

TRANSPORTATION CODE

CHAPTER 503. DEALER'S AND MANUFACTURER'S VEHICLE LICENSE PLATES
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 503.001. DEFINITIONS. In this chapter:

- (1) "Board" has the meaning assigned by Chapter 2301, Occupations Code.
 - (2) "Commission" means the Texas Transportation Commission.
 - (3) "Converter" has the meaning assigned by Chapter 2301, Occupations Code.
 - (4) "Dealer" means a person who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location. The term includes a franchised motor vehicle dealer, an independent motor vehicle dealer, and a wholesale motor vehicle dealer.
 - (5) "Department" means the Texas Department of Transportation.
 - (6) "Drive-a-way operator" means a person who transports and delivers a vehicle in this state from the manufacturer or another point of origin to a location in this state using the vehicle's own power or using the full-mount method, the saddle-mount method, the tow-bar method, or a combination of those methods.
 - (7) "Franchise" has the meaning assigned by Chapter 2301, Occupations Code.
 - (8) "Franchised motor vehicle dealer" means a person engaged in the business of buying, selling, or exchanging new motor vehicles at an established and permanent place of business under a franchise in effect with a motor vehicle manufacturer or distributor.
 - (9) "Independent motor vehicle dealer" means a dealer other than a franchised motor vehicle dealer or a wholesale motor vehicle dealer.
 - (10) "Manufacturer" means a person who manufactures, distributes, or assembles new vehicles.
 - (11) "Motorcycle" has the meaning assigned by Section 502.001.
 - (12) "Motor vehicle" has the meaning assigned by Section 502.001.
 - (13) "Semitrailer" has the meaning assigned by Section 502.001.
 - (14) "Trailer" has the meaning assigned by Section 502.001.
 - (15) "Vehicle" means a motor vehicle, motorcycle, house trailer, trailer, or semitrailer.
 - (16) "Wholesale motor vehicle auction" means the offering of a motor vehicle for sale to the highest bidder during a transaction that is one of a series of regular periodic transactions that occur at a permanent location.
 - (17) "Wholesale motor vehicle dealer" means a dealer who sells motor vehicles only to a person who is:
 - (A) the holder of a dealer's general distinguishing number; or
 - (B) a foreign dealer authorized by a law of this state or interstate reciprocity agreement to purchase a vehicle in this state without remitting the motor vehicle sales tax.
- Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(a), eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 76, Sec. 3, eff. May 14, 2001; Acts 2003, 78th Leg., ch. 1276, Sec. 14A.828, eff. Sept. 1, 2003.

Sec. 503.002. RULES. The board may adopt rules for the administration of this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 76, Sec. 4, eff. May 14, 2001.

Sec. 503.003. DISPLAY OR SALE OF NONMOTORIZED VEHICLE OR TRAILER. This chapter does not prohibit the display or sale of a nonmotorized vehicle or trailer at a regularly scheduled vehicle or boat show with multiple vendors in accordance with commission rules.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 76, Sec. 5, eff. May 14, 2001.

Sec. 503.004. BUYING, SELLING, EXCHANGING, OR MANUFACTURING VEHICLES. This chapter does not prohibit a person from entering into the business of buying, selling, or exchanging new or used vehicles at wholesale or retail or from manufacturing vehicles.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.005. NOTICE OF SALE OR TRANSFER. (a) A manufacturer or dealer shall immediately notify the department if the manufacturer or dealer transfers, including by sale or lease, a motor vehicle, trailer, or semitrailer to a person other than a manufacturer or dealer.

(b) The notice must be in writing using the form provided by the department and must include:

- (1) the date of the transfer;
- (2) the names and addresses of the transferrer and transferee; and
- (3) a description of the vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.006. NOTICE OF CHANGE OF ADDRESS. A dealer or manufacturer who has been issued dealer's, converter's, or manufacturer's license plates shall notify the department of a change to the dealer's, converter's, or manufacturer's address not later than the 10th day after the date the change occurs.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 76, Sec. 6, eff. May 14, 2001.

Sec. 503.007. FEES FOR GENERAL DISTINGUISHING NUMBER. (a) The fee for an original general distinguishing number is \$500.

(b) The fee for the renewal of a general distinguishing number is \$200.

(c) The registration fee for a drive-a-way in-transit license is \$50.

(d) A fee collected under this section shall be deposited to the credit of the state highway fund.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(b), eff. Sept. 1, 1997.

Sec. 503.008. FEES FOR LICENSE PLATES. (a) The fee for a metal dealer's license plate is \$20.

(b) The fee for a manufacturer's license plate is \$40.

(c) The fee for an additional set of drive-a-way in-transit license plates is \$5.

(d) A fee collected under this section shall be deposited to the credit of the state highway fund.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(c), eff. Sept. 1, 1997.

Sec. 503.009. PROCEDURE FOR CERTAIN CONTESTED CASES. (a) The department's Motor Vehicle Board may conduct hearings in contested cases brought under and as provided by this chapter.

(b) The procedures applicable to a hearing conducted under this section are those applicable to a hearing conducted as provided by Section 2301.606(a), Occupations Code.

(c) A decision or final order issued under this section is final and may not be appealed, as a matter of right, to the commission.

(d) The department's Motor Vehicle Board may adopt rules for the procedure, a hearing, or an enforcement proceeding for an action brought under this section. (V.A.C.S. Art. 4413(36), Sec. 3.03(b).)

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 12, eff. June 1, 2003.

SUBCHAPTER B. GENERAL DISTINGUISHING NUMBER

Sec. 503.021. DEALER GENERAL DISTINGUISHING NUMBER. A person may not engage in business as a dealer, directly or indirectly, including by consignment, without a dealer general distinguishing number in one of the six categories described by Section 503.029(a)(6) for each location from which the person conducts business as a dealer.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(d), eff. Sept. 1, 1997.

Sec. 503.022. WHOLESALE MOTOR VEHICLE AUCTION GENERAL DISTINGUISHING NUMBER. A person may not engage in the business of conducting a wholesale motor vehicle auction without a wholesale motor vehicle auction general distinguishing number for each location from which the person conducts business.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.023. DRIVE-A-WAY OPERATOR LICENSE. A person may not engage in business as a drive-a-way operator without a drive-a-way in-transit license.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.024. EXCLUSIONS FOR DEALER. (a) A person is not required to obtain a dealer general distinguishing number if the person:

(1) sells or offers to sell during a calendar year fewer than five vehicles of the same type that are owned and registered in that person's name; or

(2) is a federal, state, or local governmental agency.

(b) For the purposes of Section 503.021, a person is not engaging in business as a dealer by:

(1) selling or offering to sell a vehicle the person acquired for personal or business use to a person other than a retail buyer if the sale or offer is not made to avoid a requirement of this chapter;

(2) selling, in a manner provided by law for the forced sale of vehicles, a vehicle in which the person holds a security interest;

(3) acting under a court order as a receiver, trustee, administrator, executor, guardian, or other appointed person;

(4) selling a vehicle the person acquired from the vehicle's owner as a result of paying an insurance claim if the person is an insurance company;

(5) selling an antique passenger car or truck that is at least 25 years of age; or

(6) selling a special interest vehicle that is at least 12 years of age if the person is a collector.

(c) For the purposes of Section 503.021, a domiciliary of another state who holds a dealer license and bond, if applicable, issued by the other state is not engaging in business as a dealer by buying a vehicle from, selling a vehicle to, or exchanging a vehicle with a person who:

(1) holds a general distinguishing number issued by the department, if the transaction is not intended to avoid a requirement of this chapter; or

(2) is a domiciliary of another state who holds a dealer license and bond, if applicable, issued by the other state and the transaction is not intended to avoid a requirement of this chapter.

(d) For the purposes of Section 503.021, a licensed auctioneer is not engaging in business as a dealer by, as a bid caller, selling or offering to sell property to the highest bidder at a bona fide auction if:

(1) legal or equitable title does not pass to the auctioneer;

(2) the auction is not held to avoid a requirement of this chapter; and

(3) for an auction of vehicles owned legally or equitably by a person who holds a general distinguishing number, the auction is conducted at the location for which the general distinguishing number was issued.

(e) In this section, "special interest vehicle" has the meaning assigned by Section 683.077(b).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.025. WHOLESALE MOTOR VEHICLE AUCTION EXCEPTION. A person exempt under Section 503.024(d) is not required to obtain a wholesale motor vehicle auction general distinguishing number.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.026. REQUIREMENT FOR EACH TYPE OF DEALER VEHICLE. A person must obtain a dealer general distinguishing number for each type of vehicle the person intends to sell.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 871, Sec. 1, eff. Sept. 1, 1997.

Sec. 503.027. REQUIREMENTS RELATING TO DEALER LOCATION. (a) If a person consigns for sale more than five vehicles in a calendar year from a location other than the location for which the person holds a wholesale motor vehicle auction general distinguishing number or a dealer general distinguishing number, the location to which the person consigns the vehicles must have a general distinguishing number for that location.

(b) If a person is not otherwise prohibited from doing business as a dealer at more than one location in the territory of a municipality, a person may buy, sell, or exchange a vehicle of the type for which the person holds a dealer general distinguishing number from more than one location in the territory of the municipality without obtaining an additional dealer general distinguishing number. Each location must comply with the requirements prescribed by this chapter and board rules relating to an established and permanent place of business.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended

by Acts 2001, 77th Leg., ch. 76, Sec. 7, eff. May 14, 2001.

Sec. 503.028. REQUIREMENTS RELATING TO WHOLESALE MOTOR VEHICLE AUCTION LOCATION. (a) Except as provided by Subsection (b), the department may not issue more than one general distinguishing number for a location for which the wholesale motor vehicle auction general distinguishing number has been issued.

(b) The department may issue to a person who holds a wholesale motor vehicle auction general distinguishing number a dealer general distinguishing number for the location for which the wholesale motor vehicle auction general distinguishing number is issued. The provisions of this subchapter relating to the application for and issuance of a dealer general distinguishing number apply to an application for and issuance of a dealer general distinguishing number issued under this subsection.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.029. APPLICATION FOR DEALER GENERAL DISTINGUISHING NUMBER. (a) An applicant for an original or renewal dealer general distinguishing number must submit to the department a written application on a form that:

(1) is provided by the department;
(2) contains the information required by the department;

(3) contains information that demonstrates the person meets the requirements prescribed by Section 503.032;

(4) contains information that demonstrates the applicant has complied with all applicable state laws and municipal ordinances;

(5) states that the applicant agrees to allow the department to examine during working hours the ownership papers for each registered or unregistered vehicle in the applicant's possession or control; and

(6) specifies whether the applicant proposes to be a:

- (A) franchised motor vehicle dealer;
- (B) independent motor vehicle dealer;
- (C) wholesale motor vehicle dealer;
- (D) motorcycle dealer;
- (E) house trailer dealer; or
- (F) trailer or semitrailer dealer.

(b) The applicant must swear to the truth of the information contained in the application before an officer authorized to administer oaths.

(c) A renewal application must be:

(1) submitted before the date the general distinguishing number expires; and

(2) accompanied by the appropriate fee prescribed by Section 503.007.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(e), eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 871, Sec. 2, eff. Sept. 1, 1997.

Sec. 503.030. APPLICATION FOR WHOLESALE MOTOR VEHICLE AUCTION GENERAL DISTINGUISHING NUMBER. (a) An applicant for an original or renewal wholesale motor vehicle auction general distinguishing number must submit to the department an application that contains:

(1) the information required by the department;

(2) information that demonstrates the person meets the requirements prescribed by Section 503.032; and

(3) information that demonstrates the applicant has complied with all applicable state laws and municipal ordinances.

(b) The applicant must swear to the truth of the information contained in the application.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.031. APPLICATION FOR DRIVE-A-WAY IN-TRANSIT LICENSE. (a) An applicant for a drive-a-way in-transit license must submit to the commission an application containing the information required by the commission.

(b) The license application must be accompanied by the registration fee prescribed by Section 503.007(c).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.032. ESTABLISHED AND PERMANENT PLACE OF BUSINESS. (a) An applicant for a dealer general distinguishing number or wholesale motor vehicle auction general distinguishing number must demonstrate that the location for which the applicant requests the number is an established and permanent place of business. A location is considered to be an established and

permanent place of business if the applicant:

(1) owns the real property on which the business is situated or has a written lease for the property that has a term of not less than one year;

(2) maintains on the location:

(A) a permanent furnished office that is equipped as required by the department for the sale of the vehicles of the type specified in the application; and

(B) a conspicuous sign with letters at least six inches high showing the name of the applicant's business; and

(3) has sufficient space on the location to display at least five vehicles of the type specified in the application.

(b) An applicant for a general distinguishing number as a wholesale motor vehicle dealer is not required to maintain display space in accordance with Subsection (a)(3).

(c) The applicant must demonstrate that:

(1) the applicant intends to remain regularly and actively engaged in the business specified in the application for at least one year at the location specified in the application; and

(2) the applicant or a bona fide employee of the applicant will be:

(A) at the location to buy, sell, lease, or exchange vehicles; and

(B) available to the public or the department at that location during reasonable and lawful business hours.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(f), eff. Sept. 1, 1997.

Sec. 503.033. SECURITY REQUIREMENT. (a) The department may not issue or renew a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number unless the applicant provides to the department:

(1) satisfactory proof that the applicant has purchased a properly executed surety bond in the amount of \$25,000 with a good and sufficient surety approved by the department; or

(2) other security under Subsection (c).

(b) The surety bond must be:

(1) in a form approved by the attorney general;

(2) conditioned on:

(A) the payment by the applicant of all valid bank drafts, including checks, drawn by the applicant to buy motor vehicles; and

(B) the transfer by the applicant of good title to each motor vehicle the applicant offers for sale.

(c) In lieu of the surety bond, the department may accept and receive for the surety obligation:

(1) a pledge of cash;

(2) a cash deposit;

(3) a certificate of deposit; or

(4) another instrument the department determines to be adequate security.

(d) A person may recover against a surety bond or other security if the person obtains against a person issued a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number a judgment assessing damages and reasonable attorney's fees based on an act or omission on which the bond is conditioned that occurred during the term for which the general distinguishing number was valid.

(e) The liability imposed on a surety is limited to:

(1) the amount:

(A) of the valid bank drafts, including checks, drawn by the applicant to buy motor vehicles; or

(B) paid to the applicant for a motor vehicle for which the applicant did not deliver good title; and

(2) attorney's fees that are incurred in the recovery of the judgment and that are reasonable in relation to the work performed.

(f) The liability of a surety may not exceed the face value of the surety bond. A surety is not liable for successive claims in excess of the bond amount regardless of the number of claims made against the bond or the number of years the bond remains in force.

(g) This section does not apply to a person licensed as a franchised motor vehicle dealer by the department's Motor Vehicle Board.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 755, Sec. 1, eff. Sept. 1, 1997.

Sec. 503.034. ISSUANCE AND RENEWAL OR DENIAL OF DEALER OR WHOLESALE MOTOR VEHICLE AUCTION GENERAL DISTINGUISHING NUMBER. (a) The department shall deny an application for the issuance or renewal of a dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number if the department is satisfied from the application or from other information before it that:

- (1) information in the application is not true; or
- (2) the applicant is guilty of conduct that would result in the cancellation of the general distinguishing number under Section 503.038.

(b) The department may not issue a dealer general distinguishing number until the applicant complies with the requirements of this chapter.

(c) Repealed by Acts 2001, 77th Leg., ch. 76, Sec. 8, eff. May 14, 2001.
Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(g), eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 76, Sec. 8, eff. May 14, 2001.

Sec. 503.035. ISSUANCE AND RENEWAL OF DRIVE-A-WAY IN-TRANSIT LICENSE. The department shall issue to an applicant on the filing of the application and the payment of the fee an annual drive-a-way in-transit license and in-transit license plates.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 871, Sec. 3, eff. Sept. 1, 1997.

Sec. 503.036. REASSIGNMENT OF EVIDENCE OF OWNERSHIP; DEALER CATEGORIES. (a) The holder of a franchised motor vehicle dealer's general distinguishing number may buy, sell, or exchange new or used motor vehicles and reassign a manufacturer's certificate of origin, certificate of title, or other basic evidence of ownership of any type of vehicle owned by the dealer that the dealer is not otherwise prohibited by law from selling or offering for sale.

(b) The holder of an independent motor vehicle dealer's general distinguishing number may reassign a certificate of title or other basic evidence of ownership of any type of vehicle owned by the dealer that the dealer is not otherwise prohibited by law from selling or offering for sale.

(c) The holder of a wholesale motor vehicle dealer's general distinguishing number may sell or offer to sell motor vehicles to no person except:

- (1) a person who holds a general distinguishing number; or
- (2) a person who is legally recognized as and duly licensed or otherwise qualified as a dealer under the laws of another state or foreign jurisdiction.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(h), eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 755, Sec. 2, eff. Sept. 1, 1997.

Sec. 503.037. RIGHTS OF WHOLESALE MOTOR VEHICLE AUCTION. (a) A person who holds a wholesale motor vehicle auction general distinguishing number may accept on consignment one or more motor vehicles to auction. The person may offer a motor vehicle for sale only at the location for which the general distinguishing number is issued and only by bid to the highest bidder. The title to a motor vehicle may be in the name in which the general distinguishing number is issued.

(b) Except as provided by Subsection (d), a person who holds a wholesale motor vehicle auction general distinguishing number may not sell a motor vehicle to a person other than a person who:

- (1) is a dealer; or
- (2) has a license and, if applicable, a bond issued by the appropriate authority of another state or nation.

(c) A person who holds a wholesale motor vehicle auction general distinguishing number may not allow another person to use the auction's facilities or general distinguishing number to sell or auction a motor vehicle.

(d) Subsection (b) does not prohibit a person who holds a wholesale motor vehicle auction general distinguishing number from offering for sale a motor vehicle to a person who is not a dealer or who does not have a license issued by the appropriate authority of another state, if the motor vehicle is owned by:

- (1) this state or a department, agency, or subdivision of this state; or
- (2) the United States.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended

by Acts 1997, 75th Leg., ch. 165, Sec. 30.70(a), eff. Sept. 1, 1997.

Sec. 503.038. CANCELLATION OF GENERAL DISTINGUISHING NUMBER. (a) The department may cancel a dealer's general distinguishing number if the dealer:

(1) falsifies or forges a title document, including an affidavit making application for a certified copy of a title;

(2) files a false or forged tax document, including a sales tax affidavit;

(3) fails to take assignment of any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires;

(4) fails to assign any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer sells;

(5) uses or permits the use of a metal dealer's license plate or a dealer's temporary cardboard tag on a vehicle that the dealer does not own or control or that is not in stock and offered for sale;

(6) makes a material misrepresentation in an application or other information filed with the department;

(7) fails to maintain the qualifications for a general distinguishing number;

(8) fails to provide to the department within 30 days after the date of demand by the department satisfactory and reasonable evidence that the person is regularly and actively engaged in business as a wholesale or retail dealer;

(9) has been licensed for at least 12 months and has not assigned at least five vehicles during the previous 12-month period;

(10) has failed to demonstrate compliance with Sections 23.12, 23.121, and 23.122, Tax Code;

(11) uses or allows the use of the dealer's general distinguishing number or the location for which the general distinguishing number is issued to avoid the requirements of this chapter;

(12) misuses or allows the misuse of a temporary cardboard tag authorized under this chapter;

(13) refuses to show on a buyer's temporary cardboard tag the date of sale or other reasonable information required by the department; or

(14) otherwise violates this chapter or a rule adopted under this chapter.

(b) The department shall cancel a dealer's general distinguishing number if the dealer obtains the number by submitting false or misleading information.

(c) A person whose general distinguishing number is canceled under this chapter shall surrender to a representative of the department each license, license plate, temporary cardboard tag, sticker, and receipt issued under this chapter not later than the 10th day after the date the general distinguishing number is canceled. The department shall direct any peace officer to secure and return to the department any plate, tag, sticker, or receipt of a person who does not comply with this subsection.

(d) A person whose general distinguishing number is canceled automatically loses any benefits and privileges afforded under Chapter 501 to the person as a dealer.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(i), eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 871, Sec. 4, 11(a), eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 1320, Sec. 3, eff. Sept. 1, 2003.

Sec. 503.039. PUBLIC MOTOR VEHICLE AUCTIONS. A motor vehicle may not be the subject of a subsequent sale at an auction by a holder of a dealer's general distinguishing number unless:

(1) equitable or legal title passes to the holder of a dealer's general distinguishing number before a transfer of title to the buyer; and

(2) the holder of a dealer's general distinguishing number transfers the certificate of title to the buyer before the 21st day after the date of the sale.

Added by Acts 2005, 79th Leg., ch. 1127, Sec. 2, eff. Sept. 1, 2005.

SUBCHAPTER C. LICENSE PLATES AND TAGS

Sec. 503.061. DEALER'S LICENSE PLATES. (a) Instead of registering under Chapter 502 a vehicle that the dealer owns, operates, or permits to be operated on a public street or highway, the dealer may apply for, receive, and attach metal dealer's

license plates to the vehicle if it is the type of vehicle:

- (1) that the dealer sells; and
- (2) for which the dealer has been issued a general distinguishing number.

(b) The board may adopt rules regulating the issuance and use of a license plate issued pursuant to the terms of this section. Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 1320, Sec. 4, eff. Sept. 1, 2003.

Sec. 503.0615. PERSONALIZED PRESTIGE DEALER'S LICENSE PLATES. (a) The department shall establish and issue personalized prestige dealer's license plates. The department may not issue identically lettered or numbered dealer's plates to more than one dealer.

(b) The department shall establish procedures for continuous application for and issuance of personalized prestige dealer's license plates. A dealer must make a new application and pay a new fee for each registration period for which the dealer seeks to obtain personalized prestige dealer's license plates. A dealer who obtains personalized prestige dealer's license plates has first priority on those plates for each subsequent registration period for which the dealer applies.

(c) The annual fee for personalized prestige dealer's license plates is \$40, in addition to any fee otherwise prescribed by this chapter.

(d) The department may issue to an applicant only one set of personalized prestige dealer's license plates for a vehicle for a six-year period. The department may issue a new set of personalized prestige dealer's license plates within the six-year period if the applicant pays a fee of \$50 in addition to the fees required by Subsection (c).

(e) On application and payment of the required fee for a registration period following the issuance of the plates, the department shall issue a registration insignia.

(f) Of each fee collected by the department under this section:

- (1) \$1.25 shall be deposited to the credit of the state highway fund to defray the cost of administering this section; and
- (2) the remainder shall be deposited to the credit of the general revenue fund.

Added by Acts 1997, 75th Leg., ch. 871, Sec. 5, eff. Sept. 1, 1997.

Sec. 503.0618. CONVERTER'S LICENSE PLATES. (a) In this section, "converter" means a person who holds a converter's license issued under Chapter 2301, Occupations Code.

(b) Instead of registering under Chapter 502 a vehicle that a converter operates or permits to be operated on a public street or highway, the converter may apply for, receive, and attach metal converter's license plates to the vehicle if it is the type of vehicle that the converter is engaged in the business of assembling or modifying.

(c) The fee for a metal converter's license plate is \$20.

(d) The department shall prescribe the form of an application under this section.

Added by Acts 1999, 76th Leg., ch. 964, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 14A.829, eff. Sept. 1, 2003.

Sec. 503.062. DEALER'S TEMPORARY CARDBOARD TAGS. (a) A dealer may issue a temporary cardboard tag for use on an unregistered vehicle by the dealer or the dealer's employees only to:

(1) demonstrate or cause to be demonstrated to a prospective buyer the vehicle for sale purposes only;

(2) convey or cause to be conveyed the vehicle:

(A) from one of the dealer's places of business in this state to another of the dealer's places of business in this state;

(B) from the dealer's place of business to a place the vehicle is to be repaired, reconditioned, or serviced;

(C) from the state line or a location in this state where the vehicle is unloaded to the dealer's place of business;

(D) from the dealer's place of business to a place of business of another dealer;

(E) from the point of purchase by the dealer to the dealer's place of business; or

(F) to road test the vehicle; or

(3) use the vehicle for or allow its use by a charitable organization.

(b) Subsection (a)(1) does not prohibit a dealer from permitting a prospective buyer to operate a vehicle while the vehicle is being demonstrated.

(c) A vehicle being conveyed under this section is exempt from the inspection requirements of Chapter 548.

(d) The department may not issue a dealer temporary cardboard tag or contract for the issuance of a dealer temporary cardboard tag but shall prescribe:

(1) the specifications, form, and color of a dealer temporary cardboard tag; and

(2) the period for which a tag may be used for or by a charitable organization.

(e) For purposes of this section, "charitable organization" means an organization organized to relieve poverty, to advance education, religion, or science, to promote health, governmental, or municipal purposes, or for other purposes beneficial to the community without financial gain.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 871, Sec. 6, eff. Sept. 1, 1997.

Sec. 503.0625. CONVERTER'S TEMPORARY CARDBOARD TAGS. (a) In this section, "converter" means a person who holds a converter's license issued under Chapter 2301, Occupations Code.

(b) A converter may issue a temporary cardboard tag for use on an unregistered vehicle by the converter or the converter's employees only to:

(1) demonstrate or cause to be demonstrated to a prospective buyer who is an employee of a franchised motor vehicle dealer the vehicle; or

(2) convey or cause to be conveyed the vehicle:

(A) from one of the converter's places of business in this state to another of the converter's places of business in this state;

(B) from the converter's place of business to a place the vehicle is to be assembled, repaired, reconditioned, modified, or serviced;

(C) from the state line or a location in this state where the vehicle is unloaded to the converter's place of business;

(D) from the converter's place of business to a place of business of a franchised motor vehicle dealer; or

(E) to road test the vehicle.

(c) Subsection (b)(1) does not prohibit a converter from permitting a prospective buyer who is an employee of a franchised motor vehicle dealer to operate a vehicle while the vehicle is being demonstrated.

(d) A vehicle being conveyed while displaying a temporary tag issued under this section is exempt from the inspection requirements of Chapter 548.

(e) The department may not issue a converter temporary cardboard tag or contract for the issuance of a converter temporary cardboard tag but shall prescribe the specifications, form, and color of a converter temporary cardboard tag.

(f) A converter or employee of a converter may not use a temporary cardboard tag issued under this section as authorization to operate a vehicle for the converter's or the employee's personal use.

Added by Acts 1999, 76th Leg., ch. 964, Sec. 2, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 14A.830, eff. Sept. 1, 2003.

Sec. 503.063. BUYER'S TEMPORARY CARDBOARD TAGS. (a) Except as provided by this section, a dealer may issue to a person who buys an unregistered vehicle one temporary cardboard buyer's tag for the vehicle.

(b) Except as provided by this section, the buyer's tag is valid for the operation of the vehicle until the earlier of:

(1) the date on which the vehicle is registered; or

(2) the 21st day after the date of purchase.

(c) The dealer:

(1) must show in ink on the buyer's tag the actual date of sale and any other required information; and

(2) is responsible for displaying the tag.

(d) The dealer is responsible for the safekeeping and distribution of each buyer's tag the dealer obtains.

(e) The department may not issue a buyer's tag or contract for the issuance of a buyer's tag but shall prescribe the specifications, color, and form of a buyer's tag.

(f) A dealer may issue an additional temporary cardboard buyer's tag to a person after the expiration of 21 days after the issue of a temporary cardboard buyer's tag, and the person may operate the vehicle for which the tag was issued on the additional temporary cardboard buyer's tag if the dealer has been unable to obtain on behalf of the vehicle's owner the necessary documents to obtain permanent metal license plates because the documents are in the possession of a lienholder who has not complied with the terms of Section 501.115(a) of this code. An additional tag issued under the terms of this subsection is valid for a maximum of 21 days after the date of issue.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 296, Sec. 3, eff. Sept. 1, 1997; Subsec. (e) amended by Acts 1997, 75th Leg., ch. 871, Sec. 7, eff. Sept. 1, 1997.

Sec. 503.064. MANUFACTURER'S LICENSE PLATES. (a) Instead of registering a new vehicle that a manufacturer intends to test on a public street or highway or to loan to a consumer for the purpose described by Section 2301.605, Occupations Code, the manufacturer may apply for, receive, and attach manufacturer's license plates to the vehicle.

(b) If the vehicle to which the manufacturer's license plates are attached is a commercial motor vehicle, the vehicle may not carry a load.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 14A.831, eff. Sept. 1, 2003.

Sec. 503.065. BUYER'S OUT-OF-STATE LICENSE PLATES. (a) The department may issue or cause to be issued to a person a temporary license plate made of cardboard or similar material authorizing the person to operate a new unregistered vehicle on a public highway of this state if the person:

(1) buys the vehicle from a dealer outside this state and intends to drive the vehicle from the dealer's place of business; or

(2) buys the vehicle from a dealer in this state but intends to drive the vehicle from the manufacturer's place of business outside this state.

(b) The department may not issue a temporary license plate under this section to a manufacturer or dealer of a motor vehicle, trailer, or semitrailer or to a representative of such a dealer.

(c) A person may not use a temporary license plate issued under this section on a vehicle transporting property.

(d) A temporary license plate issued under this section expires not later than the 30th day after the date on which it is issued. The department shall place or cause to be placed on the license plate at the time of issuance the date of expiration and the type of vehicle for which the license plate is issued.

(e) The fee for a temporary license plate issued under this section is \$3. Only one license plate may be issued for each vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.066. APPLICATION FOR DEALER'S OR MANUFACTURER'S LICENSE PLATES. (a) An applicant for one or more original or renewal dealer's or manufacturer's license plates must submit to the department a written application on a form that:

(1) is provided by the department; and

(2) contains a statement that the applicant agrees to allow the department to examine during working hours the ownership papers for each registered or unregistered vehicle in the applicant's possession or control.

(b) The applicant must swear to the truth of the information contained in the application before an officer authorized to administer oaths.

(c) An application must be:

(1) submitted before the date the plate expires; and

(2) accompanied by the appropriate fee prescribed by Section 503.008.

(d) A metal license plate issued under this chapter expires on the same date as the expiration of the dealer license to which it is issued.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.69(j), eff. Sept. 1, 1997;

Acts 1997, 75th Leg., ch. 871, Sec. 8, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 76, Sec. 9, eff. May 14, 2001; Acts 2003, 78th Leg., ch. 1320, Sec. 5, eff. Sept. 1, 2003.

Sec. 503.067. UNAUTHORIZED REPRODUCTION OF TEMPORARY CARDBOARD TAGS. (a) A person other than a dealer may not produce or reproduce a buyer's or dealer's temporary cardboard tag.

(b) A person may not operate a vehicle that displays an unauthorized temporary cardboard tag.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.068. LIMITATION ON USE OF DEALER'S LICENSE PLATES AND TAGS. (a) A dealer or an employee of a dealer may not use a dealer's temporary cardboard tag as authorization to operate a vehicle for the dealer's or the employee's personal use.

(b) A person may not use a metal dealer's license plate or dealer's temporary cardboard tag on:

(1) a service or work vehicle; or

(2) a commercial vehicle that is carrying a load.

(c) For purposes of this section, a boat trailer carrying a boat is not a commercial vehicle carrying a load. A dealer complying with this chapter may affix to the rear of a boat trailer the dealer owns or sells a metal dealer's license plate or temporary cardboard tag issued under Section 503.061, 503.062, or 503.063.

(d) This section does not prohibit the operation or conveyance of an unregistered vehicle using the full-mount method, saddle-mount method, tow-bar method, or a combination of those methods in accordance with Section 503.062 or 503.063.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.069. DISPLAY OF LICENSE PLATES AND TAGS. (a) A license plate, other than an in-transit license plate, or a temporary cardboard tag issued under this chapter shall be displayed in accordance with board rules.

(b) A drive-a-way operator who has been issued a drive-a-way in-transit license shall display the operator's in-transit license plates on each transported motor vehicle from the vehicle's point of origin to its point of destination in this state in accordance with the laws relating to the operation of a vehicle on a public highway.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 76, Sec. 10, eff. May 14, 2001.

Sec. 503.070. REMOVAL OF OUT-OF-STATE LICENSE PLATES. (a) A dealer who purchases a vehicle that displays an out-of-state license plate must remove the plate within a reasonable time.

(b) A dealer who purchases a vehicle for resale may not operate the vehicle on a public street or highway in this state while the vehicle displays an out-of-state license plate.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.071. NOTICE OF DRIVING OR TOWING FROM OUT OF STATE. (a) A motor vehicle that is manufactured outside this state and is driven or towed from the place of manufacture to this state for sale in this state must have affixed to it a sticker stating that the vehicle is being driven or towed from the place it was manufactured.

(b) The sticker must be at least three inches in diameter and must be affixed to the windshield or front of the motor vehicle in plain view.

(c) The sticker must remain on the motor vehicle until the vehicle is sold by a dealer.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER D. ENFORCEMENT

Sec. 503.091. ENFORCEMENT AGREEMENT. The department may agree with an authorized official of another jurisdiction to regulate activities and exchange information relating to the wholesale operations of nonresident vehicle dealers.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.092. ACTION TO ENFORCE CHAPTER. (a) The attorney general or a district, county, or city attorney may enforce this chapter and bring an enforcement action in the county in which a violation of this chapter is alleged to have occurred.

(b) A justice or municipal court has concurrent original jurisdiction with the county court or a county court at law over an action to enforce this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2005, 79th Leg., ch. 1128, Sec. 1, eff. June 18, 2005.

Sec. 503.093. ACTION TO ENFORCE SUBCHAPTER. (a) The department or any interested person may bring an action, including

an action for an injunction, to:

(1) enforce a provision of Subchapter B; or
(2) prohibit a person from operating in violation of the person's application for a general distinguishing number.

(b) A plaintiff other than the department may recover the plaintiff's attorney's fees.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 871, Sec. 9, eff. Sept. 1, 1997.

Sec. 503.094. CRIMINAL PENALTY. (a) A person commits an offense if the person violates this chapter.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$50 or more than \$5,000.

(c) If the trier of fact finds that the person committed the violation wilfully or with conscious indifference to law, the court may treble the fine otherwise due as a penalty for the violation.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 503.095. CIVIL PENALTY. (a) In addition to any other penalty prescribed by this chapter, a person who violates this chapter or a rule adopted under this chapter is subject to a civil penalty of not less than \$50 or more than \$1,000.

(b) For purposes of this section, each act in violation of this chapter and each day of a continuing violation is a separate violation.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.