

TEXAS DEPARTMENT OF MOTOR VEHICLES
LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE
MEETING

Texas Department of Motor Vehicles
4000 Jackson Avenue
Building 1
Lone Star Room
Austin, Texas 78731

Wednesday,
June 26, 2024

COMMITTEE MEMBERS:

Christian Alvarado, Chair
Tammy McRae
Sharla Omumu
Darren Schlosser

ON THE RECORD REPORTING
(512) 450-0342

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5. The Committee may enter into closed session under one or more of the provisions of the Texas Open Meetings Act, Government Code, Chapter 551, including but not limited to: Section 551.071 Section 551.076 Section 551.089	none
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P R O C E E D I N G S

1
2 MR. ALVARADO: My name is Christian Alvarado.
3 I'm pleased to open the Legislative and Public Affairs
4 Committee meeting of the Board of the Texas Department of
5 Motor Vehicles. It is two o'clock p.m. on the dot, and
6 I'm now calling the committee meeting for June 26, 2024,
7 to order.

8 I want to note for the record that public
9 notice of this meeting, containing all items on the
10 agenda, was filed with the Office of Secretary of State on
11 June 18, 2024.

12 Before we begin today's meeting, please place
13 all cell phones and communication devices in silent mode,
14 and please, as a courtesy to others, do not carry on side
15 conversations in the meeting room.

16 I want to welcome those who are with us today
17 for today's committee meeting, and Member Omumu on Zoom, I
18 believe that is. Thank you all.

19 If you wish to address the committee or speak
20 on an agenda item during today's meeting, please complete
21 a speaker's sheet at the registration table or send an
22 email to GCO_General@TxDMV.gov. Please identify in your
23 email the specific item you're interested in commenting
24 on, your name and address, and whether you are
25 representing anyone or speaking for yourself. If your

1 comment does not pertain to a specific agenda item, we
2 will take your comment during the general public comment
3 portion of the meeting.

4 In accordance with the department's
5 administrative rule, comments to the committee will be
6 limited to three minutes. To assist each speaker, a timer
7 has been provided. The timer light will be green for the
8 first two minutes, yellow when the speaker has one minute
9 left, and then red when the speaker's time is up.
10 Individuals cannot accumulate time from other speakers.

11 Comments should be pertinent to the issue
12 stated on the comment sheet. When addressing the
13 committee, please state your name and affiliation for the
14 record.

15 There are a few things that will assist in
16 making the meeting run smoother and assist the court
17 reporter in getting an accurate record: please identify
18 yourself before speaking, speak clearly and slowly, do not
19 speak over others, and ask the chairman for permission to
20 speak and be sure to get recognized before speaking.

21 I would like to thank our court reporter who is
22 transcribing this meeting now.

23 Before we begin today, I'd like to remind all
24 presenters and those in attendance of the rules of conduct
25 at our committee meetings. In the department's

1 administrative rule, I have the authority to supervise the
2 conduct of this committee meeting. This includes the
3 authority to determine when a speaker is being disruptive
4 of the meeting or is otherwise violating the timing or
5 presentation rules I just discussed.

6 The posted agenda stated that a quorum of the
7 Board may be present at this meeting, however, Board
8 members who are not members of the Legislative and Public
9 Affairs Committee will not vote on any committee agenda
10 items today, nor will any Board action be taken.

11 Let's do roll call. Member Schlosser?

12 MR. SCHLOSSER: Present.

13 MR. ALVARADO: And Member McRae?

14 MS. McRAE: Present.

15 MR. ALVARADO: And Member Omumu?

16 MS. OMUMU: Present.

17 MR. ALVARADO: Thank you. Let the record
18 reflect that I, Christian Alvarado, am present as well.

19 Agenda item 1, Roll call and establishment of
20 quorum. We did that. Thank you.

21 Pledges. Please stand and honor our country
22 and the state with pledges of allegiance. I'll now turn
23 it over to Vice Chair McRae to lead us in the U.S. Pledge.

24 (The U.S. Pledge of Allegiance was recited.)

25 MR. ALVARADO: And I'll now turn to Member

1 Schlosser to lead us in the Texas Pledge, please.

2 (The Texas Pledge of Allegiance was recited.)

3 MR. ALVARADO: Thank you, Vice Chair McRae and
4 Member Schlosser, for leading us in the pledges.

5 Agenda item number 3, Comments and
6 announcements from committee chair, committee members and
7 executive director.

8 I want to take this opportunity to introduce
9 myself as the chair of the Legislative and Public Affairs
10 Committee. Thank y'all for having me. I want to thank
11 Chairman Bacarisse for appointing me.

12 It's an honor to have this opportunity. I've
13 enjoyed my past three years serving on the Board -- it's
14 been that long, it's amazing -- and I'm looking forward to
15 getting to work more closely with the board and staff,
16 with all of you as the chair of this committee. Thank
17 you.

18 If there are no other comments or
19 announcements, we can continue to agenda item 4. Let's
20 move to agenda item 4.A, and I'll turn it over to Keith
21 Yawn.

22 MR. YAWN: Good afternoon, Mr. Chairman,
23 members, Director Avitia.

24 MR. ALVARADO: Good afternoon.

25 MR. YAWN: My name is Keith Yawn. I'm the

1 director of Government and Strategic Communications for
2 the department, and I will be presenting the first three
3 agenda items on today's agenda.

4 Agenda item 4.A is a briefing on the status of
5 legislative implementation projects and related
6 activities. As we previously reported to you, there were
7 68 bills enacted during the last legislative session that
8 impacted DMV core programs or general agency
9 administrative functions. We have at this point full
10 implementation of 42 bills; that's 80 percent of the
11 projects that we're currently tracking so it's great
12 progress.

13 There are eleven projects remaining in
14 progress. I'll note that there are a number of bills that
15 did not require active implementations and there are some
16 bills that require multiple implementation projects, so
17 the numbers get a little bit off if you're trying to count
18 them up.

19 But there are eleven projects still in progress
20 and these contain the majority of the major
21 implementations that the Board has been discussing over
22 the past year since the end of the last legislative
23 session. Those include projects such as House Bill 718,
24 the replacement of temporary tags with metal plates, the
25 office expansion for RSCs in Dallas and Houston, Camp

1 Hubbard renewal project, which, of course, will continue
2 throughout this biennium and into next biennium, and the
3 elimination of safety inspections as well. Of course,
4 another of those major projects underway is the RTS
5 replacement Phase 1 which is the department's priority
6 project at this point in time.

7 The thing I'll note is that the majority of
8 those projects, as you've heard in previous updates that
9 we've been doing, both through this committee and through
10 the Board's Projects and Operations Committee, do have
11 future due dates or bill implementation dates. And so
12 they're progressing along their timelines towards those
13 due dates, and we're quite pleased with the progress on
14 those. We do have program staff here if there are
15 specific questions on any of those, but we don't have
16 formal specific updates prepared.

17 You will hear, I will mention, a very specific
18 update on House Bill 718 at the full Board meeting
19 tomorrow. But I'd be happy to take any questions on this
20 agenda item.

21 MR. ALVARADO: Any questions for Mr. Yawn?
22 Vice Chair McRae.

23 MS. McRAE: I just have a comment. I just want
24 to recognize the efforts of this agency, our executive
25 director, Laura, our general counsel. This has been a

1 heavy lift this year and y'all have done cleanup as well
2 as trying to implement new legislation, and this has been
3 a massive undertaking and I just want to recognize
4 everyone for their efforts. I know it's a team effort, so
5 kudos to all of you.

6 MR. AVITIA: Thank you, Vice Chair McRae.

7 MR. ALVARADO: Thank you, Vice Chair.

8 Any other comments or questions for Mr. Yawn?

9 (No response.)

10 MR. ALVARADO: Any public comment on this item?

11 MS. MORIATY: No, sir, no public comment.

12 MR. ALVARADO: Thank you, Mr. Yawn, appreciate
13 it. I think you're here for the next one as well.

14 MR. YAWN: Indeed.

15 MR. ALVARADO: All right.

16 MR. YAWN: Keith Yawn, director of Government
17 and Strategic Communications.

18 Agenda item 4.B is an update on interim
19 legislative activities. Since we last met in December
20 with this committee, I can report that the legislature has
21 not held any further special sessions, but they have
22 continued to do what is typically considered more regular
23 interim work. And in the last several months, both the
24 Senate and the House have released interim charges for
25 their committees as far as policy research and review work

1 that they are doing during the interim.

2 Of course, as the committee knows, the
3 Department of Motor Vehicles receives oversight from both
4 the Senate Transportation Committee and the House
5 Transportation Committee, both standing committees. On
6 the Senate side, the Senate Committee on Transportation
7 was given four interim charges by the lieutenant governor.

8 Three of those, we believe, likely have overlap and
9 impact with Department of Motor Vehicles programs.

10 The first is a review of the state's
11 regulations related to autonomous vehicles and autonomous
12 vehicle safety.

13 The second is the historic and regular
14 oversight charge. In oversight charges, the committees
15 usually look at the status of legislation that has been
16 passed in previous sessions, not just the most recent
17 session but sometimes in multiple previous sessions. In
18 this case we do believe that the focus for the Department
19 of Motor Vehicles will be on House Bill 718 and the status
20 of that legislation moving forward. I'll remind you that
21 the vice chair of the House Committee on Transportation
22 was the Senate Sponsor of House Bill 718.

23 And then the third charge that we believe that
24 we will be involved in with that committee is a review of
25 the federal government's plan to transition to electric

1 vehicle use and the potential impacts of that on the state
2 economy.

3 The Senate Committee on Transportation is
4 scheduled already to meet in at least their first hearing.

5 And that is currently scheduled for the middle of
6 September, so we do have some time remaining to continue
7 to make progress on the bill implementations and prepare
8 for any public comment that we are asked to provide during
9 that hearing.

10 On the House side, the House Transportation
11 Committee's charges are primarily in areas of
12 transportation policy that do not intersect directly with
13 the department's operations, but they do also have a
14 general monitoring and oversight charge. Again, we
15 believe that this is likely to focus on House Bill 718
16 implementation.

17 The House committee has not yet released their
18 intentions for the schedule.

19 Be happy to take any questions on this item.

20 MR. ALVARADO: Thank you, Mr. Yawn.

21 Are there any questions for Mr. Yawn?

22 (No response.)

23 MR. ALVARADO: Any public comment?

24 MS. MORIATY: No, sir, no public comment.

25 MR. ALVARADO: Thank you, sir.

1 MR. YAWN: Moving on to item 4.C, again, my
2 name is Keith Yawn, director of Government and Strategic
3 Communications. This is a big item for us for this
4 meeting and this is consideration of proposed staff
5 recommendations for the Board to make to the 89th
6 Legislature.

7 The Department of Motor Vehicles, through
8 Transportation Code Section 1001.025, is authorized to
9 provide the legislature with recommendations on ways to
10 improve department operations and efficiencies. We have
11 continuously made use of this. As you may recall, last
12 session, or last cycle we brought you a broad range of
13 recommendations that were primarily cleanup and
14 clarification items across the various sections of statute
15 that the department receives authorization from.

16 As we've mentioned to you in previous meetings,
17 we took a more refined and focused approach this time to
18 have a smaller number of recommendations that we're
19 bringing to you by trying to identify those that would be
20 the most impactful of the items that we had identified to
21 either our operations or to the service that our customers
22 are receiving.

23 The packet before you, that begins on page 11,
24 of your materials is divided into three sections: section
25 1 are statutory recommendations that would amend the Title

1 Act, section 2 would amend registration and license plate
2 requirements, and section 3 are recommendations to
3 oversize/overweight permitting requirements.

4 Just as a quick reminder on our process. We
5 began at the beginning of this year working with program
6 areas and the Office of General Counsel to identify
7 statutory recommendations that could be proposed. We used
8 lists that had been developed in the past, as well as
9 identifying and working with folks on new recommendations
10 that could be brought forward at this time. And that
11 included, of course, work that was being done to implement
12 the major pieces of legislation from last session and
13 anything that came out of that that we identified was
14 still needed through statutory change.

15 We took those recommendations, as I said, tried
16 to pare them down to those that we thought would be the
17 most impactful and meaningful to our operations, and then
18 further vetted those back through the programs and through
19 the Office of General Counsel and the Executive Director's
20 office. And so that's what I'll be presenting to you
21 today.

22 There are a total of twelve recommendations in
23 your packet. Half of those are recommendations that the
24 Board has approved in prior cycles and half are new, so
25 it's a good mix. Still, as you can tell from the

1 categories that I laid out, a broad mix of recommendations
2 across all the programs that we operate.

3 Before I go into the specific layout of the
4 recommendations, as we move forward, this is the initial
5 layout to make you aware of what those recommendations
6 are, allow any questions that you have, comments that you
7 have. We have begun vetting these through our stakeholder
8 groups and will continue to do that through this public
9 presentation and further conversations. I've had
10 conversations with some representatives of the public and
11 stakeholder groups on some items and we're taking in that
12 input.

13 So we are interested in input from the Board
14 members, continue to get input from those stakeholder
15 groups, as well as any other public interest in these
16 items. We'll take that in, look at it with the programs
17 on what that input means as far as potential revisions
18 that need to be made, things that need to be added or
19 removed from the packet, very much like what you're used
20 to dealing with in the rules process.

21 And then our hope is that we'll be able to wrap
22 that up here before the end of July so that we're able to
23 bring you a final packet at your August meeting for
24 approval. And then we can begin working with legislative
25 offices this fall, moving into the beginning of the fiscal

1 year to educate them on what the Board has decided the
2 needs of the agency are statutorily and see if we can get
3 some folks interested in filing legislation on those.

4 So if there's no questions on the process or
5 the history of that, I can go through the layout of the
6 items.

7 MR. ALVARADO: Any questions?

8 (No response.)

9 MR. ALVARADO: Please proceed. Thank you.

10 MR. YAWN: Okay. So starting on page 11 of
11 your materials, recommendation 1 is a new proposal within
12 the Title Act. Recommendation 1 addresses potential
13 opportunities for fraud and vehicle theft in the bonded
14 title process and seeks to reduce the time and resources
15 spent by the department on related lawsuits.

16 The revisions set requirements for notice to
17 recorded owners and lienholders of bonded title
18 applications and create a 30-day window before the bonded
19 title would be issued. So it's basically just creating a
20 very clear notice and review process before those bonded
21 titles are issued. Of course, a bonded title, by its very
22 nature, does not have the formal documentation behind it,
23 hence the potential for some fraudulent activity.

24 Are there any questions on item number 1?

25 (No response.)

1 MR. YAWN: Recommendation 2 begins on the
2 bottom of page 11, and would provide the department
3 authority to expand the types of instances in which 68-A
4 or vehicle identification number inspections are required.

5 Currently these inspections are required when the
6 department does not have a record of the vehicle, the
7 vehicle was last titled outside the United States, or the
8 owner requires an assignment or reassignment of the VIN.
9 However, there are other titling processes where it is
10 possible additional inspection requirements could prevent
11 fraudulent activities.

12 The recommended revision would allow the
13 department, through the Board, to set such requirements by
14 rule through the formal rulemaking process when a need was
15 identified in that area.

16 Any questions related to recommendation 2?

17 MR. ALVARADO: Any questions?

18 (No response.)

19 MR. ALVARADO: No questions.

20 MR. YAWN: So recommendations 3 through 5 are
21 recommendations that the Board has previously approved.
22 Recommendation 3, on page 12, defines the term "Auction
23 Sales Receipt" and allows that document to be used when
24 salvage dealers report a vehicle to be scrapped,
25 dismantled or destroyed. This eliminates the need to

1 obtain a title for a vehicle set to be scrapped. This
2 creates less paperwork and processing time for both the
3 applicant and the department.

4 MR. ALVARADO: Thank you. No questions.

5 MR. YAWN: Recommendation 4, similarly,
6 clarifies that evidence of ownership outside of a title,
7 such as a manufacturer's certificate of origin, can be
8 used by insurance companies to retitle vehicles acquired
9 through payment of a claim in certain circumstances. This
10 would also simplify the process for the customer and for
11 the department staff.

12 And recommendation 5 would allow the use of
13 out-of-state ownership documents to obtain a Texas rebuilt
14 title without first having to obtain a Texas salvage
15 title. Again, this is a provision that would streamline
16 our internal processes.

17 MR. ALVARADO: Any questions?

18 (No response.)

19 MR. ALVARADO: Thank you.

20 MR. YAWN: So that closes out the
21 recommendations that would revise the Title Act. So now
22 we'll move into registration and license plate revisions,
23 and there are several new recommendations in this area.

24 So the first of the new proposals, item number
25 6 -- we're about halfway down page 14 -- is a cleanup of

1 statutory references related to House Bill 3297 from the
2 last session. House Bill 3297 is the bill that eliminates
3 the vehicle safety inspections. There were several parts
4 of other programs that we operate and processes we operate
5 that were tied to those codes, and so we see two concerns
6 with the elimination of those statutes.

7 The first is that it disconnects from how we
8 identify and apply the new electronic vehicle fee that was
9 just implemented following the passage of Senate Bill 505
10 from last session. That was tied specifically to the
11 inspection statutes that will be eliminated. The
12 authority for our two-year initial registration on new
13 vehicles was also linked to the two-year safety inspection
14 process.

15 And so with the elimination of those statutes,
16 the authorization for both of those programs comes into
17 question. And so the revisions in item 6 are the
18 department's proposal for how to fix both issues with a
19 single bill and revision change that would allow us to
20 continue to clearly applying the EV fee and providing for
21 our two-year initial vehicle registrations.

22 Are there any questions on that item?

23 MR. ALVARADO: No questions.

24 MR. YAWN: Okay. Item 7 is the one item in
25 this packet that is related to cleanup for House Bill 718,

1 and the Board specifically on a couple of occasions has
2 asked us to make sure that we're paying attention to what
3 might be needed that wasn't done in the original bill.
4 This is the one item in this packet that does make a
5 change there.

6 During the negotiation of that bill and the
7 development of the language, it was both the department's
8 understanding and our stakeholders' understanding that the
9 fee for dealer temporary license plates would be a
10 one-time fee. As we implemented the bill and had more
11 time to look through the language, we realized that it was
12 actually in statute written as a recurring fee. And so
13 this would return that or change that to a one-time fee of
14 \$10 for each dealer temporary license plate.

15 Any questions on that item?

16 MR. ALVARADO: No.

17 MR. YAWN: Item number 8 again goes back to
18 recommendations related to potential prevention of
19 fraudulent activities, so this would include a denial of
20 access to the dealer-issued license plate database for the
21 use of fraudulent vehicle inspection reports. This is
22 also known colloquially as clean scanning and has been a
23 growing concern for law enforcement in certain areas of
24 the state.

25 So we currently have a process that was put in

1 place to address dealer temporary tag fraud that allows
2 the department to notify a dealer that their access is
3 being turned off to the temporary tag system due to
4 concerns over fraudulent activity, identified fraudulent
5 activity. This would add to that the dealer who was
6 obtaining or using fraudulent vehicle inspection reports
7 to register vehicles that were being sold, and it would be
8 the same process would be used.

9 Questions?

10 MR. ALVARADO: Any questions? Vice Chair.

11 MS. McRAE: Keith, I think you clarified it at
12 the end that this is for a dealer that is obtaining from a
13 third party or issuing the inspections themselves,
14 fraudulent inspections.

15 MR. YAWN: Correct.

16 MS. McRAE: Okay. Thank you.

17 MR. ALVARADO: Thank you.

18 MR. YAWN: Okay. Recommendation 9 is also
19 related to that same concern over fraudulent vehicle
20 inspections. Recommendation 9, at the bottom of page 15,
21 would modify the procedure under which the department is
22 able to revoke a vehicle registration.

23 The recommended revision would add vehicle
24 registrations to the list of exceptions to the state
25 requirements for contested cases in the Government Code,

1 allowing for an expedited process of enforcement. The
2 revision would also replace the current hearing process
3 with a notice and opportunity to respond.

4 Be happy to take any questions on this item.

5 MR. ALVARADO: Any questions?

6 (No response.)

7 MR. ALVARADO: No questions. Thank you.

8 MR. YAWN: So item 10 and 11 are previous Board
9 approved recommendations. Recommendation 10 clarifies
10 that four specific license plates will be issued without
11 fee. Specifically, Part (a) is for the first set of
12 Legion of Merit plates issued to an individual, Part (b)
13 is for the issuance of Gold Star plates, Part (c) is for
14 Firefighter plates, and Part (d) is for rental and travel
15 trailer plates. These clarifications are helpful because
16 the sections of statute authorizing these plates are not
17 consistent about the application of fees.

18 Any questions?

19 MR. ALVARADO: I don't see any questions.
20 Thank you.

21 MR. YAWN: And then finally in this section,
22 recommendation 11 on page 17 clarifies registration
23 requirements for farm trailers that are less than 4,000
24 pounds and other farm equipment. Statute provides
25 specific requirements for farm trailers over 4,000 pounds,

1 but is unclear about requirements for similar trailers of
2 lesser weight. And going back through the historical
3 research, it appears that at a time when trailer statutes
4 were being rewritten, this section just got dropped from
5 statute at some point. It's not entirely clear why.

6 The recommendation clarifies that these smaller
7 trailers are not required to be registered if used only
8 temporarily on highways, but allows owners to obtain
9 plates if they desire.

10 The final section has two recommendations
11 related to oversize/overweight permits, and both of these
12 have been approved by previous boards.

13 Recommendation 12(a), at the bottom of page 17,
14 clarifies that the department may waive the fee for
15 oversize/overweight permits by rule when issued to
16 governmental entities. The waiver of these fees has been
17 a longstanding practice, however, recent rule reviews by
18 the General Counsel's Office identified that the
19 underpinning statutory authorization was removed at some
20 point in the past.

21 This item would allow the legislature to weigh
22 in on whether the fee waiver should remain or be
23 discontinued. We do not believe that the elimination of
24 that statute was intended by the legislature at this
25 point.

1 Any questions on that?

2 (No response.)

3 MR. YAWN: And finally, recommendation 12(b),
4 on page 18, clarifies fees related to oversize/overweight
5 annual envelope permits. These permits can be issued to
6 either a specific vehicle or a company. Statute is
7 explicit that the highway maintenance fee is not charged
8 when the permit is issued to a vehicle.

9 The recommended revision would clarify that the
10 highway maintenance fee also does not apply to the same
11 permit issued to a company.

12 Questions?

13 (No response.)

14 MR. YAWN: I'd just like to end by reminding
15 you this is the start of this process. We're still taking
16 input and feedback on these recommendations. So if you
17 have them, stakeholders that are listening, do please let
18 me know, let Director Avitia know, and we will feed that
19 into our work and vetting on these items, and hopefully,
20 again, in August bring you back a final packet.

21 MR. ALVARADO: Great. Thank you, Mr. Yawn.
22 Appreciate the update.

23 Does anyone have any questions?

24 (No response.)

25 MR. ALVARADO: We appreciate it. Thank you.

1 MR. YAWN: Thank you.

2 MR. ALVARADO: Any public comment on this?

3 MS. MORIATY: No, sir, no public comment.

4 MR. ALVARADO: All right. Thank you.

5 All right. Let's move on to agenda item 4.D.

6 Fiscal Year 2026-27 legislative appropriations update.

7 Ms. Glenna Bowman, how are you?

8 MS. BOWMAN: I'm fine, thank you.

9 Good afternoon, Chairman Alvarado, committee
10 members, Director Avitia. For the record, I'm Glenna
11 Bowman, chief financial officer for the Texas Department
12 of Motor Vehicles. With me today is Chris Hayden, our
13 deputy chief financial officer.

14 This item begins on page 19 of your Board
15 materials. And with this item we are going to ask the
16 committee to recommend to the full Board that staff be
17 directed to prepare the FY 2026-27 legislative
18 appropriations request to include the LAR items presented
19 by staff today.

20 I'm going to begin with an overview of the LAR
21 process -- maybe a refresher for y'all -- and then Chris
22 is going to provide details about our estimated revenue
23 collections and our proposals for specific budget
24 requests.

25 So the LAR, the legislative appropriations

1 request, is the department's biennial budget request that
2 is submitted to the Texas Legislature, which convenes in
3 regular session in January of each odd-numbered year. The
4 current LAR will provide funding for the FY 2026-27
5 biennium which begins September 1, 2025, next year, and
6 ends August 31, 2027.

7 The LAR for TxDMV has two basic components.
8 There's baseline funding. This is funding that is
9 necessary to maintain existing operations and capital
10 projects, plus adjustments for essential operational needs
11 that can be supported by revenues and available balances
12 within the TxDMV Fund 10.

13 We also have exceptional items which are for
14 funding requests that exceed the General Revenue baseline
15 limit that's established by the Legislative Budget Board.

16 This only applies to the Motor Vehicle Crime Prevention
17 Authority here at DMV. Or there may be items that promote
18 transparency and provide visibility with the legislature
19 into the department's highest priority needs that are
20 funded from TxDMV Fund 10.

21 The LAR also includes a lot of schedules. It
22 includes requests to establish, update or amend various
23 appropriation riders that govern how the department may
24 spend funds within its larger appropriations. For
25 example, capital budget authority, performance measure

1 targets, the authority to move unexpended balances from
2 one year to the next, and special project directives.

3 Although we do not have instructions yet from
4 the Legislative Budget Board, the LAR is expected to be
5 due in early August. We're not anticipating big changes
6 to those instructions so we are proceeding to get things
7 completed. And at this time I'm happy to answer any
8 questions about the process.

9 (No response.)

10 MS. BOWMAN: Okay. I will now yield the floor
11 to Chris Hayden to discuss our specific proposals for
12 appropriation requests.

13 MR. HAYDEN: Thank you.

14 Good afternoon, Chairman Alvarado, committee
15 members, and Director Avitia. For the record, I'm Chris
16 Hayden, the deputy chief financial officer for Texas DMV.

17 The LAR summary document begins on page 21 of
18 your Board book.

19 As Glenna noted, the schedule has not been
20 released. I checked just a few minutes ago; the schedule
21 and due dates have not been released by the LBB. But
22 based on prior ones, we do expect it to be in early
23 August.

24 The TxDMV is a revenue-generating department,
25 and staff estimates that \$426.4 million will be deposited

1 to Fund 10 during the '26-27 biennium to support
2 department activities. Deposits to Fund 10 are on track
3 to exceed the 2023 amounts by 3.4 percent, so there is
4 some growth, with additional increases projected for the
5 four-year period beginning in 2024. These revenue
6 estimates can be found on page 23 in your Board documents.

7 Like I said, the department is mainly financed
8 with Fund 10, but we also receive General Revenue to
9 support the Motor Vehicle Crime Prevention Authority, or
10 MVCPA, for motor vehicle theft, as well as catalytic
11 converter theft, as part of a new charge.

12 I'm now going to give you more detail on where
13 we are with the '26-27 LAR, and first I'm going to cover
14 our baseline adjustments. TxDMV staff are working to
15 ensure the items proposed in the baseline adjustments are
16 essential to the efficient operation of the TxDMV and well
17 within the projected revenue levels and available cash
18 balances in Fund 10. The total of the baseline increase
19 is expected to be less than 5 percent of the 2024-25
20 baseline amount for the TxDMV Fund 10 as compared to last
21 biennium where we had some substantial increases and the
22 Board approved a significant baseline increase of
23 approximately 15 percent. So this is a much smaller
24 increase of less than 5 percent, or not to exceed 5
25 percent.

1 These baseline adjustments will be used for
2 items such as data center services, including software as
3 a service, normalizing FTE costs, and merit pool for the
4 department, ongoing costs for the voice to cloud services
5 that we're going through, and as always, postage --
6 postage keeps going up.

7 And that summarizes our baseline request and
8 now I'm going to go over our two exceptional items.

9 The first one is the Registration and Title
10 System Modernization Phase 2. This is an exceptional item
11 request where we'll appropriate the authority to Phase 2
12 of the modernization effort. In the 88th Legislative
13 Session, TxDMV was appropriated \$6.75 million to implement
14 RTS under Phase 1, which includes assessment of both the
15 internal and external system environments, definition of
16 future system requirements, and projected costs.

17 Phase 1 will continue into 2026 and the
18 information gathered will be used to refine the cost
19 estimate for Phase 2. The current estimate we have for
20 Phase 2 is \$125 million.

21 The last exceptional item request we have is to
22 enhance and improve core services and customer support.
23 As the population of Texas continues to grow, so does the
24 number of customers served by TxDMV. At the same time,
25 the department has taken on new responsibilities and

1 adjusted operating procedures and systems to adapt to
2 changing needs and customer expectations.

3 This exceptional item request will address
4 ongoing operational needs and to enhance and improve the
5 core services and customer support provided by the
6 department. Some of these things include additional
7 compliance activities and investigations, license
8 processing background checks, customer relations,
9 information technology, administrative hearings, and also
10 customer support in our regional service centers.

11 This exceptional item is currently estimated at
12 about \$8.7 million, including fringe costs and that would
13 support 50 additional full-time equivalent positions, with
14 the majority of these being in Enforcement, VTR, CRD and
15 MVD. In addition, we're also requesting nine vehicles for
16 Enforcement to continue their activities.

17 That concludes the exceptional items. And so
18 as Glenna noted, we also have baseline adjustments and
19 exceptional items. We provide supplemental schedules,
20 including performance measures, rider revisions and
21 capital budget schedules.

22 On page 25 of your Board book you have the
23 capital budget schedules as we currently have it and you
24 can see that the major changes are the dropping out of the
25 Camp Hubbard renewal request, House Bill 718

1 implementation, and most of that has been replaced by the
2 Registration and Title System Phase 2, which is at \$125
3 million.

4 I'll also note, as did Glenna, this is an
5 action item for you to recommend to the full Board that
6 staff be directed to prepare the FY '26-27 legislative
7 appropriation request, to include items that we presented
8 today.

9 This concludes my presentation, and I'm
10 available to answer any questions that you may have.

11 MR. ALVARADO: Thank you.

12 Any questions for Mr. Hayden or Ms. Bowman?

13 (No response.)

14 MR. HAYDEN: Thank you.

15 MR. ALVARADO: Thank you.

16 Ms. Moriarty, any public comment on this agenda
17 item?

18 MS. MORIARTY: No, sir, no public comment.

19 MR. ALVARADO: All right. Well, this is an
20 action item, so I'll now entertain a motion regarding
21 agenda item 4.D.

22 MS. McRAE: Chairman, I'd like to make a
23 motion.

24 MR. ALVARADO: Yes, Madam Vice Chair.

25 MS. McRAE: I move that the committee recommend

1 that the Board direct staff to prepare the FY '26-27
2 legislative appropriations request, LAR, to include the
3 LAR items presented by staff and all reports and schedules
4 required by the Legislative Budget Board in its LAR
5 instructions, subject to any technical corrections that
6 are approved by the department's chief financial officer
7 and executive director to comply with the instructions
8 from the Legislative Budget Board.

9 MR. ALVARADO: Thank you.

10 Is there a second?

11 MR. SCHLOSSER: I second it. Member Schlosser.

12 MR. ALVARADO: Member Schlosser, thank you for
13 seconding.

14 Any further discussion on this item?

15 (No response.)

16 MR. ALVARADO: Hearing none, I'll call for a
17 vote. Board members, please, when I call your name, state
18 your vote for the record.

19 Vice Chair McRae?

20 MS. McRAE: Aye.

21 MR. ALVARADO: Member Omumu?

22 MS. OMUMU: Aye.

23 MR. ALVARADO: Member Schlosser?

24 MR. SCHLOSSER: Aye.

25 MR. ALVARADO: And I, Chairman Alvarado, also

1 vote aye. Let the record reflect that there are four
2 votes for and zero votes against. This motion passes.

3 Thank you, Ms. Bowman and Mr. Hayden.
4 Appreciate your time.

5 So we will not have closed session today so
6 we're not taking agenda items 5 or 6. We'll move to
7 agenda item 7, public comment.

8 Ms. Moriatty, any public comments for this
9 agenda item?

10 MS. MORIATY: No, sir, there are no public
11 comments.

12 MR. ALVARADO: All right. Great. Let's move
13 to item 8, adjournment. Unless there's any further
14 business, I would like to entertain a motion to adjourn.

15 MR. SCHLOSSER: I make a motion. Member
16 Schlosser.

17 MR. ALVARADO: Great.

18 MS. OMUMU: I second.

19 MR. ALVARADO: Thank you, Member Schlosser and
20 Member Omumu.

21 Committee members, when I call your name,
22 please state your vote for the record.

23 Vice Chair McRae?

24 MS. McRAE: Aye.

25 MR. ALVARADO: Member Omumu?

1 MS. OMUMU: Aye.

2 MR. ALVARADO: Member Schlosser?

3 MR. SCHLOSSER: Aye.

4 MR. ALVARADO: And I, Chairman Alvarado, also
5 vote aye. Let the record reflect the vote is unanimous to
6 adjourn. This meeting is adjourned.

7 Thank you.

8 (Whereupon, at 2:38 p.m., the meeting was
9 adjourned.)

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MEETING OF: TxDMV Legislative and Public Affairs
Committee

LOCATION: Austin, Texas

DATE: June 26, 2024

I do hereby certify that the foregoing pages,
numbers 1 through 34, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Nancy H. King before the
Texas Department of Motor Vehicles.

DATE: July 3, 2024

/s/ Nancy H. King
(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752