

PROPOSED RULES

Proposed rules include new rules, amendments to existing rules, and repeals of existing rules. A state agency shall give at least 30 days' notice of its intention to adopt a rule before it adopts the rule. A state agency shall give all interested persons a reasonable opportunity to

submit data, views, or arguments, orally or in writing (Government Code, Chapter 2001).

Symbols in proposed rule text. Proposed new language is indicated by underlined text. ~~[Square brackets and strikethrough]~~ indicate existing rule text that is proposed for deletion. "(No change)" indicates that existing rule text at this level will not be amended.

TITLE 1. ADMINISTRATION

PART 15. TEXAS HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 373. MEDICAID ESTATE RECOVERY PROGRAM

The executive commissioner of the Texas Health and Human Services Commission (HHSC), on behalf of the Office of Inspector General (OIG), proposes in the Texas Administrative Code Title 1, Part 15, Chapter 373, Subchapter A, amended §§373.101, 373.103, and 373.105; Subchapter B, amended §§373.201, 373.203, 373.205, 373.207, 373.209, 373.211, 373.213, 373.215, 373.217, and 373.219; and Subchapter C, amended §§373.301, 373.303, 373.305, and 373.307, concerning the Medicaid Estate Recovery Program.

BACKGROUND AND PURPOSE

The purpose of this proposal is to clarify provisions in the Medicaid Estate Recovery Program (MERP) rules, consistent with applicable federal law at 42 U.S.C. §1396p(b)(1). HHSC, as the State Medicaid Agency, is required to operate a MERP and recover the costs of Medicaid long-term care benefits received by certain Medicaid recipients. At the same time this rule is proceeding through the rulemaking process, HHSC will be submitting a proposed State Plan Amendment (SPA) to the Centers for Medicare and Medicaid Services (CMS). The SPA will seek approval from CMS to send MERP notices to the last known address of the Medicaid recipient upon their death to ensure the decedent's heirs are aware of a possible MERP claim. This proposal also implements HB 4611, 88th Legislature, Regular Session, 2023, which makes non-substantive amendments to the Texas Government Code that make the statute more accessible, understandable, and usable.

SECTION-BY-SECTION SUMMARY

Subchapter A, General

The proposed amendment to §373.101, Purpose, removes the statutory reference recodified by House Bill (HB) 4611, 88th Legislature, Regular Session, 2023; and removes duplicative information.

The proposed amendment to §373.103, Applicability, clarifies existing language, corrects formatting, and moves the definition of "Covered Medicaid long-term care services" to §373.105, Definitions.

The proposed amendment to §373.105, Definitions, clarifies existing language, adds the definition of "Covered Medicaid long-term care services" (moved from §373.103), and updates

statutory references due to recodification of the Texas Probate Code as the Texas Estates Code. The terms "Applied for Covered Medicaid Long-Term Care Services," "Claim," "Cost-effective," "Decedent," "Estate," "Federal Poverty Level," "Heirs," "Legatee," "MERP," "Personal Representative," "Recipient," and "Value of real property" are amended. The term "Effective date" is deleted.

Subchapter B, Recovery Claims

The proposed amendment to §373.201, Basis for Claims, clarifies existing language and updates statutory references due to recodification of the Texas Probate Code as the Texas Estates Code.

The proposed amendment to §373.203, Claims Procedures, clarifies existing language and updates statutory references due to recodification of the Texas Probate Code as the Texas Estates Code.

The proposed amendment to §373.205, Medicaid Estate Recovery Program (MERP) Claim, clarifies existing language, corrects formatting, and expands the time available for contractors to file claims.

The proposed amendment to §373.207, Exemptions from Claims, clarifies existing language, corrects formatting, and more closely conforms language to 42 U.S.C. §1396a, concerning State Plans for Medical Assistance.

The proposed amendment to §373.209, Undue Hardship Waivers, clarifies language, corrects formatting, reorganizes subsections for logical consistency, increases the minimum amount of an estate subject to recovery under MERP to match inflation, changes to gender neutral language, and removes the MERP Hardship Waiver Denial Review Request mailing address so the address may be updated in a timely manner as necessary.

The proposed amendment to §373.211, Right to a Review of an Undue Hardship Waiver Denial, clarifies existing language, adds the requirement to provide supporting documentation for an undue hardship waiver by rule, and removes the MERP Hardship Waiver Denial Review Request mailing address so the address may be updated in a timely manner as necessary.

The proposed amendment to §373.213, Deduction Allowed for Expenses for Home Maintenance and Costs of Care, clarifies existing language and removes the MERP Hardship Waiver Denial Review Request mailing address so the address may be updated in a timely manner as necessary.

The proposed amendment to §373.215, Recovery Not Cost Effective, increases the minimum amount of an estate subject to recovery under MERP to match inflation.

The proposed amendment to §373.217, Claim Amount, clarifies existing language, updates a rule reference citation, and clarifies what is included in MERP claims.

The proposed amendment to §373.219, Claim Payments, clarifies existing language, conforms language to internal HHSC standards, updates the name of the payee to whom payments must be made, and removes the MERP Hardship Waiver Denial Review Request mailing address so the address may be updated in a timely manner as necessary.

Subchapter C, Notice

The proposed amendment to §373.301, Notice Upon Application, clarifies existing language, allows the written notice of MERP provisions to be provided to legal representatives, removes outdated language, and updates language to conform to Texas Health and Safety Code Title 7, Mental Health and Intellectual Disability.

The proposed amendment to §373.303, Additional Application Notice Provision to Recipients and Others, clarifies existing language, corrects formatting, and updates language to conform to Texas Health and Safety Code Chapter 252, Intermediate Care Facilities for Individuals with an Intellectual Disability.

The proposed amendment to §373.305, Medicaid Application Estate Recovery Notice Contents, clarifies existing language, corrects formatting, updates statutory references due to recodification of the Texas Probate Code as the Texas Estates Code, and updates a reference to an additional administrative rule.

The proposed amendment to §373.307, Notice of Intent to File A Claim upon the Death of a Medicaid Recipient, clarifies existing language, corrects formatting, expands the time available for contractors to file a claim, adds locations where notice of a possible MERP claim may be sent, and removes the MERP Hardship Waiver Denial Review Request mailing address so the address may be updated in a timely manner as necessary.

FISCAL NOTE

Trey Wood, HHSC Chief Financial Officer, has determined that for each year of the first five years that the rules will be in effect, enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of state or local government.

GOVERNMENT GROWTH IMPACT STATEMENT

HHSC has determined that during the first five years that the rules will be in effect:

- (1) the proposed rules will not create or eliminate a government program;
- (2) implementation of the proposed rules will not affect the number of HHSC employee positions;
- (3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;
- (4) the proposed rules will not affect fees paid to HHSC;
- (5) the proposed rules will not create a new regulation;
- (6) the proposed rules will not expand, limit, or repeal existing regulations;
- (7) the proposed rules will not change the number of individuals subject to the rules; and
- (8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Trey Wood has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities.

The rules do not impose any additional costs on small businesses, micro-businesses, or rural communities that are required to comply with the rules because these rule revisions clarify the existing rules for the Medicaid program and there is no requirement for small businesses or micro-businesses to alter current business practices in order to comply with the amended rules.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules do not impose a cost on regulated persons and are necessary to implement legislation that does not specifically state that §2001.0045 applies to the rule.

PUBLIC BENEFIT AND COSTS

Diane Salisbury, OIG Chief of Data Reviews, has determined that for each year of the first five years the rule is in effect, the public benefit will be to help clarify MERP eligibility and rule requirements to ensure proper recovery of Medicaid Long-Term Care costs.

Trey Wood has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because any potential reduction in recoveries as a result of increasing thresholds would be offset by other clarifying language closing loopholes that are barriers to recovery.

TAKINGS IMPACT ASSESSMENT

OIG has determined that the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to HHSRulesCoordinationOffice@hhs.texas.gov.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 24R031" in the subject line.

SUBCHAPTER A. GENERAL

1 TAC §§373.101, 373.103, 373.105

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §546.0403, which requires the executive commissioner to ensure Medicaid implements 42 United States Code §1396p(b)(1), Adjustments or recovery of medical assistance correctly paid under a State Plan, which has been done with the Medicaid Estate Recovery Program.

The amendments affect Texas Government Code §524.0151 and §546.0403.

§373.101. Purpose.

The purpose of this chapter is to implement the Medicaid Estate Recovery Program (MERP), [section 531.077, Government Code,] consistent with [applicable] federal law [at] 42 U.S.C. §1396p(b)(1), which requires the State Medicaid Agency, the Texas Health and Human Services Commission, [as the State Medicaid Agency,] to [operate a Medicaid Estate Recovery Program (MERP) to] recover the costs of Medicaid long-term care benefits received by certain Medicaid recipients.

§373.103. Applicability.

(a) MERP may file a [A Medicaid Estate Recovery] claim [may be filed] against the estate of a deceased Medicaid recipient for covered Medicaid long-term care services if the recipient:

(1) was [Was age] 55 years old or older when the recipient [at the time the services were] received the services; and

(2) began receiving [Initially applied for] covered Medicaid long-term care services on or after March 1, 2005. [2005; the effective date of these rules.]

(b) For purposes of this chapter, an individual will be considered to be age 55 as of the first day of the month following the month in which the recipient attains the age of 55.

[(c) Covered Medicaid long-term care services include the following services provided to a recipient age 55 years or older under the State of Texas Medicaid plan under Title XIX of the Social Security Act (SSA):]

[(1) Nursing facility services;]

[(2) Intermediate Care Facilities for the Mentally Retarded (ICF-MR);]

[(3) Home and Community-Based Services (§1915(e), SSA) and Community Attendant Services (§1929(b), SSA); and]

[(4) Related costs of hospital and prescription drug services.]

[(d) For the purposes of this chapter, covered services do not include services provided before the effective date of these rules.]

§373.105. Definitions.

For the purposes of this chapter, the following words and terms have the following meanings, unless the context clearly indicates otherwise.[:]

(1) Began receiving [Applied for] Covered Medicaid Long-Term Care Services--The first date [An individual or his or her representative files an application,] a [nursing facility submits an admission notice and medical necessity determination, or an individual elects] Medicaid recipient receives [waiver services, which results in] a covered service [being] approved and paid for by [under] Medicaid.

(2) Claim--A right to recover the total amount of Medicaid assistance paid for covered Medicaid long-term care services [the following services: nursing facility; Intermediate Care Facility for the Mentally Retarded (ICF-MR); Home and Community-Based Services (§1915(e), SSA) and Community Attendant Services (§1929(b), SSA);] and all related hospital and prescription drug services[.] provided from the time the decedent was 55 years of age or older.

(3) Cost-effective--When [Economical to the extent that] the amount of money [reasonably] expected to be recovered by MERP is more than [the Medicaid Estate Recovery Program exceeds] the cost of recovering that money [recovery by the program as provided in this chapter].

(4) Covered Medicaid long-term care services--Any of the below services provided to a recipient aged 55 years or older under the State of Texas Medicaid plan under Title XIX of the Social Security Act (SSA):

(A) nursing facility services;

(B) intermediate care facilities for individuals with an Intellectual Disability or Related Condition (ICF/IID);

(C) Medicaid long-term care services provided under the following Medicaid programs:

(i) Home and Community-based Services (HCS);

(ii) Community Attendant Services (CAS);

(iii) Community Living Assistance and Support Services (CLASS);

(iv) Community Based Alternatives (CBA);

(v) Consolidated Waiver Program (CWP);

(vi) Deaf-Blind with Multiple Disabilities (DBMD);

(vii) Integrated Care Management (ICM);

(viii) STAR+PLUS long-term care services; and

(ix) Texas Home Living (TxHmL); and

(D) related costs of hospital and prescription drug services.

(5) [(4)] Decedent--A deceased individual who was 55 years of age or older when they received [at the time that] covered Medicaid long-term care services [assistance was received].

[(5) Effective date--March 1, 2005, the date on which these rules take effect under §2001.036, Government Code.]

(6) Estate--The real and personal property of a decedent, both as such property originally existed and as from time to time changed in form by sale, reinvestment, or otherwise, and as augmented by any accretions, [and] additions, and substitutions [that are] included in the definition of [the probate] estate found in [§3(t), Definitions and Use of Terms,] Texas Estates Code §22.012. [Probate Code.]

(7) Federal Poverty Threshold [Level]--Income thresholds provided each year [guidelines established annually] by the U.S. Census Bureau. [federal government.]

(8) Heir--As defined in Texas Estates Code §22.015. [Heirs--Those persons, including the surviving spouse, who are entitled under the statutes of descent and distribution to the estate of a decedent who dies intestate, as defined in §3(e), Definitions and Use of Terms, Texas Probate Code.]

(9) Intestate--To die without leaving a valid will.

(10) Legatee--As [Any person entitled to a legacy under a will, as] defined in [§3(s), Definitions and Use of Terms,] Texas Estates Code §22.021. [Probate Code.]

(11) MERP--The Medicaid Estate Recovery Program. A program within the Texas Health and Human Services Commission (HHSC) administered by the Office of the Inspector General (OIG).

(12) Personal Representative--As defined in Texas Estates Code §22.031. [Includes executor, independent executor, administrator, temporary administrator, together with their successors as defined in §3(aa), Definitions and Use of Terms, Texas Probate Code.]

(13) Recipient--An individual who received covered Medicaid long-term care services. [Medicaid services on or after the effective date of these rules.]

(14) Value of real property--Property value determined by the [current year] tax appraisal district at the time of the filing of the MERP estate claim.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 4, 2026.

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Texas Health and Human Services Commission

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For further information, please call: (512) 221-7320



SUBCHAPTER B. RECOVERY CLAIMS

1 TAC §§373.201, 373.203, 373.205, 373.207, 373.209, 373.211, 373.213, 373.215, 373.217, 373.219

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §546.0403, which requires the executive commissioner to ensure Medicaid implements 42 United States Code §1396p(b)(1), Adjustments or recovery of medical assistance correctly paid under a State Plan, which has been done with the Medicaid Estate Recovery Program.

§373.201. Basis for Claims.

The acceptance of Medicaid medical assistance, as defined by Title XIX of the Social Security Act, including mandatory and optional payments under the Social Security Act, provides a basis for a [for: A] Class 7 probate claim, as defined in [§322 of the] Texas [Probate Code, Classification of Claims against] Estates Code §355.102, [of Decedents,] in favor of MERP [the Medicaid Estate Recovery Program] as an interested party in the estate of the decedent [deceased Medicaid recipient].

§373.203. Claims Procedures.

(a) MERP [The Medicaid Estate Recovery Program (MERP)] may present or file [or present] a [a:] Class 7 probate claim under [§298, Claims Against Estates of Decedents,] Texas Estates Code §355.001, [Probate Code,] against the estate of a decedent [deceased Medicaid recipients] in accordance with Texas Estates Code §355.102. [the pri-

orities contained in §322, Classification of Claims against Estates of Decedents, Texas Probate Code.]

(b) A claim may be filed in accordance with applicable provisions of the Texas Estates [Probate] Code, including §355.060, [§298, Claims Against Estates of Decedents,] which bars [allows] unsecured claims [to be] presented more than 120 calendar days after the [at any time before the estate is closed or within 4 months of receipt of] notice is received by [from] the estate administrator.

§373.205. Medicaid Estate Recovery Program [(MERP)] Claim.

(a) [Contents of MERP Recovery Claim.] The MERP claim will be presented to the estate's [estate personal] representative [(executor, administrator, or guardian)] or filed [by depositing it] in the appropriate Probate Court. This claim [Court and] will include the amount of the claim, the date or dates [of] the covered Medicaid long-term care services were provided, and a statement that, to MERP's [best] knowledge, the decedent does not have [deceased Medicaid recipient had]:

(1) a [No] surviving spouse;

(2) a [No] surviving child under age 21;

(3) a [No] surviving child of any age who is blind or disabled as defined by 42 U.S.C. §1382c;

(4) an [No unmarried] adult child residing continuously in the decedent's homestead as an unmarried individual for at least twelve consecutive months immediately [one year] prior to the decedent's [time of the Medicaid recipient's] death; and

(5) an [That to the best knowledge of the MERP no] undue hardship, as outlined [defined] by these rules [, exists and that recovery will be cost-effective].

(b) A MERP [Medicaid Estate Recovery (MERP)] claim will be filed within 120 calendar [70] days after MERP has actual notice of the death of a decedent [Medicaid recipient] aged 55 years or older who received covered Medicaid long-term care services.

§373.207. Exemptions from Claims.

(a) A MERP claim [Medicaid Estate Recovery claims] will [be sought] only be made after the death of the decedent [Medicaid recipient,] and if there is no:

(1) surviving [Surviving] spouse;

(2) surviving [Surviving] child or children under age 21 [years of age];

(3) surviving [Surviving] child of any age who is blind or disabled as defined by 42 U.S.C. §1382c; or

(4) adult [Unmarried adult] child residing continuously in the decedent's homestead as an unmarried individual for at least twelve consecutive months immediately [one year] prior to the decedent's [time of the Medicaid recipient's] death.

(b) The following [Certain assets and resources of] American Indians (AI) and Alaska Natives (AN) [are exempt from estate recovery claims. The following AI/AN] income, resources, and property are exempt from MERP. [Medicaid Estate Recovery:]

(1) Certain AI/AN income and resources (such as interests in and income derived from Tribal land and other resources currently held in trust status; and judgment funds from the Indian Claims Commission and the U.S. Claims Court) that are exempt from Medicaid estate recovery by other laws and regulations;

(2) Ownership interest in trust or non-trust property, including real property and improvements:

(A) located [~~Located~~] on a reservation (any federally recognized Indian Tribe's reservation, pueblo, or colony, including former reservations in Oklahoma, Alaska Native regions established by Alaska Native Claims Settlement Act and Indian allotments) or near a reservation as designated and approved by the Bureau of Indian Affairs of the U.S. Department of the Interior; or

(B) for [~~For~~] any federally recognized Tribe not described in subparagraph (A) of this paragraph, located within the most recent boundaries of a prior Federal reservation.

(C) protection [~~Protection~~] of non-trust property described in subparagraphs (A) and (B) of this paragraph is limited to circumstances when it passes from an Indian (as defined in section 4 of the Indian Health Care Improvement Act) to one or more relatives (by blood, adoption, or marriage), including Indians not enrolled as a member of a Tribe and non-Indians such as spouses and step-children, that their culture would nevertheless protect as family members; to a Tribe or Tribal organization; and/or to one or more Indians;

(3) Income left as a remainder in an estate derived from property protected in paragraph (2) of this subsection, that was either collected by an Indian, or by a Tribe or Tribal organization and distributed to Indian(s), as long as the individual can clearly trace it as coming from protected property;

(4) Ownership interests left as a remainder in an estate in rents, leases, royalties, or usage rights related to natural resources (including extraction of natural resources or harvesting of timber, other plants and plant products, animals, fish, and shellfish) resulting from the exercise of Federally-protected rights, and income either collected by an Indian, or by a Tribe or a Tribal organization and distributed to Indian(s) derived from these sources, as long as the individual can clearly trace it as coming from protected sources; and

(5) Ownership interests or usage rights to items not covered by paragraphs (1) - (4) of this subsection that have unique religious, spiritual, traditional, and/or cultural significance, or rights that support subsistence or a traditional lifestyle [~~life style~~] according to applicable Tribal law or custom.

(c) American Indians and Alaska Native income, resources, [~~Natives Income, Resources,~~] and property not exempt [~~Property Not Exempt~~] from Medicaid estate [~~Estate~~] recovery [~~Recovery~~] include:

(1) ownership [~~Ownership~~] interests in assets and property, both real and personal, that are not described in subsection (b) of this section; or

(2) any [~~Any~~] income and assets left as a remainder in an estate that do not derive from protected property or sources in subsection (b) of this section.

(d) Government reparation payments to individuals in special populations are exempt from Medicaid estate recovery claims.

§373.209. *Undue Hardship Waivers.*

(a) MERP [~~The Medicaid Estate Recovery Program (MERP)~~] will not recover from estates if recovery would cause undue hardship. An undue hardship waiver request form will be provided with the MERP Notice of Intent to File a Claim. Undue [~~Claim, and undue~~] hardship waiver requests must be made within 60 calendar days of the date of the MERP Notice of Intent to File a Claim.

(b) Grounds for undue hardship waivers include: [~~An undue hardship does not exist solely because:~~]

~~{(1) Recovery would prevent heirs or legatees from receiving an anticipated inheritance; or}~~

~~{(2) The circumstances giving rise to the hardship were created by, or are the result of, estate planning methods under which assets were sheltered or divested contrary to the requirements of Medicaid law in order to avoid estate recovery.}~~

~~{(e) [Undue hardship waivers include:]~~

~~(1) the [~~The~~] estate property subject to recovery has been the site of the operation of a family business, farm, or ranch at that location for at least 12 months prior to the death of the decedent; [~~is the primary income producing asset of heirs and legatees, and~~] produces 50 percent or more of the heirs' and legatees' [~~their~~] livelihood; and recovery by the State would affect the property and result in the heirs or legatees losing their primary source of income;~~

~~(2) heirs [~~Heirs~~] and legatees would become eligible for public assistance, [~~and/or~~] medical assistance, or both [~~assistance~~] if a recovery claim were made;~~

~~(3) allowing [~~Allowing~~] one or more survivors to receive the estate will enable the survivor [~~him or her or them~~] to discontinue eligibility for public assistance, [~~and/or~~] medical assistance, or both; [~~assistance~~];~~

~~(4) the decedent [~~The Medicaid recipient~~] received medical assistance as the result of a crime [~~crime, as defined by Texas law,~~] committed against the recipient; or~~

~~(5) other [~~Other~~] compelling reasons.~~

~~(c) An undue hardship does not exist solely because:~~

~~(1) recovery would prevent heirs or legatees from receiving an anticipated inheritance; or~~

~~(2) the circumstances giving rise to the hardship were created by, or are the result of, estate planning methods under which assets were sheltered or divested contrary to the requirements of Medicaid law in order to avoid estate recovery.~~

~~(d) [~~Undue Hardship Waivers Applicable to Homesteads~~] After receiving a Medicaid estate recovery claim, an heir may assert that recovery against a decedent's [~~deceased Medicaid recipient's~~] homestead would be an undue hardship and [~~that~~] the homestead should therefore be exempt from recovery for the cost of Medicaid long-term care services. MERP [~~The Health and Human Services Commission~~] will exempt a decedent's homestead [~~home~~] from estate recovery based on undue hardship when the following conditions have been established to MERP's satisfaction. [~~the Commission's satisfaction:~~]~~

~~(1) The tax appraisal district value of the homestead for the most recent tax year at the time of the decedent's death is less than \$150,000 [~~\$100,000~~]. If the tax appraisal district value of the homestead for that year exceeds \$150,000, only [~~this amount,~~] the first \$150,000 [~~\$100,000 of the tax appraisal district value for the most recent tax year at the time of the recipients' death~~] shall be exempt from estate recovery. Any equity value [~~of the tax appraisal district value for the most recent tax year at the time of the recipients' death~~] in excess of \$150,000 [~~\$100,000~~] is subject to estate recovery.~~

~~(2) One or more siblings or direct descendants [~~descendants~~] of the decedent [~~deceased person (lineal heir(s), such as children and grandchildren)~~] will inherit the homestead of the decedent, [~~deceased Medicaid recipient,~~] provided that each sibling or direct descendant [~~lineal heir~~] inheriting the homestead has a gross family income below 300 percent of the federal poverty threshold as determined by the previous year's tax return. [~~Federal Poverty Level.~~]~~

~~(3) When there are multiple heirs and not all heirs qualify for the hardship waiver, only that percentage of the homestead that~~

corresponds to the qualifying heir or heirs' share of the homestead will be exempt from Medicaid estate recovery.

(4) "300 percent of the federal poverty threshold" [level] is a gross income test; no exclusions or deductions are allowed.

(5) MERP ["Family"] means that the Health and Human Services Commission will consider each heir separately. Heirs will not be aggregated into one family unless the heirs are minor children who are siblings. In the case of an [the] adult heir, the heir's [his or her] family will be limited to the heir, the heir's spouse, and the heir's biological or legally adopted minor children and stepchildren residing in the household. In the case of an [the] heir who is a minor, the heir's family will be the heir, his or her parent or parents, [parent(s) or] step-parent residing in the household, and the heir's minor siblings residing in the household, including half-, step-, and legally adopted siblings. [Figure: 4 TAC §373.209(d)(5)]

(c) MERP [HHSC] has sole [exclusive] authority to waive its Medicaid estate recovery claim and to grant undue hardship waivers [as determined by the Medicaid Estate Recovery Program (MERP) program on an individual case-by-case basis]. An undue hardship waiver determination will be made by MERP within 40 calendar days of MERP receiving the [receipt of an] undue hardship waiver request form and all required [necessary] supporting documents [by MERP].

[(f) Undue hardship waiver request forms must be submitted to the following address: MERP, Hardship Waiver Request, P.O. Box 13247, Austin, Texas 78711.]

§373.211. *Right to a Review of an Undue Hardship Waiver Denial.*

(a) If MERP denies an [A Medicaid Estate Recovery Program (MERP)] undue hardship waiver request, the applicant may request MERP to [a] review [of] the decision. MERP must receive the request to review the decision [denial of an undue hardship waiver request] within 60 calendar days of the applicant receiving notice of the denial [from MERP]. A [The] review is an informal process and [is] not a hearing.

(b) MERP will review the request within 40 calendar days from the date the request and all supporting documents are [is] received by MERP. All requests for a review of the denial of an undue hardship waiver request must be made in writing to the address included in the denial letter [MERP, Hardship Waiver Denial Review Request, P.O. Box 13247, Austin, Texas 78711.].

§373.213. *Deduction Allowed for Expenses for Home Maintenance and Costs of Care.*

(a) An amount of money equal to the necessary and reasonable maintenance expenses and taxes for maintaining the home of the decedent may be deducted from the MERP claim, [Medicaid Estate Recovery Program (MERP) claim for maintaining the home of the deceased Medicaid recipient,] provided [that] sufficient supporting documentation of these expenditures, such as receipts, is provided to MERP by estate personal representatives, heirs, or legatees. Necessary and reasonable expenses for maintaining the home include real estate taxes, utility bills, insurance, home repairs, and home maintenance expenses such as lawn care.

(b) An amount of money equal to the necessary and reasonable [expenses for the direct payment of the] costs of care (including [payment of] personal attendant care) directly paid for the care of the decedent [provided for a deceased Medicaid recipient] that enabled the decedent [recipient] to remain in his or her home and thereby delayed the institutionalization of the decedent [Medicaid recipient] may be deducted from the MERP claim, provided [that] sufficient supporting documentation of these expenditures, such as receipts, is provided to MERP by estate personal representatives, heirs, or legatees.

(c) To get a deduction from MERP [Requests for obtaining allowable deductions from MERP] claims for expenses under subsections (a) or (b) of this section, a request must be made in writing and received by MERP within 60 calendar days after receiving [receipt of] the Notice of the Intent to File a Claim from [by] MERP. All proof of expenses must be attached to the request. [supporting documentation must be attached to the request and sent to MERP, Home Maintenance/Costs of Care Request, P.O. Box 13247, Austin, Texas 78711.]

§373.215. *Recovery Not Cost-Effective.*

No Medicaid estate recovery claim will be filed if it is not cost effective. A claim will not be cost-effective if:

(1) the value of the recoverable estate is \$15,000 [\$10,000] or less;[;]

(2) the recoverable amount of Medicaid costs is \$5,000 [\$3,000] or less;[;]

(3) the cost involved in the sale of the property would be equal to or greater than the value of the property.

§373.217. *Claim Amount.*

(a) The amount of the MERP [Medicaid Estate Recovery Program (MERP)] claim will be [calculated as] the amount paid for covered Medicaid long-term care services provided for [under §373.103(e) of this title for] the benefit of the decedent [a Medicaid recipient for covered medical assistance services received] after the decedent turned [Medicaid recipient reached] 55 years old [of age].

[(b) No claim will be filed for services received prior to the effective date of these rules.]

(b) [(e)] The [claim] amount of the MERP claim may be amended both before [prior to] and after MERP files the recovery claim.

(c) MERP claims include payments made directly by Medicaid to health care providers and the monthly capitation payments made to a Managed Care Organization (MCO).

§373.219. *Claim Payments.*

(a) All payments on estate recovery claims must be made payable to [the] "Texas Medicaid Estate Recovery Program" [Account for Long-Term Care,] and must be sent to the address provided in MERP's official correspondence. [MERP, P.O. Box 13247, Austin, Texas 78711.]

(b) [HHSC] MERP may compromise, settle, or waive any claim that does not qualify for an undue hardship waiver upon good cause shown. Interest on the unpaid portion of any claim shall be [is] the rate [same as the amount] provided under Texas [§2251.025(b),] Government Code §2251.025(b).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 4, 2026.

TRD-202601096

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 221-7320



SUBCHAPTER C. NOTICE

1 TAC §§373.301, 373.303, 373.305, 373.307

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §546.0403, which requires the executive commissioner to ensure Medicaid implements 42 United States Code §1396p(b)(1), Adjustments or recovery of medical assistance correctly paid under a State Plan, which has been done with the Medicaid Estate Recovery Program.

§373.301. *Notice Upon Application.*

(a) Written notice of the MERP provisions will be provided to individuals or their legal representative when applying for covered Medicaid long-term care services. [to:]

(b) An individual

[(1) Individuals for Medicaid-covered nursing facility services:]

[(A) With an application packet or notice of eligibility for Medicaid nursing facility services;]

[(B) Within 14 days of the Department of Aging and Disability Services' receipt of a nursing facility admission notice for a Medicaid recipient.]

[(2) Individuals for Medicaid-covered Home and Community-Based Services (§1915 (e), Social Security Act) and Community Attendant Services (§1929(b), Social Security Act):]

[(A) Prior to an individual's signing an election statement for Home and Community-Based Services, as an alternative to institutionalization; or]

[(B) At the initial home visit for Community Attendant Services;]

[(3) Individuals for Medicaid-covered mental retardation services by the Local Mental Retardation Authority, in conjunction with other notification described in:]

[(A) 40 TAC §9.244, for Intermediate Care Facilities for the Mentally Retarded;]

[(B) 40 TAC §9.164, for the Home and Community-Based Services waiver; and]

[(C) 40 TAC §9.567, for the Texas Home Living waiver.]

[(4) [Individuals] committed by a court order to an Intermediate Care Facility for Individuals with an Intellectual Disability or Related Conditions (ICF/IID) after an [for] evaluation of fitness or competency, or that individual's guardian, [competency to state Intermediate Care Facilities for the Mentally Retarded (ICFMR)] will be notified of the MERP provisions by facility [faculty] staff at the time of their admission to the facility.

[(b) Medicaid long-term care services provided before the effective dates of these rules are not covered services for the purpose of MERP.]

§373.303. *Additional Application Notice Provision to Recipients and Others.*

(1) the [The] recipient;

(2) the [The] recipient's guardian of the person, if any, [;] and guardian of the estate, if [any; or guardian of the person and es-

tate, if] any, provided [that] the name and address of the guardian or guardians are known;

(3) the [The] recipient's agent under a durable power of attorney, if the name and address of the agent are known;

(4) the [The] recipient's agent under a medical power of attorney, if the name and address of the agent are known; or

(5) if [If] none of the above are known, to family members acting on behalf of the recipient, provided [that] the name and address of those family members acting on behalf of the recipient are known.

§373.305. *Medicaid Application Estate Recovery Notice Contents.*

(1) description [Description] of MERP; [the Medicaid Estate Recovery Program;]

(2) information [Information] as to covered Medicaid long-term care services subject to estate recovery;

(3) claim [Claim] procedures found in Texas Estates Code §355.102; [§322, Classification of Claims Against Estates of Deceaseds, Texas Probate Code;]

(4) information about the [Information as to] applicable "look-back period" ["look-back" penalties] for transfers of property for less than market value; [when applying for Medicaid benefits described at 1 TAC §358.430(e);]

(5) description [Description] of undue hardship waiver requests regarding a recovery claim and the [and related request] procedures for requesting that waiver; [in regard to any recovery claim;] and

(6) information about the [Information concerning the] MERP Notice of Intent to File a Claim and the Medicaid estate recovery claim [Estate Recovery Claim] on the death of a Medicaid recipient.

§373.307. *Notice of Intent to File a [A] Claim upon the Death of a Medicaid Recipient.*

(a) Within 60 calendar [The Medicaid Estate Recovery Program (MERP) will, within 30] days of being notified of the [notification of the] death of a Medicaid recipient, MERP will provide a Notice of Intent to File a Claim[;] to one or more of the following:

(1) estate [Estate] representative;

(2) decedent's [Recipient's] guardian of the person and [person, if any;] guardian of the estate, [if any; or guardian of the person and estate, if any,] provided MERP knows [that] the name and address of the guardian or guardians [are known by MERP];

(3) decedent's [Recipient's] agent under a durable power of attorney, if MERP knows the name and address of the agent [are known by MERP];

(4) decedent's [Recipient's] agent under a medical power of attorney, if MERP knows the name and address of the agent [are known by MERP]; [or]

(5) a nursing facility who provided covered Medicaid services;

(6) last known address connected to the decedent; and

(7) if MERP does not know [(5) If none of the above are known, family members who have acted on behalf of the recipient provided that] the name and address of any of the people listed above, [those] family members who have acted on behalf of the decedent for whom [recipient are known by] MERP knows their names and addresses.

(b) ~~MERP will provide written~~ [Contents of Notice of Intent to File a Claim. ~~Written~~] notice of MERP's intent to file an estate recovery claim against the estate of a decedent [deceased Medicaid recipient for covered services will be provided] to individuals identified in subsection (a) of this section. The notice will include [the following]:

(1) a [A] program overview;

(2) a [A] questionnaire that seeks to determine whether the decedent [deceased recipient] had:

(A) a [A] surviving spouse;

(B) a [A] surviving child under age 21;

(C) a [A] surviving child of any age who is blind or disabled, as defined by 42 U.S.C. §1382c; or

(D) an [An unmarried] adult child residing [continuously] in the decedent's homestead as an unmarried individual for at least twelve consecutive months immediately [one year] prior to the decedent's [time of the Medicaid recipient's] death.

(c) [~~An undue hardship waiver request form.~~] Undue hardship request forms and supporting documentation must be submitted to MERP within 60 calendar days of the date of the Notice of Intent to File a Claim. No action will be taken on an undue hardship request [that is] submitted without supporting documentation. [~~The request form and documentation should be sent to MERP, Hardship Waiver Request, P.O. Box 13247, Austin, Texas 78711.~~]

(d) The Notice of Intent to File a Claim will state the [date that MERP received notification of the death of a Medicaid recipient and the] source and the date MERP received the [of the death] notification of the death of the decedent [Medicaid recipient].

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 4, 2026.

TRD-202601097

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 221-7320



TITLE 10. COMMUNITY DEVELOPMENT

PART 5. OFFICE OF THE GOVERNOR, ECONOMIC DEVELOPMENT AND TOURISM OFFICE

CHAPTER 181. TEXAS LEVERAGE FUND PROGRAM

10 TAC §§181.1 - 181.10

The Office of the Governor, Economic Development and Tourism Office ("Office") proposes the repeal of 10 TAC §§181.1 - 181.10, concerning the Texas Leverage Fund.

EXPLANATION OF PROPOSED REPEALS

The Texas Leverage Fund was established by a 1992 Master Resolution of the former Texas Department of Commerce to pro-

vide an additional source of financing to communities with Economic Development Corporations that have adopted the Texas Economic Development Sales and Use Tax (Type A/Type B). The Texas Economic Development Bank ("Bank") performs the duties and functions of the Office under Texas Government Code Chapter 489 with respect to the Texas Leverage Fund.

The Master Resolution expired on August 31, 2022, and was not renewed. Because statutory authority to amend and extend the Master Resolution was unclear, the Bank stopped accepting new loan applications. All commercial paper issued under the Master Resolution has been paid off, and the Office has completed its winddown of program operations under that Master Resolution-based framework. Statutory authority for a successor program under Texas Government Code Chapter 489, Subchapter E remains; however, 10 TAC Chapter 181 implements the former Master Resolution-based structure and is obsolete. Accordingly, the proposed repeal removes obsolete regulations.

The repeal of §§181.1 - 181.10 removes the entirety of 10 TAC Chapter 181.

FISCAL NOTE

Adriana Cruz, Executive Director of the Economic Development and Tourism Office, Office of the Governor, has determined that for each year of the first five years the proposed repeals are in effect, no fiscal implications are anticipated for state or local governments as a result of enforcing or administering the proposed repeal.

LOCAL EMPLOYMENT IMPACT STATEMENT

Mrs. Cruz has also determined that the proposed repeal is not expected to have a measurable effect on local employment or local economies; therefore, the Office is not required to prepare a local employment impact statement under Texas Government Code §2001.022.

PUBLIC BENEFIT AND COSTS

Mrs. Cruz has determined that for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of enforcing or administering this repeal will be administrative efficiency and conformity with current law. Because the program has been wound up and no longer has participants, there are no measurable anticipated economic costs to persons required to comply with the proposed repeal and there will be no anticipated adverse economic effect on small businesses, micro-businesses, or rural communities. Because the Office has determined that the proposed repeal will have no adverse economic effect on small businesses, micro-businesses, or rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

GOVERNMENT GROWTH IMPACT STATEMENT

Pursuant to Government Code § 2001.0221, the Office has determined that for each year of the first five years the repeal is in effect:

the repeal does not create or eliminate a government program;

it does not require the creation or elimination of positions;

it does not require an increase or decrease in future legislative appropriations;

it does not affect fees paid to the agency;

it does not create a new regulation;

it repeals existing regulations;

it does not change the number of individuals subject to regulation; and

it does not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

Mrs. Cruz has determined that the proposed repeal does not affect private real property interests and does not restrict, limit, or impose a burden on an owner's rights to the owner's private real property that would otherwise exist in the absence of government action. As a result, the proposed repeal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

SUBMISSION OF COMMENTS

Comments on the proposed repeal may be submitted for 30 days following the date of publication of this notice in the *Texas Register* by mail to William Jackson, Office of the Governor, Economic Development and Tourism Office, P.O. Box 12428, Austin, Texas 78711, or by email to william.jackson@gov.texas.gov with the subject line "Texas Leverage Fund Program Rule Review."

STATUTORY AUTHORITY

This repeal is proposed under Texas Government Code §489.002, which authorizes the Office to adopt rules necessary to carry out the purposes of Chapter 489.

CROSS REFERENCE TO STATUTE

Texas Government Code, §§489.002 and 489.108. No other statutes, articles, or codes are affected by the proposed repeal.

§181.1. *Texas Leverage Fund General Rules.*

§181.2. *Definitions.*

§181.3. *Program.*

§181.4. *Program Loan Limitations.*

§181.5. *Eligible Projects.*

§181.6. *Consideration of Applications by the Office.*

§181.7. *Contents of Application.*

§181.8. *General Terms and Conditions of the Office's Financial Commitment.*

§181.9. *Loan Closing.*

§181.10. *Loan Administration.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 5, 2026.

TRD-202601111

Adriana Cruz

Executive Director

Office of the Governor, Economic Development and Tourism Office

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 463-2000



TITLE 16. ECONOMIC REGULATION

PART 4. TEXAS DEPARTMENT OF LICENSING AND REGULATION

CHAPTER 73. ELECTRICIANS

16 TAC §73.100

The Texas Department of Licensing and Regulation (Department) proposes amendments to an existing rule at 16 Texas Administrative Code (TAC), Chapter 73, §73.100, regarding the Electricians program. These proposed changes are referred to as "proposed rules."

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The rules under 16 TAC, Chapter 73, implement Texas Occupations Code, Chapter 1305, Electricians.

The proposed rules adopt the 2026 National Electrical Code (NEC) published by the National Fire Protection Association (NFPA) as the state's electrical code, with one modification. The proposed rules are necessary for the Department to comply with its statutory responsibilities under Occupations Code §1305.101(a)(2), while balancing concerns of public safety and workability.

An updated NEC is published by NFPA every three years. Under Occupations Code §1305.101(a)(2), the Department is required to adopt the most recent version of the NEC as the state's electrical code. Traditionally, this has been accomplished by amendment to the rule at §73.100, Technical Requirements, which specifies the current electrical code, and the Commission has approved deviations from the NEC when necessary. Section 90.4 of the 2026 NEC authorizes the Department to waive specific code requirements when doing so will not have a negative impact on safety.

The 2020 NEC included in Section 210.8(F) a requirement that certain outdoor outlets be equipped with ground-fault circuit interrupter (GFCI) technology. GFCI technology is a safety feature designed to prevent electric shock by opening a circuit in response to detected leakage current. In 2020, individuals and representatives of the air conditioning service industry expressed concerns that GFCI technology was incompatible with heating, ventilation, and air conditioning (HVAC) equipment and would lead to nuisance tripping, which had the potential to cause air conditioning outages during the hot summer months and endanger public safety. In response to these concerns, by an emergency rulemaking (46 TexReg 7781) the Commission approved a temporary exemption from compliance with Section 210.8(F) until January 1, 2023. In a later standard rulemaking (47 TexReg 7680), the Commission extended this exemption indefinitely. The 2023 NEC, which was adopted by the Commission as published by NFPA (48 TexReg 4654), did not include the GFCI requirement for outdoor outlets.

The 2026 NEC as published by NFPA reverses course and again includes the GFCI requirement of Section 210.8(F), with an exception, stating, "Exception No. 2: GFCI protection shall not be required for listed HVAC equipment. This exception shall expire September 1, 2026." Because the compatibility issues that pose a risk for nuisance tripping and air conditioning outages have not yet been resolved, the proposed rules modify "Exception No. 2" to extend the exception without an expiration date.

Advisory Board Recommendations

The proposed rules were presented to and discussed by the Electrical Safety and Licensing Advisory Board at its meeting

on January 29, 2026. The Advisory Board made the following changes to the proposed rules: removed the expiration date of the exemption of certain outdoor HVAC outlets from GFCI requirements. The Advisory Board voted and recommended that the proposed rules with changes be published in the *Texas Register* for public comment.

SECTION-BY-SECTION SUMMARY

The proposed rules amend §73.100. The section is divided into two subsections for clarity. The existing rule text is placed in subsection (a) and is modified to reflect the year and NFPA publication date of the 2026 NEC, the effective date of the rule, and that an exception is set forth in subsection (b). New subsection (b) specifies that NFPA's "Exception No. 2" is extended without expiration.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENT

Tony Couvillon, Senior Policy Research and Budget Analyst, has determined that for each year of the first five years the proposed rules are in effect, there are no estimated additional costs or reductions in costs to state or local government as a result of enforcing or administering the proposed rules.

Tony Couvillon, Senior Policy Research and Budget Analyst, has determined that for each year of the first five years the proposed rules are in effect, there is no estimated increase or loss in revenue to the state or local government as a result of enforcing or administering the proposed rules.

LOCAL EMPLOYMENT IMPACT STATEMENT

Because Mr. Couvillon has determined that the proposed rules will not affect a local economy, the agency is not required to prepare a local employment impact statement under Texas Government Code §2001.022.

PUBLIC BENEFITS

Mr. Couvillon also has determined that for each year of the first five-year period the proposed rules are in effect, the public benefit will be increased electrical safety through the establishment of consistent minimum statewide standards for electrical work.

PROBABLE ECONOMIC COSTS TO PERSONS REQUIRED TO COMPLY WITH PROPOSAL

Mr. Couvillon has determined that for each year of the first five-year period the proposed rules are in effect, there will be minimal anticipated economic costs to persons who are required to comply with the proposed rules. Any costs will be associated with compliance with the latest version of the NEC, which is in most respects similar to the prior version. Each individual's costs or savings will vary.

FISCAL IMPACT ON SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities as a result of the proposed rules. Because the agency has determined that the proposed rule will have no adverse economic effect on small businesses, micro-businesses, or rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

ONE-FOR-ONE REQUIREMENT FOR RULES WITH A FISCAL IMPACT

The proposed rules have a fiscal note that imposes a cost on regulated persons, including another state agency, a special district, or a local government; however, the proposed rules fall under the exception for rules that are necessary to protect the health, safety, and welfare of residents of this state under §2001.0045(c)(6). Therefore, the agency is not required to take any further action under Texas Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT

Pursuant to Texas Government Code §2001.0221, the agency provides the following Government Growth Impact Statement for the proposed rules. For each year of the first five years the proposed rules will be in effect, the agency has determined the following:

1. The proposed rules do not create or eliminate a government program.
2. Implementation of the proposed rules does not require the creation of new employee positions or the elimination of existing employee positions.
3. Implementation of the proposed rules does not require an increase or decrease in future legislative appropriations to the agency.
4. The proposed rules do not require an increase or decrease in fees paid to the agency.
5. The proposed rules do not create a new regulation.
6. The proposed rules do not expand, limit, or repeal an existing regulation.
7. The proposed rules do not increase or decrease the number of individuals subject to the rules' applicability.
8. The proposed rules do not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

The Department has determined that no private real property interests are affected by the proposed rules and the proposed rules do not restrict, limit, or impose a burden on an owner's rights to his or her private real property that would otherwise exist in the absence of government action. As a result, the proposed rules do not constitute a taking or require a takings impact assessment under Texas Government Code §2007.043.

PUBLIC COMMENTS AND INFORMATION RELATED TO THE COST, BENEFIT, OR EFFECT OF THE PROPOSED RULES

The Department is requesting public comments on the proposed rules and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Any information that is submitted in response to this request must include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information.

Comments on the proposed rules and responses to the request for information may be submitted electronically on the Department's website at https://ga.tdlr.texas.gov:1443/form/ELE_Rule_Making; by facsimile to (512) 475-3032; or by mail to Monica Nuñez, Legal Assistant, Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711. The deadline for comments is 30 days after publication in the *Texas Register*.

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapters 51 and 1305, which authorize the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed rules are those set forth in Texas Occupations Code, Chapters 51 and 1305. No other statutes, articles, or codes are affected by the proposed rules.

§73.100. Technical Requirements.

(a) Except as provided in subsection (b), effective September 1, 2026, the department adopts the 2026 National Electrical Code (NEC) as approved by the National Fire Protection Association, Inc. on September 9, 2025. [Effective September 1, 2023, the department adopts the 2023 National Electrical Code as approved by the National Fire Protection Association, Inc. on August 12, 2022.]

(b) Pertaining to NEC Section 210.8, Ground-Fault Circuit Interrupter Protection for Personnel, subsection (F), Outdoor Outlets: the department adopts Exception No. 2, relating to the exemption of listed heating, ventilation, and air conditioning equipment, without expiration.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 6, 2026.

TRD-202601112

Doug Jennings

General Counsel

Texas Department of Licensing and Regulation

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 475-4879



TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 74. CURRICULUM REQUIREMENTS

SUBCHAPTER EE. COMPUTATION OF HIGH SCHOOL GRADE POINT AVERAGE

19 TAC §74.3001

The Texas Education Agency (TEA) proposes new §74.3001, concerning computation of high school grade point average (GPA). The proposed new rule would reflect the requirements of Senate Bill (SB) 1191, 89th Texas Legislature, Regular Session, 2025, and identify minimum requirements for school districts when computing a student's high school GPA.

BACKGROUND INFORMATION AND JUSTIFICATION: Texas Education Code (TEC), §28.0252, as amended by SB 1191, 89th Texas Legislature, Regular Session, 2025, requires the commissioner of education to develop a standard method of computing a student's high school GPA. The standard computation method must grant equal weight to non-career and technical education (CTE) advanced placement (AP) courses, international baccalaureate (IB) courses, OnRamps dual enrollment courses,

and dual credit courses completed by a student. The standard method must grant a different amount of weight to dual credit CTE courses. School districts must use the standard method developed by the commissioner to compute students' high school GPAs.

Prior to the adoption of SB 1191, TEC, §28.0252, was permissive, allowing the commissioner to develop a standard method of computing a student's high school GPA that provided for additional weight to be given to each honors, AP, IB, or dual credit course completed by a student. However, a standard method for computing high school GPAs was not established at any time; therefore, school districts were permitted to implement local high school GPA computation methods.

The proposed new rule would establish minimum requirements for calculating high school GPA to identify the types of courses that are required to be weighted; ensure that non-CTE AP courses, IB courses, OnRamps dual enrollment courses, and dual credit courses are weighted equally; and weight dual credit CTE courses and non-CTE courses differently.

FISCAL IMPACT: Monica Martinez, associate commissioner for standards and programs, has determined that for the first five-year period the proposal is in effect, there are no additional costs to state or local government, including school districts and open-enrollment charter schools, required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis, specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would create a new regulation to establish a standard method of computing a student's high school GPA.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not expand, limit, or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: Ms. Martinez has determined that for each year of the first five years the proposal is in effect, the public benefit anticipated as a result of enforcing the proposal would be to establish standard minimum requirements for computing a student's high school GPA in accordance with

SB 1191. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: TEA requests public comments on the proposal, including, per Texas Government Code, §2001.024(a)(8), information related to the cost, benefit, or effect of the proposed rule and any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. The public comment period on the proposal begins March 20, 2026, and ends April 20, 2026. A request for a public hearing on the proposal submitted under the Administrative Procedure Act must be received by the commissioner of education not more than 14 calendar days after notice of the proposal has been published in the *Texas Register* on March 20, 2026. A form for submitting public comments is available on the TEA website at [https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_\(TAC\)/Proposed_Commissioner_of_Education_Rules/](https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_(TAC)/Proposed_Commissioner_of_Education_Rules/).

STATUTORY AUTHORITY. The new section is proposed under Texas Education Code, §28.0252, as amended by Senate Bill 1191, 89th Texas Legislature, Regular Session, 2025, which requires the commissioner of education to develop a standard method of computing a student's high school grade point average that school districts must use.

CROSS REFERENCE TO STATUTE. The new section implements Texas Education Code, §28.0252, as amended by Senate Bill 1191, 89th Texas Legislature, Regular Session, 2025.

§74.3001. Computation of High School Grade Point Average.

(a) Effective beginning with students who enter Grade 7 in the 2027-2028 school year or later, in accordance with Texas Education Code (TEC), §28.0252, the board of trustees of each school district shall adopt a grade point average policy in accordance with subsection (b) of this section.

(b) A school district grade point average policy shall provide for additional weight to be given certain courses as follows:

(1) an additional equal weight for each dual credit course not included in the Workforce Education Course Manual (WECM) or its successor adopted by the Texas Higher Education Coordinating Board (THECB), advanced placement course, international baccalaureate course, and OnRamps dual enrollment course completed by a student;

(2) an additional weight that is less than the weight given to a course listed in paragraph (1) of this subsection for each dual credit course included in the WECM or its successor adopted by the THECB completed by a student; and

(3) an additional weight for each honors course completed by a student if a school district offers honors courses.

(c) A school district shall use the standard method of computing a student's high school grade point average adopted by the district to compute each applicable student's high school grade point average.

(d) An adopted grade point average policy that applies to a cohort of students shall remain unchanged for that cohort through high school graduation.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 9, 2026.

TRD-202601130

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 475-1497

TITLE 22. EXAMINING BOARDS

PART 9. TEXAS MEDICAL BOARD

CHAPTER 186. MEDICAL RADIOLOGIC TECHNOLOGY

SUBCHAPTER C. NON-CERTIFIED

TECHNICIAN REGISTRATION AND PRACTICE REQUIREMENTS

22 TAC §186.26

The Texas Medical Board (Board) proposes an amendment concerning Chapter 186, Medical Radiologic Technology, Subchapter C, concerning Non-Certified Technician Registration and Practice Requirements, §186.26.

The proposed amendment to rule §186.26 corrects the minimum number of hours required for the completion of an NCT educational program. Specifically, the amendment clarifies that only one (or more) of an anatomy unit must be completed within that program, but not all.

The proposed amendment to §186.26, relating to Non-Certified Technician Registration and Practice Requirements, clarifies that the rule does not require 120 classroom hours, but rather, the educational standard is met upon completion of the minimum hours required by an approved program within each topic area. The proposed amendment further clarifies that, within an approved program, a non-certified technician is required to complete one or more of the units of applied human anatomy on the list.

Scott Freshour, General Counsel for the Texas Medical Board, has determined that, for each year of the first five years the proposed amendment is in effect, the public benefit anticipated as a result of enforcing the proposed amendment will be to clarify the requirements for education standards for non-certified technicians.

Mr. Freshour has also determined that for the first five-year period the proposed amendment rule is in effect, there will be no fiscal impact or effect on government growth as a result of enforcing the proposed amendment rule.

Mr. Freshour has also determined that for the first five-year period the proposed amendment rule is in effect there will be no

probable economic cost to individuals required to comply with the proposed amendment rule.

Pursuant to Texas Government Code §2006.002, the agency provides the following economic impact statement for the proposed amendment rule and determined that for each year of the first five years the proposed amendment rule will be in effect there will be no effect on small businesses, micro businesses, or rural communities. The agency has considered alternative methods of achieving the purpose of the proposed amendment rule and found none.

Pursuant to Texas Government Code §2001.024(a)(4), Mr. Freshour certifies that this proposal has been reviewed and the agency has determined that for each year of the first five years the proposed amendment rule is in effect:

- (1) there is no additional estimated cost to the state or to local governments expected as a result of enforcing or administering the proposed amendment rule;
- (2) there are no estimated reductions in costs to the state or to local governments as a result of enforcing or administering the proposed amendment rule;
- (3) there is no estimated loss or increase in revenue to the state or to local governments as a result of enforcing or administering the proposed amendment rule; and
- (4) there are no foreseeable implications relating to cost or revenues of the state or local governments with regard to enforcing or administering the proposed amendment rule.

Pursuant to Texas Government Code §2001.024(a)(6) and §2001.022, the agency has determined that for each year of the first five years the proposed amendment rule will be in effect, there will be no effect on local economy and local employment.

Pursuant to Government Code §2001.0221, the agency provides the following Government Growth Impact Statement for the proposed amendment rule. For each year of the first five years the proposed amendment rule will be in effect, Mr. Freshour has determined the following:

- (1) The proposed amendment rule does not create or eliminate a government program.
- (2) Implementation of the proposed amendment rule does not require the creation of new employee positions or the elimination of existing employee positions.
- (3) Implementation of the proposed amendment rule does not require an increase or decrease in future legislative appropriations to the agency.
- (4) The proposed amendment rule does not require an increase or decrease in fees paid to the agency.
- (5) The proposed amendment rule does not create new regulations.
- (6) The proposed amendment rule does not repeal existing regulations as described above. The proposed amendment rule does not expand or limit an existing regulation.
- (7) The proposed amendment rule does not increase the number of individuals subject to the rules' applicability.
- (8) The proposed amendment rule does not positively or adversely affect this state's economy.

Comments on the proposals may be submitted using this link: <https://forms.cloud.microsoft/g/Y9emrgjADA> or e-mail comments to: rules.development@tmb.state.tx.us. A public hearing will be held at a later date.

The proposed amendment rule is proposed under the authority of Texas Occupations Code §§153.001 and §601.052 and §601.0522, which provides authority for the Board to adopt rules necessary to administer and enforce the *Medical Radiologic Technologist Certification Act* and to adopt rules necessary to regulate and license non-certified technicians.

No other statutes, articles or codes are affected by this proposal.

§186.26. *Education Standards for Non-Certified Technician [(NCT)].*

(a) Placement on the Non-Certified Technician [(NCT)] registry requires successful completion of an approved program that meets [of 120 total classroom hours with] the following minimum requirements:

(1) radiation safety and protection for the patient, self and others--22 classroom hours;

(2) image production and evaluation--24 classroom hours; and

(3) radiographic equipment maintenance and operation--16 classroom hours including at least 6 hours of quality control, darkroom, processing, and Texas for Control of Radiation; and

(4) one or more of the following units of applied human anatomy and radiologic procedures of the:

(A) skull (5 views: Caldwell, Townes, Waters, AP/PA, and lateral)--10 classroom hours;

(B) chest--8 classroom hours;

(C) spine--8 classroom hours;

(D) abdomen, not including any procedures utilizing contrast media--4 classroom hours;

(E) upper extremities--14 classroom hours; and/or

(F) lower extremities--14 classroom hours.

(b) The training program hours must be live, in-person, and directed by an approved instructor.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 3, 2026.

TRD-202601083

Scott Freshour

General Counsel

Texas Medical Board

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 305-7059



PART 11. TEXAS BOARD OF NURSING
CHAPTER 216. CONTINUING COMPETENCY
22 TAC §§216.1, 216.5, 216.7 - 216.9, 216.11

BACKGROUND. The Texas Board of Nursing (Board) proposes amendments to Board Rules §§216.1, 216.5, 216.7 - 216.9 and 216.11 to implement the requirements of Senate Bill 912, which added Texas Occupations Code §§112.101-112.106. This bill requires the Board to establish a continuing education tracking system to verify that licensees have complied with continuing competency requirements prior to renewal of a license. The proposed amendments to 22 Texas Administrative Code Chapter 216, relating to Continuing Competency, are intended to implement Senate Bill 912 by establishing and integrating a continuing education tracking system for verifying licensee compliance.

SECTION-BY-SECTION SUMMARY OVERVIEW.

Section 216.1 contains definitions for Chapter 216. The Board proposes to revise the definition of "Audit" to clarify that audits may involve a general review of licensees and monitoring of the continuing education tracking system vendor, rather than being limited to a random sampling conducted during a biennial licensing period. The amendments also add a new definition for "Continuing education tracking system," defined as an electronic system established by the Board in accordance with Texas Occupations Code §§112.104 and 112.105. Existing definitions in the section are renumbered as necessary to accommodate the addition of the new term.

Section 216.5 establishes additional methods by which a licensee may demonstrate compliance with continuing competency requirements, other than by submitting evidence of completed continuing nursing education (CNE) hours or an approved national nursing certification. The proposed amendments to §216.5 transition documentation requirements for these alternative methods from the current reactive, audit-based submission process to a proactive requirement that licensees upload sufficient documentation and information to the continuing education tracking system. Under the proposed amendments, licensees are required to upload documentation verifying completion of qualifying academic courses, development or presentation of approved programs, and publication of eligible manuscripts, rather than submitting documentation only upon audit.

Section 216.7 establishes the responsibilities of individual licensees with respect to recordkeeping and verification of continuing competency activities. The proposed amendments to §216.7 clarify these responsibilities by maintaining the requirement that licensees retain records of general continuing nursing education activities for a minimum of three consecutive licensing periods, while proposing removal of language specifying forms of documentation to be submitted upon audit. The proposed amendments also add a provision requiring licensees to upload all documentation and information necessary to verify completion of continuing competency requirements to the continuing education tracking system prior to license renewal or reactivation.

Section 216.8 establishes the process for renewal, reactivation, and other forms of relicensure. The proposed amendments to §216.8 incorporate use of the continuing education tracking system into the relicensure framework by proposing that licensees attest, upon renewal, that they have complied with the requirement to upload verification documentation to the tracking system. The proposed amendments further require that licensees seeking renewal of a delinquent license or reactivation of an inactive license upload sufficient documentation to the tracking system to verify completion of required continuing education or maintenance of approved national nursing certification. Addi-

tional conforming amendments align the renewal, delinquency, and reactivation processes with the proposed verification framework.

Section 216.9 establishes the Board's audit process for verifying compliance with continuing competency requirements. The proposed amendments to §216.9 align the audit process with the continuing education tracking system by proposing that the Board review documentation and information previously uploaded to the system and request additional materials as necessary to verify compliance. The proposed amendments also remove obsolete provisions describing prior random sampling procedures and specific submission formats in order to comport with the proposed continuing education tracking system procedures.

Section 216.11 establishes the consequences of noncompliance with continuing competency requirements. The proposed amendments to §216.11 clarify that failure to demonstrate compliance upon audit, falsely attesting to completion of continuing competency requirements, or falsification of records would constitute unprofessional conduct and grounds for disciplinary action, in addition to denial of license renewal.

FISCAL NOTE. Dr. Kristin Benton, RN, DNP, Executive Director, has determined that for each year of the first five years the proposed new sections will be in effect, there will be no anticipated change in the revenue to state or local government as a result of the enforcement or administration of the proposal.

PUBLIC BENEFIT/COST NOTE. Dr. Benton has determined that, for each year of the first five years the proposed amendments are in effect, the anticipated public benefit will be the adoption of amendments that implement a statutorily required continuing education tracking system and provide clear notice to licensees and the public regarding requirements for establishing compliance with continuing competency standards.

There are no anticipated costs of compliance associated with the proposed amendments. The proposed amendments do not impose new fees, requirements, or conditions that would result in additional expenditures by licensees or other regulated entities.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES. The Government Code §2006.002(c) and (f) require that if a proposed rule may have an economic impact on small businesses, micro-businesses, or rural communities, state agencies must prepare, as part of the rule-making process, an economic impact statement that assesses the potential impact of the proposed rule on these businesses and communities and a regulatory flexibility analysis that considers alternative methods of achieving the purpose of the rule.

These proposed amendments cannot reasonably be expected to result in adverse economic effects on small businesses, micro-businesses, or rural communities. Because the agency has determined that the proposed rule will have no adverse economic effect on small businesses, micro-businesses, or rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

GOVERNMENT GROWTH IMPACT STATEMENT. The Board is required, pursuant to Texas Government Code §2001.0221 and 34 Texas Administrative Code §11.1, to prepare a government growth impact statement. The Board has determined for each year of the first five years the proposed amendments will be in

effect: (i) the proposal does not create or eliminate a government program; (ii) implementation of the proposal does not require the creation of new employee positions or the elimination of existing employee positions; (iii) implementation of the proposal does not require an increase or decrease in future legislative appropriations to the Board, as the Board intends to shift necessary resources to comply with the statutory mandate; (iv) the proposal does not require an increase or decrease in fees paid to the Board; (v) the proposal does not create a new regulation; (vi) the proposal does not expand or repeal an existing regulation; (vii) the proposed rule does not increase or decrease the number of individuals subject to the rule's applicability; and (viii) the proposal does not have an effect on the state's economy.

TAKINGS IMPACT STATEMENT. The Board has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under the Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. Comments on this proposal may be submitted to James W. Johnston, General Counsel, Texas Board of Nursing, 1801 Congress Avenue, Suite 10-200, Austin, Texas 78701, or by e-mail to dusty.johnston@bon.texas.gov. Comments must be received no later than thirty (30) days from the date of publication of this proposal. If a hearing is held, written and oral comments presented at the hearing will be considered.

STATUTORY AUTHORITY. These amendments are proposed under the authority of Texas Occupations Code §§301.151, 301.303, 112.104 & 112.106.

CROSS REFERENCE TO STATUTE. The following statutes are affected by this proposal: Texas Occupations Code §§301.151, 301.303 & 112.101-112.106.

§216.1. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) - (4) (No change.)

(5) **Audit**--A review of licensees [A random sample of licensees selected] to verify satisfactory completion of the Board's requirements for continuing competency and to monitor the performance of the Board's continuing education tracking system vendor. [during a biennial licensing period.]

(6) - (12) (No change.)

(13) **Continuing education tracking system**--An electronic system established by the Board in accordance with Texas Occupations Code §§112.104 and 112.105.

(14) [(43)] **Credentialing agency**--An organization recognized by the Board as having met nationally predetermined criteria to approve programs and providers of CNE.

(15) [(44)] **Licensing period**--Period of time in which nursing licensure status is current; determined by the licensee's birth month and year, usually beginning on the first day of the month after the birth month and ending on the last day of the birth month. The specific time frame for initial licensure and for the immediate licensing period following renewal of a delinquent license or license reactivation may vary from six months to 29 months, as determined by Board policies; subsequent licensing periods will be two years in length.

(16) [(45)] **Prescriptive authority**--Authorization granted to an APRN who meets the requirements to prescribe or order a drug or device, as set forth in Chapter 222 of this title (relating to Advanced Practice Registered Nurses with Prescriptive Authority).

(17) [(46)] **Program development and/or presentation**--Formulation of the purpose statement, objectives and associated content and/or presentation of an approved CNE activity.

(18) [(47)] **Program number**--A unique number assigned to a continuing education offering upon approval which shall identify it regardless of the number of times it is presented.

(19) [(48)] **Provider**--An individual, partnership, organization, agency or institution approved by an organization recognized by the Board which offers continuing education programs and activities.

(20) [(49)] **Provider number**--A unique number assigned to the provider of continuing education upon approval by the credentialing agency or organization.

(21) [(20)] **Shall, will, and must**--Mandatory requirements.

(22) [(21)] **Targeted continuing education**--Continuing education offerings beyond the basic scholastic preparation which are designed to promote and enrich knowledge, improve skills, and develop attitudes for the enhancement of nursing practice that are directed by statute and Board rules at specific levels of licensure and/or areas of practice.

§216.5. Additional Methods for Meeting Continuing Competency Requirements.

(a) **Academic Courses.** A licensee may receive CNE credit for attendance and completion of an academic course within the framework of a curriculum that leads to an academic degree in nursing or any academic course directly relevant to the licensee's area of nursing practice.

(1) The [Upon audit by the Board, the] licensee must upload to the continuing education tracking system sufficient documentation and/or information to verify [submit to the Board an official transcript indicating] completion of the course with a grade of "C" or better, or a "Pass" on a Pass/Fail grading system. For example, the licensee may provide a copy of their transcript.

(2) (No change.)

(b) **Program Development and/or Presentation.**

(1) (No change.)

(2) The [Upon audit by the Board, the] licensee must upload to the continuing education tracking system sufficient documentation and/or information to verify the licensee's program development and/or presentation. For example, the licensee may provide, [submit to the Board] on one page: the title of the program, program objectives, brief outline of content, name of credentialing agency that approved the program for contact hours, provider number, program number, dates and locations of the presentation, and number of contact hours.

(3) (No change.)

(c) **Authorship.**

(1) (No change.)

(2) The [Upon audit by the Board, the] licensee must upload to the continuing education tracking system sufficient documentation and/or information to verify publication. For example, a licensee may provide [submit to the Board] a letter from the publisher

indicating acceptance of the manuscript for publication or a copy of the published work.

(3) (No change.)

§216.7. *Responsibilities of Individual Licensee.*

(a) (No change.)

(b) The licensee shall be responsible to maintain a record of CNE activities for a minimum of three consecutive licensing periods or six years, unless otherwise specified in this chapter. These records shall document completion as described by §216.4 and §216.5 of this chapter (relating to Criteria for Acceptable Continuing Education Offerings and Additional Methods for Meeting Continuing Competency Requirements). [evidenced by original certificates of completion, contact hour certificates, or official academic transcripts. Copies of these shall be submitted to the Board upon audit.]

(c) The licensee shall be responsible to ensure that all documentation and information necessary to verify completion of continuing competency requirements are uploaded to the continuing education tracking system prior to renewal or reactivation.

[(e) The licensee shall be responsible to maintain these records for a minimum of three consecutive licensing periods or six years, unless otherwise specified in this chapter.]

§216.8. *Relicensure Process.*

(a) Renewal of license.

(1) Upon renewal of the license, the licensee shall sign a statement attesting that they have complied with the requirements of §216.7(c) of this chapter. [the CNE contact hours or approved national nursing certification requirement has been met.]

(2) (No change.)

(b) - (c) (No change.)

(d) Delinquent license.

(1) A license that has been delinquent for less than four years may be renewed by the licensee uploading to the continuing education tracking system sufficient documentation and/or information to verify that the licensee [submitting proof of having] completed 20 contact hours of acceptable CNE or a current approved national nursing certification in his or her prior area of practice within the two years immediately preceding application for relicensure and by meeting all other Board requirements. A licensee shall be exempt from the continuing competency requirements for the immediate licensing period following renewal of the delinquent license with the exception of applicable targeted continuing competency requirements in §216.3 of this chapter (relating to Continuing Competency Requirements).

(2) (No change.)

(e) Reactivation of a license.

(1) A license that has been inactive for less than four years may be reactivated by the licensee uploading to the continuing education tracking system sufficient documentation and/or information to verify that the licensee [submitting proof of having] completed 20 contact hours of acceptable CNE or a current approved national nursing certification in his or her prior area of practice within the two years immediately preceding application for reactivation and by meeting all other Board requirements. A licensee shall be exempt from the continuing competency requirements for the immediate licensing period following reactivation of the license with the exception of applicable targeted continuing competency requirements in §216.3 of this chapter (relating to Continuing Competency Requirements).

(2) (No change.)

(f) (No change.)

§216.9. *Audit Process.*

The Board shall select a random sample of licensees 90 days prior to each renewal month. Notification shall be sent to selected licensees to substantiate compliance with the continuing competency requirements.

(1) In performing the audit, the Board shall review all continuing competency documentation and information the licensee uploaded to the continuing education tracking system for the period of licensure being audited. The licensee shall provide any additional documentation and/or information not previously uploaded to the tracking system that the Board deems necessary to verify their compliance.

[(1) Selected licensees shall submit the following, as outlined in the notification:]

[(A) documentation as specified in §216.4 and §216.5 of this chapter (relating to Criteria for Acceptable Continuing Education Offerings and Additional Methods for Meeting Continuing Competency Requirements and any additional documentation the Board deems necessary to verify compliance with the continuing competency requirements for the period of licensure being audited; or]

[(B) a copy of the current approved national nursing certification and any additional documentation the Board deems necessary to verify compliance with the continuing competency requirements for the period of licensure being audited.]

(2) (No change.)

[(3) Pursuant to this section, an audit shall be automatic for a licensee who has been found noncompliant in an immediately preceding audit.]

[(4) Failure to complete the audit satisfactorily or falsification of records shall constitute unprofessional conduct and provide grounds for disciplinary action.]

§216.11. *Consequences of Noncompliance.*

(a) Failure to comply with the Board's continuing competency requirements will result in the denial of license renewal.

(b) Failure to demonstrate compliance with the Board's continuing competency requirements upon audit, falsely attesting to the completion of continuing competency requirements, or falsification of records shall constitute unprofessional conduct and provide grounds for disciplinary action.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 9, 2026.

TRD-202601124

James W. Johnston

General Counsel

Texas Board of Nursing

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 305-6879



TITLE 25. HEALTH SERVICES

PART 9. TEXAS DIABETES COUNCIL

CHAPTER 651. CONDUCT OF COUNCIL MEETINGS

25 TAC §§651.1 - 651.5

The Texas Diabetes Council (TDC) proposes amendments to §651.1, concerning Introduction; §651.2, concerning Applicability of Texas Open Meetings Law; §651.3, concerning Notice of Meetings; §651.4, concerning Transaction of Business; and §651.5 concerning Public Participation.

BACKGROUND AND PURPOSE

The purpose of the proposal is to make necessary amendments that were identified during the rule review required by Texas Government Code §2001.039. Proposed amendments include updating the reference of appropriate statute, clarifying the role Texas Department of State Health Services (DSHS) has in providing administrative support, specifying voting eligibility, and updating public participation best practices.

SECTION-BY-SECTION SUMMARY

The proposed amendment to §651.1 includes adding applicable statute that created the TDC and the requirement to elect a vice-chair.

The proposed amendment to §651.2 updates the reference to the Texas Open Meetings Act.

The proposed amendment to §651.3 updates the language to indicate that DSHS is responsible for publishing a notice of each meeting. In addition, the language is updated to indicate DSHS provides notice of the public meeting to council members.

The proposed amendment to §651.4 clarifies language regarding voting.

The proposed amendment to §651.5 reflects requirements for providing public comment.

FISCAL NOTE

Chris Carmona, TDC Chair, has determined that for each year of the first five years that the rules will be in effect, enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT

TDC has determined during the first five years the rules will be in effect:

- (1) the proposed rules will not create or eliminate a government program;
- (2) implementation of the proposed rules will not affect the number of DSHS employee positions;
- (3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;
- (4) the proposed rules will not affect fees paid to DSHS;
- (5) the proposed rules will not create a new regulation;
- (6) the proposed rules will not expand, limit, or repeal existing regulations;
- (7) the proposed rules will not change the number of individuals subject to the rules; and
- (8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Chris Carmona, TDC Chair, has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities. The rules do not apply to small or micro-businesses, or rural communities.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules do not impose a cost on regulated persons.

PUBLIC BENEFIT AND COSTS

Chris Carmona, TDC Chair, has determined that for each year of the first five years the rules are in effect, the public benefit will be a clarified understanding of how Texas Diabetes Council meetings are conducted.

Mr. Carmona has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because the proposed rule amendment clarifies the existing rules.

TAKINGS IMPACT ASSESSMENT

TDC has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rules, as well as any applicable data, research, or analysis, may be submitted to diabetes@dshs.texas.gov.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule Texas Diabetes Council" in the subject line.

STATUTORY AUTHORITY

The amendments are authorized by Texas Health and Safety Code Chapter 103, which provides the Texas Diabetes Council will adopt rules for the conduct of its meetings.

The amendments affect Texas Health and Safety Code Chapter 103.

§651.1. *Introduction.*

(a) Applicable law. The Texas Diabetes Council is created by Texas Health and Safety Code Chapter 103. [These rules outline the procedures the council will follow in the conduct of its meetings.]

(b) Officers. Council members elect a vice-chair at the meeting held closest to August 31 of each biennium.

§651.2. *Applicability of Texas Open Meetings Act [Law].*

The Texas Diabetes Council [council in all its meetings] is subject to the requirements of the Texas Open Meetings Act, Texas Government Code Chapter 551 for all meetings [Texas Civil Statute 6252-17].

§651.3. *Notice of Meetings.*

(a) The Department of State Health Services (DSHS) must publish a notice of each meeting as required by the Texas Open Meetings Act [Written notice giving the date, time, place, and subject of each meeting shall be prepared as required by the Texas Open Meetings Law].

(b) DSHS must provide the notice to each council member at least seven days before the public meeting. [A copy of the notice shall be sent to each council member at least seven days prior to the meeting except in emergency cases as determined by the chairperson.]

[(c) The meetings will be held at least quarterly and generally will be located in Austin, Texas.]

§651.4. Transaction of Business.

(a) The Texas Diabetes Council (council) is authorized to transact official business only when in a legally convened meeting with a quorum present.

[(a) All meetings will be conducted according to Robert Rules of Order, except as provided otherwise in these rules.]

(b) A simple majority of the appointed members of the council constitutes a quorum for the purpose of transacting official business.

[(b) All council actions taken must be approved by a majority vote of the members present. The chairperson may vote on any item of business as any other council member; however, in the case of a tie vote, the chairperson's vote shall be the tie breaker.]

(c) Any action taken by the council must be approved by a majority vote of the voting members present once quorum is established. Each voting member will have one vote.

(d) A member may not authorize another individual to represent the member by proxy.

§651.5. Public Participation.

Members of the public may submit a request to provide public comment at council meetings at least 48 hours before the beginning of a meeting to the chair. Information on how to submit a request is on the publicly posted agenda. Health or confidential information must not be in the comments. If the chair allows public comment, the chair decides the manner and time limits of public comment. [Requests from members of the public to participate in council meetings shall be submitted to the chairperson prior to the beginning of the meeting. The chairperson has the discretion to allow or disallow participation. If the chairperson allows participation, he/she determines the manner and time limits of the participation.]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 4, 2026.

TRD-202601098

Chris Carmona

Council Chair, Texas Diabetes Council

Texas Diabetes Council

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 695-3846



TITLE 26. HEALTH AND HUMAN SERVICES

PART 1. HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 307. BEHAVIORAL HEALTH PROGRAM

SUBCHAPTER H. COORDINATED SPECIALTY CARE FOR FIRST EPISODE PSYCHOSIS PROGRAM

26 TAC §§307.401, 307.403, 307.405, 307.407, 307.409, 307.411, 307.413, 307.415, 307.417, 307.419

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes in Texas Administrative Code Title 26, Part 1, Chapter 307, new Subchapter H, comprising of §307.401, concerning Purpose; §307.403, concerning Application; §307.405, concerning Definitions; §307.407, concerning Eligibility Requirements; §307.409, concerning Program Requirements; §307.411, concerning Staffing Requirements; §307.413, concerning Training Requirements; §307.415, concerning Outreach Plan; §307.417, concerning Service Provision; and §307.419, concerning Waiver Request.

BACKGROUND AND PURPOSE

The purpose of the proposal is to establish rules for the Coordinated Specialty Care for First Episode Psychosis (CSC-FEP) program. The CSC-FEP program offers outpatient mental health treatment to individuals that are at least 15 years old and up to 30 years old with a psychotic disorder.

These rules will apply to local mental health authorities (LMHAs), local behavioral health authorities (LBHAs), and community centers providing CSC-FEP program services.

SECTION-BY-SECTION SUMMARY

Proposed new §307.401 describes the purpose of the rules, which is to explain what HHSC requires to implement the CSC-FEP program.

Proposed new §307.403 provides that the rules apply to providers delivering CSC-FEP program services.

Proposed new §307.405 contains key terms and the definitions used in the proposed new rules.

Proposed new §307.407 describes eligibility requirements to enroll in the CSC-FEP program.

Proposed new §307.409 describes CSC-FEP program requirements that the providers must implement. Program requirements include the required services, implementation of services, and treatment team requirements.

Proposed new §307.411 describes standards for sufficient staffing levels and certification requirements for staff.

Proposed new §307.413 describes treatment team training requirements for staff to provide CSC-FEP program services.

Proposed new §307.415 describes the outreach and recruitment plan that a CSC-FEP program provider is required to maintain.

Proposed new §307.417 describes requirements for the CSC-FEP program provider's provision of services. Provisions include program admission requirements, service and transition planning, and ongoing safety assessment.

Proposed new §307.419 describes the requirement for a CSC-FEP program provider to submit a written waiver request for exceptions to program requirements.

FISCAL NOTE

Trey Wood, HHSC Chief Financial Officer, has determined that for each year of the first five years that the rules will be in effect, enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT

HHSC has determined that during the first five years that the rules will be in effect:

- (1) the proposed rules will not create or eliminate a government program;
- (2) implementation of the proposed rules will not affect the number of HHSC employee positions;
- (3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;
- (4) the proposed rules will not affect fees paid to HHSC;
- (5) the proposed rules will create new regulations;
- (6) the proposed rules will not expand, limit, or repeal existing regulations;
- (7) the proposed rules will not change the number of individuals subject to the rules; and
- (8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Trey Wood has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities because there is no requirement to alter current business practices.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules are necessary to protect the health, safety, and welfare of the residents of Texas and do not impose a cost on regulated persons.

PUBLIC BENEFIT AND COSTS

Trina Ita, Deputy Executive Commissioner of Behavioral Health Services, has determined that for each year of the first five years the rules are in effect, the public benefit will be the clear codification of an existing process for the implementation and provision of CSC-FEP program services in Texas. This clarity will enhance the care provided to individuals receiving CSC-FEP services.

Trey Wood has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because there is no requirement to alter current business practices and there are no new fees or costs imposed on those required to comply with the proposed rules.

TAKINGS IMPACT ASSESSMENT

HHSC has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to HHSCRulesCoordinationOffice@hhs.texas.gov.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 24R093" in the subject line.

STATUTORY AUTHORITY

The new sections are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, and Texas Health and Safety Code §534.052, which requires the executive commissioner to adopt rules necessary and appropriate to ensure the adequate provision of community-based mental health services through a local mental health authority.

The new sections affect Texas Government Code §524.0151 and Texas Health and Safety Code §534.052.

§307.401. Purpose.

This subchapter explains what the Texas Health and Human Services Commission (HHSC) requires to be a Coordinated Specialty Care for First Episode Psychosis (CSC-FEP) provider. It sets requirements for provider staff. It also explains policies and procedures for the CSC-FEP program.

§307.403. Application.

The subchapter applies to an HHSC contracted provider of the CSC-FEP program services.

§307.405. Definitions.

The following words and terms when used in this subchapter, have the following meanings unless the context clearly indicates otherwise.

(1) Certified peer specialist--A person who uses lived experience and formal training to help others recover using standards defined in 1 TAC Chapter 354, Subchapter N (relating to Peer Specialist Services).

(2) CFP--Certified family partner. A person who cares for an enrolled individual using standards defined in 1 TAC §353.1415 (relating to Staff Member Credentialing).

(3) Community center--An entity established as a community mental health center under Texas Health and Safety Code §534.001.

(4) CSC-FEP program--Coordinated Specialty Care for First Episode Psychosis program. A program that provides comprehensive, evidence-based treatment and support for individuals experiencing first episode of psychosis.

(5) DSM--The American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders.

(6) FTE--Full-time equivalent. In this subchapter, an FTE is not a headcount but a way of measuring the workload of any combination of staff members whose work hours total 40 hours a week.

(7) HHSC--The Texas Health and Human Services Commission or its designee.

(8) Individual--A person receiving services under this subchapter.

(9) LAR--Legally authorized representative. A person authorized by law to act on an individual's behalf about a matter described in this subchapter, including a parent, guardian, the managing conservator of a minor, or the guardian of an adult.

(10) LBHA--Local behavioral health authority. An entity designated as the local behavioral health authority by HHSC under Texas Health and Safety Code §533.0356.

(11) Licensed therapist--A staff member who is licensed as:

(A) a psychologist by the Texas State Board of Examiners of Psychologists under Texas Occupations Code Chapter 501;

(B) a psychological associate by the Texas State Board of Examiners of Psychologists under Texas Occupations Code Chapter 501;

(C) a professional counselor by the Texas State Board of Examiners of Professional Counselors under Texas Occupations Code Chapter 503;

(D) a clinical social worker or master social worker by the Texas State Board of Social Worker Examiners under Texas Occupations Code Chapter 505; or

(E) a marriage and family therapist by the Texas State Board of Examiners of Marriage and Family Therapists under Texas Occupations Code Chapter 502.

(12) LMHA--Local mental health authority. An entity designated as the local mental health authority by HHSC under Texas Health and Safety Code §533.035(a).

(13) Physician--A staff member who is licensed to practice medicine under Texas Occupations Code Chapter 155.

(14) Provider--A person or entity that contracts with HHSC, an LMHA, an LBHA, or a community center to provide CSC-FEP program services.

(15) Recovery plan--A written plan a CSC-FEP provider must use, according to §301.353 of this title (relating to Provider Responsibilities for Treatment Planning and Service Authorization).

(16) SEES--Supported employment and education specialist. A staff member who helps an individual receiving services look for jobs and education opportunities.

(17) Staff member--A person who works full-time or part-time. This includes a contractor or intern, but not a volunteer.

(18) TAC--Texas Administrative Code.

(19) Treatment team--Staff members who provide CSC-FEP program services.

(20) Uniform assessment--An age-appropriate tool described in §301.353 of this title and used for recommending an individual's level of care.

§307.407. Eligibility Requirements.

An individual eligible for the CSC-FEP program must:

(1) be at least 15 years old and up to 30 years old, regardless of when the individual first experienced psychosis; and

(2) meet the criteria for a psychotic disorder from the version of the DSM recognized by HHSC.

§307.409. Program Requirements.

(a) The provider must implement a CSC-FEP program that includes the following services:

(1) psychotherapy;

(2) family education and support;

(3) peer support for recovery from mental illness;

(4) medication prescribed to treat mental illness; and

(5) support for education and job-related goals.

(b) The provider must:

(1) ensure the service period of up to 36 months starts on the date the provider enrolls the individual in the CSC-FEP program;

(2) establish and maintain an individual's medical record according to:

(A) state and federal laws and regulations; and

(B) the provider's admission standards and procedures;

(3) complete the uniform assessment at the individual's intake within 10 calendar days of the referral date; and

(4) conduct, review, and revise the uniform assessment according to §301.353 of this title (relating to Provider Responsibilities for Treatment Planning and Service Authorization).

(c) The provider must ensure each treatment team:

(1) maintains a census of at least 20 individuals;

(2) makes and documents five attempts to meet in person each month for the first 12 months the individual is enrolled in the CSC-FEP program. The team must document the reason why any in-person meetings did not happen; and

(3) meets at least one time a week and includes the following staff members:

(A) a team lead;

(B) a case manager or skills trainer;

(C) a certified peer specialist;

(D) a CFP; and

(E) a SEES.

§307.411. Staffing Requirements.

(a) A treatment team must include the following roles:

(1) a team lead;

(2) a SEES;

(3) a licensed therapist, if the team lead does not provide counseling;

(4) a case manager or skills trainer;

(5) a certified peer specialist who may meet with all individuals in the CSC-FEP program;

(6) a CFP, who may meet with all families of the individuals in the CSC-FEP program; and

(7) a physician.

(b) A provider may include additional staff members to address an individual's program needs.

(c) A treatment team member may not hold both the CFP and certified peer specialist roles at the same time.

(d) The provider must employ at least three FTE staff members per treatment team. The three FTE staff members do not include the physician.

§307.413. Training Requirements.

(a) A provider must use a training organization listed on the HHSC website to provide an initial onboarding training to all treatment team members.

(b) The provider must ensure that a licensed therapist providing counseling services in the CSC-FEP program completes required training.

(c) The provider must maintain written training records for the treatment team members.

(d) The treatment team members must maintain the applicable licenses required by law to provide CSC-FEP program services.

(e) The provider must ensure all treatment team members only provide services within the scope of the member's license or credentialing.

§307.415. Outreach Plan.

A provider must maintain an outreach plan. The plan must have written policies and procedures to maintain a census as described in §307.409(c)(1) of this subchapter (relating to Program Requirements).

§307.417. Service Provision.

(a) A provider must develop a recovery plan when an individual is admitted to the program. This process is found in §301.353 of this title (relating to Provider Responsibilities for Treatment Planning and Service Authorization).

(b) The provider must:

(1) educate an individual enrolled in the CSC-FEP program on medication options and best practices for medication treatment as clinically appropriate; and

(2) document the following for an individual:

(A) the individual's name;

(B) CSC-FEP program admission date; and

(C) information about the individual's primary medical care, if any, including the individual's:

(i) medical history;

(ii) primary care referral date;

(iii) date of first appointment with the primary care provider; and

(iv) subsequent medical care appointments.

(c) The provider must ensure an individual in the CSC-FEP program can get the services listed in §307.409(a) of this subchapter (relating to Program Requirements) that match the individual's treatment goals.

(d) The provider must document efforts to support the individual's needs by:

(1) directing the individual to resources in the community;

(2) helping the individual access available community resources;

(3) helping the individual with housing and job needs; and

(4) documenting in the recovery plan if community support resources are not available.

(e) To identify a crisis or safety planning needs, the provider must:

(1) give the provider's support service crisis hotline information to the individual and the individual's LAR, if applicable, to use if a crisis happens;

(2) deliver crisis services to the individual according to §301.327 of this title (relating to Access to Mental Health Community Services);

(3) assess the individual during intake for safety risk;

(4) proactively monitor safety risk throughout treatment and identify safety concerns;

(5) develop and implement a safety plan within 24 hours for the individual whom the treatment team identifies as a safety risk; and

(6) maintain the individual's safety plan.

(f) The provider must ensure the service period in the CSC-FEP program for the individual does not go over 36 months except as described in §307.419 of this subchapter (relating to Waiver Request).

(g) The provider must transition the individual from the CSC-FEP program to the most appropriate level of care, according to standards set in §301.353 of this title, when the individual:

(1) is no longer eligible for the program; or

(2) chooses to leave the CSC-FEP program.

§307.419. Waiver Request.

A provider must submit a written waiver request for HHSC to process the following exceptions to the CSC-FEP program requirements:

(1) hiring a licensed therapist intern when the provider is unable to recruit a licensed therapist;

(2) admission of an individual who is outside the age eligibility; and

(3) extending the service period past three years.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 4, 2026.

TRD-202601099

Karen Ray
Chief Counsel

Health and Human Services Commission

Earliest possible date of adoption: April 19, 2026

For further information, please call: (737) 704-9063



CHAPTER 748. MINIMUM STANDARDS FOR GENERAL RESIDENTIAL OPERATIONS

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes amendments to §748.751, concerning What are the requirements for obtaining and verifying an applicant's employment history; §748.753, con-

cerning What are the requirements for completing an applicant's reference checks; §748.881, concerning What curriculum components must be included in the general pre-service training; §748.887, concerning If I do not allow the use of emergency behavior intervention, what curriculum components must be included in the pre-service training for emergency behavior intervention; §748.3319, concerning What "No Trespassing" signs must I post if my operation is a residential treatment center; and the repeal of §748.3321, concerning What additional responsibilities do I have regarding the "No Trespassing" signs if my operation is a residential treatment center.

BACKGROUND AND PURPOSE

The proposal is necessary to implement House Bill (HB) 3153 and Section 6 of HB 2789, 89th Legislature, Regular Session, 2025. The proposal is also necessary to partially implement HB 16, 89th Legislature, 2nd Special Session, 2025.

HB 3153 added Texas Health and Safety Code, Chapter 811, to require general residential operations (GROs) to comply with certain employment requirements to prevent physical or sexual abuse of children.

Section 6 of HB 2789 amended Texas Human Resources Code (HRC) §42.068 to remove location and content requirements for "No Trespassing" notices required at GROs that are operating as residential treatment centers. Other rule projects are underway to implement the other sections of HB 2789.

HB 16 amended HRC §42.0426 to require a residential child-care facility to include crisis response training for emergency behavior intervention with a goal of limiting law enforcement involvement. A separate rule project will implement the bill for child-placing agencies.

The proposal updates existing requirements for obtaining and verifying an applicant's employment history; adds training for new employees regarding professional and appropriate relationships with children; includes crisis response training for emergency behavior intervention with a goal of limiting law enforcement; and removes location-specific and content requirements for "No Trespassing" notices.

SECTION-BY-SECTION SUMMARY

The proposed amendment to §748.751 (1) amends the rule title; (2) maintains the requirement to verify an applicant's employment history, but deletes the requirement to only verify the previous five years of employment history; (3) deletes a subsection that grandfathered applicants who sought employment before August 9, 2023; and (4) makes non-substantive changes for better readability and understanding.

The proposed amendment to §748.753 (1) amends the rule title; (2) removes "within the past five years" and allows a reference check relating to a former job that involved providing care or services to children regardless of how long ago the job applicant provided the care or services; (3) deletes a subsection that grandfathered applicants who sought employment before August 9, 2023; and (4) makes non-substantive changes for better readability and understanding.

The proposed amendment to §748.881 (1) amends the rule title; (2) adds maintaining professional and appropriate conduct with children as a curriculum component for general pre-service training; and (3) makes non-substantive changes for better readability and understanding, including the renumbering of paragraphs.

The proposed amendment to §748.887 (1) amends the rule title; (2) updates a curriculum component for emergency behavior intervention training to address circumstances when all de-escalation strategies fail, including crisis response training that limits law enforcement involvement; and (3) makes non-substantive changes for better readability and understanding.

The proposed amendment to §748.3319 (1) amends the rule title; (2) removes previous location requirements for "No Trespassing" notices and replaces those requirements with a requirement that the notices be displayed in obvious locations that are clearly visible; (3) removes content requirements for the notices except for a statement that entry to the property is forbidden; (4) adds a new subsection to facilitate the proposed repeal of §748.3321; and (5) makes non-substantive changes for better readability and understanding.

The proposed repeal of §748.3321 deletes the rule as no longer necessary because (1) the "No Trespassing" notices are no longer required to identify under whose authority the notice is currently posted; and (2) the option to request new notices from Child Care Regulation has been added to proposed amended §748.3319.

FISCAL NOTE

Trey Wood, HHSC Chief Financial Officer, has determined that for each year of the first five years that the rules will be in effect, there will be an estimated additional cost to state government as a result of enforcing and administering the rules as proposed. Enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of local government.

The effect on state government for each year of the first five years the proposed rules are in effect is an estimated cost of \$5,170.30 in fiscal year (FY) 2027, \$347 in FY 2028, \$347 in FY 2029, \$347 in FY 2030, and \$347 in FY 2031.

GOVERNMENT GROWTH IMPACT STATEMENT

HHSC has determined that during the first five years that the rules will be in effect:

- (1) the proposed rules will not create or eliminate a government program;
- (2) implementation of the proposed rules will not affect the number of HHSC employee positions;
- (3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;
- (4) the proposed rules will not affect fees paid to HHSC;
- (5) the proposed rules will create a new regulation;
- (6) the proposed rules will repeal existing regulations;
- (7) the proposed rules will not change the number of individuals subject to the rules; and
- (8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Trey Wood has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities. The rules do not impose any additional costs on small businesses, micro-businesses, or rural communities required to comply with the rules.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules: (1) are necessary to protect the health, safety, and welfare of the residents of Texas; (2) do not impose a cost on regulated persons; and (3) are necessary to implement legislation that does not specifically state that §2001.0045 applies to the rules.

PUBLIC BENEFIT AND COSTS

Rachel Ashworth-Mazerolle, Associate Commissioner for Child Care Regulation, has determined that for each year of the first five years the rules are in effect the public benefit will be increased protections for children residing in GROs.

Trey Wood has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because the rules do not require a GRO to (1) purchase new notices or (2) significantly update training in a manner that would result in a cost or require any additional resources to comply.

TAKINGS IMPACT ASSESSMENT

HHSC has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to HHSRulesCoordinationOffice@hhs.texas.gov.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 26R003" in the subject line.

SUBCHAPTER E. PERSONNEL DIVISION 8. PRE-EMPLOYMENT SCREENING

26 TAC §748.751, §748.753

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the proposed amendments to §§748.751, 748.753, 748.881, and 748.887 are authorized by Texas Hu-

man Resources Code §42.042, which requires the executive commissioner to adopt rules and minimum standards related to required qualifications and training of employees at regulated facilities; the proposed amendments to §748.3319 and repeal of §748.3321 are authorized by Texas Human Resources Code §42.068(b), which requires the executive commissioner to adopt rules relating to the placement and design of "No Trespassing" notices.

The proposal affects Texas Human Resources Code §§42.042, 42.0426, and 42.068 and Texas Health and Safety Code, Chapter 811.

§748.751. *Employment Verification.* [What are the requirements for obtaining and verifying an applicant's employment history?]

(a) Before hiring an applicant for a position, the operation [you] must conduct employment verification, to the extent possible, by contacting the previous employers listed in submitted application materials for each applicant.[:]

[(1) Obtain in writing the applicant's employment history for the last five years, which may include:]

[(A) Any history for an applicant who has not continuously been employed during the last five years; or]

[(B) A statement that the applicant has no employment history during the last five years; and]

[(2) When the applicant's employment history indicates the applicant has been employed within the last five years, verify whether the applicant was employed as described in the applicant's employment history by contacting:]

[(A) Each employer included in the five-year employment history; or]

[(B) The applicant's three most recent employers, at a minimum, if the five-year employment history includes more than three employers; and]

(b) If an applicant is hired [you hire the applicant], the operation must document [you must maintain documentation of] the following in the applicant's personnel file:

(1) the [The] applicant's employment history required by subsection (a) [(a)(1)] of this section; and

(2) two or more attempts to contact a previous employer for employment verification. If a previous employer is determined to be permanently unreachable, the operation must document the reason for that determination. [If the applicant has been employed in the last five years, the results of any contact with an applicant's previous employers related to employment verification. If you are unable to contact an employer or obtain the information described in subsection (a)(2) of this section from an employer:]

[(A) Any refusal by the employer to provide the information; or]

[(B) Your diligent efforts to contact the employer, which must include more than one attempt to contact an employer who is not permanently unreachable. If the employer is permanently unreachable, your documentation must include the reason why you made that determination. Examples of an employer being unreachable include:]

[(i) The employer is out of business and there is no alternative contact information to obtain information from the employer; or]

[(ii) The employer is deceased.]

~~[(e) This rule applies only to applicants who seek employment with your operation on or after August 9, 2023.]~~

~~§748.753. Reference Checks. [What are the requirements for completing an applicant's reference checks?]~~

~~(a) Before hiring an applicant for a position, the operation [you] must complete the applicant's reference checks by[.]~~

~~[(1)] contacting [Obtaining from the applicant the name and contact information of] at least two individuals unrelated to the applicant that can provide information about [who can serve as references by answering questions related to] the applicant's suitability to work with or around children.[; and]~~

~~[(2) Contacting each of the two required references to verify that the applicant is suitable to work with or around children. You may contact the reference through an interview or in writing.]~~

~~(b) If the [For an] applicant has work history [who is currently or was previously employed in a position responsible] for providing care or services to children [within the past five years], at least one [of the] reference check [checks] required by [in] subsection (a) of this section must be completed with a current or former [prior] employer who [has] supervised or has knowledge of [is otherwise familiar with] the applicant's history and job performance in that role [of the applicant in that capacity].~~

~~(c) If the operation does not complete a [For any] reference check [you are unsuccessful in completing] as required by subsection (a) or (b) of this section, the operation [you] must document:~~

~~(1) the reason the reference check was not completed [Any refusal by the reference to provide the information]; or~~

~~(2) two or more attempts to contact the reference [Your diligent efforts to contact the reference, which must include more than one attempt to contact a reference who is not permanently unreachable]. If the reference is determined to be permanently unreachable, the operation must document [your documentation must include] the reason for [why you made] that determination; and[. Examples of a reference being unreachable include:]~~

~~[(A) The reference is out of business and there is no alternative contact information to obtain information from the employer; or]~~

~~[(B) The reference is deceased; and]~~

~~(3) the operation's [Your] assessment of the applicant's suitability to work with or around children.~~

~~(d) For each person hired by the operation [you hire], the operation [you] must maintain the following information in the employee's personnel file:~~

~~(1) documentation [Documentation] of each reference check that includes:~~

~~(A) the [The] reference's name;~~

~~(B) the [The] relation of the reference to the applicant;~~

~~(C) the [The] reference's contact information;~~

~~(D) the [The] date of [you completed] the reference check;~~

~~(E) information [Information you] obtained from the reference check, documented as:~~

~~(i) a [A] summary of the reference [interview]; or~~

~~(ii) a [A] copy of the written information provided by the reference; and~~

~~(F) the name of the person at the hiring operation that completed the reference check [If you conducted the check through an interview, the name of the person who interviewed the reference]; and~~

~~(2) if the operation does not successfully complete [If you were unsuccessful in completing] a reference check, the documentation required by subsection (c) of this section.~~

~~[(e) This rule applies only to applicants who seek employment with your operation on or after August 9, 2023.]~~

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 9, 2026.

TRD-202601126

Karen Ray

Chief Counsel

Health and Human Services Commission

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 438-3269



SUBCHAPTER F. TRAINING AND PROFESSIONAL DEVELOPMENT DIVISION 5. CURRICULUM COMPONENTS FOR PRE-SERVICE TRAINING

26 TAC §748.881, §748.887

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the proposed amendments to §§748.751, 748.753, 748.881, and 748.887 are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules and minimum standards related to required qualifications and training of employees at regulated facilities; the proposed amendments to §748.3319 and repeal of §748.3321 are authorized by Texas Human Resources Code §42.068(b), which requires the executive commissioner to adopt rules relating to the placement and design of "No Trespassing" notices.

The proposal affects Texas Human Resources Code §§42.042, 42.0426, and 42.068 and Texas Health and Safety Code, Chapter 811.

§748.881. General Pre-Service Training Curriculum Components. [What curriculum components must be included in the general pre-service training?]

The general pre-service training must include the following curriculum components:

(1) topics [Topics] appropriate to the needs of children for whom the caregiver will be providing care, such as developmental stages of children, fostering children's self-esteem, constructive guidance and discipline of children, water safety, strategies and techniques for monitoring and working with [these] children, and age-appropriate activities for [the] children;

(2) measures [Measures] to prevent, recognize, and report suspected occurrences of child abuse (including sexual abuse), neglect, and exploitation;

(3) methods for maintaining professional and appropriate relationships with children;

(4) [(3)] procedures [Proceedures] to follow in emergencies, such as weather-related emergencies, volatile persons, and severe injury or illness of a child or adult;

(5) [(4)] preventing [Preventing] the spread of communicable diseases;

(6) [(5)] the [The] location and use of fire extinguishers and first-aid equipment;

(7) [(6)] trauma [Trauma] informed care; and

(8) [(7)] normalcy [Normalcy].

§748.887. *Pre-Service Training Curriculum Components for General Residential Operations that Do Not Allow Emergency Behavior Intervention.* [If I do not allow the use of emergency behavior intervention, what curriculum components must be included in the pre-service training for emergency behavior intervention?]

If an operation does not permit [you do not allow the use of] emergency behavior intervention, the pre-service training curriculum for emergency behavior intervention must address [focus on] early identification of potential harmful [problem] behaviors and [strategies and techniques for] less restrictive intervention [interventions] strategies and techniques. The[, including the following] curriculum must include [components]:

(1) developing [Developing] and maintaining an environment that supports positive and constructive behaviors;

(2) [The] causes of behaviors that may harm [potentially harmful to] a child, including aspects of the environment;

(3) early [Early] signs of behaviors that may become dangerous to a child or others;

(4) strategies [Strategies] and techniques a child can use to avoid harmful behaviors;

(5) teaching [Teaching] a child to use the strategies and techniques of the [your] operation's de-escalation protocols to avoid harmful behavior, and supporting the child's efforts to move [progress] into a state of self-control;

(6) less [Less] restrictive strategies caregivers can use to:

(A) intervene in potentially harmful behaviors; and

(B) engage a child to de-escalate a situation;

[(7) Less restrictive strategies caregivers can use to engage a child and de-escalate a situation;]

(7) [(8)] crisis response strategies with a goal of limiting involvement with law enforcement [Addressing circumstances when all de-escalation strategies fail]; and

(8) [(9)] [The] risks associated with the use of prone or supine restraints, including positional, compression, or restraint asphyxia.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 9, 2026.

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Karen Ray

Chief Counsel

Health and Human Services Commission

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For further information, please call: (512) 438-3269



SUBCHAPTER P. PHYSICAL SITE DIVISION 1. GROUNDS AND GENERAL REQUIREMENTS

26 TAC §748.3319

STATUTORY AUTHORITY

The amendment is authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the proposed amendments to §§748.751, 748.753, 748.881, and 748.887 are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules and minimum standards related to required qualifications and training of employees at regulated facilities; the proposed amendments to §748.3319 and repeal of §748.3321 are authorized by Texas Human Resources Code §42.068(b), which requires the executive commissioner to adopt rules relating to the placement and design of "No Trespassing" notices.

The proposal affects Texas Human Resources Code §§42.042, 42.0426, and 42.068 and Texas Health and Safety Code, Chapter 811.

§748.3319. [What]"No Trespassing" Notices for General Residential Operations Operating as Residential Treatment Centers. [signs must I post if my operation is a residential treatment center?]

[(a) If your operation is a residential treatment center, you must post the "No Trespassing" signs required by subsections (b) and (c) of this section.]

(a) [(b)] General residential operations operating as residential treatment centers must post [You may create your own] "No Trespassing" notices on the grounds of the general residential operation. [signs or use the ones we provide you; but the signs must:]

(b) A general residential operation acting as a residential treatment center may request "No Trespassing" notices from Child Care Regulation, as needed, to meet the requirements in this section or create the operation's own notices. The "No Trespassing" notices must:

(1) state [State] that entry to the property is forbidden; and

[(2) Include a description of the provisions of §30.05, Penal Code, including the penalties for violating §30.05, Penal Code;]

[(3) Include the name and address of the person under whose authority the notice is posted, unless your operation provides trafficking victim services under Subchapter V of this chapter (relating to Additional Requirements for Operations that Provide Trafficking Victim Services);]

[(4) Be written in English and Spanish; and]

(2) [(5)] be [Be] at least 8-1/2 by 11 inches in size.

(c) [You must post the] "No Trespassing" notices must be displayed [signs] in locations that ensure the notices are clearly visible. [the following places:

[(1) Parallel to and along the exterior boundaries of the grounds;]

[(2) For grounds not fenced, at least every 500 feet along the exterior boundaries of the grounds;]

[(3) At each roadway or other way of access to the grounds;]

[(4) At each entrance to the grounds; and]

[(5) In conspicuous places reasonably likely to be viewed by intruders.]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 9, 2026.

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Karen Ray

Chief Counsel

Health and Human Services Commission

Earliest possible date of adoption: April 19, 2026

For further information, please call: (512) 438-3269



26 TAC §748.3321

STATUTORY AUTHORITY

The repeal is authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services agencies, and Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the proposed amendments to §§748.751, 748.753, 748.881, and 748.887 are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules and minimum standards related to required qualifications and training of employees at regulated facilities; the proposed amendments to §748.3319 and repeal of §748.3321 are authorized by Texas Human Resources Code §42.068(b), which requires the executive commissioner to adopt rules relating to the placement and design of "No Trespassing" notices.

The proposal affects Texas Human Resources Code §§42.042, 42.0426, and 42.068 and Texas Health and Safety Code, Chapter 811.

§748.3321. *What additional responsibilities do I have regarding the "No Trespassing" signs if my operation is a residential treatment center?*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Karen Ray

Chief Counsel

Health and Human Services Commission

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TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 812. RURAL WORKFORCE DEVELOPMENT GRANT PROGRAM

The Texas Workforce Commission (TWC) proposes new Chapter 812, relating to the Rural Workforce Development Grant Program, comprising the following subchapters:

Subchapter A. General Provisions, §§812.1 - 812.3

Subchapter B. Program Administration, §§812.11 - 812.15

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the proposed new Chapter 812 is to establish the Rural Workforce Development Grant Program and set forth TWC's procedures for administering the new grant program.

Senate Bill 2448 (SB 2448), 89th Texas Legislature, Regular Session, 2025, amended Texas Labor Code, Chapter 302, by adding Subchapter J relating to the creation of the Rural Workforce Development Grant Program.

The Rural Workforce Development Grant Program allows TWC to award grants to one or more nonprofit organizations to provide technical assistance and support to institutions of higher education and school districts located in rural areas of the state in aligning and delivering workforce training and higher education programs to address skills gaps to meet urgent workforce demands of rural areas.

SB 2448 requires TWC, in consultation with the Texas Education Agency and the Texas Higher Education Coordinating Board, to establish and administer the program. SB 2448 also requires TWC to adopt rules necessary to administer the program and to periodically verify that grant money awarded to a nonprofit organization under the program is being used appropriately. In addition to any money appropriated for the program, TWC may solicit and accept gifts, grants, and donations from any public or private source for the program.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

SUBCHAPTER A. GENERAL PROVISIONS

TWC proposes new Subchapter A, General Provisions, as follows:

§812.1. Purpose and Goal

New §812.1(a) sets forth the purpose of the Rural Workforce Development Grant Program.

New §812.1(b) sets forth the goals of the Rural Workforce Development Grant Program.

§812.2. Definitions

New §812.2 defines terms used in this chapter.

§812.3. Program Funding

New §812.3 allows TWC to solicit and accept funding for the Rural Workforce Development Grant Program in addition to any money appropriated.

SUBCHAPTER B. PROGRAM ADMINISTRATION

TWC proposes new Subchapter B, Program Administration as follows:

§812.11. Grant Eligibility

New §812.11 establishes the eligibility requirements for potential grant applicants.

§812.12. Grant Application

New §812.12 establishes the application requirements for eligible applicants.

§812.13. Grant Requirements

New §812.13 establishes the grant requirements for the Rural Workforce Development Grant Program.

§812.14. Review and Reporting Requirements

New §812.14 sets forth the requirements for rules and grant recipient award review.

§812.15. Annual Report

New §812.15 sets forth TWC's reporting requirements.

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state and to local governments expected as a result of enforcing or administering the rules.

There are no estimated cost reductions to the state and to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to individuals required to comply with the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities as a result of enforcing or administering the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does not apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amend-

ments to the US Constitution or the Texas Constitution, §17 or §19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed elsewhere in this preamble, is to provide the establishment and operational procedures of the Rural Workforce Development Grant Program, administered by TWC.

The proposed rulemaking action will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the rules will be in effect, it:

--will create a government program pursuant to Texas Labor Code, Chapter 302, Subchapter J, as added by SB 2448, to create the Rural Workforce Development Grant Program;

--will not require the creation or elimination of employee positions;

--will not require an increase or decrease in future legislative appropriations to TWC;

--will not require an increase or decrease in fees paid to TWC;

--will not create a new regulation;

--will not expand, limit, or eliminate an existing regulation;

--will not change the number of individuals subject to the rules; and

--will not positively or adversely affect the state's economy.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the rules will not have an adverse economic impact on small businesses or rural communities, as the proposed rules place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the rules.

Mary York, Director, Workforce Development Division, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of the rules will be to assist rural school districts and institutions of higher education in aligning workforce development and educational efforts with the needs of the local labor market.

PART IV. COORDINATION ACTIVITIES

SB 2448 requires TWC in consultation with the Texas Education Agency and the Texas Higher Education Coordinating Board,

to establish and administer the Rural Workforce Development Grant Program.

PART V. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rules or any other interested person, information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than April 20, 2026.

PART VI. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than April 20, 2026.

SUBCHAPTER A. GENERAL PROVISIONS

40 TAC §§812.1 - 812.3

PART VII. STATUTORY AUTHORITY

The new rules are proposed under the authority of:

--Texas Labor Code, §302.306(1), as added by SB 2448, 89th Texas Legislature, Regular Session, 2025, which requires TWC to adopt rules for the administration of the Rural Workforce Development Grant Program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed new rules implement Title 4, Texas Labor Code, Chapter 302, Subchapter J.

§812.1. Purpose and Goal.

(a) Purpose. The purpose of this chapter is for the Agency, in consultation with the Texas Education Agency and the Texas Higher Education Coordinating Board, to establish and administer the Rural Workforce Development Grant Program, as set forth by Texas Labor Code, Chapter 302, Subchapter J, under which the Agency may award grants to one or more eligible nonprofit organizations for the purpose of improving workforce development outcomes in rural areas.

(b) Goal. The Rural Workforce Development Grant Program's goal is to provide technical assistance and support to institutions of higher education and school districts located in rural areas of the state in aligning and delivering workforce training and higher education programs to address skills gaps to meet urgent workforce demands of rural areas.

§812.2. Definitions.

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

(1) Eligible Applicant--A nonprofit organization as defined under Texas Labor Code, §302.301.

(2) Grantee--A recipient of a grant from the Rural Workforce Development Grant Program.

§812.3. Program Funding.

In addition to any money appropriated for the Rural Workforce Development Grant Program, the Agency may solicit and accept gifts, grants, and donations from any public or private source for the program.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Les Trobman

General Counsel

Texas Workforce Commission

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For further information, please call: (737) 301-9662



SUBCHAPTER B. PROGRAM ADMINISTRATION

40 TAC §§812.11 - 812.15

The new rules are proposed under the authority of:

--Texas Labor Code, §302.306(1), as added by SB 2448, 89th Texas Legislature, Regular Session, 2025, which requires TWC to adopt rules for the administration of the Rural Workforce Development Grant Program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed new rules implement Title 4, Texas Labor Code, Chapter 302, Subchapter J.

§812.11. Grant Eligibility.

To be eligible for a grant under the Rural Workforce Development Grant Program, an eligible applicant must:

(1) demonstrate experience in effectively providing technical assistance and support to institutions of higher education or school districts located in a rural area of this state in aligning and delivering workforce training and higher education programs to address skills gaps to meet the area's urgent workforce demands; and

(2) satisfy any other relevant grant eligibility criteria as outlined in the grant application.

§812.12. Grant Application.

To apply for the grant, an eligible applicant must submit a grant application in accordance with the procedure specified in the grant application.

§812.13. Grant Requirements.

(a) The grant contract must provide the Agency an opportunity to periodically evaluate the performance and outcomes of the grantee to ensure the public purpose of improving rural workforce development is accomplished.

(b) Grant money awarded to an eligible nonprofit organization under the Rural Workforce Development Grant Program shall be used by the organization only for costs associated with providing technical assistance and support to an institution of higher education or school district located in a rural area of this state in aligning and delivering workforce training and higher education programs to address skills gaps to meet the area's urgent workforce demands.

§812.14. Review and Reporting Requirements.

To maintain eligibility to receive grant payments, a grantee must comply with all review and reporting requirements specified in the grant contract. Failure to comply with the review and reporting requirements may result in termination of the grant award and the entity being ineligible for future grants under this chapter.

§812.15. Annual Report.

The Agency shall annually report on the Rural Workforce Development Grant Program's effectiveness, including any grants awarded during the most recent state fiscal year. Not later than December 1 each year, the Agency shall submit this report to the:

- (1) governor;
- (2) lieutenant governor;
- (3) speaker of the house of representatives; and
- (4) each standing committee of the legislature with primary jurisdiction over workforce development.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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CHAPTER 814. ADVANCED NUCLEAR ENERGY WORKFORCE DEVELOPMENT PROGRAM

The Texas Workforce Commission (TWC) proposes new Chapter 814, relating to Advanced Nuclear Energy Workforce Development Program, comprising the following subchapters:

Subchapter A. General Provisions, §814.1

Subchapter B. Program Administration, §§814.11 - 814.13

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the Chapter 814 rules is to establish and administer the Advanced Nuclear Energy Workforce Development Program.

Senate Bill 1535 (SB 1535), 89th Texas Legislature, Regular Session, 2025, amended Texas Labor Code, Chapter 302, Subchapter A, by adding §302.0081 relating to the creation of the Advanced Nuclear Energy Workforce Development Program.

SB 1535 tasks TWC, in collaboration with the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB), and in consultation with representatives designated by the Public Utility Commission of Texas (PUCT), to establish and administer the program. TWC will also work with the newly established Texas Advanced Nuclear Energy Office, which is responsible for overall planning, coordinating, promoting, and providing other supports to develop the nuclear energy industry in Texas.

SB 1535 also requires TWC to adopt rules as necessary to administer the program for the purpose of addressing urgent skilled labor demands in the advanced nuclear energy industry in Texas. The program will involve creating a strategic plan that meets SB 1535 requirements and developing curriculum requirements in collaboration with TEA and THECB.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

SUBCHAPTER A. GENERAL PROVISIONS

TWC proposes new Subchapter A, General Provisions, as follows:

§814.1. Purpose and Goal

New §814.1 states the Advanced Nuclear Energy Workforce Development Program's purpose and goal.

SUBCHAPTER B. PROGRAM ADMINISTRATION

TWC proposes new Subchapter B, Program Administration, as follows:

§814.11. Strategic Plan

New §814.11 details the requirements for the Advanced Nuclear Energy Workforce Development Program's strategic plan.

§814.12. Curriculum Development

New §814.12 outlines the requirements for curriculum development.

§814.13. Annual Report

New §814.13 details reporting requirements for TWC in consultation with TEA and THECB.

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state and to local governments expected as a result of enforcing or administering the rules.

There are no estimated cost reductions to the state and to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to individuals required to comply with the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities as a result of enforcing or administering the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does not apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the US Constitution or the Texas Constitution, §17 or §19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, deter-

mined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed elsewhere in this preamble, is to establish the Advanced Nuclear Energy Workforce Development Program and develop a strategic plan that meets the requirements of SB 1535 and developing curriculum requirements.

The proposed rulemaking action will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the rules will be in effect, they:

--will create a government program pursuant to Texas Labor Code, §302.0081, as added by SB 1535, to create the Advanced Nuclear Energy Workforce Development Program;

--will not require the creation or elimination of employee positions;

--will not require an increase or decrease in future legislative appropriations to TWC;

--will not require an increase or decrease in fees paid to TWC;

--will not create a new regulation;

--will not expand, limit, or eliminate an existing regulation;

--will not change the number of individuals subject to the rules; and

--will not positively or adversely affect the state's economy.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the rules will not have an adverse economic impact on small businesses or rural communities, as the proposed rules place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the rules.

Mary York, Director, Workforce Development Division, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of the proposed new rules will be to strengthen Texas' nuclear workforce and support industry growth.

TWC hereby certifies that the proposal has been reviewed by legal counsel and found to be within TWC's legal authority to adopt.

PART IV. COORDINATION ACTIVITIES

SB 1535 requires TWC, in collaboration with TEA and THECB, and in consultation with representatives designated by PUCT, to establish and administer the Advanced Nuclear Energy Work-

force Development Program and adopt rules as necessary. Additionally, TWC will coordinate its efforts to establish and administer the program with the Texas Advanced Nuclear Energy Office.

PART V. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rules or any other interested person, information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than April 20, 2026.

PART VI. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than April 20, 2026.

SUBCHAPTER A. GENERAL PROVISIONS

40 TAC §814.1

PART VII. STATUTORY AUTHORITY

The new rules are proposed under the authority of:

--Texas Labor Code, §302.0081(b), as added by SB 1535, 89th Texas Legislature, Regular Session, 2025, which requires TWC to adopt rules for the establishment and administration of the Advanced Nuclear Energy Workforce Development Program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed new rule relates to Title 4, Texas Labor Code, Chapter 302, Subchapter A.

§814.1. Purpose and Goal.

(a) Purpose. The purpose of the Advanced Nuclear Energy Workforce Development Program is for the Agency, in collaboration with the Texas Education Agency and the Texas Higher Education Coordinating Board, and in consultation with representatives designated by the Public Utility Commission of Texas to establish and administer the Advanced Nuclear Energy Workforce Development Program.

(b) Goal. The Advanced Nuclear Energy Workforce Development Program's goal is to address urgent skilled labor demands in the advanced nuclear energy industry in this state.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Les Trobman

General Counsel

Texas Workforce Commission

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For further information, please call: (737) 301-9662



SUBCHAPTER B. PROGRAM ADMINISTRATION

40 TAC §§814.11 - 814.13

The new rules are proposed under the authority of:

--Texas Labor Code, §302.0081(b), as added by SB 1535, 89th Texas Legislature, Regular Session, 2025, which requires TWC to adopt rules for the establishment and administration of the Advanced Nuclear Energy Workforce Development Program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed new rules relate to Title 4, Texas Labor Code, Chapter 302, Subchapter A.

§814.11. Strategic Plan.

To administer the Advanced Nuclear Energy Workforce Development Program, the Agency shall create a strategic plan for:

(1) addressing labor supply gaps and talent retention issues in the advanced nuclear energy industry; and

(2) providing financial assistance, including through the creation of strategic partnerships among public and private entities and advanced nuclear energy industry stakeholders, to incentivize and support:

(A) development of programming and outreach efforts designed to create awareness of nuclear science and career opportunities in the field of advanced nuclear energy among public school students;

(B) the creation of academic pathways from secondary school to education and training programs at institutions of higher education in the field of advanced nuclear energy;

(C) the creation by institutions of higher education of education and training programs in the field of advanced nuclear energy; and

(D) research and leadership development in the field of advanced nuclear energy at general academic teaching institutions.

§814.12. Curriculum Development.

To establish the Advanced Nuclear Energy Workforce Development Program, the Agency shall develop customized curriculum requirements for degree and certificate programs to prepare students for high-wage jobs in the advanced nuclear energy industry that, subject to the Texas Higher Education Coordinating Board approval under Texas Education Code, §61.0512, may be offered by an institution of higher education. In developing curriculum requirements, the Agency shall:

(1) consult with:

(A) representatives of the Texas Education Agency, Texas Higher Education Coordinating Board, general academic teaching institutions, public technical institutes, and public junior colleges;

(B) the designated representatives of the Public Utility Commission of Texas;

(C) the Texas Advanced Nuclear Energy Office; and

(D) employers in the advanced nuclear energy industry;
and

(2) focus on developing academic pathways to and curricula for programs leading to high-wage jobs in the areas of:

(A) nuclear-grade welding;

(B) radiological control and monitoring;

(C) reactor operations;

(D) nuclear instrumentation and control; and

(E) nuclear, electrical, chemical, civil, and environmental engineering.

§814.13. Annual Report.

No later than September 1 of each year, the Agency, in consultation with the Texas Education Agency and the Texas Higher Education Coordinating Board, shall prepare and submit to each standing committee of the legislature with primary jurisdiction over workforce development, higher education, or energy industry matters, a report summarizing the Agency's activities under the program. The report may include the Agency's recommendations for legislative or other action.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Les Trobman

General Counsel

Texas Workforce Commission

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For further information, please call: (737) 301-9662



TITLE 43. TRANSPORTATION

PART 5. HARRIS COUNTY TAX ASSESSOR-COLLECTOR

CHAPTER 95. REGULATION OF MOTOR VEHICLE TITLE SERVICES

43 TAC §95.1

The Harris County Tax Assessor-Collector and Voter Registrar's Office ("HCTO") proposes amendments and additions to Chapter 95 of the Texas Administrative Code, §95.1, concerning Motor Vehicle Title Service Licensing.

BACKGROUND INFORMATION AND JUSTIFICATION

HB 3521, adopted by the 76th Legislature, Regular Session, requires tax assessors in counties with populations of more than 500,000 and whose commissioners court adopted Chapter 520 of the Texas Transportation Code, to license and regulate the title service businesses. The bill took effect on September 1, 1999.

As enacted by HB 3521, Texas Transportation Code Chapter 520 requires certain county tax assessors to license and regulate those engaged in the motor vehicle title service business and their agents (also called runners). Specifically, (1) Section 520.053 requires county tax assessors to license persons acting as motor vehicle title services and agents of motor vehicle license services, (2) Section 520.060 requires fees for licensing motor vehicle title service companies and their agents, and (3) Section 520.059 allows a tax assessor to deny, suspend, revoke, or reinstate a license and to adopt rules governing those actions.

The purpose of these amendments under Chapter 95 (Regulation of Motor Vehicle Title Services) is to update HCTO's disciplinary rules and the rules for the denial, suspension, revocation, and reinstatement of motor vehicle title service and motor vehicle

title service runner license holders. The amended rule also updates the licensing fees assessed by Harris County, which have not been updated since May 2000.

SECTION-BY-SECTION SUMMARY

Proposed §95.1(a) defines terms used within Chapter 95.

Proposed §95.1(b) establishes that all persons, and their agents, engaged in the motor vehicle title service business must be licensed. Tex. Transp. Code §520.053.

Proposed §95.1(c) sets forth the general application process to receive a motor vehicle title service/runner license. Tex. Transp. Code §520.054.

Proposed §95.1(d) sets forth the additional information that is needed for a motor vehicle title service/runner license when the applicant is a corporation. Tex. Transp. Code §520.055.

Proposed §95.1(e) sets forth the additional information that is needed for a motor vehicle title service/runner license when the applicant is a partnership. Tex. Transp. Code §520.056.

Proposed §95.1(f) sets forth the identification requirements for out-of-state applicants.

Proposed §95.1(g) establishes the relationship between motor vehicle title services and their representatives and runners who perform services for the motor vehicle title service in Harris County. Tex. Transp. Code §520.053.

Proposed §95.1(h) lists the requirements for a person to obtain a motor vehicle title service/runner license. Tex. Transp. Code §520.059.

Proposed §95.1(i) outlines the process HCTO will use to notify applicants about the status of their applications. Tex. Transp. Code §520.059.

Proposed §95.1(j) sets forth the rules for rejections and denials of license applications. Tex. Transp. Code §520.059.

Proposed §95.1(k) establishes the license fees for motor vehicle title services and their runners. Tex. Transp. Code §520.060. Tex. Transp. Code §520.060.

Proposed §95.1(l) explains when licenses expire and how they can be renewed, provides information about fees for untimely renewals. Tex. Transp. Code §520.053.

Proposed §95.1(m) describes the permitting and badging process for license holders. Tex. Transp. Code §520.053.

Proposed §95.1(n) sets forth the records and recordkeeping requirements for motor vehicle title services. Tex. Transp. Code §520.059.

Proposed §95.1(o) sets forth license holders' obligations to report information to HCTO and information related to physical inspections and audits. Tex. Transp. Code §§520.057, 520.058.

Proposed §95.1(p) outlines the make-up of the disciplinary review board, including appointments, terms, and quorums.

Proposed §95.1(q) outlines the review and disciplinary process used by the review board, which reviews allegations of policy or statute violations by motor vehicle title services. Tex. Transp. Code §520.059.

Proposed §95.1(r) sets for the guidelines for suspension or revocation of licenses. Tex. Transp. Code §520.059.

Proposed §95.1(s) provides the procedures for license reinstatement or the reconsideration of an adverse disciplinary decision.

Proposed §95.1(t) lists persons who are exempt from licensing requirements. Tex. Transp. Code §520.063.

Proposed §95.1(u) describes HCTO's public database for motor vehicle title services' information. Tex. Transp. Code §§520.053, 520.059.

Proposed §95.1(v) allows HCTO to adopt additional and further policies and procedures.

Proposed §95.1(w) allows HCTO to amend this code provision in the future.

FISCAL NOTE

HB 3521 requires a tax assessor to license motor vehicle title services companies and their agents, to collect licensing fees for motor vehicle title service companies and their agents, and to deny, suspend, revoke, or reinstate licenses for motor vehicle title services and their agents. While the amounts of licensing fees are not set by statute, the fees are expressly permitted. Late penalties are set by statute under Section 520.060. These proposed rules align with Chapter 520, generally, and with Section 520.060's requirements, specifically. The licensing fee for motor vehicle title services is increasing from \$200 per year to \$500 per year. The licensing fee for motor vehicle title service runners is increasing from \$100 a year to \$200 a year. License fees have not increased since 2000, when Chapter 95 became effective. The fee increase is necessary to cover the costs associated with HCTO's licensing and regulation of motor vehicle title services and their agents. The proposed fees are comparable to those imposed by other county tax assessors who have updated their fees within the last 5 years (see 43 Texas Administrative Code §445.11).

Roni Mihaly, Deputy Chief of Staff for HCTO, in connection with Harris County's Office of Management and Budget, has determined that for each year of the first five years that the proposed rule will be in effect, there will be no new fiscal implications for Harris County as a result of enforcing or administering the proposed rules. In addition, HCTO does not anticipate that enforcing or administering the proposed rule will result in any reductions in costs or in any additional costs to HCTO, the state, or local governments. HCTO does anticipate that there will be an increase in licensing fee revenue to Harris County, but that any increase in revenue will be offset by the costs associated with licensing and regulating motor vehicle title service companies and their agents. HCTO does not anticipate that there will be any loss or increase in revenue to the state as a result of enforcing or administering the proposed rule.

PUBLIC BENEFIT

Roni Mihaly, Deputy Chief of Staff for HCTO, has determined that for each year of the first five years that the proposed amended rule will be in effect, the public benefit expected as a result of adopting the proposed rule will be a reduction in false and fraudulent documentation being presented in association with motor vehicle title service transactions because the new and amended rules provide HCTO with expanded authority to regulate motor vehicle title services. Under the existing rules, HCTO can only bring a motor vehicle title service before the disciplinary review board if the motor vehicle title service has submitted false or fraudulent paperwork on at least three (3) occasions. At the first hearing before the review board, if the review board finds that the motor vehicle title service engaged in false or fraudulent behav-

ior, the review board can only recommend a 90-day suspension of the motor vehicle service's license. On the second hearing before the review board, if the review board finds that the motor vehicle title service engaged in false or fraudulent behavior, the review board can only recommend a 180-day suspension of the motor vehicle service's license. License revocation cannot occur until the motor vehicle service is brought before the review board for a third time-meaning that there are at least nine (9) instances of that motor vehicle title service presenting false or fraudulent information before the motor vehicle title service can be prevented from continuing with its actions. See the current 43 Texas Administrative Code §95.1(g)(2), (g)(5). The proposed new rules permit greater latitude for discipline and in the denial, suspension, revocation, and reinstatement of licenses for motor vehicle title services and their agents. Additionally, the proposed amended rule will benefit the public because the amended rule allows Harris County to more fully recoup its costs associated with the licensing and regulation of motor vehicle title services and their agents.

ECONOMIC COSTS TO PERSONS AND IMPACT ON LOCAL ECONOMY

There are no anticipated economic costs to persons required to comply with the proposed amended rule. There is a cost imposed on motor vehicle title services and their agents, pursuant to Section 520.060 of the Texas Transportation Code. There is no effect on local economy for the first five years that the proposed amended rule will be in effect; therefore, no local employment impact statement is required under Texas Government Code §§2001.022 and 2001.024(a)(6).

FISCAL IMPACT ON SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES

The proposed amended rule will have no direct adverse economic impact on small businesses, micro-businesses, or rural communities. Accordingly, the preparation of an economic impact statement and a regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is not required.

GOVERNMENT GROWTH IMPACT STATEMENT

Pursuant to Texas Government Code §2001.0221, HCTO provides the following government growth impact statement for the proposed rules. For each year of the first five years that the proposed amended rule will be in effect, the Office has determined the following:

- (1) the proposed rule will not create or eliminate a government program;
- (2) implementation of the proposed rule will not require the creation of new employee positions or the elimination of existing employee positions;
- (3) implementation of the proposed rule will not require an increase or decrease in future legislative appropriations to Harris County;
- (4) the proposed rule will require an increase in fees paid to Harris County;
- (5) the proposed rule is an amended rule and therefore create new regulations;
- (6) the proposed rule do expand an existing regulation;
- (7) the proposed rule will not increase or decrease the number of individuals subject to the rules' applicability; and

(8) the proposed rule will not positively or adversely affect the state's economy.

REQUEST FOR PUBLIC COMMENTS

Comments or questions on the proposed amended rule may be submitted in writing and directed to Samantha Kealoha, Chief of Staff, Harris County Tax Assessor-Collector and Voter Registrar's Office, 1001 Preston, Houston, Texas 77002, or by email to comments@tax.hctx.net. Comments will be accepted for thirty (30) days from the date of publication of the proposed rules in the *Texas Register*. Comments should be organized in a manner consistent with the organization of the proposed amended rule.

STATUTORY AUTHORITY

The proposed amended rule is authorized by Texas Government Code §2001.004(1) and Texas Transportation Code §§ 520.053, 520.059(b), 520.060. Texas Government Code §2001.004(1) requires a state agency to adopt rules of practice stating the nature and requirements of formal and informal procedures. Texas Transportation Code §520.053 requires persons, and their agents, who do business as motor vehicle title services to be licensed by HCTO. Texas Transportation Code §520.059(b) directs HCTO to adopt rules establishing the grounds for the denial, suspension, revocation, and reinstatement of licenses for motor vehicle title services and their agents. Texas Transportation Code §520.060 sets parameters for the licensing fees charged to motor vehicle title services and their agents.

CROSS REFERENCE TO STATUTE

The proposed amended rule implements Chapter 520 of the Texas Transportation Code. No other statute, code, or article is affected by the proposed rules.

§95.1. Motor Vehicle Title Service Licensing.

(a) Definitions.

(1) "Convicted" means an adjudication of guilt or, except as provided by Government Code Section 411.1711, an order of deferred adjudication entered against a person by a court of competent jurisdiction whether or not the imposition of the sentence is subsequently probated and the person is discharged from community supervision. The term does not include an adjudication of guilt or an order of deferred adjudication that has been subsequently:

- (A) expunged;
- (B) pardoned under the authority of a state or federal official; or
- (C) otherwise vacated, set aside, annulled, invalidated, voided, or sealed under any state or federal law.

(2) "Motor vehicle" means:

- (A) Any motor driven or propelled vehicle required to be registered under the laws of this state;
- (B) A trailer or semitrailer, other than manufactured housing, that has a gross vehicle weight that exceeds 4,000 pounds;
- (C) A travel trailer;
- (D) An off-highway vehicle, as defined by Section 551A.001 Transportation Code; or
- (E) A motorcycle or moped that is not required to be registered under the laws of this state.

(3) "Motor vehicle title documents" means motor vehicle title applications, motor vehicle registration renewal applications, motor vehicle mechanic's lien title applications, motor vehicle storage lien title applications, motor vehicle temporary registration permits, motor vehicle title application transfers occasioned by the death of the title holder, or notifications under Chapter 683, Transportation Code or Chapter 70, Property Code.

(4) "Motor vehicle title service" means any person that, for compensation, directly or indirectly assists other persons in obtaining motor vehicle title documents by submitting, transmitting, or sending applications for motor vehicle title documents to the appropriate government agencies.

(5) "Motor vehicle title service representative" means an individual authorized by a motor vehicle title service to execute motor vehicle title documents on behalf of the motor vehicle title service.

(6) "Motor vehicle title service runner" means any person employed by a licensed motor vehicle title service to submit or present motor vehicle title documents to the Tax Assessor.

(7) "Out-of-County motor vehicle title service" means a motor vehicle title service located outside of Harris County, Texas with no offices in Harris County, but which processes more than five (5) title and/or registration transactions in a calendar year in Harris County.

(8) "Person" means an individual, partnership, company, or corporation.

(9) "Tax Assessor" means the Harris County Tax Assessor-Collector.

(10) "License holder" means, unless otherwise specified in this Chapter, a person who holds a motor vehicle title service license and a motor vehicle title service runner's license.

[(a) Who must apply for Motor Vehicle Title Service License.]

[(1) All companies and individuals wishing to conduct title service business in Harris County, as defined in Chapter 520 of the Transportation Code under subchapter E must be licensed by the County Tax Assessor-Collector.]

[(2) Any organization that falls into the category of "motor vehicle title service" company must be registered and licensed by the County Tax Assessor-Collector. "Motor vehicle title service" means any person who, for compensation, directly or indirectly assists other persons in obtaining title documents by submitting, transmitting or sending applications for the title documents to the appropriate government agencies.]

[(3) There are two categories of licenses that are required to do business: the Motor Vehicle Title Service License and the Title Service Runner License.]

[(A) The operator of a motor vehicle title service company must complete a form provided by the County Tax Assessor-Collector. The operator of the title service company will provide the company name, as well as the name of all individuals who have an ownership interest in the applying motor vehicle title service company. The motor vehicle title service company shall assume the responsibility for the accuracy and validity of all documents presented to the County Tax Assessor-Collector under its name.]

[(B) A "motor vehicle title service runner" is a registered agent of a registered motor vehicle title service company. The motor vehicle title service runner has the authority to present motor vehicle title documents to the County Tax Assessor-Collector's office for processing. Runners must be authorized by a motor vehicle title

service company. Runners may represent more than one motor vehicle title service company.]

(b) Motor Vehicle Title Service License Required.

(1) All persons conducting motor vehicle title services or providing motor vehicle title service runner services in Harris County, must be licensed by the Tax Assessor, unless exempted by statute or this Chapter.

(2) A person may not perform any motor vehicle title services or act as a motor vehicle title service runner unless that person or entity holds a license issued by the Tax Assessor. The Tax Assessor issues the following licenses related to motor vehicle title service businesses and operations:

(A) Motor vehicle title service licenses; and

(B) Motor vehicle title service runner licenses.

(3) The Tax Assessor may, in her/his discretion, limit the number of motor vehicle title service and motor vehicle title service runner licenses that are issued.

[(b) Application Process. Individuals and companies wishing to complete an application to register as a motor vehicle title service company, or as a runner, must apply at the Harris County Administration at 1001 Preston, Room 100, Houston, Texas. All applicants must present their current Texas driver's license or a Texas Department of Public Safety identification card at the time they apply. Lack of a current Texas driver's license or a Texas Department of Public Safety identification card disqualifies an applicant from being licensed. The minimum age at which a person may apply for a license is 16.]

[(1) Vehicle Title Service License Requirements]

[(A) Service Company License, shall, in addition to fulfilling the requirements set forth in Chapter 520 of the Transportation Code, Subchapter E, provide a "doing business as" (DBA) certificate, or articles of incorporation; plus banking information. Applicants must provide a physical address. No license will be issued to a company or individual whose address is a Post Office Box.]

[(B) Vehicle title service companies must identify all individuals who have an ownership in the business. All persons with an ownership interest in a vehicle title service company are subject to the requirements of this Act, and must be licensed under its terms and conditions.]

[(C) Runners must be identified and sponsored by the motor vehicle title service company in order to conduct business on its behalf. Only individuals and entities that have been awarded a motor vehicle title service license can authorize a runner. The required documents for any runner who is authorized as an agent of a title company must be on file with each service company for which the runner is an authorized agent.]

[(D) Upon completion of their application, applicants will be contacted within ten (10) working days, by mail and by phone. They will be instructed to report to the office of the County Tax Assessor-Collector to pick up a letter or authorization, or a letter of rejection.]

[(E) Licensed must be renewed annually. Applicants must meet all original requirements.]

[(2) Requirements for Title Service Runner License]

[(A) A licensed motor vehicle title service company must authorize all individuals who will process paperwork on its behalf. Individuals whose names are not on file as agents of a title company will not be allowed to conduct business on behalf of that title service company.]

{(B) All individuals shall fill out the application for a Title Service Runner License. All applicants will be notified within ten (10) working days, by mail and by phone, to report to the office of the County Tax Assessor-Collector to pick up a letter of authorization or a letter of rejection.}

{(C) Any unlicensed individual observed conducting frequent motor vehicle title transactions on behalf of others, and who claims not to be receiving any compensation for such activities, shall be required to complete an affidavit stating that he or she is not receiving compensation for conducting motor vehicle title transactions. The affidavit shall be notarized and forwarded to the appropriate law enforcement agencies by a deputy of the County Tax Assessor-Collector.}

(c) Application Process/General Requirements.

(1) This section applies to all license applicants, including all license renewals. Paragraphs (3) (D), (E), (I), (J) and (L) do not apply to applicants for motor vehicle title service runner licenses. An applicant must be at least 18 years of age to hold a license.

(2) An applicant must apply on a form prescribed by the Tax Assessor. An applicant may apply for a license at a location specified and at the times designated on the Tax Assessor's website. Applications may also be mailed to the Tax Assessor at the address indicated on its website.

(3) The application form must be signed by the applicant and the applicant must present a completed application to the Tax Assessor along with the following:

(A) The applicant's name, business address, and business telephone number;

(B) If the applicant is an individual, the individual's date of birth and authorization to work within the United States;

(C) The name under which the applicant will do business, and a copy of the assumed name certificate for each assumed name used by the applicant.

(i) A license will not be issued under a fictitious name, and

(ii) An applicant may not adopt a fictitious name that is similar to or may be confused with the name of a government entity or that is deceptive or misleading to the public;

(D) The physical address of each office from which the applicant will conduct business. If the applicant has more than one business location, the applicant will designate one location as its principal place of business. No license will be issued to a business with a post office box as its sole address or principal place of business. An applicant may not use an address as a business address if the operation of a motor vehicle title service business would violate any deed restrictions, leases, homeowner's association restrictions, zoning laws, or any other property use restrictions applicable to that address. The applicant will provide copies of applicable deed restrictions, leases, homeowner's association restrictions, zoning laws, or other property use restrictions in connection with its license application upon the request of the Tax Assessor. The Tax Assessor may also require that an applicant provide proof from a landlord, homeowner's association, or other third party that use of the property for a motor vehicle title service will not violate deed restriction, lease, homeowner's association restriction, zoning law, or other property use restrictions;

(E) A true and accurate image of the building where each office of the business is physically located showing:

(i) Permanent signage with the business name and phone number; and

(ii) The directory showing the title service name and suite number if the office is located inside a building with more than one occupant;

(F) A copy of the applicant's or each motor vehicle title service representatives' current Texas driver's license or Texas Department of Public Safety identification card;

(G) A copy of the applicant's or each motor vehicle title service representatives' Social Security card that matches the name on the identification presented;

(H) An individual with a Social Security card branded to indicate it does not authorize the individual to work must have authorization from the agency that branded the card before the card will be accepted;

(I) The applicant's Federal Tax Identification number and a completed W-9 form;

(J) The applicant's current, active state sales tax number;

(K) A statement indicating whether the applicant or any motor vehicle title service representative has previously applied for a motor vehicle title service license or motor vehicle title service runner license; the result of the previous application, and whether the applicant has ever been the holder of a license that was revoked or suspended;

(L) The name and address of applicant's bank and the applicant's bank account number;

(M) All applicable licensing fees; and

(N) A fingerprint based criminal history record check from the Texas Department of Public Safety dated within 90 days of the application.

(4) The applicant shall ensure that all information and documents presented to the Tax Assessor are accurate and complete.

{(e) Causes for rejection of application for license. The following shall disqualify an individual from being licensed under this Act.}

{(1) Submitting false information on the application form or any supporting documents.}

{(2) Having been convicted of a felony or a crime of moral turpitude for which the completion date of the applicant's sentence is less than five years from the date of applying for a license under this Act.}

{(3) Having been found in violation of administrative procedures by the Texas Department of Transportation.}

(d) Additional Requirements for Corporations. In addition to the general requirements for all applicants, corporations shall also provide:

(1) A copy of the corporation's articles of incorporation showing state of incorporation and date of incorporation;

(2) A current certificate of good standing;

(3) The name and address of the corporation's registered agent;

(4) The corporation's Employer Identification Number (EIN) and a completed W-9 form;

(5) The name, address, date of birth, and social security number of each of the officers and directors of the corporation;

(6) Information about each officer and director as required by the Tax Assessor to establish the business reputation and character of the applicant; and

(7) A statement indicating whether an employee, officer, or director has been refused a motor vehicle title service license or a motor vehicle title service runner's license or has been the holder of a license that was revoked or suspended.

[(d) Fees. Non-refundable annual fees for licenses shall be as follows:]

[(1) The fee for a Vehicle Title Service Company License shall be \$200.00 for the first year and \$100 per year each year thereafter.]

[(2) The annual fee for a Title Service Runner License shall be \$50.00.]

(e) Additional Requirements for Partnerships. In addition to the general requirements for all applicants, partnerships shall also provide:

(1) A copy of the partnership agreement;

(2) If the business is a limited partnership, a current certificate of good standing and the name and address of the registered agent;

(3) The name, address, date of birth, and social security number of each partner;

(4) The partnership's Employer Identification Number (EIN);

(5) Information about each partner as required by the Tax Assessor to establish the business reputation and character of the applicant; and

(6) A statement indicating whether a partner or employee of the business has been refused a motor vehicle title service license or a motor vehicle title service runner's license or has been the holder of a license that was revoked or suspended.

[(e) Policies for conducting transactions.]

[(1) A Tax Assessor-Collector vehicle transaction form must accompany all motor vehicle title service transactions. The motor vehicle title service company officer or operator shall print and sign his or her name in the space provided, and fill in his or her company authorization number in the space provided.]

[(2) The individual preparing the document will print and sign his or her name in the space provided. That person will also fill in his or her Texas driver's license number.]

[(3) All runners processing documents at the office of the County Tax Assessor-Collector shall print and sign their names in the spaces provided. Runners shall also fill in their County Tax Assessor-Collector authorization number in the appropriate block.]

[(4) In the space labeled Description of Vehicles, all vehicles that the title service company wants to complete a transaction on must be listed and identified as transfer of ownership, renewal or replacement of license plates or registration sticker. The vehicle make, model, year and vehicle identification number must be printed legibly. Only the vehicles authorized by a licensed motor vehicle title service company can be printed on the form. The motor vehicle title service company is responsible for the accuracy and validity of the information for each vehicle listed. Only vehicles authorized and listed by the licensed motor vehicle title service company will be processed.]

[(5) After the final vehicle transaction on each transaction sheet is completed, a copy of the transaction sheet will be made and given to the runner. The original transaction sheet will remain on file at the office of the County Tax Assessor-Collector.]

(f) Out-of-State Applicants. In lieu of the Texas identification requirement, applicants located outside the state of Texas must provide a valid US state-issued driver's license or a valid US state-issued identification card.

[(f) The Review Board. The County Tax Assessor-Collector shall appoint a five-member Review Board to review allegations of policy and statute violation. The Review Board shall consist of two deputies from the County Tax Assessor-Collector's office who deal with motor vehicle registration. Two members of the Review Board shall be selected from law enforcement; one from the County Sheriff's office and one from a municipal jurisdiction within the County. The fifth member of the Review Board shall be a representative who is active in the motor vehicle title service industry. Memberships will last one year and replacements will be selected on a staggered basis.]

(g) Authorization Required.

(1) A licensed motor vehicle title service must authorize all motor vehicle title service representatives and runners who will perform motor vehicle title service business on its behalf. Individuals whose names are not on file as a representative or a runner of the motor vehicle title service will not be allowed to conduct business on behalf of that motor vehicle title service. A motor vehicle title service license holder sponsors and is legally responsible for each motor vehicle title service representative and runner it authorizes to do business on its behalf.

(2) A motor vehicle title service shall notify the Tax Assessor's Office by email or mail within three (3) calendar days when a representative or runner is no longer authorized by that motor vehicle title service. The motor vehicle title service shall be responsible for all transactions performed on behalf of the motor vehicle title service by a runner prior to such notice.

(3) All motor vehicle title service runners must be employed by the motor vehicle title service that authorizes them to do business.

[(g) Cancellation, Suspension or Revocation of License.]

[(1) It shall be the duty of the County Tax Assessor-Collector to cancel the Motor Vehicle Title Service License or Title Service Runner's License issued to a person, firm or corporation when such license is found by the Review Board to have been obtained by submitting false or misleading information.]

[(2) License holders are subject to license cancellation or suspension if more than two vehicle document packets they submit to the County Tax Assessor-Collector's office are found by the Review Board to contain false information and the false information is determined to have been intentionally submitted by the motor vehicle title service company.]

[(3) A runner is subject to license cancellation or suspension if the Review Board determines that the runner presented a title packet to the County Tax Assessor-Collector's office that was not authorized by a licensed Motor Vehicle Title Service Company. If it is determined that a runner altered or forged the original paperwork prepared for and signed by the motor vehicle title service company, that runner shall be subject to license suspension or cancellation pending a decision from the Review Board.]

~~[(4) Under Section 520.059 of the Transportation Code, the County Tax Assessor-Collector may deny, suspend, revoke or reinstate a license.]~~

~~[(5) If the Review Board renders a determination of intentional, factual vehicle document misrepresentation, the Review Board may recommend a 90-day suspension of license for the first offense. The Review Board may recommend a 180-day suspension of license for the second offense. The Review Board may recommend a license revocation for the third offense.]~~

~~[(6) The Review Board has the right to revoke any license upon notification of conviction of a felony or crime of moral turpitude.]~~

~~[(7) The County Tax Assessor-Collector shall review any recommendation of the Review Board and render the final decision.]~~

(h) Requirements for Motor Vehicle Title Service Runner License.

(1) All motor vehicle title service runners must complete an application on a form prescribed by the Tax Assessor and must be granted a license(s) by the Tax Assessor before the motor vehicle title service runner may perform any motor vehicle title service runner services.

(2) A motor vehicle title service license holder must identify each motor vehicle title service runner acting on its behalf on a form supplied by the Tax Assessor. A motor vehicle title service runner who does not appear in the Tax Assessor's records as an authorized runner for a motor vehicle title service will not be allowed to act as a runner for that motor vehicle title service. A licensed motor vehicle title service runner may act on behalf of more than one motor vehicle title service, but must hold a separate license for each motor vehicle title service he/she works for.

(3) Any unlicensed person who conducts motor vehicle title transactions on behalf of others may be required to complete an affidavit provided by the Tax Assessor's Office stating that the person is not receiving compensation for conducting motor vehicle title transactions. In the event a person is found to be conducting motor vehicle title transactions on behalf of others without a license, the Tax Assessor's Office may refuse to accept motor vehicle title documents from the person and make a report to an appropriate law enforcement entity.

~~[(h) The Review Process.]~~

~~[(1) The Review Board shall meet once a month at a date determined by the County Tax Assessor-Collector. The board will review any complaints and make a determination as to whether the questioned vehicle documents presented to the County Tax Assessor-Collector constitute intentional misrepresentation of fact.]~~

~~[(2) A quorum of three members of the Review Board must be present to render a decision. No proxy votes will be allowed.]~~

~~[(3) The County Tax Assessor-Collector shall appoint a member of the Review Board to chair meetings of the Review Board.]~~

~~[(4) A majority vote of members present at a meeting of the Review Board shall determine the outcome of matters under consideration.]~~

~~[(5) All decisions shall be subject to a final review by the County Tax Assessor-Collector.]~~

(i) Application Approval/Denial

(1) Applicants will be notified by email and certified mail, that their applications were approved or denied within 10 business days after the submission of all information and documents necessary for the

Tax Assessor to make a determination on the application. Denial letters will be sent by email, by certified mail, or another method that verifies delivery, to the address of the applicant's principal place of business as identified on the application.

(2) Incomplete applications will not be processed. An email will be sent notifying the applicant of an incomplete application. Applicants whose applications are incomplete have 30 days to correct or supplement their applications with missing information. If the missing or incomplete information is not provided to the Tax Assessor within the 30-day cure period, the application will be denied, the license fee will be retained by the Tax Assessor, and applicant will have to submit a new application and license fee to obtain a license. The 30-day cure period is calculated from the date the email is sent notifying the applicant of the incomplete application.

[(i) License Reinstatement.]

[(1) The Review Board will examine all license suspensions before the end of the suspension period. The Review Board will make a recommendation to the County Tax Assessor-Collector as to whether the individual or company should have their license reinstated.]

[(2) The County Tax Assessor-Collector shall review the Board's recommendation and render a final decision.]

(j) Causes for rejection of application for license.

(1) Applications that contain false information, whether in the application or in any supporting documents, may be denied. An applicant whose application is denied for submitting false information forfeits the license fee and will be prohibited from reapplying for a license.

(2) Any of the following will also disqualify a person from being licensed and will result in the forfeiture of all licensing fees previously paid:

(A) Having been convicted of a felony or a crime of moral turpitude or deceptive business practices for which the completion date of the person's sentence, including any probationary period, is less than five years from the application date. The application of a person whose sentence was completed five or more years prior to the date of application will be considered on a case-by-case basis. In those cases, the Tax Assessor may consider the nature and seriousness of the offense, the person's age at the time of the conviction, the time that has expired since the conviction, the relevance of the crime to the duties and responsibilities of a motor vehicle title service or a motor vehicle title service runner, the person's other criminal history, any explanation provided by the person, and any other information relevant to the application process or the duties of a licensee. The Tax Assessor shall have absolute discretion to decide whether a person is suited for licensing. For purposes of this section, the Tax Assessor may review and make a determination based on the criminal history (as described in this section) of an applicant and/or the applicant's owners, officers, directors, partners, or representatives.

(B) Engaging in violations of these administrative rules and procedures or of any other applicable law, regulation, rule or procedure, including those issued by the Texas Department of Motor Vehicles.

(C) Having outstanding or delinquent Class C misdemeanor fines, open warrants or other taxes, fines, or fees owed to any Texas county that are not paid or otherwise resolved within 30 days from the date the Tax Assessor provides the applicant with written notice of the outstanding amounts due.

(D) Having been criminally or civilly sanctioned for the unauthorized practice of law by a government or quasi-government body of competent jurisdiction.

(E) Having a license issued by the DMV revoked or suspended.

(F) Listing an address as a business address when conducting a motor vehicle title service company from that address would violate any deed restriction, lease, homeowner's association restriction, zoning law, or other property use restriction.

(G) Any other reason deemed by the Tax Assessor, in good faith, as sufficient to deny a license.

(3) A motor vehicle title service license or a motor vehicle title service runner's license may be denied if granting the license would exceed the maximum number of motor vehicle title service licenses or motor vehicle title service runner's licenses, respectively, that the Tax Assessor has agreed to issue.

(4) A person who holds a motor vehicle title service runner's license may not also be licensed as a motor vehicle title service.

(5) A person who holds a motor vehicle title service runner's license may not relinquish that license and apply to be a motor vehicle title service if the license of a motor vehicle title service that employs that runner is suspended or has had its license revoked.

(6) The Tax Assessor shall have absolute discretion to decide whether a person is issued a license.

{(j) The County Tax Assessor-Collector shall maintain a publicly accessible database containing information about each licensed Motor Vehicle Title Service Company and each licensed Title Service Runner.}

(k) Fees. Non-refundable, annual fees for licenses shall be as follows:

(1) The fee for a motor vehicle title service license shall be \$500.00 for the first year with a renewal fee of \$500 per year each year thereafter.

(2) The annual fee for a motor vehicle title service title service runner license shall be shall be \$200.00 for the first year with a renewal fee of \$200 per year each year thereafter.

(3) The fee to replace a badge is \$25.00.

(4) All fees must be paid by certified check, money order, or business check in the name of the motor vehicle title service.

{(k) Amendment Process. The County Tax Assessor-Collector reserves the right to amend these rules as deemed necessary.}

(l) Expiration and Renewal of Licenses

(1) A license issued under this chapter expires on the first anniversary of the date of issuance and may be renewed annually on or before the expiration date upon reapplication and payment of the required renewal fee.

(2) Before the 30th day preceding the date on which a person's license expires, the Tax Assessor shall notify the person of the impending expiration. The notice will be in writing and sent to the person's last known address according to the records of the Tax Assessor. Failure to send the notice under this provision does not provide any right or remedy to the license holder.

(3) A person whose license has expired may not engage in activities that require a license until the license has been renewed or a new license obtained.

(4) If a person's license has been expired for 90 days or less, the person may renew the license by paying the Tax Assessor one and one-half (1.5) times the required renewal fee.

(5) If a person's license has been expired for longer than 90 days but less than one year, the person may renew the license by paying the Tax Assessor two (2) times the required renewal fee.

(6) If a person's license has been expired for one year or longer, the person may not renew the license. The person may obtain a new license by complying with the requirements and procedures, including paragraph (j)(3) of this Chapter, for obtaining an original license. Notwithstanding the foregoing, if a person was licensed under this Chapter, moved to another state, and has been doing business in the other state for the two years preceding application, the person may renew an expired license by paying the Tax Assessor a fee that is equal to two (2) times the required license renewal fee.

(m) Permit Numbers and Badges.

(1) A motor vehicle title service shall identify all motor vehicle title service representatives it has appointed or authorized to conduct business on its behalf on a form provided by the Tax Assessor. A person whose name is not on file with the Tax Assessor as motor vehicle title service representative for a motor vehicle title service shall not conduct business on behalf of that motor vehicle title service and motor vehicle title documents signed by those persons will be returned.

(2) A person may not serve as a motor vehicle title service representative unless the person provides the Tax Assessor with a current (dated within 90 days of submission of the form) fingerprint based criminal history record check from the Texas Department of Public Safety. A person who has been convicted of any felony, crime of moral turpitude, or of deceptive business practices shall not serve as a motor vehicle title service representative if the completion date of the person's sentence (including any probationary period) is fewer than five years from the date of the appointment. A person whose sentence was completed five or more years prior to the date of appointment will be considered on a case-by-case basis. In those cases, the Tax Assessor may consider the nature and seriousness of the offense, the applicant's age at the time of the conviction, the time that has expired since the conviction, the relevance of the crime to the duties and responsibilities of a motor vehicle title service representative, the applicant's other criminal history, any explanation provided by the applicant, and any other information relevant to the application process or the duties of a licensee. The Tax Assessor shall have absolute discretion to decide whether a person may serve as a motor vehicle title service representative.

(3) All motor vehicle title service representatives and motor vehicle title service runners shall be issued a permit number.

(4) All motor vehicle title service representatives and all motor vehicle title service runners must obtain a badge issued by the Tax Assessor which must be presented at the Tax Assessor's offices. Persons eligible for a badge will be instructed to report to a determined location on a scheduled day and time for badge processing, which shall include making a photographic or electronic image of the badge holder.

(5) Motor vehicle title service representatives and runners must pick up their badges from the Tax Assessor's office.

(6) Badges must be updated annually. Motor vehicle title service representatives and runners must have a current badge to conduct motor vehicle transactions.

(n) Records and recordkeeping.

(1) All motor vehicle title transactions for Harris County will be processed at locations specified by the Tax Assessor on its web-

site. Only motor vehicle title documents, as that term is defined in this Chapter, will be processed. Motor vehicle title services and their runners may not present any transactions or conduct any transactions at any location other than the locations identified on the Tax Assessor's website.

(2) A holder of a motor vehicle title service license shall maintain records as required by Texas Transportation Code §520.057 on forms prescribed and made available by the Tax Assessor for each transaction in which the motor vehicle title service receives compensation. The records shall include:

(A) The date of transaction;

(B) The name, age, address, sex, driver's license number, and a legible photocopy of the driver's license for each customer; and

(C) The license plate number, vehicle identification number, and a legible photocopy of proof of financial responsibility for the motor vehicle involved.

(3) A Tax Assessor vehicle transaction form must accompany all motor vehicle title service transactions. The motor vehicle title service company representative shall print and sign the representative's name in the space provided, and fill in the representative's permit number in the appropriate space.

(4) The motor vehicle title service business and the motor vehicle title service representative who signs the transaction form are responsible for the accuracy and validity of the information for each vehicle listed. Only vehicles authorized and listed by the licensed motor vehicle title service will be processed.

(5) All motor vehicle motor vehicle title service runners processing documents at the office of the Tax Assessor shall print and sign their names on the vehicle transaction form in the spaces provided. Motor vehicle title service runners shall also fill in their permit number in the appropriate space.

(6) All vehicles that are the subject of a transaction must be listed and identified as transfer of ownership, renewal or replacement of license plates, registration sticker, or other transactions on the vehicle transaction form. The vehicle make, model, year, and vehicle identification number must be printed legibly in the space provided.

(7) All required forms must be filled out accurately and completely. Inaccurate or incomplete forms will be rejected and the motor vehicle title transactions associated with those forms will not be completed.

(8) All required forms must be submitted in the manner determined by the Tax Assessor. Forms that are not correctly submitted will be rejected and the motor vehicle title transactions associated with those forms will not be completed.

(9) Motor vehicle title documents that contain false or altered information will be retained by the Tax Assessor's office for review by the Review Board. If motor vehicle title documents are retained, either the purchaser or seller of the vehicle must appear at the Tax Assessor's office with corrected documents before any transaction for that vehicle will be completed.

(10) All original transaction sheets will remain on file with the Tax Assessor.

(11) A motor vehicle title service shall keep at its principal place of business:

(A) Two copies of all records required by Texas Transportation Code §520.057, including the vehicle transaction form, for at least 2 years after the date of the transaction;

(B) Legible photocopies of any documents submitted by a customer; and

(C) Legible photocopies of any documents submitted to the Tax Assessor.

(o) Reporting Procedures and Record Inspections

(1) A motor vehicle title service license holder must notify the Tax Assessor, within three calendar days, of all changes to (i) the address of its principal place of business and other business locations; and (ii) its business telephone and email addresses.

(2) A motor vehicle title service must immediately (within three calendar days) report any change of its principals, partners, owners, officers, or directors to the Tax Assessor. The information and documentation required to be furnished as part of an original license application will be required for each new or additional principal, partner, owner, officer, or director.

(3) Each motor vehicle title service must keep (i) its original license and application and (ii) a copy of each license issued to a motor vehicle title service representative or runner connected with the motor vehicle title service at its principal place of business. Each motor vehicle title service must keep copies of its license, application, and of each license/permit issued to a motor vehicle title service representative or runner connected with the motor vehicle title service at all other business locations.

(4) A motor vehicle title service runner must notify the Tax Assessor of any changes of address and/or contact information within three calendar days of the change.

(5) A law enforcement officer or representative of the Harris County Tax Office is entitled to inspect a motor vehicle title service's records, on the premises of the principal business location of the motor vehicle title service or at any location where the motor vehicle title service does business, at a reasonable time, to verify, check, or audit the records. A motor vehicle title service shall cooperate with law enforcement and the Harris County Tax Office representatives and must permit such an inspection. Failure to cooperate with or permit an inspection, or to maintain required records, may result in the suspension or revocation of the motor vehicle title service's license.

(6) If law enforcement appears at the location listed by the motor vehicle title service as that motor vehicle title service's principal business address to conduct an inspection and the motor vehicle title service is not conducting business at the location, the Tax Assessor may, in its discretion, revoke the motor vehicle title service's license.

(7) Specific records of out-of-county motor vehicle title services may be requested for inspection. The out-of-county motor vehicle title service must send all requested records to the Tax Assessor's Office either (i) by mail, Attention: Special Investigations Unit, at 1001 Preston, Houston, TX 77002, at the expense of the out-of-county title service, with return postage prepaid, or (ii) by email. If the Tax Assessor determines that an on-site audit is necessary, an out-of-county title service will be responsible for the travel costs for two inspectors of the Tax Assessor's Office, calculated at Harris County's current county per diem rate, and including airfare and other transportation costs, meals, and lodging.

(p) The Review Board.

(1) The Tax Assessor shall appoint a five-member Review Board to review allegations of policy and statute violations, including violations of this Chapter. The Review Board shall consist of:

(A) Two (2) employees from the Tax Assessor's office experienced with motor vehicle title services and/or title and registration functions or services;

(B) members of law enforcement; and

(C) One (1) member who is active in the motor vehicle title service industry.

(2) If the Tax Assessor is unable to fill a board seat as required by section (p)(1)(B) or (C), the Tax Assessor may appoint a Harris County Tax Office employee that meets the qualifications of section (p)(1)(A) to fill that board seat.

(3) Appointments shall be for two years and shall be made in staggered terms. There are no term limitations and the Tax Assessor may reappoint board members for additional terms.

(4) A quorum of three members of the Review Board must be present to render a decision. No proxy votes will be allowed.

(5) The Tax Assessor shall appoint a member of the Review Board to chair meetings of the Review Board.

(6) A member of the Review Board who is absent for three consecutive meetings may be removed by the Tax Assessor.

(7) The Tax Assessor may remove a Review Board member for dishonesty or corruption, a demonstrated failure to maintain impartiality, using the position to obtain special treatment for the member or others, egregious or hostile treatment of parties or counsel, accepting bribes, gifts, or personal favors related to the duties of a board member, conviction of a felony or crime involving moral turpitude, an inability to discharge the duties of a board member, or for any other reason deemed by the Tax Assessor.

(8) Any vacancy created by the removal or resignation of a member shall be filled by appointment by the Tax Assessor and the new member shall be appointed to serve the remainder of the former member's term.

(q) The Review Process.

(1) The Review Board shall meet as needed on a date and at a location determined by the Tax Assessor. The Review Board will hold hearings to review any complaints or allegations made against a motor vehicle title service, and/or its representative and runners, including complaints or allegations made by the Tax Assessor, and will determine whether a motor vehicle title service and/or its representative or runners (i) falsified motor vehicle title documents or presented falsified, fraudulent, or altered motor vehicle title documents to the Tax Assessor's office, or (2) engaged in or participated in any violation of policy, procedure, or statute, including violations of this Chapter.

(2) The Tax Assessor will provide notice to the motor vehicle title service of a hearing before the Review Board. The motor vehicle title service and/or its representatives or runners may appear in person before the Review Board to present testimony and offer evidence regarding any alleged violation. The motor vehicle title service and/or its representatives or runners may be represented by counsel at the motor vehicle title service's and/or its representatives or runners' own expense. A motor vehicle title service and/or its representatives or runners may utilize the services of an interpreter at the motor vehicle title service and/or its representatives or runners' own expense.

(3) Review Board decisions are administrative in nature. Courtroom rules of evidence shall not apply; however, the Review

Board chair may limit or exclude evidence that is immaterial, irrelevant, or repetitious.

(4) The standard of proof shall be by a preponderance of the evidence. Witnesses may be sworn.

(5) A majority vote of members present at a meeting of the Review Board shall determine the outcome of matters under consideration and will make recommendations to the Tax Assessor regarding any penalties that should be applied to a particular matter.

(6) A quorum of the Review Board may draft and recommend other procedural rules that are not inconsistent with this Chapter or other law.

(7) All decisions shall be subject to a final review by the Tax Assessor.

(r) Suspension or Revocation of License.

(1) In addition to the other grounds for license suspension or revocation contained in this Chapter, the Review Board may recommend license suspension or revocation for a motor vehicle title service and/or a motor vehicle title service runner.

(2) The Review Board may recommend to the Tax Assessor that a license be suspended or revoked on any of the following grounds:

(A) The Review Board determines the license holder has violated any provision of this Chapter or of Title 7, Subtitle A, Chapter 520, Subchapter C of the Texas Transportation Code.

(B) The Review Board determines that the license holder has been found in violation of the Texas Department of Motor Vehicles (DMV) rules, policies, or procedures, or a license issued by the DMV has been revoked or suspended and has not been reinstated.

(C) The Review Board determines that the license holder has been criminally or civilly sanctioned for the unauthorized practice of law by a government or quasi-government body with jurisdiction to do so.

(D) The Review Board determines that a license was obtained by submitting false or misleading information.

(E) The Review Board determines that a motor vehicle title service has failed to maintain its records as required by the Texas Transportation Code or this Chapter, or a motor vehicle title service has refused to permit the Tax Assessor to conduct an inspection of the records of the motor vehicle title service in accordance with Texas Transportation Code §520.058 and/or this Chapter.

(F) The Review Board determines that the license holder has been convicted of a felony, or any crime of moral turpitude or deceptive business practice not previously disclosed in the license holder's application.

(G) The Review Board determines that the license holder has outstanding or delinquent Class C misdemeanor fines open warrants or other taxes, fines, or fees owed to any Texas county that are not paid or otherwise resolved within 30 days from the date the Tax Assessor provides the applicant with written notice of the outstanding amounts due..

(H) The Review Board determines that a license holder has submitted more than one motor vehicle title transaction to the Tax Assessor within a two-year period which contains false, misleading, or erroneous information.

(J) The Review Board determines that a motor vehicle title service runner presented a transaction to the Tax Assessor's office that was not authorized by a licensed motor vehicle title service.

(K) The Review Board determines that a motor vehicle motor vehicle title service runner altered or forged the original paperwork of a motor vehicle title service.

(L) The Review Board determines that a motor vehicle title service utilized the services of a runner who is not employed by the motor vehicle title service or whose license was suspended or revoked.

(M) The Review Board determines that the license holder has attempted to bribe a an employee of the Harris County Tax Office.

(N) The Review Board determines that a license holder failed to appear at a Review Board meeting to answer complaints against the license holder.

(O) The Review Board determines a license holder violated the Harris County Building Regulations, specifically including disruption of county operations or violation of building security. Persons who violate Harris County Building Regulations are subject to removal from County facilities.

(P) The Review Board determines that a license holder has been involved in the issuance of fraudulent liability insurance.

(Q) The Review Board determines that a license holder has continued to engage in activities or conduct business requiring a license during the time the license was suspended.

(2) The Review Board may recommend that no action be taken against a license holder, that a license holder be issued a written warning from the Tax Assessor, that the license holder's license be suspended in a range from no less than 30 days or no more than 180 days (plus a 90 day extension), or that the license holder's license be revoked. In deciding what action to take, the Review Board may consider the nature of the violation, the number of violations committed, any previous discipline imposed, and any other relevant factors.

(3) The Tax Assessor shall notify a license holder of a decision by the Review Board by email and by certified mail, or another method that verifies delivery, to the address of the license holder's principal place of business as shown by the records of the Tax Assessor.

(4) All decisions of the Review Board are subject to final review by the Tax Assessor.

(s) Reinstatement of Licenses and Reconsideration of Adverse Actions.

(1) The Review Board will examine all license suspensions before the end of the suspension period. The Review Board will make a recommendation to the Tax Assessor as to whether the person's license should be reinstated or the suspension continued for an additional period of time not to exceed 90 days. The Tax Assessor shall review the Review Board's recommendation and issue a final decision.

(2) A person whose license is revoked may not apply for a new license.

(3) A person who receives notice of an adverse action taken on the person's license may submit a written request for reconsideration

by the Tax Assessor and submit evidence in the form of documents and/or affidavits to demonstrate the person's compliance with all requirements for the issuance, retention, or reinstatement of the person's license. The request for review must be presented to the Tax Assessor within 15 calendar days from the date of mailing of the notice of the action taken on the person's license. The Tax Assessor may increase the time to present a request for review upon written request and for good cause, as determined in the sole discretion of the Tax Assessor. Upon receipt of a timely request for review, the adverse action shall be stayed until a final decision is made on the license. The Tax Assessor shall render a final decision on the request for reconsideration within 30 calendar days of receipt of the request for review. A delay in rendering a final decision does not set aside, overrule, or withdraw the adverse action, which remains stayed until a final decision is rendered. If, when rendering a decision, the Tax Assessor does not find in favor of the person requesting the reconsideration, the adverse action will be reinstated.

(t) Exemptions. The following persons and their agents are exempt from the licensing and other requirements described in this administrative code:

(1) A franchised motor vehicle dealer or independent motor vehicle dealer who holds a general distinguishing number issued by the department under Texas Transportation Code Chapter 503;

(2) A vehicle lessor holding a license issued by the Motor Vehicle Board under Chapter 2301, Texas Occupations Code, or a trust or other entity that is specifically not required to obtain a lessor license under § 2301.254(a), Texas Occupations Code; and

(3) A vehicle lease facilitator holding a license issued by the Motor Vehicle Board under Chapter 2301, Texas Occupations Code

(u) Database. The Tax Assessor shall maintain a publicly accessible database containing information about each licensed motor vehicle title service and each licensed motor vehicle title service runner.

(v) Policies and Procedures. The Tax Assessor may adopt other policies and procedures that are not inconsistent with this Chapter or other law and to the extent authorized by law.

(w) Amendment. The Tax Assessor reserves the right to amend this Chapter in the future.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 2, 2026.

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Annette Ramirez

Harris County Tax Assessor-Collector & Voter Registrar

Harris County Tax Assessor-Collector

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For further information, please call: (713) 274-8005

