

1 **ADOPTION OF REVISIONS TO**

2 **SUBCHAPTER C. LICENSED OPERATIONS**

3 **43 TAC §221.54**

4

5 **INTRODUCTION.** The Texas Department of Motor Vehicles (department) adopts amendments to 43  
6 Texas Administrative Code (TAC) Subchapter C, Licensed Operations, §221.54, concerning criteria for site  
7 visits, effective July 1, 2025. These amendments are necessary to implement House Bill (HB) 718,  
8 enacted during the 88th Legislature, Regular Session (2023). HB 718 amended Transportation Code,  
9 Chapter 503 to eliminate the use of temporary tags when purchasing a motor vehicle and replaced these  
10 tags with categories of license plates, effective July 1, 2025. HB 718 requires the department to  
11 determine new distribution methods, systems, and procedures, and to set certain fees. Section 34 of HB  
12 718 grants the department authority to adopt rules necessary to implement or administer these  
13 changes in law and requires the department to adopt related rules by December 1, 2024. Beginning July  
14 1, 2025, when a motor vehicle is sold to a Texas resident, a Texas dealer will assign a license plate to the  
15 vehicle unless the buyer has a specialty or other qualifying license plate, and the assigned license plate  
16 will stay with the vehicle if the vehicle is later sold to a buyer, including a salvage dealer. These adopted  
17 amendments add new criteria to the site visit criteria currently used by the Enforcement Division to  
18 include the failure of a salvage dealer to remove, report, or destroy void license plates. These adopted  
19 amendments will allow the department to prioritize potential license plate-related misuse or fraud  
20 consistent with the department’s enforcement obligations under HB 718. Amended §221.54 is being  
21 adopted without changes to the proposed text as published in the July 12, 2024, issue of the *Texas*  
22 *Register* (49 TexReg 5137) and is not being republished.

23

1 **REASONED JUSTIFICATION.**

2           Adopted amendments to §221.54 add new paragraphs (6) – (8). These adopted amendments  
3 expand the list of criteria that the department will consider in determining whether to conduct a site visit  
4 to include whether a licensed salvage vehicle dealer has: 1) failed to remove a license plate or registration  
5 insignia from a scrapped or destroyed vehicle; 2) failed to timely or accurately report to the department  
6 or enter information about a license plate from a scrapped or destroyed vehicle into the system  
7 designated by the department; or 3) failed to scrap or destroy void license plates and registration insignias  
8 from a scrapped or destroyed vehicle. These adopted amendments will ensure that violations of the  
9 statutes and rules relating to license plates are factors that the department considers when deciding the  
10 priority of conducting a site visit to a salvage vehicle dealer. An adopted amendment also changed the  
11 punctuation from a period to a semicolon in §221.54(5) to accommodate the addition of the new  
12 paragraphs.

13 **SUMMARY OF COMMENTS.**

14 The department did not receive any written public comments.  
15

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17 **43 TAC §221.54**

18 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the  
19 department adopts amendments to Chapter 221 under Occupations Code, Chapter 2302, and  
20 Occupations Code, §2302.051, which authorize the board to adopt rules as necessary to administer  
21 Occupations Code, Chapter 2302; Transportation Code, §502.0021, which authorizes the department to  
22 adopt rules to administer Transportation Code, Chapter 502; Transportation Code, §503.002, which  
23 authorizes the department to adopt rules to administer Transportation Code, Chapter 503; Transportation

1 Code, §503.063(d), as amended by HB 718, which gives the department authority to conduct a review of  
2 the dealer's compliance with statutory obligation to ensure safekeeping of license plates; Transportation  
3 Code, §504.0011, which allows the board to adopt rules to implement and administer Chapter 504;  
4 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and  
5 appropriate to implement the powers and the duties of the department; and Government Code,  
6 §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements  
7 of all available formal and informal procedures.

8 **CROSS REFERENCE TO STATUTE.** These adopted rule amendments implement Occupations Code, Chapter  
9 2302; and Transportation Code, Chapters 501-504, and 1001-1003.

10

11 Text.

12 221.54. Criteria for Site Visits.

13 In determining whether to conduct a site visit at an active salvage vehicle dealer's location, the  
14 department will consider whether the dealer has:

15 (1) failed to respond to a records request;

16 (2) failed to operate from the license location;

17 (3) an enforcement history that reveals failed compliance inspections or multiple  
18 complaints with administrative sanctions being taken by the department;

19 (4) a business location that fails to meet premises or operating requirements under this  
20 chapter;

21 (5) records that require further investigation by the department;

1 (6) failed to remove a license plate or registration insignia from a scrapped or destroyed  
2 vehicle;

3 (7) failed to timely or accurately report to the department or enter in the system  
4 designated by the department, a void license plate from a scrapped or destroyed vehicle; or

5 (8) failed to scrap, recycle, or destroy license plates and registration insignia from a  
6 scrapped or destroyed vehicle.