the department's designated motor carrier registration system, [with the department's
13 ~~Motor Carrier Division and]~~ must be in the form prescribed by the director and must contain, at a
14 minimum, the following information and documents.

15 (1) USDOT number. A valid USDOT number issued to the applicant.

16 (2) Applicant information and documents. All applications must include the following
17 information and documents:

18 (A) The applicant's name, business type (e.g., sole proprietor, corporation, or
19 limited liability company), telephone number, email address, and Secretary of State file number, as
20 applicable. The applicant's name and email address must match the information the applicant provided
21 to FMCSA to obtain the USDOT number that the applicant provided in its application to the department.

22 (B) An application submitted by an entity, such as a corporation, general
23 partnership, limited liability company, limited liability corporation, limited partnership, or partnership,

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1 must include the entity's Texas Comptroller's Taxpayer Number or the entity's Federal Employer
2 Identification Number.

3 (C) A legible and accurate electronic image of each applicable required document:

4 (i) The certificate of filing, certificate of incorporation, or certificate of
5 registration on file with the Texas Secretary of State; and

6 (ii) each assumed name certificate on file with the Secretary of State or
7 county clerk.

8 (3) Information and documents regarding applicant's owners, representatives, and
9 affiliates. All applications must include the following information and documents on the applicant's
10 owners, representatives, and affiliates, as applicable:

11 (A) The contact name, email address, and telephone number of the person
12 submitting the application. An authorized representative of the applicant who files an application with
13 the department on behalf of an applicant may be required to provide written proof of authority to act on
14 behalf of the applicant.

15 (B) The name, social security number or Individual Taxpayer Identification
16 Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of
17 birth, business address, and ownership percentage for each owner, partner, member, or principal if the
18 applicant is not a publicly traded company.

19 (C) The name, social security number or Individual Taxpayer Identification
20 Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of
21 birth, and business address for the following if the applicant is owned in full or in part by a legal entity:

22 (i) each officer, director, or trustee authorized to act on behalf of the
23 applicant; and

1 (ii) each manager or representative who has or exercises authority to
2 direct some or all of the applicant’s operational policy regarding compliance with applicable laws
3 regarding a motor carrier, excluding sales functions, on behalf of the applicant.

4 (D) The name, employer identification number, ownership percentage, and non-
5 profit or publicly traded status for each legal entity that owns the applicant in full or in part.

6 (E) The name, social security number or Individual Taxpayer Identification
7 Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of
8 birth, and business address for each person who serves or will serve as the applicant’s manager, operator,
9 or representative who has or exercises authority to direct some or all of the applicant’s operational policy
10 regarding compliance with applicable laws regarding a motor carrier, excluding sales functions.

11 (F) A legible and accurate electronic image of at least one of the following
12 unexpired identity documents for each natural person identified in the application:

13 (i) a driver license issued by a state or territory of the United States. If the
14 driver license was issued by the Texas Department of Public Safety, the image must also include the audit
15 number listed on the Texas driver license;

16 (ii) Texas identification card issued by the Texas Department of Public
17 Safety under Transportation Code, Chapter 521, Subchapter E, or an identification certificate issued by a
18 state or territory of the United States;

19 (iii) license to carry a handgun issued by the Texas Department of Public
20 Safety under Government Code, Chapter 411, Subchapter H;

21 (iv) United States passport; or

22 (v) United States military identification.

1 ~~[(2) Business or trade name. The applicant must designate the business or trade name of~~
2 ~~the motor carrier.]~~

3 ~~[(3) Owner name. If the motor carrier is a sole proprietorship, the owner must indicate the~~
4 ~~name and social security number of the owner. A partnership must indicate the partners' names, and a~~
5 ~~corporation or other entity must indicate principal officers and titles.]~~

6 (4) Principal business address and mailing address. The applicant must provide the
7 applicant's ~~[Physical address of principal place of business. A motor carrier must disclose the motor~~
8 ~~carrier's]~~ principal business address, which must be a physical address. If the mailing address is different
9 from the principal business address, the applicant must also provide the applicant's mailing address ~~[must~~
10 ~~also be disclosed].~~

11 (5) Legal agent.

12 (A) A Texas-domiciled motor carrier must provide the name, telephone number,
13 and address of a legal agent for service of process if the agent is different from the motor carrier.

14 (B) A motor carrier domiciled outside Texas must provide the name, telephone
15 number, and Texas address of the legal agent for service of process.

16 (C) A legal agent for service of process shall be a Texas resident, a domestic
17 corporation, or a foreign corporation authorized to transact business in Texas with a Texas physical
18 address, rather than a post office box, for service of process.

19 (6) Description of vehicles. An application must include a motor carrier equipment report
20 identifying each ~~[commercial]~~ motor vehicle that requires registration and that the carrier proposes to
21 operate. Each ~~[commercial]~~ motor vehicle must be identified by its ~~[motor]~~ vehicle identification number,
22 make, model year, and type of cargo and by the unit number assigned to the ~~[commercial]~~ motor vehicle

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1 by the motor carrier. Any subsequent registration of vehicles must be made under subsection (e) of this
2 section.

3 (7) Type of motor carrier operations. An applicant must state if the applicant proposes to
4 transport passengers, household goods, or hazardous materials. [:]

5 [~~(A) proposes to transport passengers, household goods, or hazardous materials;~~
6 ~~or]~~

7 [~~(B) is domiciled in a foreign country.]~~

8 (8) Insurance coverage. An applicant must indicate insurance coverage as required by
9 §218.16 of this title (relating to Insurance Requirements).

10 (9) Safety certification. Each motor carrier must complete, as part of the application, a
11 certification stating that the motor carrier knows and will conduct operations in accordance with all
12 federal and state safety regulations.

13 (10) Drug-testing certification. Each motor carrier must certify, as part of the application,
14 that the motor carrier is in compliance with the drug-testing requirements of 49 C.F.R. Part 382. If the
15 motor carrier belongs to a consortium, as defined by 49 C.F.R. Part 382, the applicant must provide the
16 names of the persons operating the consortium.

17 (11) Duration of registration.

18 (A) An applicant must indicate the duration of the desired registration. Except as
19 provided otherwise in this section, registration may be for seven calendar days, 90 calendar days, one
20 year, or two years. The duration of registration chosen by the applicant will be applied to all vehicles.

21 (i) Household goods carriers may not obtain seven-day or 90-day
22 certificates of registration.

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1 (ii) Motor carriers that transport passengers in a commercial motor
2 vehicle as defined by Transportation Code, §548.001(1)(B) [~~§218.2(8)(A)(ii) of this title (relating to~~
3 ~~Definitions)~~] may not obtain seven-day or 90-day certificates of registration, unless approved by the
4 director.

5 (B) Interstate motor carriers that operate in intrastate commerce and meet the
6 requirements under §218.14(c) of this title (relating to Expiration and Renewal of Commercial Motor
7 Vehicles Registration) are not required to renew a certificate of registration issued under this section.

8 (12) Additional requirements. The following fees, documents, and information must be
9 submitted with the application. [~~all applications.~~]

10 (A) An application must be accompanied by an application fee of:

11 (i) \$100 for annual and biennial registrations;

12 (ii) \$25 for 90-day registrations; or

13 (iii) \$5 for seven-day registrations.

14 (B) An application must be accompanied by a vehicle registration fee of:

15 (i) \$10 for each vehicle that the motor carrier proposes to operate under
16 a seven-day, 90-day, or annual registration; or

17 (ii) \$20 for each vehicle that the motor carrier proposes to operate under
18 a biennial registration.

19 (C) An application must be accompanied by proof of insurance or financial
20 responsibility and the insurance filing fee as required by §218.16.

21 [~~(D) An application must include the applicant's business telephone number,~~
22 ~~email address, and any cell phone number.~~]

- 1 (D) [(E)] An application must include the completed New Applicant Questionnaire
- 2 (Applicant Questionnaire), which consists of questions and requirements, such as the following:
- 3 (i) Have you ever had another motor carrier certificate of registration
- 4 number issued by the department in the three years prior to the date of this application? If your answer
- 5 is yes, provide the certificate of registration number for the motor carrier(s). In the Applicant
- 6 Questionnaire, the word “you” means the applicant or any business that is operated, managed, or
- 7 otherwise controlled by or affiliated with the applicant or a family member, corporate officer, manager,
- 8 operator, or owner (if the business is not a publicly traded company) of the applicant. In the Applicant
- 9 Questionnaire, the word “manager” means a person who has or exercises authority to direct some or all
- 10 of the applicant’s operational policy regarding compliance with applicable laws regarding a motor carrier,
- 11 excluding sales functions.
- 12 (ii) Have you had a Compliance Review or a New Entrant Audit by the
- 13 Texas Department of Public Safety that resulted in an Unsatisfactory Safety Rating in the three years prior
- 14 to the date of your application? If your answer is yes, provide the USDOT number(s) and the certificate of
- 15 registration number(s) issued by the department.
- 16 (iii) Are you currently under an Order to Cease from the Texas
- 17 Department of Public Safety? If your answer is yes, provide the motor carrier’s USDOT number(s) and the
- 18 Carrier Profile Number(s). The Texas Department of Public Safety assigns a Carrier Profile Number (CP#)
- 19 when they perform a compliance review on a motor carrier’s operations to determine whether the motor
- 20 carrier meets the safety fitness standards.
- 21 (iv) Are you related to another motor carrier, or have you been related to
- 22 another motor carrier within the three years prior to the date of your application? The relationship may
- 23 be through a person (including a family member), corporate officer, or partner who also operates or has

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1 operated as a motor carrier in Texas. If your answer is yes, state how you are related and provide the
2 motor carrier's name and the motor carrier's USDOT number, or the certificate of registration number
3 issued by the department for each related motor carrier.

4 (v) Do you currently owe any administrative penalties to the department,
5 regardless of when the final order was issued to assess the administrative penalties? If your answer is yes,
6 provide the following information under which the administrative penalties were assessed:

7 (I) department's notice number(s); and

8 (II) the motor carrier's USDOT number and certificate of
9 registration number issued by the department;

10 (vi) Name and title of person completing the Applicant Questionnaire;
11 and

12 (vii) Is the person completing the Applicant Questionnaire an authorized
13 representative of the applicant? If your answer is yes, please add the person's name, job title, phone
14 number, and address.

15 (E) An applicant must state if the applicant is domiciled in a foreign country.

16 (F) An application must include a certification that the information and
17 documents provided in the application are true and correct and that the applicant complied with the
18 application requirements under Chapter 218 of this title (relating to Motor Carriers) and Transportation
19 Code, Chapter 643.

20 [(F)An application submitted by an individual must include the number from one
21 of the following forms of identification, as well as a copy of the identification document:]

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1 ~~[(i) an unexpired driver's license issued by a state or territory of the United~~
2 ~~States. If the driver's license was issued by the Department of Public Safety, the application must also~~
3 ~~include the audit number listed on the driver's license;]~~

4 ~~[(ii) an unexpired identification certificate issued by a state or territory~~
5 ~~of the United States; or]~~

6 ~~[(iii) an unexpired concealed handgun license or license to carry a~~
7 ~~handgun issued by the Department of Public Safety under Government Code, Chapter 411, Subchapter~~
8 ~~H;]~~

9 ~~[(G) An application submitted by an individual or entity with an assumed name~~
10 ~~must be accompanied by supporting documents regarding the assumed name, such as an assumed name~~
11 ~~filing in the county of proposed operation.]~~

12 ~~[(H) An application submitted by an entity, such as a corporation, general~~
13 ~~partnership, limited liability company, limited liability corporation, limited partnership, or partnership,~~
14 ~~must include the entity's Texas Comptroller's Taxpayer Number or the entity's Federal Employer~~
15 ~~Identification Number.]~~

16 ~~(G) [(H)] An application must be accompanied by any other information and~~
17 ~~documents required by the department to evaluate the application under current law, including board~~
18 ~~rules.~~

19 (13) Additional requirements for household goods carriers. The following information,
20 documents, and certification must be submitted with all applications by household goods carriers:

21 (A) A copy of the tariff that sets out the maximum charges for transportation of
22 household goods, or a copy of the tariff governing interstate transportation services. If an applicant is
23 governed by a tariff that its association has already filed with the department under §218.65 of this title

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1 (relating to Tariff Registration), the applicant complies with the requirement in this subparagraph by
2 checking the applicable box on the application to identify the association's tariff.

3 (B) If the motor vehicle is not titled in the name of the household goods carrier,
4 the following lease information and documentation, notwithstanding §218.18(a) of this title (relating to
5 Short-term Lease and Substitute Vehicles):

6 (i) a copy of a valid lease agreement for each motor vehicle that the
7 household goods carrier will operate; and

8 (ii) the name of the lessor and their USDOT number for each motor
9 vehicle leased to the household goods carrier under a short-term lease.

10 (C) A certification that the household goods carrier has procedures that comply
11 with Code of Criminal Procedure, Article 62.063(b)(3), which prohibits certain people who are required to
12 register as a sex offender from providing moving services in the residence of another person without
13 supervision.

14 (14) Additional requirements for passenger carriers. The following information and
15 documents must be submitted with all applications for motor carriers that transport passengers in a
16 commercial motor vehicle as defined by Transportation Code, §548.001(1)(B) [~~§218.2(8)(A)(ii)~~ of this
17 title]:

18 (A) If the commercial motor vehicle is titled in the name of the motor carrier, a
19 copy of the International Registration Plan registration receipt or a copy of the front and back of the title
20 for each commercial motor vehicle; or

21 (B) If the commercial motor vehicle is not titled in the name of the motor carrier,
22 the following lease information and documentation, notwithstanding §218.18(a) of this title:

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1 (i) A copy of a valid lease agreement for each commercial motor vehicle;

2 and

3 (ii) The name of the lessor and their USDOT number for each commercial
4 motor vehicle [~~vehicles~~] leased to the motor carrier under a short-term lease.

5 (b) Conditional acceptance of application. If an application has been conditionally accepted by the
6 director pursuant to Transportation Code, §643.055, the applicant may not operate the following until
7 the department has issued a certificate under Transportation Code, §643.054:

8 (1) a commercial motor vehicle or any other motor vehicle to transport household goods
9 for compensation, or

10 (2) a commercial motor vehicle to transport persons or cargo.

11 (c) Approved application. An applicant meeting the requirements of this section and whose
12 registration is approved shall [~~will~~] be issued the following documents:

13 (1) Certificate of registration. The department shall [~~will~~] issue a certificate of registration.
14 The certificate of registration must [~~will~~] contain the name and address of the motor carrier and a single
15 registration number, regardless of the number of vehicles requiring registration that the carrier operates.

16 (2) Insurance cab card. The department shall [~~will~~] issue an insurance cab card listing all
17 vehicles to be operated under the carrier's certificate of registration. The insurance cab card shall be
18 continuously maintained at the motor carrier's [~~registrant's~~] principal [~~place of~~] business address. The
19 insurance cab card must [~~will~~] be valid for the same period as the motor carrier's certificate of registration
20 and shall [~~will~~] contain information regarding each vehicle registered by the motor carrier.

21 (A) A current copy of the page of the insurance cab card on which the vehicle is
22 shown shall be maintained in each vehicle listed, unless the motor carrier chooses to maintain a legible
23 and accurate image of the insurance cab card on a wireless communication device in the vehicle or

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1 chooses to display such information on a wireless communication device by accessing the department's
2 online system from the vehicle. The appropriate information concerning that vehicle shall be highlighted
3 if the motor carrier chooses to maintain a hard copy of the insurance cab card or chooses to display an
4 image of the insurance cab card on a wireless communication device in the vehicle. The insurance cab
5 card or the display of such information on a wireless communications device shall [~~will~~] serve as proof of
6 insurance as long as the motor carrier has continuous insurance or financial responsibility on file with the
7 department.

8 (B) On demand by a department investigator or any other authorized government
9 personnel, the driver shall present the highlighted page of the insurance cab card that is maintained in
10 the vehicle or that is displayed on a wireless communication device in the vehicle. If the motor carrier
11 chooses to display the information on a wireless communication device by accessing the department's
12 online system, the driver shall [~~must~~] locate the vehicle in the department's online system upon request
13 by the department-certified inspector or other authorized government personnel.

14 (C) The motor carrier shall notify the department in writing if it discontinues use
15 of a registered [~~commercial~~] motor vehicle before the expiration of its insurance cab card.

16 (D) Any erasure or alteration of an insurance cab card that the department
17 printed out for the motor carrier renders it void.

18 (E) If an insurance cab card is lost, stolen, destroyed, or mutilated; if it becomes
19 illegible; or if it otherwise needs to be replaced, the department shall [~~will~~] print out a new insurance cab
20 card at the request of the motor carrier. Motor carriers are authorized to print out a copy of a new
21 insurance cab card using the department's online system.

22 (F) The department is not responsible for a motor carrier's inability to access the
23 insurance cab card [~~information~~] using the department's online system.

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1 ~~[(G) The display of an image of the insurance card or the display of insurance~~
2 ~~information from the department's online system via a wireless communication device by the motor~~
3 ~~carrier does not constitute effective consent for a law enforcement officer, the department investigator,~~
4 ~~or any other person to access any other content of the wireless communication device.]~~

5 (d) Additional and replacement vehicles. A motor carrier required to obtain a certificate of
6 registration under this section shall not operate additional vehicles unless the carrier identifies the
7 vehicles on a form prescribed by the director and pays applicable fees as described in this subsection.

8 (1) Additional vehicles. To add a vehicle, a motor carrier must pay a fee of \$10 for each
9 additional vehicle that the motor carrier proposes to operate under a seven-day, 90-day, or annual
10 registration. To add a vehicle during the first year of a biennial registration, a motor carrier must pay a fee
11 of \$20 for each vehicle. To add a vehicle during the second year of a biennial registration, a motor carrier
12 must pay a fee of \$10 for each vehicle.

13 (2) Replacement vehicles. No fee is required for a vehicle that is replacing a vehicle for
14 which the fee was previously paid. Before the replacement vehicle is put into operation, the motor carrier
15 must ~~shall~~ notify the department, identify the vehicle being taken out of service, and identify the
16 replacement vehicle on a form prescribed by the department. A motor carrier registered under seven-day
17 registration may not replace vehicles.

18 (e) Supplement to original application. A motor carrier required to register under this section shall
19 electronically file in the department's designated motor carrier registration system ~~submit~~ a
20 supplemental application under the following circumstances.

21 (1) Change of cargo. A registered motor carrier may not begin transporting household
22 goods or hazardous materials unless the carrier submits a supplemental application to the department

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1 and shows the department evidence of insurance or financial responsibility in the amounts specified by
2 §218.16.

3 (2) Change of name. A motor carrier that changes its name shall file a supplemental
4 application for registration no later than the effective date of the change. The motor carrier shall include
5 evidence of insurance or financial responsibility in the new name and in the amounts specified by §218.16.
6 A motor carrier that is a corporation must have its name change approved by the Texas Secretary of State
7 before filing a supplemental application. A motor carrier incorporated outside the state of Texas must
8 complete the name change under the law of its state of incorporation before filing a supplemental
9 application.

10 (3) Change of address or legal agent for service of process. A motor carrier shall file a
11 supplemental application for any change of address or any change of its legal agent for service of process
12 no later than the effective date of the change. The address most recently filed will be presumed
13 conclusively to be the current address.

14 (4) Change in principal officers and titles. A motor carrier that is a corporation shall file a
15 supplemental application for any change in the principal officers and titles no later than the effective date
16 of the change.

17 (5) Conversion of corporate structure. A motor carrier that has successfully completed a
18 corporate conversion involving a change in the name of the corporation shall file a supplemental
19 application for registration and evidence of insurance or financial responsibility reflecting the new
20 company name. The conversion must be approved by the Office of the Secretary of State before the
21 supplemental application is filed.

1 (6) Change in drug-testing consortium status. A motor carrier that changes consortium
2 status shall file a supplemental application that includes the names of the persons operating the
3 consortium.

4 (7) Retaining a revoked or suspended certificate of registration number. A motor carrier
5 may retain a prior certificate of registration number by:

6 (A) filing a supplemental application to reregister [~~re-register~~] instead of filing an
7 original application; and

8 (B) providing adequate evidence that the carrier has satisfactorily resolved the
9 issue [~~facts~~] that gave rise to the suspension or revocation.

10 (f) Change of ownership. A motor carrier must file an original application for registration when
11 there is a corporate merger or a change in the ownership of a sole proprietorship or of a partnership.

12 (g) Alternative vehicle registration for household goods agents. To avoid multiple registrations of
13 a [~~commercial~~] motor vehicle, a household goods agent's vehicles may be registered under the motor
14 carrier's certificate of registration under this subsection.

15 (1) The carrier must notify the department on a form approved by the director of its intent
16 to register its agent's vehicles under this subsection.

17 (2) When a carrier registers vehicles under this subsection, the carrier's certificate shall
18 [~~will~~] include all vehicles registered under its agent's certificates of registration. The carrier must register
19 under its certificate of registration all vehicles operated on its behalf that do not appear on its agent's
20 certificate of registration.

21 (3) The department may send the carrier a copy of any notification sent to the agent
22 concerning circumstances that could lead to denial, suspension, or revocation of the agent's certificate.

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1 (h) Substitute vehicles leased from leasing businesses. A registered motor carrier is not required
2 to comply with the provisions of subsection (e) of this section for a substitute vehicle leased from a
3 business registered under §218.18 of this title (relating to Short-term Lease and Substitute Vehicles). A
4 motor carrier is not required to carry proof of registration as described in subsection (d) of this section if
5 a copy of the lease agreement for the originally leased vehicle is carried in the cab of the temporary
6 replacement vehicle.

7 (i) Once the motor carrier obtains a certificate of registration, the motor carrier shall update ~~must~~
8 ~~review~~ its principal business address, mailing address, and email address in the department's online
9 system within 30 days of a change to the information. ~~every six months and shall update such information~~
10 ~~if it is no longer correct.~~

11

12 §218.14. Expiration and Renewal of ~~Commercial~~ Motor Vehicle Registration.

13 (a) Expiration and renewal dates.

14 (1) A motor carrier with annual or biennial registration shall ~~will~~ be assigned a date for
15 the expiration and renewal of its motor carrier registration according to the last digit of the carrier's
16 certificate of registration number, as outlined in the following chart:

17 Attached Graphic

18 (2) 90-day ~~90-day~~ certificates of registration are valid for 90 calendar days from the
19 effective date.

20 (3) Seven-day ~~Seven-day~~ certificates of registration are valid for seven calendar days
21 from the effective date.

22 (b) Registration renewal.

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1 (1) At least 30 ~~Approximately 60~~ days before the expiration of registration, the
2 department shall ~~will~~ mail or send electronically a renewal notice to each registered motor carrier with
3 annual or biennial registration. The notice shall ~~will~~ be sent ~~mailed~~ to the carrier's last known address
4 according to the Motor Carrier Division's ~~division's~~ records. Failure to receive the notice does not relieve
5 the registrant of the responsibility to renew. ~~[A motor carrier must ensure that the department receives~~
6 ~~the renewal at least 15 days prior to the renewal date specified in subsection (a) of this section.]~~ A
7 supplement to an application for motor carrier registration renewal must be filed electronically in the
8 department's designated motor carrier registration system and must:

9 (A) supply any new information and documents required under §218.13(e) of this
10 title (relating to Application for Motor Carrier Registration) if the information or documents have ~~has~~
11 not previously been provided ~~supplied~~ to the department; and

12 (B) include a \$10 fee for each vehicle that the carrier operates under an annual
13 certificate of registration and a \$20 fee for each vehicle that the carrier operates under a biennial
14 certificate of registration.

15 (2) Seven-day ~~Seven-day~~ and 90-day ~~90-day~~ registrations may not be renewed.

16 (3) A motor carrier shall maintain continuous insurance or evidence of financial
17 responsibility in an amount at least equal to the amount prescribed under §218.16 of this title (relating to
18 Insurance Requirements).

19 (4) The insurance cab card issued to a motor carrier is valid for the same period as the
20 motor carrier's certificate of registration.

21 (5) To renew registration after it has expired, a motor carrier must file a supplemental
22 application electronically in the department's designated motor carrier registration system within 180
23 days after the registration expiration and must include the following information, documents, and fees:

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1 (A) identify its vehicles on a form prescribed by the director; ~~;~~

2 (B) pay all vehicle fees; ~~;~~ and

3 (C) if current proof of insurance or evidence of financial responsibility is not on

4 file with the department, comply with ~~[division, meet]~~ all insurance requirements.

5 (c) Interstate motor carrier operating in intrastate commerce.

6 (1) An interstate motor carrier registered under §218.17 of this title (relating to Unified

7 Carrier Registration System) is not required to renew a certificate of registration issued under §218.11 of

8 this title (relating to Motor Carrier Registration) except when the motor carrier is operating as a

9 (A) non-charter bus carrier;

10 (B) household goods carrier; or

11 (C) recyclable materials or waste carrier.

12 (2) If a motor carrier that registered under §218.17 does not maintain continuous motor

13 carrier registration under §218.11, the motor carrier must file a supplemental application to reregister

14 ~~[re-register]~~ under §218.13 to operate on a public highway ~~[public streets and highways]~~ in this state.

15 (3) The motor carrier must notify the department if the motor carrier is registered under

16 UCR. The notification must be filed with the department on a form prescribed by the department. Once

17 the department receives the notification, the department shall ~~[will]~~ convert the motor carrier's certificate

18 of registration to a non-expiring certificate of registration if the motor carrier qualifies for a non-expiring

19 certificate of registration.

20 (4) If the department issues the motor carrier a non-expiring certificate of registration,

21 the motor carrier shall ~~[must]~~ notify the department if the motor carrier is no longer registered under UCR

22 or if the motor carrier operates as a non-charter bus carrier, household goods carrier, or recyclable

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1 materials or waste carrier. The notification shall ~~[must]~~ be filed with the department on a form prescribed
2 by the department.

3

4 §218.16. Insurance Requirements.

5 (a) Automobile liability insurance requirements. A motor carrier must file proof of ~~[commercial]~~
6 automobile liability insurance with the department on a form acceptable to the director for each vehicle
7 required to be registered under this subchapter. The motor carrier shall ~~[must]~~ carry and maintain
8 automobile liability insurance that is combined single limit liability for bodily injury to or death of an
9 individual per occurrence, and loss or damage to property (excluding cargo) per occurrence~~[, or both]~~.
10 Extraneous information will not be considered acceptable, and the department may reject proof of
11 ~~[commercial]~~ automobile liability insurance if it is provided in a format that includes information beyond
12 what is required. Minimum insurance levels are indicated in the following table. However, a motor
13 carrier that is required to register with the department under Transportation Code, Chapter 643 and
14 operates a foreign commercial motor vehicle must comply with the minimum level of financial
15 responsibility in 49 C.F.R. Part 387 for such vehicle. ~~[to the extent Part 387 prescribes a higher level of~~
16 ~~financial responsibility than the following table.]~~ The department adopts by reference 49 C.F.R. Part 387
17 regarding the required level of financial responsibility, including any amendments that became effective
18 through July 1, 2024. ~~[Effective October 23, 2015, the department adopts by reference the amendments~~
19 ~~to 49 C.F.R. Part 387 with an effective date of October 23, 2015.]~~

20 Attached Graphic

21 (b) Cargo insurance. Household goods carriers shall file and maintain with the department proof
22 of financial responsibility.

23 (1) The minimum limits of financial responsibility for a household goods carrier ~~[for hire]~~

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1 is \$5,000 for loss or damage to a single shipper's cargo carried on any one motor vehicle.

2 (2) The minimum limits of financial responsibility for a household goods carrier [~~for hire~~]

3 is \$10,000 for aggregate loss or damage to multiple shippers' [~~shipper~~] cargo carried on any one motor

4 vehicle. In cases in which multiple shippers sustain damage and the aggregate amount of cargo damage

5 is greater than the cargo insurance in force, the insurance company shall prorate the benefits among the

6 shippers in relationship to the damage incurred by each shipper.

7 (c) Workers' compensation or accidental insurance coverage.

8 (1) A motor carrier that is required to register under this subchapter and whose primary

9 business is transportation for compensation or hire between two or more municipalities [~~incorporated~~

10 ~~cities, towns, or villages~~] shall provide workers' compensation for all its employees or accidental

11 insurance coverage in the amounts prescribed in paragraph (2) of this subsection.

12 (2) Accidental insurance coverage required by paragraph (1) of this subsection shall be

13 at least in the following amounts:

14 (A) \$300,000 for medical expenses [~~and coverage~~] for at least 104 weeks;

15 (B) \$100,000 for accidental death and dismemberment;

16 (C) [~~including~~] 70 percent of the employee's pre-injury income for not less than

17 104 weeks when compensating for loss of income; and

18 (D) [~~(C)~~] \$500 for the maximum weekly benefit.

19 (d) Qualification of motor carrier as self-insured motor carrier.

20 (1) General qualifications. A motor carrier may meet the insurance requirements of

21 subsections (a) and (b) of this section by filing an application, in a form prescribed by the department, to

22 qualify as a self-insured motor carrier. The application must include a true and accurate statement of

23 the motor carrier's financial condition and other evidence that establishes its ability to satisfy

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1 obligations for bodily injury and property damage liability, or cargo liability, if applicable, without
2 affecting the stability or permanency of its business. The department may accept USDOT evidence of the
3 motor carrier's qualifications as a self-insured motor carrier.

4 (2) Applicant guidelines. In addition to filing an application as prescribed by the
5 department, an applicant for self-insured status must submit information and documents [~~materials~~]
6 that will enable [~~allow~~] the department to determine the following information.

7 (A) Applicant's net worth. An applicant's net worth must be adequate in relation
8 to the size of its operations and the extent of its request for self-insurance authority. The applicant must
9 demonstrate that it can and will maintain an adequate net worth.

10 (B) Self-insurance program. An applicant must demonstrate that it has
11 established and shall [~~will~~] maintain a sound insurance program that will protect the public against all
12 claims involving motor vehicles to the same extent as the minimum insurance levels [~~security limits~~]
13 applicable under this section. In determining whether an applicant is maintaining a sound insurance
14 program, the department shall [~~will~~] consider:

15 (i) reserves;

16 (ii) sinking funds;

17 (iii) third-party financial guarantees;

18 (iv) parent company or affiliate sureties;

19 (v) excess insurance coverage; and

20 (vi) other appropriate aspects of the applicant's program.

21 (C) Safety program. An applicant must submit evidence of a current
22 "satisfactory" safety rating from the Texas Department of Public Safety under Transportation Code,
23 Chapter 644 and administrative rules adopted under [~~substantial compliance with the federal motor~~

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1 ~~carrier safety regulations as adopted by the Texas Department of Public Safety and with] Transportation~~
2 ~~Code, Chapter 644 or a “satisfactory” safety rating from FMCSA under federal law. An application by a~~
3 ~~motor carrier with less than a current “satisfactory” safety rating or no safety rating will be summarily~~
4 ~~denied.~~

5 (3) Other securities or agreements. The department may accept an application for
6 approval of a security or agreement if satisfied that the security or agreement offered will adequately
7 protect the public.

8 (4) Periodic reports. An approved self-insured motor carrier [applicant] shall file with the
9 department annual statements ~~[, semi-annual and quarterly reports,]~~ and any ~~[other]~~ reports required
10 by the department reflecting the motor carrier’s [applicant’s] financial condition and the status of its
11 self-insurance program while the motor carrier is self-insured.

12 (5) Duration and coverage of self-insured status. The department may approve an
13 applicant as a self-insured motor carrier for any specific time or for an indefinite time. An approved self-
14 insured status only applies to the type of cargo that the motor carrier [applicant] reported to the
15 department in the application for self-insured status, and is subject to any limitations, restrictions, or
16 requirements that the department includes in any letter approving self-insured status.

17 (6) Revocation of self-insured status. On receiving evidence that a self-insured motor
18 carrier's financial condition has changed, that its safety program or record is inadequate, or that it is
19 otherwise not in compliance with this subchapter, the department may at any time require the self-
20 insured motor carrier to provide additional information and documents. On 10 days' notice from the
21 department, the self-insured motor carrier shall provide the department with information and
22 documents, as applicable, that [appear and] demonstrate that it ~~[continues to have adequate financial~~
23 ~~resources to pay all claims involving motor vehicles for bodily injury and property damage liability. The~~

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1 ~~self-insured shall also demonstrate that it~~ remains in compliance with the requirements of this section
2 and of any active self-insurance requirements included in the department's approval letter. If a motor
3 carrier ~~[an applicant]~~ fails to comply with the applicable requirements under this section, its self-insured
4 status may be revoked. The revocation of self-insured status will be governed by Chapter 224 of this title
5 (relating to Adjudicative Practice and Procedure) and Transportation Code, Chapter 643.

6 (7) Appeal of denial of application for self-insured status. An applicant may appeal a
7 denial of self-insured status by filing an appeal in accordance with §224.126 of this title (relating to
8 Appeal of a Denial of Self-Insured Status).

9 (e) Filing proof of insurance with the department.

10 (1) Forms.

11 (A) A motor carrier shall file and maintain proof of automobile liability insurance
12 for all vehicles required to be registered under this subchapter at all times. This proof shall be filed on a
13 form acceptable to the director.

14 (B) A household goods carrier shall also file and maintain proof of cargo
15 insurance for its cargo at all times. This proof shall be on a form acceptable to the director.

16 (2) Filing proof of insurance. A motor carrier's insurer shall file and maintain proof of
17 insurance on a form acceptable to the director:

18 (A) at the time of the original application for a motor carrier certificate of
19 registration;

20 (B) on or before the cancellation date of the insurance coverage as described in
21 subsection (f) of this section;

22 (C) when the motor carrier changes insurers;

23 (D) when the motor carrier asks to retain the certificate number of a revoked

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1 certificate of registration;

2 (E) when the motor carrier changes its name under §218.13(e)(2) of this title

3 (relating to Application for Motor Carrier Registration);

4 (F) when the motor carrier, under subsection (a) of this section, changes the

5 classification of the cargo being transported; and

6 (G) when replacing another active insurance filing.

7 (3) Filing fee. Each certificate of insurance or proof of financial responsibility filed with
8 the department for the coverage required under this section must ~~shall~~ be accompanied by a
9 nonrefundable filing fee of \$100 ~~[. This fee applies both]~~ when the carrier submits an original application
10 and when the carrier submits a supplemental application when retaining a revoked certificate of
11 registration number.

12 (4) Acceptable filings. The motor carrier's insurer must file proof of insurance with the
13 department in a form prescribed by the department and approved by an authorized agent of the
14 insurer.

15 (f) Cancellation of insurance coverage. Except when replaced by another acceptable form of
16 insurance coverage or proof of financial responsibility approved by the department, ~~[no]~~ insurance
17 coverage may not ~~shall~~ be canceled or withdrawn until 30 days after notice has been given to the
18 department by the insurer in a form approved by the department. Nonetheless, proof of insurance
19 coverage for a seven-day ~~[seven-day]~~ or 90-day ~~[90-day]~~ certificate of registration may be canceled by
20 the insurer without 30 days' notice if the certificate of registration is expired, suspended, or revoked,
21 and the insurer provides a cancellation date on the proof of insurance coverage.

22 (g) Replacement insurance filing. The department shall ~~will~~ consider a new insurance filing as
23 the current record of financial responsibility required by this section if:

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1 (1) the new insurance filing is received by the department; and

2 (2) a cancellation notice has not been received for previous insurance filings.

3 (h) Insolvency of insurance carrier. An affidavit required by Transportation Code, §643.105 must
4 be executed by an owner, partner, or officer of the motor carrier. ~~[If the insurer of a motor carrier~~
5 ~~becomes insolvent or becomes involved in a receivership or other insolvency proceeding, the motor~~
6 ~~carrier must file an affidavit with the department. The affidavit must be executed by an owner, partner,~~
7 ~~or officer of the motor carrier and show that:]~~

8 [(1) no collisions have occurred and no claims have arisen during the insolvency of the
9 insurance carrier; or]

10 [(2) all claims have been satisfied.]

11

12 §218.18. Short-term Lease and Substitute Vehicles.

13 (a) Registration. A short-term lease vehicle registered under this section is exempt from the
14 registration requirements described in §218.13 of this title (relating to Application for Motor Carrier
15 Registration) while leased to a registered motor carrier.

16 (1) Application. A leasing business registering vehicles under this section shall file an
17 application on a form prescribed by the director.

18 (2) Annual report. The operation of a short-term lease vehicle shall be reported to the
19 department on a form prescribed by the director not later than April 1 of each calendar year for the
20 previous calendar year's operations. The report must identify the number of short-term lease vehicles
21 that would otherwise be subject to the registration requirements of this subchapter.

22 (3) Fees. An annual registration fee of \$10 per vehicle operated must be paid at the time
23 the report is filed under paragraph (2) of this subsection.

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1 (4) Cancellation, expiration, and revocation.

2 (A) A leasing business must make a written request for cancellation of

3 registration.

4 (B) A leasing business registration expires on April 30 of each year unless the

5 leasing business reports by April 1 the actual number of vehicles requiring registration operated in the

6 previous calendar year.

7 (C) The department may suspend or revoke a leasing business registration under

8 §218.72 of this title (relating to Administrative Sanctions).

9 (b) Proof of contingency liability insurance. A leasing business registering a vehicle under this

10 section must file and maintain proof of liability insurance on a form prescribed by the director as

11 required by §218.16 of this title (relating to Insurance Requirements).

12 (1) Filings. A leasing business shall file proof of insurance at the time of its initial

13 registration and whenever it changes insurance carriers in accordance with §218.16.

14 (2) Filing fee. Each proof of insurance filing under this section shall be accompanied by a

15 nonrefundable \$100 filing fee.

16 (3) Cancellation of insurance coverage. Any cancellation of insurance filed under this

17 section must comply with the requirements set out in §218.16.

18 (c) Substitute vehicles. A registered motor carrier is not required to comply with the provisions

19 of §218.13(d) for a vehicle that is leased from a leasing business and that is used as a temporary

20 replacement for a vehicle that has been taken out of service for maintenance, repair, or any other

21 reason causing the temporary unavailability of the permanent vehicle.

22 (d) Identification. A registered motor carrier is not required to carry proof of registration, as

23 required by §218.13(c)(2), in a vehicle leased from a registered leasing business under a short-term

1 lease. A copy of the lease agreement or of the lease for the originally leased vehicle, in the case of a
2 temporary replacement vehicle, must be carried in the cab of the vehicle.

3

4

SUBCHAPTER C. RECORDS AND INSPECTIONS

5

43 TAC §218.31 AND §218.32

6

7 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code,
8 §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter
9 643; Transportation Code, §643.051, which states that a motor carrier may not operate a commercial
10 motor vehicle, as defined by Transportation Code, §548.001, on a road or highway in Texas, and may not
11 operate a vehicle, regardless of size, to transport household goods for compensation on a road or
12 highway in Texas unless the motor carrier registers with the department under Subchapter B of
13 Transportation Code, Chapter 643; Transportation Code, §643.254, which authorizes the department to
14 investigate an alleged violation of Transportation Code, Chapter 643 or a rule or order adopted under
15 Transportation Code, Chapter 643; Transportation Code, §1002.001, which authorizes the board to
16 adopt rules that are necessary and appropriate to implement the powers and duties of the department
17 under the Transportation Code and other laws of this state; Government Code, §2001.004, which
18 requires state agencies to adopt rules of practice stating the nature and requirements of all available
19 formal and informal procedures; and the statutory authority referenced throughout this preamble and
20 in the rule text, which is incorporated herein by reference.

21 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter
22 643; and Government Code, Chapter 2001.

23

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1 TEXT.

2 §218.31. Investigations and Inspections of Motor Carrier Records.

3 (a) Certification of department investigators. In accordance with Transportation Code, Chapter
4 643, the executive director or designee will designate department employees as certified for the
5 purpose of entering the premises of a motor carrier to copy or verify documents the motor carrier is
6 required to maintain according to this chapter. The executive director or designee shall provide
7 credentials to department investigators identifying them as department employees and as certified to
8 conduct investigations and inspect records on behalf of the department.

9 (b) Investigations and Inspections.

10 (1) A motor carrier shall grant a department investigator certified under this section
11 access to the carrier's premises to conduct inspections or investigations of alleged violations of this
12 chapter and of Transportation Code, Chapters 643 and 645. The motor carrier shall provide adequate
13 work space with reasonable working conditions and allow the department investigators to copy and
14 verify records and documents the motor carrier is required to maintain according to this chapter.

15 (2) The department investigator may conduct inspections and investigations during
16 normal business hours unless mutual arrangements have been made otherwise.

17 (3) The department investigator shall ~~will~~ present his or her credentials to the motor
18 carrier prior to conducting an investigation or inspection.

19 (c) Access. A motor carrier shall provide access to requested records and documents at:

20 (1) the motor carrier's principal ~~place of~~ business address; or

21 (2) a location agreed to by the department and the motor carrier.

22 (d) Designation of meeting time. If the motor carrier's normal business hours do not provide the
23 access necessary for the investigator to conduct the investigation and the parties cannot reach an

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1 agreement as to a time to meet to access the records, the department shall designate the time of the
2 meeting and provide written notice via the business address, facsimile number, or email address on file
3 with the department.

4

5 §218.32. Motor Carrier Records.

6 (a) General records to be maintained. Every motor carrier shall prepare and maintain in a
7 complete and accurate manner:

8 (1) operational logs, insurance certificates, documents to verify the carrier's operations,
9 and proof of registration fee payments;

10 (2) records of services performed;

11 (3) all certificate of title documents, weight tickets, permits for oversize or overweight
12 vehicles and loads, dispatch records, or any other document that would verify the operations of the
13 vehicle to determine the actual weight, insurance coverage, size, and/or capacity of the vehicle; and

14 (4) the original certificate of registration and registration listing, if applicable.

15 (b) Proof of motor carrier registration.

16 (1) Except as provided in paragraph (2) of this subsection and in §218.13(c)(2) of this
17 title (relating to Application for Motor Carrier Registration), every motor carrier shall maintain a copy of
18 its current registration listing in the cab of each registered vehicle at all times. A motor carrier shall
19 make available to a department investigator or any law enforcement officer a copy of the current
20 registration listing upon request.

21 (2) A registered motor carrier is not required to carry proof of registration in a vehicle
22 leased from a leasing business that is registered under §218.18 of this title (relating to Short-term Lease
23 and Substitute Vehicles), when leased as a temporary replacement due to maintenance, repair, or other

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1 unavailability of the originally leased vehicle. A copy of the lease agreement, or the lease for the
2 originally leased vehicle, in the case of a substitute vehicle, must be carried in the cab of the vehicle.

3 (3) A motor carrier is not required to carry proof of compliance with UCR or the UCR
4 plan or agreement in its vehicle.

5 (c) Location of files. Except as provided in this subsection, every motor carrier shall maintain at a
6 principal [~~place of~~] business address in Texas all records and information required by the department.

7 (1) Texas motor carriers. If a motor carrier wishes to maintain records at a specific
8 location other than its principal [~~place of~~] business address in Texas, the motor carrier shall make a
9 written request to the director. A motor carrier may not begin maintaining records at an alternate
10 location until the request is approved by the director.

11 (2) Out-of-state motor carriers. A motor carrier whose principal business address is
12 located outside the state of Texas shall maintain records required under this section at its business
13 location in Texas. Alternatively, a motor carrier may maintain such records at a specific out-of-state
14 facility if the carrier reimburses the department for necessary travel expenses and per diem for any
15 inspections or investigations conducted in accordance with §218.31 of this title (relating to
16 Investigations and Inspections of Motor Carrier Records).

17 (3) Regional office or driver work-reporting location. All records and documents
18 required by this subchapter which are maintained at a regional office or driver work-reporting location,
19 whether or not maintained in compliance with paragraphs (1) and (2) of this subsection, shall be made
20 available for inspection upon request at the motor carrier's principal [~~place of~~] business address or other
21 location specified by the department [~~Department~~] within 48 hours after a request is made. Saturdays,
22 Sundays, and federal and state holidays are excluded from the computation of the 48-hour period of
23 time [~~in accordance with 49 C.F.R. §390.29~~].

1 (d) Preservation and destruction of records. All books and records generated by a motor carrier,
2 except driver's time cards and logs, must be maintained for not less than two years at the motor
3 carrier's principal business address. A motor carrier must maintain driver's time cards and logs for not
4 less than six months at the carrier's principal business address.

5

6

SUBCHAPTER D. MOTOR TRANSPORTATION BROKERS

7

43 TAC §218.41

8

9 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code,
10 §646.003, which prohibits a person from acting as a motor transportation broker unless the person
11 provides a bond to the department; Transportation Code, §1002.001, which authorizes the board to adopt
12 rules that are necessary and appropriate to implement the powers and duties of the department under
13 the Transportation Code and other laws of this state; Government Code, §2001.004, which requires state
14 agencies to adopt rules of practice stating the nature and requirements of all available formal and informal
15 procedures; and the statutory authority referenced throughout this preamble and in the rule text, which
16 is incorporated herein by reference.

17 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter
18 646; and Government Code, Chapter 2001.

19

20 TEXT.

21 §218.41. Bond.

22 (a) Filing. A motor transportation broker shall file a bond with the department before it may act
23 as a motor transportation broker.

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1 (b) Conditions of bond.

2 (1) The bond shall be:

3 (A) in an amount of at least \$10,000;

4 (B) executed by a bonding company authorized to do business in the state of

5 Texas; and

6 (C) payable to the State of Texas or a person to whom the motor transportation
7 broker provides services.

8 (2) The bond shall be conditioned upon:

9 (A) the faithful performance of the contracts or agreements of transportation by
10 the motor carrier or motor carriers for whom the motor transportation broker is acting, and which were
11 negotiated by the broker; and

12 (B) the honest and faithful performance by the motor transportation broker in
13 that capacity.

14 (3) The bond shall provide that all defenses available to the motor carrier shall be
15 available to the principal and surety, but no condition or provision of the bond shall otherwise affect the
16 right of the person to whom the motor transportation broker provides services [shipper] to collect all
17 damages to which the person [it] may be entitled at law.

18 (c) Expiration or cancellation of bond. The bond shall not expire or be subject to cancellation
19 until the 30th day after written notice of expiration or cancellation has been served on the principal and
20 the department, either personally or by certified mail. Unless the principal files a new bond in
21 compliance with the requirements of this section on or before the expiration of the 30-day period, the
22 person may not act as a motor transportation broker.

23 ~~[(d) Amount of recovery. In no event shall the total of all recoveries under a bond exceed the~~

1 ~~penal amount.]~~

2

3

SUBCHAPTER E. CONSUMER PROTECTION

4

43 TAC §§218.53, 218.54, 218.56, 218.57, 218.58, 218.61, 218.62, 218.64, AND 218.65

5

6 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code,
7 §643.152, which authorizes the department to establish voluntary standards for uniform cargo liability
8 and uniform bills of lading or receipts for cargo, which standards must be consistent with Subtitle IV,
9 Title 49, United States Code, or a regulation adopted under that law; Transportation Code, §643.153,
10 which authorizes the department to adopt rules to protect a consumer using the service of a motor
11 carrier who is transporting household goods for compensation; and authorizes the department to adopt
12 rules that are necessary to ensure that a customer of a household goods carrier is protected from
13 deceptive or unfair practices and unreasonably hazardous activities; Transportation Code, §643.153(d),
14 which requires a household goods carrier that is required to register under Subchapter B of
15 Transportation Code, Chapter 643 to file a tariff with the department that establishes the maximum
16 charges for all transportation services; Transportation Code, §643.154(c), which authorizes the
17 department to adopt a rule to exempt a motor carrier that is required to register under Subchapter B of
18 Transportation Code, Chapter 643, from Chapter 15, Business and Commerce Code, for an activity
19 relating to the establishment of a joint line rate, route, classification, or mileage guide; Transportation
20 Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code,
21 Chapter 643; Transportation Code, §643.051, which states that a motor carrier may not operate a
22 vehicle, regardless of size, to transport household goods for compensation on a road or highway in
23 Texas unless the motor carrier registers with the department under Subchapter B of Transportation

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1 Code, Chapter 643; Transportation Code, §1002.001, which authorizes the board to adopt rules that are
2 necessary and appropriate to implement the powers and duties of the department under the
3 Transportation Code and other laws of this state; Government Code, §2001.004, which requires state
4 agencies to adopt rules of practice stating the nature and requirements of all available formal and
5 informal procedures; and the statutory authority referenced throughout this preamble and in the rule
6 text, which is incorporated herein by reference.

7 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter
8 643; and Government Code, Chapter 2001.

9

10 TEXT.

11 §218.53. Household Goods Carrier Cargo Liability.

12 Pursuant to Transportation Code, §643.152, the voluntary standard for uniform cargo liability
13 for a household goods carrier can be found in 49 C.F.R. §375.201, which the department adopts by
14 reference, including any amendments that became effective through July 1, 2024.

15 ~~[(a) Unless the carrier and shipper agree in writing to a higher limit of carrier liability, a~~
16 ~~household goods carrier's liability for loss or damage of property shall be \$.60 per pound per article.~~
17 ~~Claims for loss or damage of property may be settled based on the weight of the article multiplied by~~
18 ~~\$.60.]~~

19 ~~[(b) If the carrier and shipper have agreed in writing to a higher limit of liability, the carrier may~~
20 ~~charge the shipper for this higher limit of liability. If the agreement between the carrier and shipper to a~~
21 ~~higher limit of liability provides for a deductible, the carrier's liability to pay for loss or damage of~~
22 ~~property will be reduced by the amount of the deductible.]~~

23

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1 §218.54. Selling Insurance to Shippers.

2 (a) Type of insurance. A household goods carrier and its representatives may sell, or offer to sell,
3 or procure insurance for a shipper for transported or stored property. The insurance policy must cover
4 loss or damage in excess of the household goods carrier's [carrier] liability, if any, to which the parties
5 agree in the moving services contract, including a pre-existing transportation contract described by
6 §218.57(d) of this title (Relating to Moving Services Contract). [~~as specified in §218.53 of this title~~
7 ~~(relating to Household Goods Carrier Cargo Liability).~~]

8 (b) Policy issuance. A copy of the policy or other appropriate evidence of purchased insurance
9 must be issued to the shipper before the shipment is loaded.

10 (c) Policy language. Policies or other appropriate evidence of purchased insurance must be
11 written in a clear and concise manner, specifying the nature and extent of coverage including any
12 deductibles. The policies or other appropriate evidence of purchased insurance must also clearly
13 indicate:

14 (1) the name, address, and telephone number of the insurance company;

15 (2) the policy number; and

16 (3) a statement of whether claims are to be filed with the insurance company or with
17 the household goods carrier.

18 (d) Subject to Full Liability. [~~Penalty.~~] If the shipper purchased insurance from the household
19 goods carrier and the household goods carrier does not obtain the insurance policy or other appropriate
20 evidence of purchased insurance for the shipper, the household goods carrier shall be subject to full
21 liability for all of the loss or damage caused by the household goods carrier.

22

23 §218.56. Proposals and Estimates for Moving Services.

1 (a) Written proposals. Prior to loading, a household goods carrier shall provide a written
2 proposal, such as a bid or quote, to the shipper. A proposal shall state the maximum amount the shipper
3 could be required to pay for the listed transportation and listed related services. This section does not
4 apply if a pre-existing transportation contract sets out the maximum amount the shipper could be
5 required to pay for the transportation services. Pre-existing transportation contracts include, but are not
6 limited to, corporate contracts for the relocation of multiple employees.

7 (1) A proposal must contain the name and registration number of the household goods
8 carrier as they appear on the motor carrier certificate of registration. If a proposal is prepared by the
9 household goods carrier's agent, it shall include the name of the agent as listed on the carrier's
10 agent filing with the department. A proposal shall also include the street address of the
11 household goods carrier or its agent.

12 (2) A proposal must clearly and conspicuously state whether it is a binding or not-to-
13 exceed proposal.

14 (3) A proposal must completely describe the shipment and all services to be provided. A
15 proposal must state, "This proposal is for listed items and services only. Additional items and services
16 may result in additional costs."

17 (4) A proposal must specifically state when the shipper will be required to pay the
18 transportation charges, such as if payment must be made before unloading at the final destination. A
19 proposal must also state what form of payment is acceptable, such as a cashier's check.

20 (5) A proposal must conspicuously state the [that a] household goods carrier's liability, if
21 any, for loss or damage to cargo [~~is limited to \$.60 per pound per article unless the household goods~~
22 ~~carrier and shipper agree, in writing, to a higher limit of carrier liability~~].

23 (b) Hourly rates. If a proposal is based on an hourly rate, then it is not required to provide the

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1 number of hours necessary to perform the transportation and related services. However, if the number
2 of hours is not included in a proposal, then the carrier must secure a written acknowledgment from the
3 shipper indicating the proposal is complete without the number of hours. Also, the proposal shall state
4 the maximum amount the shipper could be required to pay for the listed transportation and listed
5 related services.

6 (c) Proposal as addendum. If a proposal is accepted by the shipper and the carrier transports the
7 shipment, then the proposal is considered an addendum to the moving services contract.

8 (d) Additional items and services. If the household goods carrier determines additional items are
9 to be transported and/or additional services are required to load, transport, or deliver the shipment,
10 then before the carrier transports the additional items or performs the additional services the carrier
11 and shipper must agree, in writing, to:

- 12 (1) allow the original proposal to remain in effect;
- 13 (2) amend the original proposal or moving services contract; or
- 14 (3) substitute a new proposal for the original.

15 (e) Amendments and storage.

16 (1) An amendment to an original proposal or moving services contract, as allowed in
17 subsection (d) of this section, must:

18 (A) be signed and dated by the household goods carrier and shipper; and

19 (B) clearly and specifically state the amended maximum price for the

20 transportation of the household goods.

21 (2) If the household goods carrier fails to amend or substitute an original proposal as
22 required by this subsection and subsection (d) of this section, only the charges stated on the original
23 proposal for moving services may be assessed on the moving services contract. The carrier shall not

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1 attempt to amend or substitute the proposal to add items or services after the items or services have
2 been provided or performed.

3 (3) If through no fault of the carrier, the shipment cannot be delivered during the agreed
4 delivery period, then the household goods carrier may place the shipment in storage and assess fees
5 relating to storage to the extent authorized in the moving services contract, [~~according to the terms in~~
6 ~~§218.58 of this title (relating to Moving Services Contract – Options for Carrier Limitation of Liability),]~~
7 without a written agreement with the shipper to amend or substitute the original proposal.

8 (f) Combination document. A proposal required by subsection (a) of this section may be
9 combined with other shipping documents, such as the moving services contract, into a single document.
10 If a proposal is combined with other shipping documents, the purpose of each signature line on the
11 combination document must be clearly indicated. Each signature is independent and shall not be
12 construed as an agreement to all portions and terms of the combination document.

13 (g) Telephone estimates. A household goods carrier may provide an estimate for the
14 transportation services by telephone. If the household goods carrier provides the estimate by
15 telephone, then the carrier must also furnish a written proposal for the transportation services to the
16 shipper prior to loading the shipment.

17 (h) Written document. To the extent this section requires a document or communication to be
18 in writing, the document or communication may be in a printed or electronic format.

19 (i) Signatures. The signatures of the shipper and household goods carrier, as required by this
20 section, may be transmitted by facsimile or other electronic means.

21

22 §218.57. Moving Services Contract.

23 (a) Requirements. A household goods carrier must give a copy of the moving services contract to

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1 the shipper prior to the loading of the shipment. This copy must include:

2 (1) the name and motor carrier registration number of the household goods carrier as
3 they appear on the motor carrier certificate of registration, and the address and telephone number of
4 the household goods carrier or the household goods agent that prepared the moving services contract;

5 (2) the date the shipment is loaded and a description of the shipment as household
6 goods;

7 (3) the name and address of the shipper;

8 (4) the addresses of the:

9 (A) origin;

10 (B) destination, if known; and

11 (C) any stops in transit, if known;

12 (5) the moving services to be performed;

13 (6) a clear and concise disclosure of the limits of the household goods carrier's liability
14 for loss or damage to a shipper's household goods; however, the moving services contract must
15 expressly state if the household goods carrier's liability is \$0.00 for loss or damage to a shipper's
16 household goods;

17 (7) a clear and concise disclosure of any costs associated with an agreement regarding
18 the liability of the household goods carrier for loss or damage to a shipper's household goods, and a
19 statement that any agreement regarding the household goods carrier's liability is something different
20 than an insurance policy;

21 ~~[(6) the conspicuous statement, "A household goods carrier's liability for loss or damage~~
22 ~~to any shipment is \$.60 per pound per article, unless the carrier and shipper agree, in writing, to a~~
23 ~~greater level of liability.";~~]

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1 ~~[(7) a conspicuous explanation of any agreement for increased carrier liability limit, the~~
2 ~~amount of increased carrier liability, the cost of the increased limit, any deductible above the carrier's~~
3 ~~\$.60 per pound per article liability, and the statement, "This is not insurance.";]~~

4 (8) a clear notice of the amount of any insurance for property that is transported or
5 stored, the amount of insurance premiums, and the insurance policy number, if insurance for the
6 shipment was purchased from or through the household goods carrier;

7 (9) a clear and conspicuous statement that this document is a contract for moving
8 services and is subject to the terms and conditions throughout the document, including any
9 attachments;

10 ~~[(9) the conspicuous statement, "This is a contract for moving services and is subject to~~
11 ~~the terms and conditions on the front and back of this document and any addendum.";]~~

12 (10) a description of whether the proposal is a binding or not-to-exceed proposal, and
13 the maximum price the shipper could be required to pay for the services listed;

14 (11) a statement authorizing performance of the listed services, signed and dated by the
15 household goods carrier and the shipper; ~~and]~~

16 (12) a statement signed and dated by the shipper authorizing delivery of household
17 goods at a destination where the shipper is not present if the shipper intends for the household goods
18 carrier to deliver to a site where the shipper will not be present; and

19 (13) the following language regarding claims: "The process for filing a claim against a
20 household goods carrier and the claims procedures are provided on the website of the Texas
21 Department of Motor Vehicles (department), as well as in the department's administrative rule, 43
22 Texas Administrative Code §218.61 (relating to Claims). A shipper must file any claims against a
23 household goods carrier within 90 days of the delivery of the shipment to the final destination, or after a

1 reasonable time for delivery has elapsed in the case of failure to make delivery.”

2 (b) Delivery. A household goods carrier must give a completed copy of the moving services
3 contract to the shipper upon delivery of the shipment. The household goods carrier must release the
4 household goods to the shipper at destination if the shipper pays the maximum price listed on the
5 moving services contract. Except as provided by subsection (c) of this section, the moving services
6 contract shall be signed and dated by the household goods carrier and the shipper confirming the
7 shipment has been delivered. This signature only confirms delivery of the shipment. Except as provided
8 in subsection (e) of this section, this copy must include the information listed in subsection (a) of this
9 section and:

10 (1) the total charges for the shipment and the specific nature of each charge, including
11 the method used to calculate the minimum and total charges if the shipment was not transported based
12 on a binding proposal;

13 (2) an explanation of all additional moving services provided in accordance with
14 §218.56(d) of this title (relating to Proposals and Estimates for Moving Services); and

15 (3) the addresses of the origin, destination, and any stops in transit if not previously
16 provided on the moving services contract at the origin.

17 (c) Delivery to a destination where the shipper is not present. If a shipper authorizes the
18 household goods carrier to deliver household goods to a destination where the shipper is not present, as
19 allowed in subsection (a)(12) of this section, the moving services contract need not be signed and dated
20 by the shipper at the time of delivery.

21 (d) Pre-existing transportation contracts. A household goods carrier is not required to comply
22 with subsection (b)(1) and (2) of this section if a pre-existing transportation contract sets out the
23 maximum amount the shipper could be required to pay for the transportation services. Pre-existing

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1 transportation contracts include, but are not limited to, corporate contracts for the relocation of
2 multiple employees.

3 (e) Copies. To the extent this section requires a copy of a document or a written document, the
4 document may be in a printed or electronic format.

5 (f) Signatures. The signatures of the shipper and the household goods carrier, as required by this
6 section, may be transmitted by facsimile or other electronic means. These signatures must be separate
7 from any signatures required by the household goods carrier such as the acknowledgment of the
8 statement of value of the shipment.

9

10 §218.61. Claims.

11 (a) Filing of claims. A household goods carrier must act on all claims filed by a shipper on
12 shipments of household goods according to this section.

13 (1) A claim must be filed in writing or by electronic format with the household goods
14 carrier or the household goods carrier's agent whose name appears on the moving services contract. A
15 claim is considered filed on the date the claim is received by the household goods carrier or its agent. A
16 shipper must file a claim either in writing or by electronic format within 90 days:

17 (A) of delivery of the shipment to the final destination; or

18 (B) after a reasonable time for delivery has elapsed in the case of failure to
19 make delivery.

20 (2) The claim must include enough facts to identify the shipment. The claim must also
21 describe the type of claim and request a specific type of remedy.

22 (3) Shipping documents may be used as evidence to support a claim, but cannot be
23 substituted for a written claim.

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1 (4) A claim submitted by someone other than the owner of the household goods must
2 be accompanied by a written explanation of the claimant's interest in the claim.

3 (b) Acknowledgment and disposition of filed claims.

4 (1) A household goods carrier shall send an acknowledgment of the claim either in
5 writing or by electronic format to the claimant within 23 days [~~20 days (excluding Sundays and nationally~~
6 ~~recognized holidays)~~] after receipt of the claim by the carrier or its agent.

7 (A) The claim acknowledgment shall include the statement, "Household goods
8 carriers have 90 days from receipt of a claim to pay, decline to pay, or make a firm settlement offer, in
9 writing, to a claimant. Questions or complaints concerning the household goods carrier's claims handling
10 should be directed to the Texas Department of Motor Vehicles (TxDMV), Enforcement Division, via the
11 toll-free consumer helpline as listed on the department's website. Additionally, a claimant has the right
12 to request mediation from TxDMV within 35 days [~~30 days (excluding Sundays and nationally recognized~~
13 ~~holidays)~~] after any portion of the claim is denied by the carrier, the carrier makes a firm settlement
14 offer that is not acceptable to the claimant, or 90 days has elapsed since the carrier received the claim
15 and the claim has not been resolved."

16 (B) The household goods carrier is not required to issue the acknowledgment
17 letter prescribed in this subsection if the claim has been resolved within 23 days [~~20 days (excluding~~
18 ~~Sundays and nationally recognized holidays)~~] after receipt of the claim. However, the household goods
19 carrier has the burden of proof regarding the resolution of the claim.

20 (2) After a thorough investigation of the facts, the household goods carrier shall pay,
21 decline to pay, or make a firm settlement offer in writing to the claimant within 90 days after receipt of
22 the claim by the household goods carrier or its household goods agent. The settlement offer or denial
23 shall state, "A claimant has the right to seek mediation through the Texas Department of Motor Vehicles

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1 (TxDMV) within 35 days [~~30 days (excluding Sundays and nationally recognized holidays)~~] after any
2 portion of the claim is denied by the carrier, the carrier makes a firm settlement offer that is not
3 acceptable to the claimant, or 90 days has elapsed since the carrier received the claim and the claim has
4 not been resolved."

5 (3) A household goods carrier must provide a copy of the shipping documents to the
6 shipper's insurance company upon request. The carrier may assess a reasonable fee for this service.

7 (c) Documenting loss or damage to household goods.

8 (1) Inspection. If a loss or damage claim is filed and the household goods carrier wishes
9 to inspect the items, the carrier must complete any inspection as soon as possible, but no later than 30
10 calendar days, after receipt of the claim.

11 (2) Payment of shipping charges. Payment of shipping charges and payment of claims
12 shall be handled separately, and one shall not be used to offset the other unless otherwise agreed upon
13 by both the household goods carrier and claimant.

14 (d) Claim records. A household goods carrier shall maintain a record of every claim filed. Claim
15 records shall be retained for two years as required by §218.32 of this title (relating to Motor Carrier
16 Records). At a minimum, the following information on each claim shall be maintained in a systematic,
17 orderly and easily retrievable manner:

18 (1) claim number (if assigned), date received, and amount of money or the requested
19 remedy;

20 (2) number (if assigned) and date of the moving services contract;

21 (3) name of the claimant;

22 (4) date the carrier issued its claim acknowledgment letter;

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1 (5) date and total amount paid on the claim or date and reasons for disallowing the
2 claim; and

3 (6) dates, time, and results of any mediation coordinated by the department.
4

5 §218.62. Mediation by the Department.

6 (a) The claimant may make a written request to the department for mediation regarding a
7 dispute over a fee, or damage to the shipper's household goods.

8 (b) The claimant must attempt to resolve the claim with the household goods carrier by making
9 a reasonable effort to follow the household goods carrier's claim process before requesting mediation
10 by the department.

11 (c) Requests for mediation must be made within 35 days [~~30 days (excluding Sundays and~~
12 ~~nationally recognized holidays)~~] after the earliest of the following events:

13 (1) any portion of the claim is denied by the carrier;

14 (2) the carrier makes a firm settlement offer that is not acceptable to the claimant; or

15 (3) 90 days have [~~has~~] elapsed since the carrier received the claim and the carrier has
16 not responded to the claimant as prescribed in §218.61(b)(2) of this title (relating to Claims).

17 (d) Except as provided in subsection (e) of this section, the department shall [~~will~~] deny a
18 request for mediation made more than 125 days [~~120 days (excluding Sundays and nationally recognized~~
19 ~~holidays)~~] after the carrier received the claim. Additionally, the department shall [~~will~~] deny a request
20 for mediation if the carrier did not receive the claim within 90 days after the delivery of the shipment to
21 the final destination or within 90 days after a reasonable time for delivery has elapsed in the case of
22 failure to make delivery.

23 (e) The department may grant a mediation request if the claimant and the carrier agree to

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1 participate in the mediation process and:

2 (1) the claimant was not advised in writing at least one time of the right to mediation as

3 required by §218.61(b)(1)(A) or (2); or

4 (2) the claimant does not receive the written denial or settlement offer letter required

5 by §218.61(b)(2).

6 (f) For purposes of subsection (c)(1) and (2) of this section, the 35-day [~~30-day~~] deadline for

7 requesting mediation is calculated from the latter of:

8 (1) the date of the claim denial or settlement offer letter; or

9 (2) the date the claim denial or settlement offer letter is mailed, emailed, or faxed to the

10 claimant.

11 (g) The department will not grant more than one mediation request to a claimant for one

12 shipment of household goods.

13 (h) The department will coordinate the selection of a mediator. The mediation will be conducted

14 by written submissions, telephone conferences, or mediation sessions held at the department's facilities

15 in Austin. The department will establish the time, date, and form of the mediation session.

16 (i) Participation in this mediation process by a household goods carrier.

17 (1) A household goods carrier shall participate in this mediation process if the

18 department grants a mediation request under this section regarding the following:

19 (A) a fee under the moving services contract; or

20 (B) the household goods carrier's liability for loss or damage to the shipper's

21 household goods to the extent the following occurs:

22 (i) the shipper and household goods carrier agreed in the moving

23 services contract that the household goods carrier's cargo liability exceeds \$0.00;

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1 (ii) a pre-existing transportation contract described by §218.57(d) of this
2 title (Relating to Moving Services Contract) states that the household goods carrier's cargo liability
3 exceeds \$0.00; or

4 (iii) if the shipper purchases insurance from the household goods
5 carrier and the household goods carrier does not obtain the insurance policy or other appropriate
6 evidence of purchased insurance for the shipper under §218.54 of this title (Relating to Selling Insurance
7 to Shippers).

8 (2) [~~Household goods carriers must participate in this mediation process.~~] The
9 department may impose administrative penalties, [sanctions,] under §218.71 of this title (relating to
10 Administrative Penalties), on a household goods carrier who refuses to participate in the mediation
11 process or otherwise fails to comply with the requirements of this section.

12 (j) If the claimant fails to appear at the mediation after due notice or, if the mediator determines
13 the claimant has not cooperated in the mediation process, the department's mediation process shall be
14 considered concluded. The claimant may consider pursuing the claim through an appropriate court of
15 law.

16 (k) The mediator shall preside and have discretion over the mediation procedures, including the
17 ability to require the claimant and the household goods carrier to provide information and documents in
18 a timely fashion.

19 (l) If the household goods carrier makes a written report of the results of the inspection
20 documenting the lost or damaged household goods and uses the report during the department's
21 mediation, then the carrier shall provide the original or a legible copy of the report to the claimant.

22
23 §218.64. Rates.

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1 (a) Ratemaking. A household goods carrier and/or its household goods agent shall set maximum
2 rates and charges for services in its applicable tariff. The household goods carrier and/or its household
3 goods agent shall disclose the maximum rates and charges to prospective shippers before transporting a
4 shipment [~~between two incorporated cities~~].

5 (b) Prohibited charges and allowances. A household goods carrier and/or its household goods
6 agent shall not charge more than the maximum charges published in its tariff on file with the
7 department for services associated with transportation [~~between two incorporated cities~~].

8 (c) Collective ratemaking agreements.

9 (1) Eligibility. In accordance with Transportation Code, §643.154, a household goods
10 carrier and/or its household goods agent may enter into collective ratemaking agreements between one
11 or more other household goods carriers or household goods agents concerning the establishment and
12 filing of maximum rates and charges, classifications, rules, or procedures.

13 (2) Designation of collective ratemaking associations. An approved association may be
14 designated by a member household goods carrier as its collective ratemaking association for the
15 purpose of filing a tariff containing maximum rates and charges required by §218.65 of this title (relating
16 to Tariff Registration).

17 (3) Submission. In accordance with Transportation Code, §643.154, a collective
18 ratemaking agreement shall be filed with the department for approval. The agreement shall include the
19 following information:

20 (A) full and correct name, business address (street and number, city, state and
21 zip code), and phone number of the association;

22 (B) whether the association is a corporation or partnership; and

23 (i) if a corporation, the government, state, or territory under the laws of

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1 which the association [~~applicant~~] was organized and received its present charter; and

2 (ii) if an association or a partnership, the names of the officers or

3 partners and date of formation;

4 (C) full and correct name and business address (city and state) of each

5 household goods carrier on whose behalf the agreement is filed and whether it is an association, a

6 corporation, an individual, or a partnership;

7 (D) the name, title, and mailing address of counsel, officer, or other person to

8 whom correspondence in regard to the agreement should be addressed; and

9 (E) a copy of the constitution, bylaws, or other documents or writings, specifying

10 the organization's powers, duties, and procedures.

11 (4) Signature. The collective ratemaking agreement shall be signed by all parties subject

12 to the agreement or the association's executive officer.

13 (5) Incomplete agreement. If the department receives an agreement which does not

14 comply with this subsection, the department shall [~~will~~] send a letter to the individual submitting the

15 agreement. The letter shall identify the information that is missing and advise the association that the

16 agreement shall [~~will~~] not be processed until the information is received.

17 (6) Approval. In accordance with Transportation Code, §643.154, the director or

18 designee shall [~~will~~] approve a collective ratemaking agreement if the agreement provides that:

19 (A) all meetings are open to the public; and

20 (B) notice of meetings shall be sent to shippers who are multiple users of the

21 services of a household good carrier that is a party to the agreement. [~~carriers.~~]

22 (7) Noncompliance. If the director or the director's designee determines that an

23 agreement does not comply with paragraph (6) of this subsection, the matter will be governed by

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1 Chapter 224 of this title (relating to Adjudicative Practice and Procedure) and Transportation Code,
2 Chapter 643.

3 (8) New parties to an agreement. An updated agreement shall be filed with the
4 department as new parties are added.

5 (9) Amendments to approved agreements. Amendments to approved agreements
6 (other than as to new parties) may become effective only after approval by [øf] the department.

7 (d) Pursuant to Transportation Code, §643.154(c), a household goods carrier required to register
8 under Transportation Code, Chapter 643 is exempt from Chapter 15, Business and Commerce Code, for
9 an activity relating to the establishment of a joint line rate, route, classification, or mileage guide under
10 Transportation Code, §643.154(a) and (d).

11

12 §218.65. Tariff Registration.

13 (a) Submission. In accordance with Transportation Code, §643.153, a household goods carrier
14 and/or its household goods agent shall file a tariff with the department. A household goods carrier who
15 is not a member of an approved association under §218.64 of this title (relating to Rates) shall file a
16 tariff individually. In lieu of filing individually, a household goods carrier or its household goods agent,
17 that is a member of an approved association in accordance with §218.64, may designate a collective
18 association as its ratemaking association. The association may file a tariff, as required by this subsection,
19 for member carriers.

20 (1) Contents. The tariff:

21 (A) shall set out all rates, charges, rules, regulations, or other provisions, in clear
22 and concise terms, used to determine total transportation charges;

23 (B) may provide for the offering, selling, or procuring of insurance as provided in

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1 §218.54 of this title (relating to Selling Insurance to Shippers);

2 (C) may provide for the base transportation charge to include assumption by the
3 household goods carrier for the full value of the shipment in the event a policy or other appropriate
4 evidence of the insurance purchased by the shipper from the household goods carrier is not issued to
5 the shipper at the time of purchase;

6 (D) shall describe the procedure for determining charges that are below the
7 maximum rate for each service performed; and

8 (E) shall reference a specific mileage guide or source, if information on rates and
9 charges based on mileage is included in the tariff [~~The referenced mileage guide shall be filed with the~~
10 ~~department as an addendum to the tariff. If the household goods carrier utilizes a computer database as~~
11 ~~a mileage guide, the household goods carrier shall allow department personnel free access to the~~
12 ~~system when conducting an inquiry regarding a specific movement performed by the household goods~~
13 ~~carrier)].~~

14 (2) Interstate tariff. In accordance with Transportation Code, §643.153, a household
15 goods carrier may satisfy the requirements of this subsection by filing a copy of its tariff governing
16 interstate household goods transportation services.

17 (3) Transmittal letter. A transmittal letter shall accompany a tariff being filed. The
18 transmittal letter shall provide:

19 (A) the name of the household goods carrier;

20 (B) the Texas mailing address and street address of the household goods
21 carrier's principal business address [~~office~~];

22 (C) the household goods carrier's certificate of registration number, if any;

23 (D) the name and title of the household goods carrier's representative

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1 authorizing the tariff filing; and

2 (E) whether the tariff is being filed on behalf of a member carrier.

3 (4) Format. Tariffs shall be filed:

4 (A) on 8 1/2" x 11" paper;

5 (B) with a cover sheet showing:

6 (i) the name of the issuing household goods carrier or collective

7 ratemaking association;

8 (ii) the Texas mailing and street address;

9 (iii) the issuance date of the tariff;

10 (iv) the effective date of the tariff; and

11 (v) the tariff number; and

12 (C) separated into the following sections:

13 (i) general rules;

14 (ii) accessorial services; and

15 (iii) rates; and

16 (D) if the tariff references a mileage guide, the mileage guide shall be filed with

17 the department as an addendum to the tariff, unless the household goods carrier utilizes a computer

18 database as a mileage guide.

19 (5) Item numbers. Individual items shall be titled and designated by item number.

20 (6) Amendments. Any amendment to a tariff shall be filed with the department not less

21 than 10 days prior to the effective date of the amendment. The household goods carrier or collective

22 ratemaking association filing on behalf of its member may either file an amended tariff in total or an

23 amendment referencing the specific sections and items which are being amended. The amendment

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1 format shall be the same as required by paragraph (4) of this subsection. A transmittal letter providing
2 the same information as required by paragraph (3) of this subsection shall accompany the amendment
3 filing.

4 (7) Rejection. The department ~~shall~~ [will] reject a tariff or amendment filing if it is
5 determined the tariff:

6 (A) fails to meet the requirements of this section; or

7 (B) fails to fully disclose, in clear and concise terms, all rates, charges, and rules.

8 (8) Electronic filings. A household goods carrier may file an electronic copy of its tariff
9 provided that the document is consistent with the provision of this subsection and is formatted in
10 Microsoft Word or other format approved by the director.

11 (b) Department access to computer database used as mileage guide. If the household goods
12 carrier utilizes a computer database as a mileage guide in its tariff, the household goods carrier shall
13 allow department personnel free access to the system when conducting an inquiry regarding a specific
14 movement performed by the household goods carrier.

15 ~~[(b) Operations. The department will accept a tariff which is in substantial compliance with this~~
16 ~~section if the tariff was submitted prior to November 1, 1995.]~~

17 (c) Access. In accordance with Transportation Code, §643.153, tariffs filed in accordance with
18 this section ~~shall~~ [will] be made available for public inspection at the TxDMV Enforcement Division or by
19 calling the department's toll-free consumer helpline as listed on the department's website.

20 (d) Conflicts. All provisions of household goods carriers' tariffs are superseded to the extent they
21 may conflict with the provisions of this chapter.

22

23 **STATUTORY AUTHORITY.** The department adopts the repeal under Transportation Code, §643.152,

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1 which authorizes the department to establish voluntary standards for uniform cargo liability and
2 uniform bills of lading or receipts for cargo, which standards must be consistent with Subtitle IV, Title 49,
3 United States Code, or a regulation adopted under that law; Transportation Code, §643.003, which
4 authorizes the department to adopt rules to administer Transportation Code, Chapter 643;
5 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
6 appropriate to implement the powers and duties of the department under the Transportation Code and
7 other laws of this state; and the statutory authority referenced throughout this preamble and in the rule
8 text, which is incorporated herein by reference.

9 **CROSS REFERENCE TO STATUTE.** The adopted repeal implements Transportation Code, Chapter 643.

10

11 TEXT.

12 [~~§218.58. Moving Services Contract—Options for Carrier Limitation of Liability.~~]

13 [(a) General.]

14 [(1) Household goods shipments transported between points in Texas shall be subject to
15 all terms and conditions of the moving services contract, as set forth in §218.57 of this title (relating to
16 Moving Services Contract), except in cases where such terms and conditions are in conflict with the laws
17 of the State of Texas.]

18 [(2) If a household goods carrier chooses to use additional limitations of liability on a
19 shipment, the limitations shall be either of the options specified in subsections (b) or (c) of this section.
20 A household goods carrier may not alter or expand on the limitation to its liability or the exact wording
21 set out in subsections (b) or (c) of this section. The option selected by the household goods carrier shall
22 be included with and is part of the moving services contract.]

23 [(b) Option 1. If this option is chosen, the following language must be used verbatim.]

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1 ~~[(1) Section 1 – General Provisions.]~~

2 ~~[(A) For the purposes of this subsection, the following terms will mean:]~~

3 ~~[(i) Household goods carrier – The motor carrier/mover contracted to~~
4 ~~transport a shipment of household goods.]~~

5 ~~[(ii) Shipper – The owner of the household goods shipment or his~~
6 ~~representative.]~~

7 ~~[(B) Changes to the moving service contract are not valid unless agreed to in~~
8 ~~writing by the household goods carrier and the shipper.]~~

9 ~~[(C) Household goods carriers will transport shipments with reasonable~~
10 ~~dispatch. Reasonable dispatch requires the transportation of a shipment within the agreed period of~~
11 ~~time shown on the moving services contract, except when circumstances beyond the carrier's control,~~
12 ~~force majeure, prevent or delay transportation.]~~

13 ~~[(D) Moving services contracts must comply with all other applicable laws of the~~
14 ~~State of Texas.]~~

15 ~~[(2) Section 2 – Cargo Liability Provisions.]~~

16 ~~[(A) The household goods carrier is liable for any loss or damage to the~~
17 ~~shipment, except as listed in subparagraphs (B) and (C) of this paragraph.]~~

18 ~~[(B) The household goods carrier is not responsible for loss, damage, or delay~~
19 ~~due to acts of God, acts of civil authorities, defects in the shipment, a riot, a strike, or an act or default of~~
20 ~~the shipper.]~~

21 ~~[(C) The household goods carrier is not liable for loss or damage caused by~~
22 ~~dangerous or explosive goods unless the shipper notifies the carrier, in writing, of the nature of the~~
23 ~~goods and the carrier agrees, in writing, to the transportation of these goods.]~~

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1 ~~[(3) Section 3 – Claims Provisions.]~~

2 ~~[(A) A written claim must be filed by the shipper within 90 days of delivery of~~
3 ~~the shipment to the final destination. In case of failure to make delivery, then a written claim must be~~
4 ~~filed by the shipper within 90 days after a reasonable time for delivery has elapsed.]~~

5 ~~[(B) A household goods carrier is not liable for any claim that is not filed within~~
6 ~~90 days of the delivery of the shipment to the final destination. A household goods carrier is not liable~~
7 ~~for any claim that is not filed within 90 days after a reasonable time for delivery has elapsed for~~
8 ~~shipments that were not delivered.]~~

9 ~~[(4) Section 4 – Payment Provisions. The shipper must pay the freight charges upon~~
10 ~~delivery unless the shipper and household goods carrier agree otherwise.]~~

11 ~~[(5) Section 5 – Provisions for Shipments Not Delivered.]~~

12 ~~[(A) A household goods carrier may place a shipment of household goods into~~
13 ~~storage if the shipper is not available for delivery of the goods as scheduled.]~~

14 ~~[(B) The cost of such storage is the responsibility of the shipper of the household~~
15 ~~goods.]~~

16 ~~[(C) A shipment of household goods placed in storage is subject to liens for~~
17 ~~storage, freight, and other lawful charges.]~~

18 ~~[(D) A household goods carrier must issue written notice of the storage of the~~
19 ~~household goods to the shipper at each address shown on the moving services contract within three~~
20 ~~days of placing the goods in storage.]~~

21 ~~[(E) If the shipper refuses to accept or does not claim the household goods~~
22 ~~within 15 days of the written notice of storage, the household goods carrier may begin the process of~~
23 ~~selling the goods at public sale, as prescribed in Transportation Code, Chapter 6.]~~

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1 ~~[(F) A household goods carrier must give written notice of the public sale to the~~
2 ~~shipper at each address shown on the moving services contract.]~~

3 ~~[(G) The moving services contract does not prohibit the sale of the goods under~~
4 ~~any other lawful manner if the method set out in the contract cannot be reasonably accomplished.]~~

5 ~~[(c) Option 2. If this option is chosen, the following language must be used verbatim.]~~

6 ~~[(1) Section 1 of contract terms and conditions.]~~

7 ~~[(A) The household goods carrier or party in possession of any of the property~~
8 ~~herein described shall be liable at common law for any loss thereof or damage thereto, except as~~
9 ~~hereinafter provided.]~~

10 ~~[(B) No household goods carrier or party in possession of all or any of the~~
11 ~~property herein described shall be liable for any loss thereof or damage thereto or delay caused by an~~
12 ~~act of God, the public enemy, the authority of law, or an act or default of the shipper or owner. The~~
13 ~~household goods carrier's liability shall be that of warehouseman only, for loss, damage, or delay caused~~
14 ~~by fire occurring after the expiration of the free time (if any) allowed by tariffs lawfully on file after~~
15 ~~notice of the arrival of the property at destination has been duly sent or given, and after placement of~~
16 ~~the property for delivery at destination, or tender of delivery of the property to the party entitled to~~
17 ~~receive it, has been made. Except in case of negligence of the household goods carrier or party in~~
18 ~~possession (and the burden to prove freedom from such negligence shall be on the household goods~~
19 ~~carrier or party in possession), the household goods carrier or party in possession shall not be liable for~~
20 ~~loss, damage, or delay occurring while the property is stopped and held in transit upon the request of~~
21 ~~the shipper, owner, or party entitled to make such request, or resulting from a defect or inherent vice of~~
22 ~~the article, including susceptibility to damage because of atmospheric conditions such as temperature~~
23 ~~and humidity or changes therein, or from riots or strikes. Except in the case of household goods carrier's~~

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1 negligence, no household goods carrier, or party in possession of all or any of the property herein
2 described, shall be liable for delay caused by highway obstruction, faulty or impassable highway, or lack
3 of capacity of any highway, bridge, or ferry, and the burden to prove freedom from such negligence shall
4 be on the household goods carrier or party in possession.]

5 [(C) In case of quarantine the property may be discharged at the risk and
6 expense of the owner into quarantine depot or elsewhere, as required by quarantine regulations or
7 authorities, or for the household goods carrier's dispatch at the nearest available point in the household
8 goods carrier's judgment, and in any such case the household goods carrier's responsibility shall cease
9 when property is so discharged, or property may be returned by the household goods carrier at the
10 owner's expense to the shipping point, earning freight both ways. Quarantine expenses of whatever
11 nature or kind upon or in respect to property shall be borne by the owner of the property or the
12 household goods carrier may file a lien. The household goods carrier shall not be liable for loss or
13 damage occasioned by fumigation or disinfection or other acts required or done by quarantine
14 regulations or authorities even though the same may have been done by the household goods carrier's
15 officers, local agents, or employees, nor for detention, loss, or damage of any kind occasioned by the
16 quarantine or its enforcement. A household goods carrier shall not be liable, except in the case of
17 negligence, for any mistake or inaccuracy in any information furnished by the household goods carrier,
18 its local agents, or officers, as to quarantine laws or regulations. The shipper shall hold the household
19 goods carrier harmless from any expense it may incur, or damages it may be required to pay, by reason
20 of the introduction of the property covered by this contract into any place against the quarantine laws
21 or regulations in effect at such place.]

22 [(2) Section 2 of contract terms and conditions.]

23 [(A) A household goods carrier is not bound to transport property by any

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1 particular scheduled vehicle or in time for any particular market other than with reasonable dispatch. A
2 household goods carrier shall have the right, in case of physical necessity, to forward the property by
3 any household goods carrier or route between the point of shipment and the point of destination. In all
4 cases not prohibited by law, where a lower value than actual value has been represented in writing by
5 the shipper or has been agreed upon in writing as the released value of the property as determined by
6 the classification or tariffs upon which the rate is based, such lower value plus freight charges, if paid,
7 shall be the maximum amount recovered, whether or not such loss or damage occurs from negligence.]

8 [(B) As a condition precedent to recovery, a claim must be filed in writing with
9 the receiving or delivering household goods carrier, or the household goods carrier issuing the bill of
10 lading or receipt, or the household goods carrier on whose line the loss, damage, injury, or delay
11 occurred, or the household goods carrier in possession of the property when the loss, damage, injury, or
12 delay occurred, within 90 days after delivery of the property or, in case of failure to make delivery, then
13 within 90 days after a reasonable time for delivery has elapsed; and suits shall be instituted against any
14 household goods carrier only within two years and one day from the day when notice in writing is given
15 by the household goods carrier to the claimant that the household goods carrier has disallowed the
16 claim or any of its part or parts specified in the notice. Where a claim is not filed or a suit is not
17 instituted in accordance with the foregoing provisions, a household goods carrier hereunder shall not be
18 held liable, and the claim will not be paid.]

19 [(C) Any household goods carrier or party liable on account of loss of or damage
20 to any of the property shall have the full benefit of any insurance that may have been effected, upon, or
21 on account of, said property, so far as this shall not avoid the policies or contracts of insurance;
22 provided, that the household goods carrier reimburses the claimant for the premium paid.]

23 [(3) Section 3 of contract terms and conditions. Except where such service is required as

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1 ~~the result of household goods carrier's negligence, all property shall be subject to necessary coeprage~~
2 ~~and baling at the owner's cost.]~~

3 ~~[(4) Section 4 of contract terms and conditions.]~~

4 ~~[(A) Property not removed by the party entitled to receive it within the free time~~
5 ~~(if any) allowed by tariff lawfully on file (such free time to be computed as therein provided), after~~
6 ~~notice of the arrival of the property at destination has been duly sent or given, and after tender of the~~
7 ~~property for delivery at destination has been made, or property not received, at time tender of delivery~~
8 ~~of the property to the party entitled to receive it has been made, may be kept in vehicle, warehouse, or~~
9 ~~place of business of the household goods carrier, subject to the tariff charge for storage and to~~
10 ~~household goods carrier's responsibility as warehouseman, only, or at the option of the household~~
11 ~~goods carrier, may be removed to and stored in a public or licensed warehouse at the point of delivery~~
12 ~~or other available point, or if no such warehouse is available at point of delivery or at other available~~
13 ~~storage facility, at the cost of the owner and there held without liability on the part of the household~~
14 ~~goods carrier, and subject to a lien for all freight and other lawful charges, including a reasonable charge~~
15 ~~for storage. In the event consignee cannot be found at address given for delivery, notice of the placing~~
16 ~~of such goods in warehouse shall be mailed to the address given for delivery and mailed to any other~~
17 ~~address given on the bill of lading or receipt for notification, showing the warehouse in which the~~
18 ~~property has been placed.]~~

19 ~~[(B) If nonperishable property which has been transported to destination~~
20 ~~hereunder is refused by consignee or the party entitled to receive it upon tender of delivery, or said~~
21 ~~consignee or party entitled to receive it fails to receive or claim it within 15 days after notice of arrival~~
22 ~~shall have been duly sent or given, the household goods carrier may sell the same at public auction to~~
23 ~~the highest bidder, at such place as may be designated by the household goods carrier; provided, that~~

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Chapter 218 – Motor Carriers

1 ~~the household goods carrier shall have first mailed, sent, or given to the consignor notice that the~~
2 ~~property has been refused or remains unclaimed, as the case may be, and that it will be subject to sale~~
3 ~~under the terms of the bill of lading or receipt if disposition be not arranged for, and shall have~~
4 ~~published notice containing a description of the property, the name of the party to whom consigned, or,~~
5 ~~if shipped order notify, the name of party to be notified, and the time and place of sale, once a week for~~
6 ~~two successive weeks, in a newspaper of general circulation at the place of sale or nearest place where~~
7 ~~such newspaper is published. Thirty days must elapse after notice that the property was refused or~~
8 ~~remains unclaimed was mailed, sent, or given before notice of sale may be published.]~~

9 ~~[(C) If perishable property which has been transported is refused by the~~
10 ~~consignee or party entitled to receive it, or the consignee or party entitled to receive it shall fail to~~
11 ~~receive it promptly, the household goods carrier may, in its discretion, to prevent deterioration or~~
12 ~~further deteriorations, sell the same to the best advantage at private or public sale; provided, that if~~
13 ~~time serves for notification to the consignor or owner of the refusal of the property or the failure to~~
14 ~~receive it and request for disposition of the property, notification shall be given, in such manner as the~~
15 ~~exercise of due diligence requires before the property is sold.]~~

16 ~~[(D) If the procedure provided for in this section is not possible, it is agreed that~~
17 ~~nothing contained in the section shall be construed to abridge the right of the household goods carrier~~
18 ~~at its option to sell the property under such circumstances and in such manner as may be authorized by~~
19 ~~law.]~~

20 ~~[(E) The proceeds of the sale shall be applied by the household goods carrier to~~
21 ~~the payment of freight, demurrage, storage, and any other lawful charges and the expense of notice,~~
22 ~~advertisement, sale, and other necessary expense and of caring for and maintaining the property, if~~
23 ~~proper care requires special expense. If there is a balance it shall be paid to the owner of the property.]~~

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1 ~~[(F) If the household goods carrier is directed by the consignor or its agent to~~
2 ~~load property from (or render any services at) a place or places at which the consignor or its agent is not~~
3 ~~present, the property shall be at the risk of the owner before loading.]~~

4 ~~[(G) If the household goods carrier is directed by the consignee or its agent to~~
5 ~~unload or deliver property (or render any services) at the place or places at which the consignee or its~~
6 ~~agent is not present, the property shall be at the risk of the owner after unloading or delivery.]~~

7 ~~[(5) Section 5 of contract terms and conditions. A household goods carrier shall not carry~~
8 ~~or be liable in any way for documents, specie, or for articles of extraordinary value not specifically rated~~
9 ~~in the published classification or tariffs unless a special agreement to do so and a stipulated value of the~~
10 ~~articles are endorsed.]~~

11 ~~[(6) Section 6 of contract terms and conditions. Every party, whether the principal or~~
12 ~~local agent, shipping explosives or dangerous goods, without previous full written disclosure to the~~
13 ~~household goods carrier of their nature, shall be liable for and indemnify the household goods carrier~~
14 ~~against all loss or damage caused by the goods, and the goods may be warehoused at the owner's risk~~
15 ~~and expense or destroyed without compensation.]~~

16 ~~[(7) Section 7 of contract terms and conditions.]~~

17 ~~[(A) The owner or consignee shall pay the freight and all other lawful charges~~
18 ~~accruing on said property; but, except in those instances where it may lawfully be authorized to do so,~~
19 ~~no household goods carrier shall deliver or relinquish possession at destination of the property covered~~
20 ~~by this bill of lading or receipt until all rates and charges have been paid. The consignor shall be liable for~~
21 ~~the freight and all other lawful charges, except that if the consignor stipulates, by signature, in the space~~
22 ~~provided for that purpose on the face of this bill of lading or receipt that the household goods carrier~~
23 ~~shall not make delivery without requiring payment of the charges and the household goods carrier,~~

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1 ~~contrary to such stipulation shall make delivery without requiring such payment, the consignor (except~~
2 ~~as hereinafter provided) shall not be liable for the charges. Where the household goods carrier has been~~
3 ~~instructed by the shipper or consignor to deliver the property to a consignee other than the shipper or~~
4 ~~consignor, the consignee shall not be legally liable for transportation charges in respect of the~~
5 ~~transportation of the property (beyond those billed against him at the time of delivery for which he is~~
6 ~~otherwise liable) which may be found to be due after the property has been delivered to him, if the~~
7 ~~consignee is an agent only and has no beneficial title in said property, and prior to delivery of said~~
8 ~~property has notified the delivering household goods carrier in writing of the fact of such agency and~~
9 ~~absence of beneficial title, and, in the case of a shipment reconsigned or diverted to a point other than~~
10 ~~that specified in the original bill of lading or receipt, has also notified the delivering household goods~~
11 ~~carrier in writing of the name and address of the beneficial owner of said property; and, in such cases~~
12 ~~the shipper or consignor, or, in the case of a shipment so reconsigned or diverted, the beneficial owner~~
13 ~~shall be liable for such additional charges.]~~

14 ~~[(B) If the consignee has given to the household goods carrier erroneous~~
15 ~~information as to whom the beneficial owner is, such consignee shall be liable for the additional~~
16 ~~charges. Nothing herein shall limit the right of the household goods carrier to require at time of~~
17 ~~shipment the payment or guarantee of the charges. If upon inspection it is ascertained that the articles~~
18 ~~shipped are not those described in this bill of lading or receipt, the freight charges must be paid on the~~
19 ~~articles actually shipped.]~~

20 ~~[(8) Section 8 of contract terms and conditions. If this bill of lading or receipt is issued on~~
21 ~~the order of the shipper or his agent, in exchange or in substitution for another bill of lading or receipt,~~
22 ~~the shipper's signature to the prior bill of lading or receipt as to the statement of value or otherwise, or~~
23 ~~election of common law or bill of lading or receipt, in or in connection with such prior bill of lading or~~

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1 ~~receipt, shall be considered a part of this bill of lading or receipt as fully as if the same were written or~~
2 ~~made in or in connection with this bill of lading or receipt.]~~

3 ~~[(9) Section 9 of contract terms and conditions. Any alteration, addition, or erasure in~~
4 ~~this bill of lading or receipt which shall be made without the special notation herein of the agent of the~~
5 ~~household goods carrier issuing this bill of lading or receipt, shall be without effect, and this bill of lading~~
6 ~~or receipt shall be enforceable according to its original tenor.]~~

7

8

SUBCHAPTER F. ADMINISTRATIVE PENALTIES AND SANCTIONS

9

43 TAC §218.72

10

11 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code,
12 §643.252, which authorizes the department to suspend or revoke a registration issued under
13 Transportation Code, Chapter 643 or place on probation a motor carrier whose registration is
14 suspended; Transportation Code, §643.257, which authorizes the department to order a motor carrier
15 that violates Transportation Code, Chapter 643 or a rule or order adopted under Transportation Code,
16 Chapter 643 to pay a refund to a consumer who paid the motor carrier to transport household goods;
17 Transportation Code, §643.003, which authorizes the department to adopt rules to administer
18 Transportation Code, Chapter 643; Transportation Code, §1002.001, which authorizes the board to
19 adopt rules that are necessary and appropriate to implement the powers and duties of the department
20 under the Transportation Code and other laws of this state; Government Code, §2001.004, which
21 requires state agencies to adopt rules of practice stating the nature and requirements of all available
22 formal and informal procedures; and the statutory authority referenced throughout this preamble and
23 in the rule text, which is incorporated herein by reference.

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1 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, Chapter
2 643; and Government Code, Chapter 2001.

3
4 TEXT.

5 §218.72. Administrative Sanctions.

6 (a) Grounds for suspension, revocation, denial, and probation. Transportation Code, §643.252
7 provides the grounds on which the department can suspend, revoke, or deny a certificate of registration
8 issued under Transportation Code, Chapter 643. Transportation Code, §643.252 also provides the
9 grounds on which the department can place on probation a motor carrier whose registration is
10 suspended.

11 (b) Texas Department of Public Safety enforcement recommendations.

12 (1) The department may suspend or revoke a certificate of registration of a motor
13 carrier upon a written request by the Texas Department of Public Safety, if a motor carrier:

14 (A) has an unsatisfactory safety rating under 49 C.F.R., Part 385; or

15 (B) has multiple violations of Transportation Code, Chapter 644, a rule adopted
16 under that chapter, or Transportation Code, Title 7, Subtitle C.

17 (2) A request under paragraph (1) of this subsection must include documentation
18 showing the violation.

19 (c) Refund.

20 (1) The department may order a household goods [~~motor~~] carrier that violates
21 Transportation Code Chapter 643, department rules, or a department order adopted under
22 Transportation Code Chapter 643 to issue a refund to a customer who paid the household goods
23 [~~motor~~] carrier to transport household goods.

1 (2) Under this subsection, a refund is the return of any percentage of funds paid, or
2 contracted to be paid, to a household goods [~~motor~~] carrier transporting household goods, whether
3 those funds are documented as a separate line item or included in the overall amount paid by a
4 customer.

5 (A) A refund includes overpayments, fees paid for services not rendered, and
6 fees paid for charges not listed on the household goods carrier's [~~mover's~~] tariff after the household
7 goods carrier [~~mover~~] takes possession of the customer's property.

8 (B) A refund does not include any consideration of damages or harm over the
9 amount paid by the customer.

10

11 **SUBCHAPTER G. FINANCIAL RESPONSIBILITY FOR FOREIGN COMMERCIAL MOTOR VEHICLES**

12 **43 TAC §218.80 AND §218.82**

13

14 **STATUTORY AUTHORITY.** The department adopts the amendments under Transportation Code, §648.102,
15 which authorizes the department to adopt rules that conform with 49 C.F.R. Part 387 requiring motor
16 carriers operating foreign commercial motor vehicles in Texas to maintain financial responsibility;
17 Transportation Code, §643.101(b), which authorizes the department to adopt rules to set the amount of
18 liability insurance that a motor carrier that is required to register under Subchapter B of Transportation
19 Code, Chapter 643 must maintain, at an amount that does not exceed the amount required for a motor
20 carrier under a federal regulation adopted under 49 U.S.C. §13906(a)(1); Transportation Code, §643.003,
21 which authorizes the department to adopt rules to administer Transportation Code, Chapter 643;
22 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
23 appropriate to implement the powers and duties of the department under the Transportation Code and

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1 other laws of this state; Government Code, §2001.004, which requires state agencies to adopt rules of
2 practice stating the nature and requirements of all available formal and informal procedures; and the
3 statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein
4 by reference.

5 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Transportation Code, §648.102;
6 and Government Code, §2001.004.

7

8 TEXT.

9 §218.80. Purpose and Scope.

10 (a) The purpose of this subchapter is to comply with Transportation Code, §648.102. For the
11 purposes of this subchapter, the term “motor carrier” is defined by Transportation Code, §648.001, and
12 does not include the following, except as provided by subsection (b) of this section:

13 (1) a motor carrier that is required to register with the department under

14 Transportation Code, Chapter 643; or

15 (2) a motor carrier that is required to register with FMCSA for interstate transportation,
16 and is not operating in intrastate transportation within this state.

17 (b) If a motor carrier is required to register with the department under Transportation Code,
18 Chapter 643, the motor carrier must comply with the financial responsibility requirements in §218.16 of
19 this title (relating to Insurance Requirements).

20

21 §218.82. Financial Responsibility.

22 (a) Intrastate transportation. No motor carrier shall operate a foreign commercial motor vehicle
23 in intrastate transportation in Texas, unless the motor carrier obtains and has in effect an insurance

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1 policy which covers at least the minimum level required by 49 C.F.R. Part 387. [~~However, if the motor~~
2 ~~carrier is required to register with the department under Transportation Code, Chapter 643, the motor~~
3 ~~carrier must comply with the financial responsibility requirements in §218.16 of this title (relating to~~
4 ~~Insurance Requirements).]~~ For the purposes of this subsection, intrastate transportation is any
5 transportation on a public [~~road or~~] highway in Texas that is not described in 49 U.S.C. §13501.

6 (b) The department adopts by reference 49 C.F.R. Part 387 regarding the required level of
7 financial responsibility, including any amendments that became effective through July 1, 2024. [~~Effective~~
8 ~~October 23, 2015, the department adopts by reference the amendments to 49 C.F.R. Part 387 with an~~
9 ~~effective date of October 23, 2015.~~]

10

11

12

Figure: 43 TAC §218.16(a)

Type of Vehicle	Minimum Insurance Level
1. Vehicles transporting household goods (gross vehicle weight, registered weight, or gross weight rating of 26,000 lbs. or less).	\$300,000
2. <u>Vehicles, including buses, [Buses]</u> designed or used to transport more than 15 people, but fewer than 27 people, <u>including the driver.</u>	\$500,000
3. <u>Vehicles, including buses, [Buses]</u> designed or used to transport 27 or more people, <u>including the driver.</u>	\$5,000,000
4. [Commercial school] <u>School</u> buses, regardless of the passenger capacity as described in Transportation Code, §643.1015.	\$500,000
5. Farm trucks (gross vehicle weight, registered weight, or gross weight rating of 48,000 lbs. or more).	\$500,000
6. Commercial motor vehicles and vehicles transporting household goods (gross vehicle weight, registered weight, or gross weight rating in excess of 26,000 lbs.).	\$500,000
7. Commercial motor vehicles - Oil listed in 49 C.F.R. §172.101; hazardous waste, hazardous materials, <u>or [and]</u> hazardous substances defined in 49 C.F.R. §171.8 and listed in 49 C.F.R. §172.101, but not mentioned in items 8 or 9 of this table.	\$1,000,000
8. Commercial motor vehicles with a gross vehicle weight rating of 10,001 or more pounds - Hazardous substances, as defined in 49 C.F.R. §171.8, transported in <u>bulk in cargo tanks, portable tanks, or hopper-type vehicles with capacities in bulk; [excess of 3,500 water gallons; or]</u> in bulk Division 1.1, 1.2, <u>or [and]</u> 1.3 materials; <u>in bulk [-] Division 2.3, Hazard Zone A material; in bulk [-or] Division 6.1, Packing Group I, Hazard Zone A material; in bulk Division 2.1 or 2.2 material;</u> or highway route controlled quantities of a Class 7 material, as defined in 49 C.F.R. §173.403.	\$5,000,000
9. Commercial motor vehicles with a gross vehicle weight rating of less than 10,001 pounds – <u>In bulk [Any quantity of] Division 1.1, 1.2, or 1.3 material; in bulk [any quantity of a] Division 2.3, Hazard Zone A material; in bulk [-or] Division 6.1, Packing Group I, Hazard Zone A material; or highway route controlled quantities of a Class 7 material as defined in 49 C.F.R. §173.403.</u>	\$5,000,000

From: [John Esparza](#)
To: [Zz - Resource - GCO Rules](#)
Cc: [Aucoin, Aline](#); [Fallin, Carol](#); [Archer, Jimmy](#); [Dana Moore](#); [Dorothy Brooks](#); [Julie Hagen](#); [Kimberly Leggett](#); mark@borskeygr.com
Subject: RE: Proposed Sections in Title 43 Part 10 | Texas Trucking Association | Southwest Movers Association
Date: Monday, September 23, 2024 9:50:51 PM
Attachments: [image001.png](#)
[image002.png](#)

ATTENTION: This email originated from outside of TxDMV. Malicious software, such as viruses, worms, and ransomware can be transmitted via email attachments and links. Do not click any links or open any attachments unless you recognize the sender and have confirmed the content is safe.

TxDMV Rules Division

I want to thank our partners in the department for staying in close communications regarding the recent proposed rule changes, of which we as an industry of stakeholders providing the cartage of household goods and general freight have learned that while conducting routine reviews of all rules in the trucking space that you are compelled to act on some adjustments we believe will also have substantial effects on the industry, it's stakeholders, and the consumers we together work to educate and protect.

The recent proposed changes for Chapter 218 which were submitted to the Motor Carrier Regulatory Advisory Committee (MCRAC) for review and input, had several amendments and deletions suggested. Two proposed changes, in particular – could significantly impact the industry:

- 1. Reporting Operational Control:** Initially, the proposed rules required businesses to provide the TxDMV with information about anyone who had operational control over any aspect of the business related to compliance with laws and regulations. This meant companies would be required to continuously update the department on changes in employment status, such as for safety and fleet managers – or any staff changes that resulted in turnover in which previously filed names are no longer employees. Following concerns raised by the MCRAC, I wanted to voice our support for the revised proposal, now requiring businesses to report only those individuals with operational control at the time of the original application. This change will affect only new applicants for TxDMV Motor Carrier Registration after the rule's effective date, meaning current carriers will not need to provide updated information unless resubmitting an original application. Again, the Texas Trucking Association (TXTA) and Southwest Movers Association (SMA) believes this is a necessary adjustment and supports its adoption.
- 2. Voluntary Standards for Cargo Liability:** Another significant concern involves TxDMV's interpretation of Texas Transportation Code 643.152. This statute permits TxDMV to establish *voluntary standards* for uniform cargo liability, bills of lading or receipts – provided they align with federal regulations (FMCSA Part 375). As a result of this voluntary interpretation, we understand it is your intent to remove references in Chapter 218 to liability standards, such as the \$0.60 per pound standard used by federal regulations and widely accepted as a minimum liability standard. We also understand that it is TxDMV assertion that because the statute deems the standard voluntary, the

department cannot enforce any liability requirements. This creates a situation where carriers could potentially set liability as low as \$0.00 per pound, leaving consumers and movers without the crucial protections they believed they were enjoying since 2005. We contest that these proposed changes to the rule and statute in item 2 eliminate essential consumer protections. Further, that this shift is not in the public's best interest and could harm the reputation of the moving industry which works alongside TxDMV and consumer groups to educate all consumers in the household good space on their rights and responsibilities. In addition, fines imposed under this provision to date may carry some liability to the state. We intend to work closely with all stakeholders, our members, your agency and state lawmakers in the upcoming legislative session to address these concerns and advocate for returning this fundamental consumer protection as it has been observed now since 2005. Thank you for the opportunity to share these comments on behalf of the hundreds of thousands of Texans who serve their communities in the safe movement of household goods and general freight commodities, as well as the millions of Texans who will plan a move this fall and into 2025.

John D. Esparza
Executive Director – Southwest Movers Association
President & CEO - Texas Trucking Association
1103 Sabine Street | Austin, TX 78701 512.478.2541 | Ext. 111 | www.texasrucking.com |
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Board Meeting Date: 12/12/2024
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Laura Moriaty, General Counsel
Agenda Item: 6
Subject: Rule Review Adoption under Government Code, §2001.039: Chapter 218,
Motor Carriers

RECOMMENDATION

Action Item. Approval to publish the notice of readoption of 43 Texas Administrative Code Chapter 218, Motor Carriers, in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The department conducted a review of Chapter 218 in compliance with Government Code, §2001.039.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Government Code, §2001.039 requires state agencies to review their rules every four years and to readopt, readopt with amendments, or repeal the current rules.

As a result of the review of Chapter 218, the department identified necessary amendments and a repeal, which the department recommends for adoption under a different agenda item at this meeting. The department has determined that the reasons for initially adopting the rules in Chapter 218 continue to exist, subject to the proposed amendments and the repeal that staff are recommending for adoption.

The notice of the department's intention to review was published in the *Texas Register* on August 23, 2024 (49 *TexReg* 6471). The comment period closed on September 23, 2024. No comments were received on the rule review.

TITLE 43. TRANSPORTATION

Adopted Rule Review

Part 10. Texas Department of Motor Vehicles

Chapters 218 – Motor Carriers

The Texas Department of Motor Vehicles (department) files this notice of readoption of Title 43 Texas Administrative Code, Part 10, Chapter 218, Motor Carriers. This review was conducted pursuant to Government Code, §2001.039.

Notice of the department's intention to review was published in the August 23, 2024, issue of the *Texas Register* (49 *TexReg* 6471). The department did not receive any comments on the rule review for Chapter 218.

As a result of the review, the department readopts Chapter 218 with amendments and a repeal, in accordance with the requirements of Government Code, §2001.039. The department has determined that the reasons for initially adopting the readopted rules continue to exist. In this issue of the *Texas Register*, the department adopts amendments and a repeal in Chapter 218 resulting from the rule review.

This concludes the review of Chapter 218, Motor Carriers.

Board Meeting Date: 12/12/2024
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 7
Subject: Chapter 217, Vehicle Titles and Registration
New: §217.66
(Relating to Specialized License Plate for Registration of Rental Trailers)

RECOMMENDATION

Action Item. Approval to publish the proposed new section in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

A stakeholder who owns fleets of trailers that are rented frequently for one-way trips has requested that the department issue a “permanent license plate” for the trailers by removing the requirement that the trailers bear a license plate with an expiration date or a separate registration insignia to validate the license plate at renewal. The stakeholder explained that getting a trailer to return regularly to its address of registration for new registration insignia is logistically difficult and reduces business efficiency and profitability. Proposed new §217.66 would designate the rental trailer plate as a specialized license plate without additional registration insignia for utility trailers in rental fleets, to eliminate the need for regular replacement of registration insignia on these vehicles.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

This rule item proposes new §217.66 to designate a specialized license plate for utility trailers that are part of a rental fleet of five or more rental trailers owned by the same person and offered for rent or rented without drivers. Transportation Code, §502.059(e)(1) authorizes the department to designate specialized license plates that are exempt from the requirement to attach a registration insignia to validate the license plate under Transportation Code, §502.059(c). By designating the rental trailer plate under Transportation Code, §504.516 as a specialized license plate, proposed new §217.66 would remove the need for regular replacement of additional registration insignia, thereby potentially saving costs and creating business efficiencies for rental fleet owners.

1 **PROPOSAL OF REVISION TO**

2 **SUBCHAPTER B. MOTOR VEHICLE REGISTRATION**

3 **43 TAC §217.66**

4

5 **INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes new 43 Texas
6 Administrative Code (TAC) Chapter 217, Subchapter B, Motor Vehicle Registration, §217.66. Proposed
7 new §217.66 is necessary to provide evidence of registration for rental trailers through specialized license
8 plates, to eliminate the requirement for rental trailer owners to attach or replace a registration insignia
9 for the validation of the license plate under Transportation Code, §502.059(c), and to clarify that the rental
10 trailer license plate does not include an expiration date.

11 **EXPLANATION.** A stakeholder who owns fleets of trailers that are rented frequently for one-way trips has
12 requested that the department issue a “permanent license plate” for the trailers by removing the
13 requirement that the trailers bear a license plate with an expiration date or a separate registration insignia
14 to validate the license plate at renewal. This stakeholder explained that getting a trailer to return regularly
15 to its address of registration for new registration insignia is logistically difficult and reduces business
16 efficiency and profitability. Transportation Code, §504.516 allows the department to issue specially
17 designed license plates for rental trailers, and Transportation Code, §502.059(e)(1) authorizes the
18 department to designate specialized license plates that are exempt from the requirement to attach a
19 registration insignia to validate the license plate under Transportation Code, §502.059(c). Proposed new
20 §217.66 would designate the rental trailer license plate as a specialized license plate, with no required
21 additional registration insignia. The proposed new rule would eliminate the regular replacement of
22 additional registration insignia on these vehicles.

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Chapter 217 – Vehicle Titles and Registration

1 However, without registration insignia, the specialized rental trailer license plate would provide
2 less information for law enforcement, since it would no longer be evident from the face of the plate
3 whether the trailer’s registration was current. It is therefore important to limit the number of vehicles
4 that are eligible for this specialized license plate, to limit the impact on law enforcement. First,
5 Transportation Code, §504.516(b)(2) limits the vehicles eligible for the plate by defining a “rental trailer”
6 as a “utility trailer” so the rental trailer plate is only available for a utility trailer. In the industry, “utility
7 trailer” is a commonly used term for flatbed trailers with no roof and either low side walls or no side walls.
8 Proposed new §217.66(a)(2) would define “utility trailer” to reflect this meaning. It would also limit “utility
9 trailer” to only include a vehicle with a gross weight of 7,500 pounds or less, to exclude heavier flatbed
10 vehicles that are not typically described in the industry as “utility trailers.” Further, proposed new
11 §217.66(a)(1) would create a definition for “rental fleet” so that persons who rent fewer than five trailers
12 would not qualify for the specialized plate, further ensuring that the specialized plate would have a limited
13 impact on law enforcement.

14 Proposed new §217.66 would apply to any vehicle registration type for which the applicant
15 qualifies, except for registration under Transportation Code, §502.0023, which requires the license plate
16 to include the expiration date of the registration period unless the license plate is issued for a token trailer.
17 The department is not authorized by rule to exempt a registrant from the requirement to display the
18 expiration date on the license plate under Transportation Code, §502.0023(d)(2).

19 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
20 has determined that for each year of the first five years the proposed new section will be in effect, there
21 will be no significant fiscal impact to state or local governments as a result of the enforcement or
22 administration of the proposal. By not having to issue registration insignia for these specialized plates, the
23 department will save approximately \$0.1804 per sticker per registration period, which can vary from one

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Proposed Sections

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1 to five years. However, these savings are not expected to create a significant reduction in cost for the
2 department because the number of trailers registered through these specialized plates is not expected to
3 exceed 10,000 based on estimates provided by stakeholders. The department does not expect to incur
4 any significant additional costs to design or produce the specialized plate because the rental trailer plate
5 already exists and is already covered under the existing contract with the Texas Department of Criminal
6 Justice for production of license plates. Annette Quintero, Director of the Vehicle Titles and Registration
7 Division, has determined that there will be no measurable effect on local employment or the local
8 economy as a result of the proposal.

9 **PUBLIC BENEFIT AND COST NOTE.** Ms. Quintero has also determined that, for each year of the first five
10 years the new section is in effect, there are several public benefits anticipated and no costs to comply.

11 Anticipated Public Benefits. Ms. Quintero anticipates that proposed new §217.66 would lower
12 logistical costs for trailer rental companies, potentially leading to lower trailer rental costs for the public.

13 Anticipated Costs to Comply with the Proposal. Ms. Quintero anticipates that there will be no
14 costs to comply with this rule. The designation of a specialized plate that does not require a registration
15 insignia to validate the license plate should save the owners of vehicles covered by proposed new §217.66
16 the time and logistical costs required to change out registration insignia regularly.

17 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
18 Code, §2006.002, the department has determined that the proposed new section will not have an adverse
19 economic effect on small businesses, micro-businesses, and rural communities. The proposed new section
20 does not require small businesses, micro-businesses, or rural communities to incur costs. Therefore, the
21 department is not required to prepare a regulatory flexibility analysis under Government Code,
22 §2006.002.

1 **TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests
2 are affected by this proposal and that this proposal does not restrict or limit an owner's right to property
3 that would otherwise exist in the absence of government action and, therefore, does not constitute a
4 taking or require a takings impact assessment under Government Code, §2007.043.

5 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
6 first five years the proposed new section is in effect, no government program would be created or
7 eliminated. Implementation of the proposed new section would not require the creation of new employee
8 positions or elimination of existing employee positions. Implementation would not require an increase or
9 decrease in future legislative appropriations to the department or an increase or decrease in fees paid to
10 the department. The proposed new section would create a new regulation designating a rental trailer
11 plate as a specialized license plate that does not require a registration insignia to validate the plate. The
12 proposed new section does not expand, limit or repeal an existing regulation. The proposed new section
13 affects the number of individuals subject to the rule's applicability because it requires a rental trailer to
14 be a part of a rental fleet and requires the rental trailers to fall within the definition of a “utility trailer”
15 before the applicant is eligible to obtain a rental trailer license plate for its rental trailer. Lastly, the
16 proposed new section will not affect this state's economy.

17 **REQUEST FOR PUBLIC COMMENT.**

18 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on January 27,
19 2025. A request for a public hearing must be sent separately from your written comments. Send written
20 comments or hearing requests by email to rules@txdmv.gov or by mail to Office of General Counsel, Texas
21 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
22 department will consider written comments and public testimony presented at the hearing.

1 **STATUTORY AUTHORITY.** The department proposes new section §217.66 under Transportation Code,
2 §502.0021, which authorizes the department to adopt rules to administer Transportation Code, Chapter
3 502; Transportation Code, §502.059(e), which authorizes the department to designate specialized
4 license plates that are exempt from the requirement to attach a registration insignia to validate the
5 license plate; Transportation Code, §504.0011, which authorizes the board to adopt rules to implement
6 and administer Transportation Code, Chapter 504; Transportation Code, §504.516, which allows the
7 department to issue specially designed license plates for rental utility trailers and to prescribe a
8 manner of designating a “rental fleet”; and Transportation Code, §1002.001, which authorizes the
9 board to adopt rules that are necessary and appropriate to implement the powers and the duties of the
10 department, as well as the statutes referenced throughout this preamble.

11 **CROSS REFERENCE TO STATUTE.** Transportation Code, Chapters 502, 504 and 1002.

12

13 TEXT.

14

SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

15 §217.66. Specialized License Plate for Registration of Rental Trailers.

16 (a) For purposes of this section:

17 (1) “rental fleet” means five or more rental trailers that are:

18 (A) owned by the same owner; and

19 (B) offered for rent or rented without drivers.

20 (2) “utility trailer” means:

21 (A) a trailer of flatbed design with no roof and either low side walls or no

22 side walls; and

23 (B) with a gross weight of 7,500 pounds or less.

TITLE 43. TRANSPORTATION

Proposed Sections

Part 10. Texas Department of Motor Vehicles

Page 2 of 2

Chapter 217 – Vehicle Titles and Registration

1 (b) Notwithstanding §217.27(a)(2) and (c)(2) of this title (relating to Vehicle Registration
2 Insignia), the department shall issue a registration receipt and one specialized metal license plate
3 as evidence of registration for a utility trailer that is part of a rental fleet. The specialized metal
4 license plate under this section does not include an expiration date or require an annual
5 registration insignia to be valid under Transportation Code, §502.059.

6 (c) This section does not apply to vehicles registered under Transportation Code,
7 §502.0023.

8

9

Board Meeting Date: 12/12/2024
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 8
Subject: Specialty Plate Design

RECOMMENDATION

Action Item. The Vehicle Titles and Registration Division seeks board approval or denial for one plate design submitted for your consideration. The plate design is from a non-profit organization (state sponsored specialty plate).

PURPOSE AND EXECUTIVE SUMMARY

Texas State Fair is a new state sponsored specialty plate design.

FINANCIAL IMPACT

From each \$30 received from the sale of a state sponsored specialty plate, the department retains an \$8 administrative fee, and the remainder is deposited to the credit of the benefitting state agency.

BACKGROUND AND DISCUSSION

Statutory authority for the board to approve non-profit organization specialty license plates and invite the public's comment on proposed plate designs is in Texas Transportation Code §504.801. The board's approval criteria are clarified in Texas Administrative Code §217.45 Specialty License Plates, Symbols, Tabs, and Other Devices.

TxDMV's procedure is to invite comments on all proposed plates ahead of the board's review. The department's intent is to determine if there are any unforeseen public concerns about plate design. The department publishes a 10-day "like/dislike/comment-by-email" survey, called an eVIEW, on its website. Although the survey counts the public's "likes" and "dislikes," it is unscientific and not used as an indicator of a plate's popularity.

The plate design listed below was presented to the public in an October 2024 eVIEW. No negative comments were received. The count of the public's "like/dislikes" are noted below:

STATE FAIR OF TEXAS	NEW
2888 people liked this design (85%) and 505 (15%) did not	

STATE FAIR OF TEXAS



Vehicle Titles and
Registration Division
Special Plates Unit (4FTEs) 12/24



VTR Director
Annette Quintero

DEC. 2024



NEW REDESIGN

TCU HORNED FROGS VENDOR PLATE



SLP AVAILABLE	563
MILITARY AND DV	220
RESTRICTED USE	64
STATE SPECIALTY	127
VENDOR SPECIALTY	152



TOP TEN DATA 10-2024

	LINKED	UNLINKED	TOTAL
1. ANIMAL FRIENDLY	6,372	297	6,669
2. CONSERVATION: HORNED LIZARD	5,559	225	5,784
3. CONSERVATION: BLUEBONNET	4,276	232	4,508
4. CONSERVATION: WHITE-TAILED DEER	3,001	156	3,157
5. CONSERVATION: HUMMINGBIRD	1,926	120	2,046
6. BIG BEND NATIONAL PARK	1,800	110	1,910
7. CONSERVATION: LARGE MOUTH BASS	1,778	108	1,886
8. CONSERVATION: CAMPING	1,651	100	1,751
9. NATIVE TEXAN	1,657	65	1,722
10. CONSERVATION: TEXAS RIVERS	1,243	86	1,329



1. CLASSIC BLACK	63,694	11,130	74,824
2. LARGE STAR WHITE-BLACK	36,296	4,844	41,140
3. CLASSIC BLACK-SILVER	21,058	3,247	24,305
4. TEXAS BLACK 1845	15,367	2,705	18,072
5. CARBON FIBER	15,303	2,922	18,225
6. LONE STAR BLACK	15,251	2,653	17,904
7. LONE STAR 1836	5,473	965	6,438
8. LOVE HEART	4,822	685	5,507
9. TEXAS A&M (MAROON)	4,227	494	4,721
10. TEXAS VINTAGE BLACK	4,171	734	4,905



1. DISABLED VETERAN	218,198	6,343	224,541
2. DV U.S. ARMY	59,069	1,711	60,780
3. DV U.S. MARINE CORPS	33,260	927	35,187
4. DV U.S. AIR FORCE	27,335	685	28,020
5. DV U.S. NAVY	24,865	643	25,508
6. DV BRONZE STAR MEDAL	15,502	410	15,912
7. MERITORIOUS SERVICE MEDAL	13,825	599	14,424
8. PURPLE HEART	12,050	316	12,366
9. U.S. MARINE CORPS	11,644	519	12,163
10. U.S. ARMY	10,182	490	10,672



SPECIAL PLATES UNIT CUSTOMER SERVICE STATISTICS FY 2025

12,073	4,717	14	1,742	509	4	869
Personalized Plate Applications Reviewed (96% Approved)	Telephone Calls	Walk-in Customers	Emails	Refunds	Public Information Open Records	Correspondence (Including Plate Applications)

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Marlin Craig, Chief Information Security Officer
Agenda Item: 9.A
Subject: State Office of Risk Management (SORM) and the Continuity Council Recognition

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

To inform the TxDMV Board about ITSD receiving the SORM 2024 Continuity Program Preparedness Award.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Information Technology Services Division (ITSD) Business Continuity/Disaster Recovery Planner attended the annual State Office of Risk Management Symposium, July 31 - August 2, 2024. At the event, the State Office of Risk Management and the Continuity Council recognized TxDMV with the 2024 Continuity Program Preparedness Award for exceptional achievement in designing and implementing a program that enhances the agency's resiliency and preparedness. TxDMV's Continuity of Operations Plan (COOP) serves as a critical roadmap for maintaining operations during and after disruptive events such as natural disasters, pandemics, or terrorist attacks.

Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer and FAO Division Director
Agenda Item: 9.B
Subject: Camp Hubbard Renewal Project

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Briefing item only to provide an update on the Camp Hubbard Renewal Project.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Camp Hubbard Renewal Project is underway, and the following tasks were recently completed:

- The Data Center build-out and move is complete, and IT network systems are operational.
- The Groundbreaking Ceremony took place on October 24, 2024. (see provided pictures)
- Flintco created a neighborhood outreach area under the stand of oak trees in front of CH-5, including a children's construction book library and a sandbox with construction toys.

The overall construction schedule includes five phases, as follows:

- Phase 1: CH6 Renovations will be completed in July 2025. Furniture installation will follow before the Information Technology Services Division (ITSD) and Motor Vehicle Crime Prevention Authority (MVCPA) staff move to their new workspaces.
- Phase 2: Demolition of buildings CH-2, CH-3, and CH-5 is scheduled for January 2025. Once debris is removed, site preparations for new underground utilities and building foundation will commence.
- Phase 3: New building construction is anticipated to be completed in August 2026. Milestones include:
 - Structure topping out (framing complete) – December 2025
 - Building enclosed – February 2026
 - Electric service is operational – May 2026
 - Climate control operational – June 2026
- Phase 4: While staff and business operations move into the new building, Flintco will decommission the CH-7 central utility plant, remove the cooling towers, and perform site work south of CH6 through the end of 2026.
- Phase 5: Demolition of building CH-1 and related site work are scheduled for the final phase of the project in Spring 2027.

A three-month look ahead for construction activities includes the following:

- The campus will continue to transform as site safety measures are installed, buildings demolished, and debris removed. Underground utilities will be cut off and capped and most of the parking lots between CH-2 and CH-6 will be removed.
- CH-6 windows on the 3rd and 4th floors will be removed and the openings made watertight for new windows to be installed. Selective interior and exterior demolition will occur in preparation for renovations.



Camp Hubbard Renewal

Glenna Bowman, Chief Financial Officer

Groundbreaking Celebration



Groundbreaking Celebration



Marmon Mok, Waterloo, Garza & Datum, Finance and Operations



TFC, Marmon Mok, Flintco





Construction Statistics

- Over 700 truckloads will be used to remove the existing buildings. 80% of that will be diverted from the landfill and recycled.
- Over 7,000 CY of concrete will be used on the project. That's over 700 concrete trucks visiting the site.
- Over 650 tons of steel will be used in the project. That's roughly equal to the weight of 310 Ford Explorers.
- Over 650 employees are projected to be working on the site throughout the project's 30-month duration.
- The 470 KW solar array can run roughly 100-115 single-family homes or 18% of the building's peak energy load.



Community Outreach

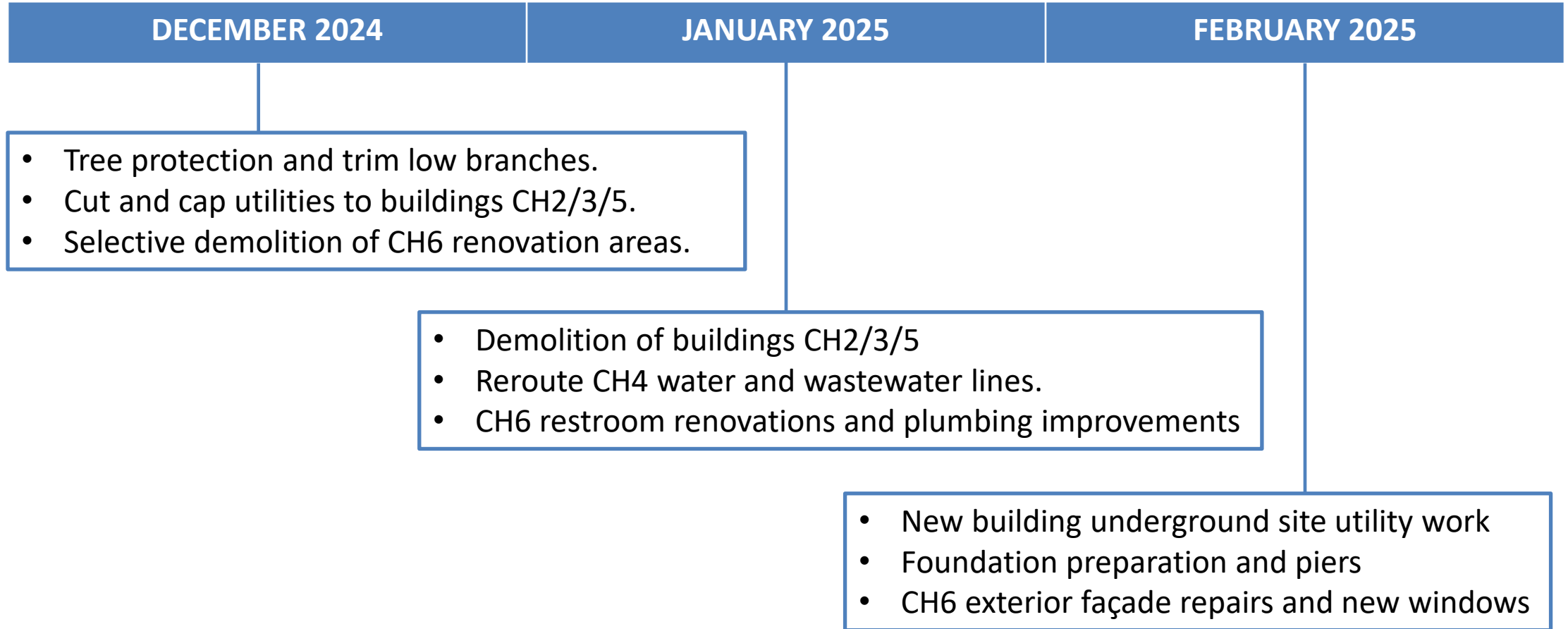


Construction Schedule

	24	2025											2026						2027												
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Phase 1: CH6 Renovations																															
Phase 2: CH2/3/5 Demolition																															
Phase 3: New Building																															
Move staff and operations from old CH1 to new CH1																															
Phase 4: CH7 Decommission																															
Phase 5: CH1 Demolition & Site Work																															



Three Month Look Ahead



Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Eric Horn, Director of Accounting Operations
Agenda Item: 10.A.
Subject: FY 2024 Annual Financial Report

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

The Annual Financial Report is prepared under the Texas Government Code, Section 2101.011, and reporting requirements established by the Comptroller of Public Accounts (CPA). The report is not audited but could be considered for audit by the State Auditor’s Office as part of the State of Texas Comprehensive Annual Financial Report. The annual report was submitted to the CPA by the November 1, 2024, deadline.

FINANCIAL IMPACT

In Fiscal Year (FY) 2024, TxDMV reported revenue of \$2.06 billion dollars in state funds, as follows:

State Highway Fund (0006)	\$1,816,991,292
TxDMV Fund (0010)	\$ 189,542,147
General Revenue (0001) (MVCPA Appropriations)	\$ 49,193,921

FY 2024 expenditures totaled \$213,184,620, including \$18,438,206 paid from the General Revenue Fund 0001 and \$194,746,414 paid from the Texas Department of Motor Vehicle Fund 0010.

Revenues and Expenditures are detailed on Exhibits A-2 for All General and Consolidated Funds and B-2 for Special Revenue Funds.

BACKGROUND AND DISCUSSION

Exhibit I – Combined Balance Sheet (Statement of Net Assets)

The TxDMV closed FY 2024 with a net asset balance increase of \$59,601,572 over FY 2023. The total net asset amount as of August 31, 2024, was \$427.3 million.

- Cash in State Treasury is the net of revenues collected and deposited less appropriated expenses in the TxDMV Fund.
- Legislative Appropriations represents unspent appropriations in the General Revenue (Fund 0001), including any benefits appropriations. Motor Vehicle Crime Prevention Authority (MVCPA) is the main item funded from Fund 0001, which increased \$32.26 million in FY 2024.
- Accounts Receivable (A/R) represents the amounts due from County Tax Assessor-Collectors and Regional Offices less collections. The increase of \$17.70 million in A/R compared to the prior year is primarily a timing difference in counties processing deposits at year end.



- In Capital Assets, the non-current assets had a net increase of \$3.36 million over FY 2023 primarily due to the addition of new software-as-a-service agreements for the new call center project.

Exhibit II – Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

Revenues

The TxDMV collected \$2.06 billion in FY 2024 with an increase in revenue of approximately \$90.80 million or 4.62% over the previous year.

- Licenses, Fees and Permits reflect only the revenue collected and reportable by the TxDMV. In 2024, TxDMV Fund 0010 revenue from the issuance of licenses, fees, and permits totaled approximately \$178.3 million. Revenue deposited to the State Highway Fund increased by approximately \$58.05 million, or 3.30% compared to FY 2023.

Expenditures

Expenditures totaled \$213.18 million (after adjustments) and increased approximately \$3.79 million compared to the prior year primarily due to an increase in Professional Fees & Services (\$5.33 million) for TxDMV Automation capital projects and one-time costs for Data Center Services. Intergovernmental Payments increased \$4.14 million due to the issuance of more MVCPA grants in FY 2024. These increases were offset by fewer reclassification of expenditure adjustments related to software-as-a-service agreements than in FY 2023.

- Salaries and Wages & Payroll Related Costs increased \$3.46 million compared to the prior year because of salary increase for eligible employees and fewer vacancies in FY 202



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Annual Financial Report

Fiscal Year Ended

August 31, 2024

Annual Financial Report

Fiscal Year Ended August 31, 2024



Texas Department *of* Motor Vehicles

Prepared by the
Finance & Operations Division

November 1, 2024

Texas Department of Motor Vehicles Board

Charles Bacarisse, Chair

Christian Alvarado
Stacey Gillman
Brett Graham
Mark Jones

Tammy McRae
Sharla Omumu
John M. Prewitt
Darren Schlosser

Daniel Avitia
Executive Director

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November 1, 2024

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Mr. Jerry McGinty, Director, Legislative Budget Board
Ms. Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Department of Motor Vehicles for the year ended August 31, 2024, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Mr. Eric Horn, Director of Accounting, at (512) 465-4203, or Ms. Glenna Bowman, Chief Financial Officer, at (512) 465-4125.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Avitia".

Daniel Avitia
Executive Director

COMBINED FINANCIAL STATEMENTS

-UNAUDITED-

EXHIBIT I
COMBINED BALANCE SHEET
Statement of Net Assets - Governmental Funds
For the Year Ended August 31, 2024

	Governmental Fund Types		Total Governmental	Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General Revenue (EXH A-1)	Special Revenue (EXH B-1)				
Assets						
Current Assets:						
Cash on Hand	\$ 0.00	\$ 39,100.00	\$ 39,100.00			\$ 39,100.00
Cash in Bank	0.00	0.00	0.00			0.00
Cash in State Treasury	36,004,677.41	208,866,095.59	244,870,773.00			244,870,773.00
Legislative Appropriations	44,027,946.91	0.00	44,027,946.91			44,027,946.91
Receivables:						
Federal	0.00	165,310.41	165,310.41			165,310.41
Accounts Receivable	0.00	153,667,950.60	153,667,950.60			153,667,950.60
Due From Other Funds (Note 12)	0.00	0.00	0.00			0.00
Consumable Inventories	0.00	3,591,649.17	3,591,649.17			3,591,649.17
Total Current Assets	80,032,624.32	366,330,105.77	446,362,730.09			446,362,730.09
Non - Current Assets:						
Capital Assets:						
Non - Depreciable						
Land and Land Improvements				957,642.04		957,642.04
Depreciable						
Buildings and Building Improvements				29,367,568.24		29,367,568.24
Less - Accumulated Depreciation				(22,227,384.05)		(22,227,384.05)
Facilities and Other Improvements				1,743,561.08		1,743,561.08
Less - Accumulated Depreciation				(530,332.59)		(530,332.59)
Other Capital Assets				660,000.00		660,000.00
Less - Accumulated Depreciation				(30,000.00)		(30,000.00)
Right to Use Asset- Buildings (Note 2)				3,318,444.40		3,318,444.40
Less - Accumulated Amortization (Note 2)				(2,194,839.06)		(2,194,839.06)
Furniture and Equipment				4,876,310.99		4,876,310.99
Less - Accumulated Depreciation				(4,196,524.14)		(4,196,524.14)
Vehicles, Boats, & Aircraft				1,517,508.37		1,517,508.37
Less - Accumulated Depreciation				(1,042,956.06)		(1,042,956.06)
Intangibles Computer Software				3,875,591.07		3,875,591.07
Less - Accumulated Amortization				(3,875,591.07)		(3,875,591.07)
Intangible Right to Use Asset- Subscriptions (Note 2)				30,249,323.64		30,249,323.64
Less - Accumulated Amortization (Note 2)				(10,589,301.07)		(10,589,301.07)
Total Non Current Assets				31,879,021.79		31,879,021.79
Total Assets	\$ 80,032,624.32	\$ 366,330,105.77	\$ 446,362,730.09	\$ 31,879,021.79	\$ 0.00	\$ 478,241,751.88

The accompanying notes to the financial statements are an integral part of this exhibit.

-UNAUDITED-

EXHIBIT I
(Continued)

	Governmental Fund Types		Total Governmental	Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General Revenue (EXH A-1)	Special Revenue (EXH B-1)				
Liabilities						
Current Liabilities:						
Payables:						
Vouchers Payable	\$ 1,009,647.65	\$ 809,275.74	\$ 1,818,923.39	\$	\$	\$ 1,818,923.39
Accounts Payable	3,539,298.89	5,953,935.23	9,493,234.12			9,493,234.12
Payroll Payable	165,856.54	5,868,647.56	6,034,504.10			6,034,504.10
Due to Other Funds (Note 12)	0.00	0.00	0.00			0.00
Due to Other Agencies (Note 12)	30,186.09	0.00	30,186.09			30,186.09
Unearned Revenue	(151,281.73)	752,464.45	601,182.72			601,182.72
Other Intergovernment Payable	7,540,821.26		7,540,821.26			7,540,821.26
Employees Compensable Leave (Note 5)					3,676,013.80	3,676,013.80
Right to Use Lease Obligations (Note 5)					421,583.20	421,583.20
Right to Use Subscription Liability (Note 5)					7,622,383.81	7,622,383.81
Interest Payable					304,123.55	304,123.55
Total Current Liabilities	12,134,528.70	13,384,322.98	25,518,851.68	0.00	12,024,104.36	37,542,956.04
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)					2,237,279.81	2,237,279.81
Right to Use Lease Obligations (Note 5)					719,908.41	719,908.41
Right to Use Subscription Liability (Note 5)					10,422,481.95	10,422,481.95
Total Non-Current Liabilities				0.00	13,379,670.17	13,379,670.17
Total Liabilities	12,134,528.70	13,384,322.98	25,518,851.68	0.00	25,403,774.53	50,922,626.21
Fund Financial Statement						
Fund Balances:						
Non Spendable (Inventory)	0.00	3,591,649.17	3,591,649.17			3,591,649.17
Restricted	0.00	349,354,133.62	349,354,133.62			349,354,133.62
Committed	25,833,640.25	0.00	25,833,640.25			25,833,640.25
Assigned	0.00	0.00	0.00			0.00
Unassigned	42,064,455.37	0.00	42,064,455.37			42,064,455.37
Total Fund Balances	67,898,095.62	352,945,782.79	420,843,878.41			420,843,878.41
Total Liabilities and Fund Balance	\$ 80,032,624.32	\$ 366,330,105.77	\$ 446,362,730.09			
Government-Wide Statement of Net Assets						
Restatements						
Net Assets:						
Invested in Capital Assets, Net of Related Debt				\$ 31,879,021.79	\$	\$ 31,879,021.79
Unrestricted					(25,403,774.53)	(25,403,774.53)
Total Net Assets				\$ 31,879,021.79	\$ (25,403,774.53)	\$ 427,319,125.67

-UNAUDITED-

EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Statement of Activities - Governmental Funds
For the Year Ended August 31, 2024

	Governmental Fund Types			Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
	General (EXH A-2)	Special Revenue (EXH B-2)	Total Governmental			
Revenues						
Legislative Appropriations:						
Original Appropriations	\$ 48,882,483.00	\$ 0.00	\$ 48,882,483.00	\$	\$	\$ 48,882,483.00
Additional Appropriations	283,310.56	0.00	283,310.56			283,310.56
Federal Revenues	0.00	882,945.60	882,945.60			882,945.60
Federal Pass-Through Revenues	0.00	0.00	0.00			0.00
State Grant Pass- Through	0.00	0.00	0.00			0.00
Licenses, Fees and Permits	(13,776.19)	1,995,263,786.42	1,995,250,010.23			1,995,250,010.23
Interest & Investment Income	13,991.09	10,071,785.87	10,085,776.96			10,085,776.96
Sales of Goods and Services	0.00	293,747.30	293,747.30			293,747.30
Other	27,912.44	21,173.11	49,085.55			49,085.55
Total Revenues	49,193,920.90	2,006,533,438.30	2,055,727,359.20			2,055,727,359.20
Expenditures						
Salaries and Wages	885,146.61	51,831,528.33	52,716,674.94		426,914.20	53,143,589.14
Payroll Related Costs	305,908.61	17,712,689.77	18,018,598.38			18,018,598.38
Professional Fees and Services	149,797.66	25,799,427.69	25,949,225.35			25,949,225.35
Travel	89,651.99	521,154.80	610,806.79			610,806.79
Materials and Supplies	24,120.52	21,926,718.29	21,950,838.81			21,950,838.81
Communications and Utilities	66,926.17	6,065,964.20	6,132,890.37			6,132,890.37
Repairs and Maintenance	0.00	4,217,419.62	4,217,419.62			4,217,419.62
Rentals and Leases	23,436.55	271,924.74	295,361.29			295,361.29
Printing and Reproduction	452.79	4,792,203.16	4,792,655.95			4,792,655.95
State Grant Pass-Through Expenditures	50,000.00	0.00	50,000.00			50,000.00
Intergovernmental Payments	16,677,324.19	0.00	16,677,324.19			16,677,324.19
Public Assistance Programs	140,019.26	0.00	140,019.26			140,019.26
Other Operating Expenditures	25,421.48	42,648,066.01	42,673,487.49		72,334.39	42,745,821.88
Debt Service Principal- RTU Leases/SBITA	0.00	7,607,894.09	7,607,894.09		2,843,009.91	10,450,904.00
Capital Outlay	0.00	11,415,214.02	11,415,214.02	(11,415,214.02)		0.00
Depreciation Expense	0.00	0.00	0.00	8,009,165.22		8,009,165.22
Total Expenditures	18,438,205.83	194,810,204.72	213,248,410.55	(3,406,048.80)	3,342,258.50	213,184,620.25
Excess (Deficit) of Revenues over Expenditures	30,755,715.07	1,811,723,233.58	1,842,478,948.65	3,406,048.80	(3,342,258.50)	1,842,542,738.95
Other Financing Sources (Uses)						
Transfers In (Note 12)	1,575,497.68	0.00	1,575,497.68			1,575,497.68
Transfers Out (Note 12)	160,127.27	(1,800,098,531.19)	(1,799,938,403.92)	(38.00)		(1,799,938,441.92)
Increase in Obligations - Leases/SBITA	0.00	10,450,904.00	10,450,904.00			10,450,904.00
Sale of Capital Assets	1,131.38	377.12	1,508.50	(1,508.50)		0.00
Legislative Financing Sources	25,860.78	0.00	25,860.78			25,860.78
Legislative Financing Uses	(25,860.78)	0.00	(25,860.78)			(25,860.78)
Insurance Recoveries	0.00	0.00	0.00			0.00
Legislative Transfers In (Note 12)	0.00	0.00	0.00			0.00
Legislative Transfers Out (Note 12)	0.00	0.00	0.00			0.00
Gain (Loss) on Capital Assets	0.00	0.00	0.00	(75,291.55)		(75,291.55)
Inc (Dec) in Net Assets Due to Interagency Transfer	0.00	0.00	0.00			0.00
Total Other Financing Sources (Uses)	1,736,756.33	(1,789,647,250.07)	(1,787,910,493.74)	(76,838.05)	0.00	(1,787,987,331.79)
Net Change in Fund Balances/Net Assets	32,492,471.40	22,075,983.51	54,568,454.91	3,329,210.75	(3,342,258.50)	54,555,407.16
Fund Financial Statement - Fund Balance						
Fund Balance - Beginning	35,406,268.82	330,869,799.28	366,276,068.10			366,276,068.10
Restatements (Note 14)	0.00	0.00	0.00	(32,893.10)		(32,893.10)
Fund Balance as Restated	35,406,268.82	330,869,799.28	366,276,068.10	(32,893.10)	0.00	366,243,175.00
Appropriations Lapsed	(644.60)	0.00	(644.60)			(644.60)
Fund Balances - August 31, 2024	\$ 67,898,095.62	\$ 352,945,782.79	\$ 420,843,878.41			\$ 420,797,937.56
Government-wide Statement of Net Assets						
Net Change in Net Assets			420,843,878.41	\$ 3,329,210.75	\$ (3,342,258.50)	\$ 420,830,830.66
Net Assets-Beginning				28,516,917.94	(22,061,516.03)	6,455,401.91
Restatements (Note 14)				32,893.10	0.00	32,893.10
Net Assets, September 1, 2024, as Restated and Adjusted				28,549,811.04	(22,061,516.03)	6,488,295.01
Net Assets-August 31, 2024			420,843,878.41	\$ 31,879,021.79	\$ (25,403,774.53)	\$ 427,319,125.67

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NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Entity

The Texas Department of Motor Vehicles (TxDMV), created in 2009 by the authority of H.B. 3097, 81st Legislature, Regular Session, is an agency of the State of Texas. The department is responsible for titling and registering vehicles, licensing and regulating of the motor vehicle sales and distribution, salvage dealers, registering commercial oversize/overweight (OS/OW) vehicles, and providing auto theft prevention grants.

The department's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The department has not identified any component units which should have been blended into an appropriated fund.

Basis of Presentation

Due to the statewide requirements included in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements of this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the *State of Texas Annual Comprehensive Financial Report (ACFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Types & Government-wide Adjustment Fund Types

General Revenue Funds

General Revenue Fund (0001) – This fund is used to account for all financial resources of the State except those required to be accounted for in another fund.

License Plate Trust Fund (0802) – This fund is used to receive and account for fees charged from the sale of specialty license plates collected under Subchapter G, Transportation Code. Funds are to be used in accordance with their specific statutory purpose.

Suspense Funds

Suspense Funds, known as Agency Funds in prior years, are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals. These funds had previously been classified as fiduciary activities. However, with the State of Texas implementing GASB Statement No. 84, *Fiduciary Activities*, in Fiscal Year 2020, these funds are now classified as governmental and are consolidated with General Revenue Funds.

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Proportional Registration Distributive Trust Fund (0021) – This fund is used primarily to collect and distribute registration fees from trucking companies that operate in more than one state. The fees are distributed to the individual states based on mileage driven.

Intermodal Container & Milk Transport TxDMV Fund (1623) – This fund is used as a holding account for the county and/or municipality portions of three new oversize/overweight permit fees created in FY 2018. The fees are held until they can be disbursed to the appropriate county or municipality.

Child Support Deductions (0807) – This fund is used as a holding account where child support payroll deductions are held until disbursed.

City, County, MTA, & SPD Fund (0882) - This fund is used as a holding account where taxes for the State are collected until disbursed.

Suspense Fund (0900) - This fund is used when depositing funds where final disposition has not been determined at the time of the receipt of funds.

Direct Deposit Correction Account (0980) – This fund is used to temporarily hold and account for direct deposits that are unable to be processed until the correct disposition of the item is determined.

Special Revenue Funds

State Highway Fund (0006) – This fund is restricted to expenditures for the building, maintaining, and policing of the State highways. It derives its financing primarily from legally dedicated revenues such as motor fuels tax and vehicle registration fees, and from federal reimbursements for selected construction projects.

Texas Department of Motor Vehicles Fund (0010) – This fund is used by the department for operations, administration, enforcement, accounting costs and related liabilities for the fund. Revenue includes fees from motor vehicle registration, title certificates, special vehicle permits, specialty license plates and other transportation-related permits. This fund was initially enacted by H.B. 2202, 83rd Legislature; however, it was not exempted from funds consolidation. The 84th Legislature recreated the fund through S.B. 1512, and it was exempted in funds consolidation.

Capital Assets Adjustments Fund Type

Capital Assets Adjustment fund type is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long Term Liabilities Adjustments Fund Type

The Long-Term Liabilities Adjustments fund type is used to convert all other governmental fund types' debt from modified accrual to full accrual. The composition of this fund type is discussed in Note 5.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis

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of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases and subscription-based information technology arrangements (SBITAs), full accrual revenues and expenses and long-term claims and judgments. The activity will be recognized in these new fund types.

Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). The Board adopts an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. Encumbrance balances are reported in Note 15.

Unencumbered and unexpended funds are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities and Fund Balances

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Receivables

The receivables represent revenue from fees and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are used or consumed. This represents supplies and postage on hand.

Capital Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds

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are reported as expenditures. Depreciation is reported on all “exhaustible” assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

Capital and Intangible Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. “Inexhaustible” assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is depreciated over the estimate of average useful life of a grouping of assets using composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method. All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

For leased assets, the agency capitalizes in accordance with GASB Statement No. 87, *Leases*, for all lease agreements with a net present value of future lease payment per unit exceeding \$100,000. For SBITAs, the agency capitalizes in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for all SBITA agreements with a net present value of future subscription payments per contract exceeding \$500,000.

Right to Use Assets

Refers to leases. This represents the value of the lessee's right to control the use of the underlying asset, typically property or equipment, over the duration of an agreed-upon lease term.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Payroll Payable

Payroll payable represents the liability for the August payroll payable on September 1st.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes “due” upon the occurrence of relevant events such as resignations, retirements, and use of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Other Intergovernmental Payable

Other Intergovernmental Payable represents a liability that becomes due every month due to the International Registration Plan netting process. Each month, the Texas Department of Motor Vehicles either owes or receives money from the Plan, which is a registration reciprocity agreement among states of the United States and provinces of Canada providing for payment of license fees on the basis of total distance operated in all jurisdictions.

Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change

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in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent. Additional information is available in Note 8, *Leases and SBITAs*.

SBITA Liabilities

A subscription liability is measured at the present value of payments, based on a contract, to be made during the subscription term. The state, as a subscriber, will reduce the subscription liability as payments are made and recognize an outflow of resources for interest on the liability. The subscription liability is split into current and noncurrent portions. Additional information is available in Note 8, *Leases and SBITAs*.

Fund Balance/Net Position

“Fund balance” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. “Net position” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

Texas Department of Motor Vehicles uses resources in the following order:

- When both restricted and unrestricted resources are available, use:
 1. restricted resources
 2. unrestricted resources (as they are needed)
- When only unrestricted resources are available for use in governmental funds, use:
 1. committed resources
 2. assigned resources
 3. unassigned resources

Fund Balance Components

Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the State’s highest level of decision-making authority (the Legislature). Those committed amounts cannot be used for any other purposes unless the Legislature removes or changes the specified use by taking the same action it employed to previously commit those amounts.

Assigned fund balance amounts are constrained by the agency’s intent to use them for specific purposes that are neither restricted nor committed.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Net Investment In Capital Assets

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

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Restricted Net Position

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

Interfund Activities and Transactions

The department has the following types of transactions between funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

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NOTE 2: CAPITAL ASSETS- GOVERNMENTAL ACTIVITIES

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB7, Section 20. A summary of changes in Capital Assets for the year ended August 31, 2024, is presented below:

PRIMARY GOVERNMENT					
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
Non-Depreciable or Non-Amortizable Assets:					
Land & Land Improvements	957,642.04				957,642.04
Infrastructure					
Construction in Progress					
Other Capital Assets					
Land Use Rights - Permanent					
Total Non-Depreciable and Non-Amortizable Assets	957,642.04				957,642.04
Depreciable Assets:					
Buildings & Building Improvements	29,367,568.24				29,367,568.24
Infrastructure					
Facilities & Other Improvements	1,743,561.08				1,743,561.08
Furniture & Equipment	5,282,418.37	75,122.40	36,916.81	(518,146.59)	4,876,310.99
Vehicles, Boats, & Aircraft	1,271,436.16		267,393.21	(21,321.00)	1,517,508.37
Other Capital Assets			660,000.00		660,000.00
Total Depreciable Assets at Historical Cost	37,664,983.85	75,122.40	964,310.02	(539,467.59)	38,164,948.68
Less Accumulated Depreciation for:					
Buildings & Improvements	(21,200,522.22)		(1,026,861.83)		(22,227,384.05)
Infrastructure					
Facilities & Other Improvements	(443,154.63)		(87,177.96)		(530,332.59)
Furniture & Equipment	(4,297,433.64)	(42,229.30)	(302,433.94)	445,572.74	(4,196,524.14)
Vehicles, Boats, & Aircraft	(867,356.24)		(192,656.62)	17,056.80	(1,042,956.06)
Other Capital Assets			(30,000.00)		(30,000.00)
Total Accumulated Depreciation	(26,808,466.73)	(42,229.30)	(1,639,130.35)	462,629.54	(28,027,196.84)
Depreciable Assets, Net	10,856,517.12	32,893.10	(674,820.33)	(76,838.05)	10,137,751.84

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	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
Amortizable Assets – Intangible:					
Land Use Rights- Term					
Computer Software- Intangible					
Other Intangible Capital Assets - Term	3,763,402.91	112,188.16			3,875,591.07
Total Intangible Assets at Historical Cost	3,763,402.91	112,188.16			3,875,591.07
Less Accumulated Amortization for:					
Land Use Rights- Term					
Computer Software- Intangible	(3,763,402.91)	(112,188.16)			(3,875,591.07)
Other Intangible Capital Assets- Term					
Total Accumulated Amortization	(3,763,402.91)	(112,188.16)			(3,875,591.07)
Amortizable Assets – Net	0.00				0.00
Governmental Activities Capital Assets, Net	11,814,159.16	32,893.10	(674,820.33)	(76,838.05)	11,095,393.88

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Note 2, continued: INTANGIBLE RIGHT TO USE ASSETS- GOVERNMENTAL ACTIVITIES

In accordance with the implementation of GASB 87, leased assets are presented separately in Note 2. A summary of Intangible Right to Use Assets for the year ended August 31, 2024, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
Intangible Right to Use (RTU) Assets - Amortizable:	\$	\$	\$	\$	\$
Building & Building Improvements	3,318,444.40				3,318,444.40
Facilities & Other Improvements					
Land & Land Improvements					
Infrastructure					
Equipment					
Vehicles					
Subscription Assets	19,798,419.64		10,450,904.00		30,249,323.64
Total Amortizable RTU Assets	23,116,864.04		10,450,904.00		33,567,768.04
Less Accumulated Amortization RTU for:	\$	\$	\$	\$	\$
Building & Building Improvements	(1,463,226.04)		(731,613.02)		(2,194,839.06)
Facilities & Other Improvements					
Land & Land Improvements					
Infrastructure					
Equipment					
Vehicles					
Subscription Assets	(4,950,879.22)		(5,638,421.85)		(10,589,301.07)
Total Accumulated Amortization – RTU Assets	(6,414,105.26)		(6,370,034.87)		(12,784,140.13)
Governmental Activities, RTU Assets, Net	16,702,758.78		4,080,869.13		20,783,627.91

NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

Not Applicable

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NOTE 4: SHORT-TERM DEBT

Not Applicable

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following changes occurred in liabilities during the fiscal year ended August 31, 2024:

Governmental Activities	Balance 9/01/23	Additions	Reductions	Balance 8/31/24	Amounts Due Within One Year	Amounts Due Thereafter
Employees' Compensable Leave	\$5,486,379.41	5,368,586.07	4,945,892.69	5,913,293.61	3,676,013.80	2,237,279.81
Right to Use Lease Obligations	\$1,875,635.04	0.00	734,143.43	1,141,491.61	421,583.20	719,908.41
Right to Use Subscription Obligations	\$14,467,712.42	10,450,904.00	6,873,750.66	18,044,865.76	7,622,383.81	10,422,481.95
Total Long-Term Liabilities	\$21,829,726.87	\$15,819,490.07	\$12,553,786.78	\$25,099,650.98	\$11,719,980.81	\$13,379,670.17

Employees' Compensable Leave

If a state employee had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal or separation from state employment. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

Right to Use Lease Obligations

According to GASB Statement No. 87, Leases, a lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified by the contract, for a period of time, in an exchange or exchange-like transaction. Leases include contracts that, although not explicitly identified as leases, meet this definition. The numbers above represent lease obligations for the seven Regional Service Centers that TxDMV leases: Corpus Christi, Dallas, El Paso, Fort Worth, Houston, San Antonio, and Waco.

Right to Use Subscription Obligations

According to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The numbers above represent SBITAs with seven vendors.

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NOTE 6: BONDED INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVE INSTRUMENTS

Not Applicable

NOTE 8: LEASES/ SBITAs

Leases

Lease Liability

Included in the expenditures reported in the financial statement are the following amounts of lease rent paid or due under the noncancelable lease liability:

Fiscal 2024

Fund Type	Amount
12 (GAAP Fund 9997)	\$748,509.60

The TxDMV entered various leases for RSC buildings and equipment (copiers and meters). These agreements range in terms up to FY 2033. In fiscal 2024, the total lease payments were \$1.01 million; \$749k was for building leases and \$260k was for copiers/meters leases.

Note: Minimum future lease payments for noncancelable building leases of more than one year for each of the next five fiscal years and five-year increments thereafter are as follows:

Future Lease Payments

Year Ended Aug. 31, 2024

Year Ended August 31,	Primary Government		
	Governmental Activities		
	Principal	Interest	Total Future Min. Lease Payments
2025	\$421,583.20	\$10,872.07	\$432,455.27
2026	\$200,226.44	\$8,512.17	\$208,738.61
2027	\$166,105.25	\$6,558.53	\$172,663.78
2028	\$64,902.48	\$5,175.28	\$70,077.76
2029	\$67,549.37	\$4,099.64	\$71,649.01
2030-2033	\$221,124.87	\$5,763.62	\$226,888.49
Totals	\$ 1,141,491.61	\$ 40,981.31	\$ 1,182,472.92

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SBITAs

Subscription Liability

Included in the expenditures reported in the financial statements are the following amounts of subscription fees paid under the noncancelable liability:

Fiscal 2024

Fund Type	Amount
12 (GAAP Fund 9997)	\$7,301,277.81

The TxDMV entered various agreements for IT subscriptions. These agreements range in terms up to year 2032. In fiscal 2024, the total subscription payments were \$7.3 million.

The TxDMV entered additional subscription agreements that have not yet commenced as of Aug. 31, 2024. The terms range is 2025—2028 with a future commitment of \$18.4 million.

Future Subscription Payments

Year Ended Aug. 31, 2024

Primary Government			
Governmental Activities			
Year Ended August 31,	Principal	Interest	Total Future Min. Lease Payments
2025	\$7,622,383.81	\$275,235.00	\$7,897,618.81
2026	\$4,950,475.72	\$117,854.47	\$5,068,330.19
2027	\$3,711,621.23	\$42,363.78	\$3,753,985.01
2028	\$1,760,385.00	-	\$1,760,385.00
2029	-	-	-
2030-2033	-	-	-
Totals	\$18,044,865.76	\$862,980.40	\$18,480,319.01

NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN

Not Applicable

NOTE 10: DEFERRED COMPENSATION

Not Applicable

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Not Applicable

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NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

The agency experienced routine transfers with other State agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement. Individual balances and activity at August 31, 2024, are as follows:

	Transfer In	Transfer Out	Source
General Revenue (01)			
Appd Fund 0802, D23 fund 0802			
Agy 300, D23 fund 0803	5,874.86		Shared Fund
Agy 300, D23 fund 0804		(3,867.94)	Shared Fund
Agy 300, D23 fund 0805		(3,746.75)	Shared Fund
Agy 300, D23 fund 0807		(1,035.51)	Shared Fund
Agy 300, D23 fund 0808	188.61		Shared Fund
Agy 300, D23 fund 0809		(2,314.01)	Shared Fund
Agy 300, D23 fund 0810	1,330.23		Shared Fund
Agy 300, D23 fund 0811	55,449.34		Shared Fund
Agy 302, D23 fund 0804		(1,443.92)	Shared Fund
Agy 302, D23 fund 0805	76.32		Shared Fund
Agy 305, D23 fund 0015	8,967.46		Shared Fund
Agy 306, D23 fund 0802		(11,682.87)	Shared Fund
Agy 307, D23 fund 0802	1,078.79		Shared Fund
Agy 332, D23 fund 0802	1,051.95		Shared Fund
Agy 403, D23 fund 3005		(958.24)	Shared Fund
Agy 403, D23 fund 3006		(891.56)	Shared Fund
Agy 403, D23 fund 3009	8,462.58		Shared Fund
Agy 407, D23 fund 0802	6,852.03		Shared Fund
Agy 411, D23 fund 0802	2,883.86		Shared Fund
Agy 506, D23 fund 0802		(7,226.16)	Shared Fund
Agy 529, D23 fund 0802	5,709.85		Shared Fund
Agy 530, D23 fund 0802		(478.72)	Shared Fund
Agy 537, D23 fund 0802	5,359.73		Shared Fund
Agy 537, D23 fund 0803	47,763.45		Shared Fund
Agy 537, D23 fund 0804	2,162.31		Shared Fund
Agy 537, D23 fund 0805	6,065.83		Shared Fund
Agy 537, D23 fund 0806	2,059.35		Shared Fund
Agy 542, D23 fund 0802	7,764.88		Shared Fund
Agy 542, D23 fund 4100		(146.03)	Shared Fund
Agy 542, D23 fund 4200	2,202.03		Shared Fund
Agy 551, D23 fund 0802	78,053.55		Shared Fund
Agy 555, D23 fund 1802		(2,628.22)	Shared Fund
Agy 555, D23 fund 2802	2,564.29		Shared Fund
Agy 555, D23 fund 3802	994.87		Shared Fund
Agy 555, D23 fund 4802	13,438.24		Shared Fund
Agy 576, D23 fund 0802	18,919.60		Shared Fund
Agy 582, D23 fund 0802	406.90		Shared Fund
Agy 701, D23 fund 2242	219.71	1,178.04	Shared Fund
Agy 701, D23 fund 2250	7,203.67	2,235.90	Shared Fund

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	Transfer In	Transfer Out	Source
Agy 701, D23 fund 2260	22.03	88.93	Shared Fund
Agy 701, D23 fund 2270	225.73	2,696.64	Shared Fund
Agy 701, D23 fund 2271		1,053.46	Shared Fund
Agy 701, D23 fund 2273		4,322.33	Shared Fund
Agy 701, D23 fund 2274		3,391.68	Shared Fund
Agy 701, D23 fund 2275		47.97	Shared Fund
Agy 701, D23 fund 2276	3.12		Shared Fund
Agy 711, D23 fund 0802	41,731.57	108,216.75	Shared Fund
Agy 714, D23 fund 0802	5,966.76		Shared Fund
Agy 715, D23 fund 0802	5,344.22		Shared Fund
Agy 717, D23 fund 0802	6,221.33		Shared Fund
Agy 718, D23 fund 0802	27,353.59	74,519.01	Shared Fund
Agy 721, D23 fund 0802	189,744.35		Shared Fund
Agy 724, D23 fund 0802	4,868.62		Shared Fund
Agy 730, D23 fund 0802	1,665.18		Shared Fund
Agy 732, D23 fund 0802	2,131.92		Shared Fund
Agy 733, D23 fund 0802	1,882.97	1,000.00	Shared Fund
Agy 734, D23 fund 0802	36.63		Shared Fund
Agy 737, D23 fund 0802		(15.52)	Shared Fund
Agy 738, D23 fund 0802	3,241.23		Shared Fund
Agy 746, D23 fund 0802	1,555.39		Shared Fund
Agy 751, D23 fund 0802		120.16	Shared Fund
Agy 752, D23 fund 0802	644.54		Shared Fund
Agy 753, D23 fund 0802	14,284.14		Shared Fund
Agy 754, D23 fund 0802		(29,728.87)	Shared Fund
Agy 755, D23 fund 0802	14,582.47		Shared Fund
Agy 756, D23 fund 0802	3,057.77		Shared Fund
Agy 757, D23 fund 0802	88.00		Shared Fund
Agy 759, D23 fund 0802	1,155.56		Shared Fund
Agy 765, D23 fund 0802	531.32		Shared Fund
Agy 781, D23 fund 4001	533.96		Shared Fund
Agy 781, D23 fund 4003	2,466.18		Shared Fund
Agy 781, D23 fund 4004	112.91		Shared Fund
Agy 781, D23 fund 4005		(117.39)	Shared Fund
Agy 781, D23 fund 4006	7.85		Shared Fund
Agy 781, D23 fund 4007	139.32		Shared Fund
Agy 781, D23 fund 4008	13,998.38		Shared Fund
Agy 781, D23 fund 4009	7,906.58		Shared Fund
Agy 781, D23 fund 4010		(65.31)	Shared Fund
Agy 781, D23 fund 4011		(246.40)	Shared Fund
Agy 781, D23 fund 4012	487.35		Shared Fund
Agy 781, D23 fund 4013	127.90		Shared Fund
Agy 781, D23 fund 4014		(165.52)	Shared Fund
Agy 781, D23 fund 4015	84.52		Shared Fund
Agy 781, D23 fund 4016	70.03		Shared Fund
Agy 781, D23 fund 4017	308.32		Shared Fund

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	Transfer In	Transfer Out	Source
Agy 781, D23 fund 4018		(152.03)	Shared Fund
Agy 781, D23 fund 4019		(183.55)	Shared Fund
Agy 781, D23 fund 4020		(42.61)	Shared Fund
Agy 781, D23 fund 4021		(22.53)	Shared Fund
Agy 781, D23 fund 4022	110.63		Shared Fund
Agy 781, D23 fund 4023	88.10		Shared Fund
Agy 781, D23 fund 4025		(43.88)	Shared Fund
Agy 781, D23 fund 4026	1,622.42		Shared Fund
Agy 781, D23 fund 4027		(953.51)	Shared Fund
Agy 781, D23 fund 4028	87.63		Shared Fund
Agy 781, D23 fund 4029	13,290.30		Shared Fund
Agy 783, D23 fund 0802		(2,355.49)	Shared Fund
Agy 802, D23 fund 3030	9,687.97		Shared Fund
Agy 802, D23 fund 3042	34,565.83		Shared Fund
Agy 802, D23 fund 3043	83,420.76	5,660.82	Shared Fund
Agy 802, D23 fund 3044		22,908.87	Shared Fund
Agy 802, D23 fund 3045	3,873.66	4,600.67	Shared Fund
Agy 802, D23 fund 3046	4,394.30	17,506.02	Shared Fund
Agy 802, D23 fund 3047	16,756.70		Shared Fund
Agy 802, D23 fund 3048	25,366.12	2,595.95	Shared Fund
Agy 802, D23 fund 3049	25,298.75		Shared Fund
Agy 802, D23 fund 3050		8,165.78	Shared Fund
Agy 802, D23 fund 3051	5,193.43		Shared Fund
Agy 802, D23 fund 3052	5,923.19		Shared Fund
Agy 802, D23 fund 3057		(2,833.39)	Shared Fund
Agy 802, D23 fund 3116	5,703.19		Shared Fund
Agy 802, D23 fund 3120	9,785.31		Shared Fund
Agy 802, D23 fund 3142		(1,832.25)	Shared Fund
Agy 802, D23 fund 3151		(472.11)	Shared Fund
Agy 802, D23 fund 3152		(713.95)	Shared Fund
Agy 802, D23 fund 3153	2,652.23		Shared Fund
Agy 802, D23 fund 3154	58.65		Shared Fund
Agy 808, D23 fund 0802	2,671.32		Shared Fund
Agy 813, D23 fund 0802	677,811.27		Shared Fund
Agy 902, D23 fund 8020	1,449.89		Shared Fund
Appd Fund 0001, D23 fund 0001			
Agy 902, D23 fund 0001		(1,131.38)	Surplus Property
Total Transfer In/Out Other Agencies	1,575,497.68	(161,258.65)	
Special Revenue (02)			
Appd Fund 0006, D23 fund 0006			
Agy 601, D23 fund 0006		1,800,098,531.19	Shared Cash
Total Transfers In/Out	1,575,497.68	1,799,915,717.83	

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	Due from Other Agencies	Due to Other Agencies	Source
General Revenue (01)			
Appd Fund 0001, D23 fund 0001			
Agy 711, D23 fund 0001		7,500.00	State Pass-Through
Total Due From/ To Other Agencies		7,500.00	

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the agency will be abolished effective September 1, 2031, unless continued in existence by the Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2032, to close out its operations.

NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION

During Fiscal Year 2024, a net increase in the amount of \$32,893.10 was made to the Capital Assets Fund. This adjustment was necessary due to inventory items in FY 2023 that were not previously recorded, and the depreciation of those items.

Fund Balance for 2024

	Capital Assets Fund (Fund 0998)	Total
Total Fund Balance, Aug. 31, 2023	\$28,516,917.94	\$28,516,917.94
Current Year's Restatements	32,893.10	32,893.10
Change in Net Position Aug. 31, 2023 as Restated	\$28,549,811.04	\$28,549,811.04

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NOTE 15: CONTINGENCIES AND COMMITMENTS

Federal Assistance

The Texas Department of Motor Vehicles receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, will be immaterial.

Encumbrances

As of August 31, 2024, the department had encumbered the following amounts in governmental funds for signed contracts and purchase orders:

	General Revenue Fund (0001)	Texas Department of Motor Vehicle Fund (0010)
Encumbrances	\$24,198,621.78	\$7,021,198.04

NOTE 16: SUBSEQUENT EVENTS

In October 2024, the Texas Department of Motor Vehicles entered into contracts to lease two new Regional Service Center locations, one in South Dallas and one in South Houston.

The details are as follows:

South Houston Regional Service Center

Dates of contract (est.): April 1, 2025 – March 31, 2035

Leasehold improvements: estimated \$623,350.00

Annual rent: \$326,060.00 for a 10-year term, or about \$3.26 million.

South Dallas Regional Service Center

Dates of contract (est.): April 1, 2025 – March 31, 2035

Leasehold improvements: none

Annual rent: \$264,705.20 for a 10-year term, or about \$2.65 million.

NOTE 17: RISK MANAGEMENT

Not Applicable

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NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

The Texas Department of Motor Vehicles (TxDMV) is self-supporting and funds most of its expenditures through revenues collected and deposited to the TxDMV Fund (0010), with the exception of the Motor Vehicle Crime Prevention Authority (MVCPA), which is fully funded through fees deposited to the General Revenue Fund (0001).

Fiscal Year (FY) 2024 revenues for all funds totaled \$2.06 billion. This represents an increase of \$90.80 million or 4.62% more compared to FY 2023 revenues of \$1.96 billion. Of the FY 2024 total amount collected, \$1.82 billion was deposited into the State Highway Fund (0006), \$189.54 million was deposited into the TxDMV Fund (0010), and \$48.88 million was deposited into the General Revenue Fund (0001).

Increased total revenue collections in FY 2024 were primarily attributable to the new registration-related additional fee on certain electric vehicles following the FY 2024 implementation of SB 505, 88th Legislature, Regular Session. This increase was slightly offset by decreases in certain title-related collections, primarily delinquent title-transfer penalties and rebuilt-salvage title fees.

FY 2024 expenditures totaled \$213.18 million, an increase of \$3.79 million, or 1.81% compared to FY 2023 expenditures of \$209.39 million. The primary factors contributing to the increase in expenditures include 1) increased salary and payroll related costs of approximately \$3.46 million resulting from a combination of the implementation of the statewide five percent wage increase and improved recruiting and retention of employees; 2) an increase in Motor Vehicle Crime Prevention Authority (MVCPA) grant expenditures of \$4.14 million, shown under Intergovernmental Payments, resulting from increased funding authorized for MVCPA beginning in FY 2024; 3) an increase in Professional Fees expenditures of \$5.33 million resulting from capital project expenditures in TxDMV Automation, which is entirely funded in the first year of the biennial budget, and Data Center Services one-time costs that occurred only in FY 2024. These increases are offset by a reduction in Purchased Contract Services (shown under Other Expenditures) due to one-time expenditures that occurred in FY 2023 in license plate production costs (\$2.68 million). Additionally, expenditures related to new Subscription Based Information Technology Agreements (SBITAs) decreased year-over-year following the implementation of GASB 96 in FY 2023.

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NOTE 19: THE FINANCIAL REPORTING ENTITY

Not Applicable

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Not Applicable

NOTE 21:

Not Applicable to the reporting requirement process.

NOTE 22: DONOR RESTRICTED ENDOWMENTS

Not Applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

Not Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Not Applicable

NOTE 25: TERMINATION BENEFITS

Not Applicable

NOTE 26: SEGMENT INFORMATION

Not Applicable

NOTE 27: PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

Not Applicable

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Not Applicable

NOTE 29: TROUBLED DEBT RESTRUCTURING

Not Applicable

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES

Not Applicable

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NOTE 31: TAX ABATEMENTS

Not Applicable

NOTE 32: GOVERNMENTAL FUND BALANCES

The TxDMV has the following restrictions/covenants causing fund balances to be restricted:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Purpose
0010	0010	Restricted	\$207,324,583.15	TEXAS TRANSPORTATION CODE ANNOTATED SECTION 1001.151, 1001.152	Used by the department for operations, administration, enforcement, accounting costs and related liabilities for the fund. Revenue includes fees from motor vehicle registration, title certificates, special vehicle permits, specialty license plates, and other transportation-related permits.
0010	0010	Restricted	\$882,945.60	FEDERAL ALN 20.237	Federal funds restrictions are externally imposed by federal government agencies.

COMBINING FINANCIAL STATEMENTS

-UNAUDITED-

EXHIBIT A-1
COMBINING BALANCE SHEET
All General and Consolidated Funds
For the Year Ended August 31, 2024

	General Revenue Account (0001)	License Plate Trust Fund Account (0802)	Direct Deposit Correction Fund (0980)	General Revenue Agency Funds (1001)
Assets				
Current Assets:				
Cash on Hand	\$	\$	\$	\$
Cash in Bank				
Cash in State Treasury		6,048,510.18	15,000.00	
Legislative Appropriations	44,027,417.80			529.11
Receivables:				
Federal				
Accounts Receivable				
Due From Other Funds (Note 12)				
Due From Other Agencies (Note 12)				
Consumable Inventories				
Total Current Assets	44,027,417.80	6,048,510.18	15,000.00	529.11
Liabilities				
Current Liabilities				
Payables:				
Vouchers Payable	19,967.50			
Accounts Payable	3,539,298.89			
Payroll Payable	161,079.71			
Due to Other Funds (Note 12)				
Due to Other Agencies (Note 12)	7,500.00	22,686.09		
Unearned Revenue			15,000.00	(166,281.73)
Other Intergovernmental Payable				
Total Current Liabilities	3,727,846.10	22,686.09	15,000.00	(166,281.73)
Fund Balances				
Non Spendable (Inventory)				
Restricted				
Committed		4,268,037.06		160,360.64
Assigned				
Unassigned	40,299,571.70	1,757,787.03		6,450.20
Total Fund Balance	40,299,571.70	6,025,824.09	0.00	166,810.84
Total Liabilities and Fund Balances	\$ 44,027,417.80	\$ 6,048,510.18	\$ 15,000.00	\$ 529.11

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EXHIBIT A-1 (CONTINUED)
COMBINING BALANCE SHEET
All General and Consolidated Funds

	Suspense Type Activities Account (0900)	Intermodal Container & Milk Transport Account (1623)	Proportional Registration Distributive Fund Account (0021)	Child Support Employee Deduction Account (8070)	Total
Assets					
Current Assets:					
Cash on Hand	\$	\$	\$	\$	0.00
Cash in Bank					0.00
Cash in State Treasury	1,996,336.13	513,310.00	27,426,744.27	4,776.83	36,004,677.41
Legislative Appropriations					44,027,946.91
Receivables:					0.00
Federal					0.00
Accounts Receivable					0.00
Due From Other Funds (Note 12)					0.00
Due From Other Agencies (Note 12)					0.00
Consumable Inventories					0.00
Total Current Assets	1,996,336.13	513,310.00	27,426,744.27	4,776.83	80,032,624.32
Liabilities					
Current Liabilities					
Payables:					
Vouchers Payable	989,680.15				1,009,647.65
Accounts Payable					3,539,298.89
Payroll Payable				4,776.83	165,856.54
Due to Other Funds (Note 12)					0.00
Due to Other Agencies (Note 12)					30,186.09
Unearned Revenue					(151,281.73)
Other Intergovernmental Payable	912,093.40	501,787.60	6,126,940.26		7,540,821.26
Total Current Liabilities	1,901,773.55	501,787.60	6,126,940.26	4,776.83	12,134,528.70
Fund Balances					
Non Spendable (Inventory)					0.00
Restricted					0.00
Committed	94,562.58	11,522.40	21,299,157.57		25,833,640.25
Assigned					0.00
Unassigned			646.44	-	42,064,455.37
Total Fund Balance	94,562.58	11,522.40	21,299,804.01	0.00	67,898,095.62
Total Liabilities and Fund Balances	\$ 1,996,336.13	\$ 513,310.00	\$ 27,426,744.27	\$ 4,776.83	\$ 80,032,624.32

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EXHIBIT B-1
COMBINING BALANCE SHEET
Special Revenue Funds

For Fiscal Year Ended August 31, 2024

	State Highway Fund (0006)	Texas Department of Motor Vehicles Fund (0010)	Total
Assets			
Current Assets:			
Cash on Hand	\$	\$ 39,100.00	\$ 39,100.00
Cash in Bank			0.00
Cash in State Treasury		208,866,095.59	208,866,095.59
Legislative Appropriations			0.00
Receivables:			0.00
Federal		165,310.41	165,310.41
Accounts Receivable	142,044,550.47	11,623,400.13	153,667,950.60
Due From Other Funds (Note 12)			0.00
Due From Other Agencies (Note 12)			0.00
Consumable Inventories		3,591,649.17	3,591,649.17
Total Current Assets	142,044,550.47	224,285,555.30	366,330,105.77
Liabilities			
Current Liabilities			
Payables:			
Vouchers Payable		809,275.74	809,275.74
Accounts Payable		5,953,935.23	5,953,935.23
Payroll Payable		5,868,647.56	5,868,647.56
Unearned Revenues		752,464.45	752,464.45
Due to Other Funds (Note 12)			0.00
Due to Other Agencies (Note 12)			0.00
Total Current Liabilities	0.00	13,384,322.98	13,384,322.98
Fund Balances			
Non Spendable (Inventory)		3,591,649.17	3,591,649.17
Restricted	142,044,550.47	207,309,583.15	349,354,133.62
Committed			0.00
Assigned			0.00
Unassigned			0.00
Total Fund Balance	142,044,550.47	210,901,232.32	352,945,782.79
Total Fund Balance as Restated	142,044,550.47	210,901,232.32	352,945,782.79
Total Liabilities and Fund Balances	\$ 142,044,550.47	\$ 224,285,555.30	\$ 366,330,105.77

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EXHIBIT A-2
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
All General and Consolidated Funds
For the Year Ended August 31, 2024

	General Revenue Account (0001)	License Plate Trust Fund Account (0802)	Suspense Type Activities Account (0900)
Revenues			
Legislative Appropriations:			
Original Appropriations	\$ 48,882,483.00		\$
Additional Appropriations	283,310.56		
Federal Pass-Through			
State Grant Pass -Through			
Licenses, Fees and Permits		7,039.61	
Interest & Investment Income		13,991.09	
Sales of Goods and Services			
Other Revenues			
Total Revenues	49,165,793.56	21,030.70	0.00
Expenditures			
Salaries and Wages	885,146.61		
Payroll Related Costs	305,908.61		
Professional Fees and Services	149,797.66		
Travel	89,651.99		
Materials and Supplies	24,120.52		
Communications and Utilities	66,926.17		
Repairs and Maintenance			
Rentals and Leases	23,436.55		
Printing and Reproduction	452.79		
State Grant Pass-Through Expenditures	50,000.00		
Intergovernmental Payments	16,677,324.19		
Public Assistance Payments	140,019.26		
Other Operating Expenditures	25,421.48		
Capital Outlay			
Total Expenditures	18,438,205.83	0.00	0.00
Excess (Deficit) of Revenues over Expenditures	30,727,587.73	21,030.70	0.00
Other Financing Sources (Uses)			
Operating Transfers In (Note 12)		1,575,497.68	
Operating Transfers Out (Note 12)	(1,131.38)	161,258.65	
Insurance Recoveries			
Sale of Capital Assets	1,131.38		
Legislative Financing Sources	25,860.78		
Legislative Financing Uses	(25,860.78)		
Legislative Transfers In (Note 12)			
Legislative Transfers Out (Note 12)			
Total Other Financing Sources (Uses)	0.00	1,736,756.33	0.00
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	30,727,587.73	1,757,787.03	0.00
Fund Balance - Beginning	9,572,628.57	4,268,037.06	94,562.58
Restatements (Note 14)			
Fund Balance As Restated	\$ 9,572,628.57	4,268,037.06	94,562.58
Appropriations Lapsed	(644.60)		
Fund Balance - Ending	40,299,571.70	6,025,824.09	\$ 94,562.58

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EXHIBIT A-2 (CONTINUED)
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
All General and Consolidated Funds
For the Year Ended August 31, 2024

	Intermodal Container & Milk Transport Account (1623)	Proportional Registration Distributive Fund Account (0021)	General Revenue Fund- Agency Funds Account (1001)	Total
Revenues				
Legislative Appropriations:				
Original Appropriations	\$	\$	\$	\$ 48,882,483.00
Additional Appropriations				283,310.56
Federal Pass-Through				0.00
State Grant Pass -Through				0.00
Licenses, Fees and Permits			(20,815.80)	(13,776.19)
Interest & Investment Income				13,991.09
Sales of Goods and Services				0.00
Other Revenues		646.44	27,266.00	27,912.44
Total Revenues	0.00	646.44	6,450.20	49,193,920.90
Expenditures				
Salaries and Wages				885,146.61
Payroll Related Costs				305,908.61
Professional Fees and Services				149,797.66
Travel				89,651.99
Materials and Supplies				24,120.52
Communications and Utilities				66,926.17
Repairs and Maintenance				0.00
Rentals and Leases				23,436.55
Printing and Reproduction				452.79
State Grant Pass-Through Expenditures				50,000.00
Intergovernmental Payments				16,677,324.19
Public Assistance Payments				140,019.26
Other Operating Expenditures				25,421.48
Capital Outlay				0.00
Total Expenditures	0.00	0.00	0.00	18,438,205.83
Excess (Deficit) of Revenues over Expenditures	0.00	646.44	6,450.20	30,755,715.07
Other Financing Sources (Uses)				
Operating Transfers In (Note 12)				1,575,497.68
Operating Transfers Out (Note 12)				160,127.27
Insurance Recoveries				0.00
Sale of Capital Assets				1,131.38
Legislative Financing Sources				25,860.78
Legislative Financing Uses				(25,860.78)
Legislative Transfers In (Note 12)				0.00
Legislative Transfers Out (Note 12)				0.00
Total Other Financing Sources (Uses)	0.00	0.00	0.00	1,736,756.33
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	0.00	646.44	6,450.20	32,492,471.40
				0.00
Fund Balance - Beginning	11,522.40	21,299,157.57	160,360.64	35,406,268.82
Restatements (Note 14)				
Fund Balance As Restated	11,522.40	21,299,157.57	160,360.64	35,406,268.82
Appropriations Lapsed				(644.60)
Fund Balance - Ending	\$ 11,522.40	\$ 21,299,804.01	\$ 166,810.84	\$ 67,898,095.62

-UNAUDITED-

EXHIBIT B-2
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Special Revenue Funds
For the Year Ended August 31, 2024

	State Highway Fund (0006)	Texas Department of Motor Vehicles Fund (0010)	Totals
Revenues			
Legislative Appropriations:			
Original Appropriations	\$	\$	0.00
Additional Appropriations			0.00
Federal Revenues		882,945.60	882,945.60
Federal Pass-Through			0.00
State Grant Pass -Through			0.00
Licenses, Fees and Permits	1,816,989,988.29	178,273,798.13	1,995,263,786.42
Interest & Investment Income		10,071,785.87	10,071,785.87
Sales of Goods and Services		293,747.30	293,747.30
Other Revenues	1,303.49	19,869.62	21,173.11
Total Revenues	1,816,991,291.78	189,542,146.52	2,006,533,438.30
Expenditures			
Salaries and Wages		51,831,528.33	51,831,528.33
Payroll Related Costs		17,712,689.77	17,712,689.77
Professional Fees and Services		25,799,427.69	25,799,427.69
Travel		521,154.80	521,154.80
Materials and Supplies		21,926,718.29	21,926,718.29
Communications and Utilities		6,065,964.20	6,065,964.20
Repairs and Maintenance		4,217,419.62	4,217,419.62
Rentals and Leases		271,924.74	271,924.74
Printing and Reproduction		4,792,203.16	4,792,203.16
Intergovernmental Payments		0.00	0.00
Other Operating Expenditures		42,648,066.01	42,648,066.01
Debt Service Principal- RTU Leases/SBITA		7,607,894.09	7,607,894.09
Capital Outlay		11,415,214.02	11,415,214.02
Total Expenditures	0.00	194,810,204.72	194,810,204.72
Excess (Deficit) of Revenues over Expenditures	1,816,991,291.78	(5,268,058.20)	1,811,723,233.58
Other Financing Sources (Uses)			
Operating Transfers In (Note 12)			0.00
Operating Transfers Out (Note 12)	(1,800,098,531.19)		(1,800,098,531.19)
Increase in Obligations- Leases/SBITA		10,450,904.00	10,450,904.00
Sale of Capital Assets		377.12	377.12
Legislative Financing Sources			0.00
Insurance Recoveries			0.00
Legislative Transfers In (Note 12)			0.00
Legislative Transfers Out (Note 12)			0.00
Total Other Financing Sources (Uses)	(1,800,098,531.19)	10,451,281.12	(1,789,647,250.07)
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	16,892,760.59	5,183,222.92	22,075,983.51
Fund Balance - Beginning	125,151,789.88	205,718,009.40	330,869,799.28
			0.00
Fund Balance As Restated	125,151,789.88	205,718,009.40	# 330,869,799.28
Appropriations Lapsed			0.00
Fund Balance - Ending	\$ 142,044,550.47	\$ 210,901,232.32	\$ 352,945,782.79

SCHEDULES

-UNAUDITED-

SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended August 31, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through From			
	ALN Number	Agency Number	State Agency or University Amount	Non-State Entities Amount
<u>Federal Motor Carrier Safety Assistance Cluster</u>				
U.S. Department of Transportation				
<u>Direct Programs:</u>				
Motor Carrier Safety Assistance High Priority Activities	20.237			
Grants and Cooperative Agreements				
Totals- U.S. Department of Transportation				
Total Expenditure of Federal Awards			0.00	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE			0.00	0.00

Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types)

Exhibit II

Federal Revenues	\$ 882,945.60
Federal Pass-Through Revenues	0.00
Total	\$ 882,945.60

-UNAUDITED-
 SCHEDULE 1A
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2024
 (Continued)

Direct Program Amount	Total Pass Through From & Direct Program	Pass-Through To		Expenditures Amount	Total Pass Through To & Expenditures
		Agency Number	State Agency or University Amount		
\$ 882,945.60	\$ 882,945.60			\$ 882,945.60	\$ 882,945.60
\$ 882,945.60	\$ 882,945.60		0.00	0.00	\$ 882,945.60
\$ 882,945.60	\$ 882,945.60		0.00	0.00	\$ 882,945.60
\$ 882,945.60	\$ 882,945.60		0.00	0.00	\$ 882,945.60

-UNAUDITED-

SCHEDULE 1B
SCHEDULE OF STATE GRANT PASS-THROUGHS FROM/TO STATE AGENCIES
For the Fiscal Year Ended August 31, 2024

Pass-Through Grantor/ Program Title	Pass-Through From			Total Pass-Through From	Pass-Through To		Total Pass-Through To
	Grant ID	Agency Number	State Agency or University Amount		Agency Number	State Agency or University Amount	
Motor Vehicle Crime Prevention Authority (MVCPA)							
<u>Programs:</u>							
Texas A&M University- Grant Management and Tracking System	608.0004			\$0.00	711	\$ 50,000.00	\$ 50,000.00
Total				<u>0.00</u>		<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>
TOTAL PASS-THROUGH TO OTHER AGENCIES				<u>0.00</u>		<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>

Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types)

Exhibit II

State Grant Pass-Through Expenditures	\$ 50,000.00
Total	<u>\$ 50,000.00</u>

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FY 2024 Annual Financial Report

Eric Horn, Director of Accounting

December 12, 2024



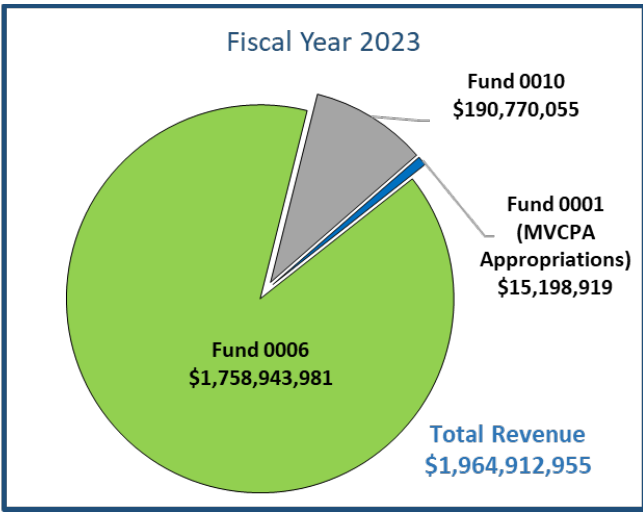
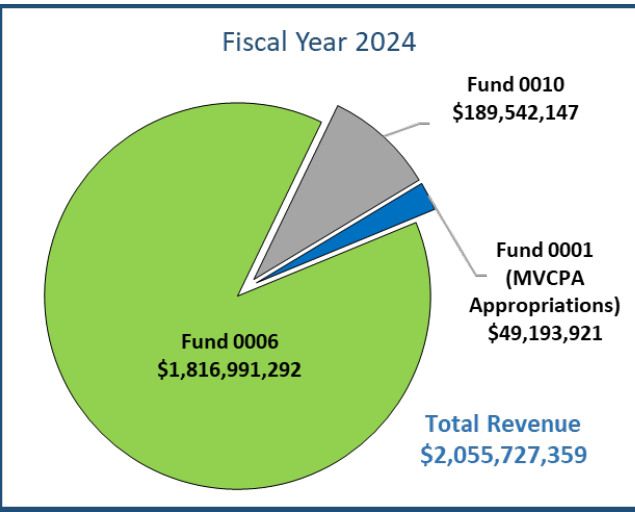
Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Exhibit II – Statement of Revenue, Expenditures and Changes in Net Assets (Income Statement)



Revenues



Expenditures

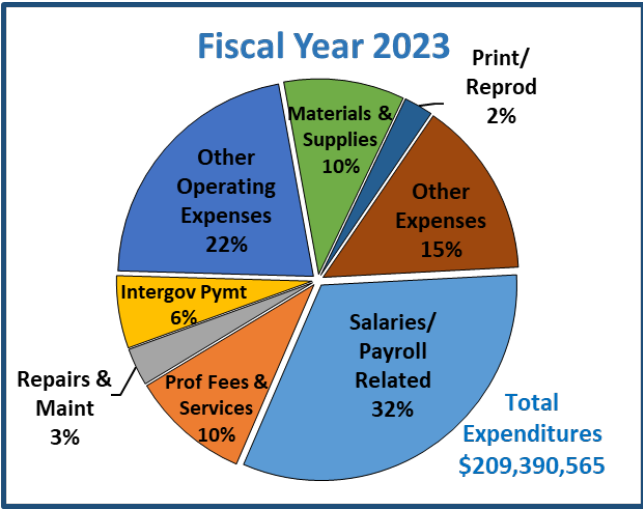
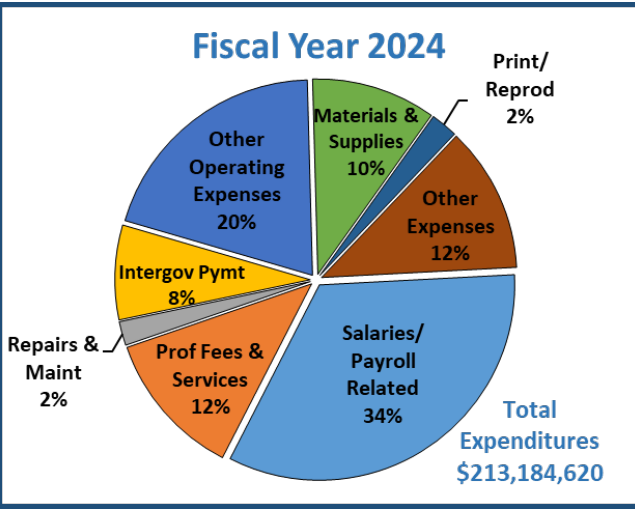
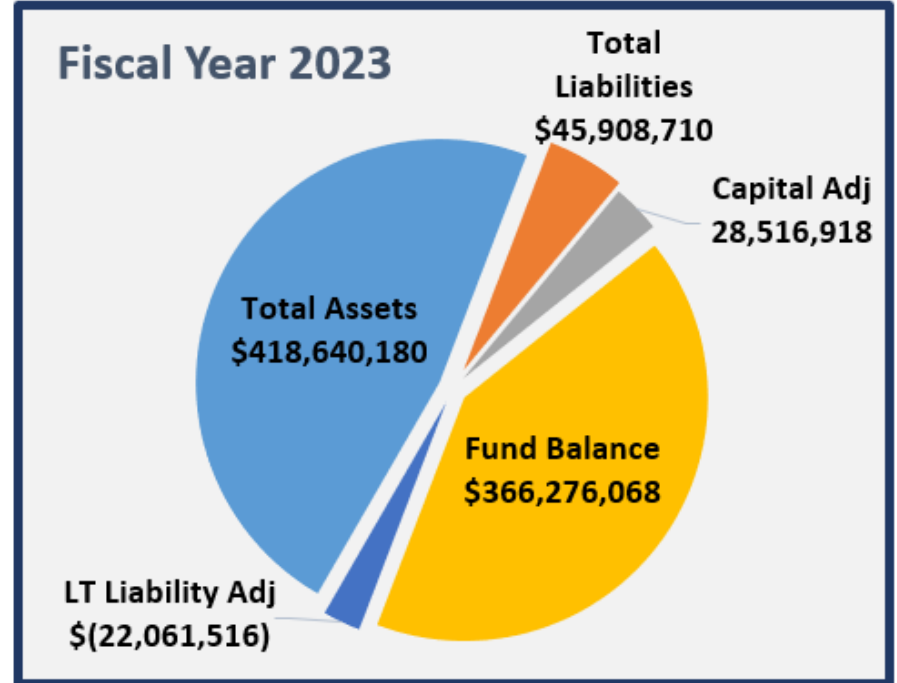
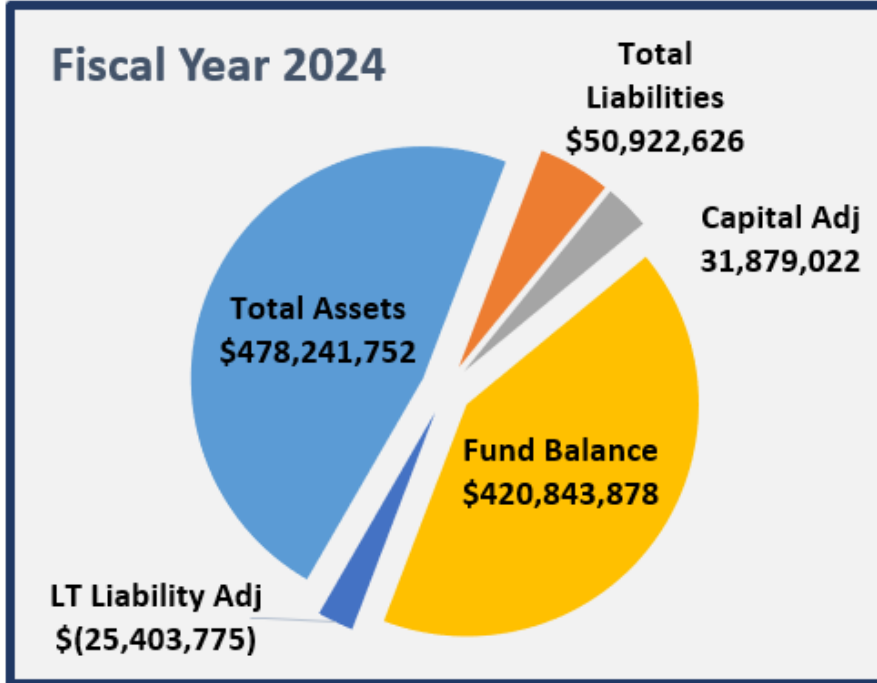




Exhibit I – Combined Balance Sheet (Statement of Net Assets)





Questions?



Board Meeting Date: 12/12/2024
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 10.B
Subject: Internal Audit Division Status Update

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

This status update provides information on current Internal Audit Division (IAD) activities.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Internal Engagements

The Fleet Management audit is currently in the reporting phase. Its objective is to determine the effectiveness of the vehicle maintenance practices, compliance with the State Fleet Plan, and fleet monitoring. The audit is anticipated to be completed by the end of January 2025.

Additionally, the Consumer Relations Division (CRD) Quality Assurance Advisory is currently in the fieldwork phase. The objective is to evaluate the Consumer Relations Division's quality assurance processes. IAD will provide a comparison of CRD Quality Assurance review metrics benchmarked against state agency and private sector call centers. IAD will also review processes to identify any process inefficiencies and provide recommendations on any streamlining opportunities.

External Engagements

The Texas Comptroller of Public Accounts completed its annual Statewide Controls Over Expenditure Processing desk audit. The comptroller conducted a desk audit of 205 state agencies and higher learning institutions. The Comptroller reviewed staff security access in four statewide accounting systems, individuals on warrant pickup list and on voucher signature cards. IAD and the Finance and Operations Division are coordinating responses to the Comptroller's audit.



Texas Department
of Motor Vehicles