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 3. OFFICE OF THE ATTORNEY GENERAL

CHAPTER 67. FOREIGN OWNERSHIP ENFORCEMENT

1 TAC §§67.1 - 67.9

The Office of the Attorney General (OAG) proposes new Chapter 67 in Title 1, Part 3 of the Texas Administrative Code (TAC), relating to foreign ownership enforcement. The proposed rules are necessary to implement and administer Subchapter H, Chapter 5, Texas Property Code, as added by Senate Bill 17 (S.B. 17), 89th Legislature, Regular Session (2025), effective September 1, 2025. S.B. 17 established restrictions on certain purchases or acquisitions of interests in real property in this State by designated foreign persons or entities.

EXPLANATION AND JUSTIFICATION OF RULES

During its 89th Regular Session (2025), the Texas Legislature enacted S.B. 17, effective September 1, 2025. S.B. 17 added Subchapter H (Sections 5.251-5.259) to Chapter 5 of the Texas Property Code. The legislation prohibits certain foreign individuals, foreign governmental entities, and foreign-owned or foreign-controlled companies and organizations from purchasing or otherwise acquiring an interest in real property in this State, and authorizes the OAG to examine transactions, investigate potential violations, bring civil enforcement actions, and coordinate with other agencies in carrying out Subchapter H.

Proposed new Chapter 67 establishes procedures and standards to facilitate the uniform implementation and enforcement of Subchapter H. The proposed rules define key terms, including those addressing entity-level acquisitions and arrangements that, in substance, create covered real-property interests; establish duties and procedures for the submission of complaints, including obligations applicable to facilitating entities; set timelines and requirements for responding to civil investigative demands and Secretary of State (SOS) interrogatories; direct interagency coordination; and provide confidentiality standards for complaints, investigative materials, and related records. These procedures are intended to support consistent administration of Subchapter H and ensure effective investigative and enforcement processes.

SECTION-BY-SECTION SUMMARY

Proposed §67.1 describes the purpose and applicability of Chapter 67, stating that the rules implement and enforce Subchapter H, Chapter 5, Texas Property Code, and apply only to purchases or acquisitions of an interest in real property in this State occurring on or after September 1, 2025, consistent with the statutory effective date and applicability provisions of Subchapter H.

Proposed §67.2 defines terms used in Chapter 67, including "control," "facilitating entity," "foreign person or entity," "interest in real property in this State," and "purchase or otherwise acquire," and incorporates statutory definitions by reference to Subchapter H, Chapter 5, Texas Property Code. The definitions are intended to mirror and supplement statutory terms in order to provide clarity for regulated parties, including by addressing transactions involving successive short-term arrangements and acquisitions of entities that hold covered real property interests.

Proposed §67.3 requires the OAG to maintain a designated enforcement unit responsible for receiving, reviewing, investigating, and enforcing compliance with Subchapter H, Chapter 5, Texas Property Code. The section describes the unit's core functions, including accepting complaints, issuing guidance and responses to written inquiries regarding the applicability of Subchapter H to specific transactions, coordinating with state agencies and political subdivisions, and referring matters to appropriate licensing or regulatory bodies when warranted by statute.

Proposed §67.4 specifies how complaints alleging violations of Subchapter H, Chapter 5, Texas Property Code may be submitted to the OAG. The section provides that a facilitating entity that knows or should have known, after reasonable due diligence, that a purchase or acquisition of an interest in real property in this State violates Subchapter H has a duty to submit a complaint, and it also allows any person to submit a complaint. The section establishes permissible methods of filing, authorizes a standardized complaint form, and provides that the OAG may refer a facilitating entity that fails to submit a required complaint to the appropriate licensing or professional disciplinary authority; the section is intended to implement the statutory scheme and does not create any cause of action or remedy beyond those provided by law.

Proposed §67.5 sets out response requirements for civil investigative demands issued by the OAG under Subchapter H, Chapter 5, Texas Property Code and for interrogatories issued by the SOS under that subchapter. The section provides that the OAG and SOS must generally allow at least seven calendar days to respond absent exigent circumstances and authorizes extensions of time for good cause shown, thereby promoting fair notice and orderly enforcement within existing statutory authority.

Proposed §67.6 directs the OAG to consult, as necessary, with the SOS, the Texas Real Estate Commission, the Texas Department of Insurance, and other relevant regulatory agencies to promote consistent and uniform implementation and enforcement of Subchapter H, Chapter 5, Texas Property Code. This coordination provision is procedural in nature and is intended to support

the effective exercise of statutory powers already granted to the OAG and other agencies.

Proposed §67.7 addresses the confidentiality of complaints, investigative demands, interrogatories, and related responses, records, and information generated in connection with the administration of Chapter 67 and Subchapter H, Chapter 5, Texas Property Code. The section provides that such materials are confidential and not subject to public disclosure except as required or otherwise authorized by law, identifies limited circumstances in which they may be disclosed to courts, the SOS, other state agencies identified in Subchapter H, and federal agencies to enforce Subchapter H or promote the objectives of S.B. 17, and requires receiving agencies to maintain confidentiality to the extent authorized by law; the section is intended to operate consistently with and not in derogation of applicable public-information and confidentiality statutes.

Proposed §67.8 is a savings clause stating that nothing in Chapter 67 limits or affects the OAG's existing authority to request, obtain, or compel the production of information under any other provision of Texas law, including the Texas Constitution, statutes, or other applicable rules. This section is intended to clarify that Chapter 67 is supplemental and does not narrow or expand the OAG's independent statutory or constitutional powers.

Proposed §67.9 is a severability provision stating that the provisions of Chapter 67 are severable so that, if any provision or application is held invalid, the remaining valid provisions and applications remain in effect. This section is consistent with general principles of statutory construction and is intended to preserve the operation of valid portions of the rules if a court invalidates any particular portion.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS

Justin Gordon, General Counsel, has determined that for the first five-year period 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 rules, beyond any costs associated with implementing Subchapter H, Chapter 5, Texas Property Code, as enacted.

PUBLIC BENEFIT AND COST NOTE

Justin Gordon, General Counsel, has determined that for the first five-year period the proposed rules are in effect, the anticipated public benefit is increased clarity, uniformity, and consistency in implementing Subchapter H, Chapter 5, Texas Property Code. The proposed rules set out definitions, complaint procedures, investigative timelines, and interagency coordination standards that support consistent administration of the statute.

Mr. Gordon has further determined that there are no anticipated additional significant economic costs to persons required to comply with the proposed rules beyond those imposed by Subchapter H, Chapter 5, Texas Property Code.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY

The OAG has determined that the proposed rules do not have a measurable impact on local employment or local economies. The rules implement procedural requirements for an existing statutory program and are not expected to affect employment levels or economic conditions. Therefore, no local employment or economy impact statement is required under Texas Government Code § 2001.022.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES

The OAG has determined that for each year of the first five-year period the proposed rules are in effect, no adverse fiscal impact on small businesses, microbusinesses, or rural communities is anticipated.

Since the proposed rules 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.

TAKINGS IMPACT ASSESSMENT

The OAG has determined that the proposed rules implement Subchapter H, Chapter 5, Texas Property Code, and do not independently restrict, limit, or impose a burden on private real property rights beyond those established by statute. Accordingly, the proposed rules do not constitute a taking and do not require a takings impact assessment under Texas Government Code § 2007.043.

GOVERNMENT GROWTH IMPACT STATEMENT

In compliance with Texas Government Code §2001.0221, the OAG has prepared a government growth impact statement. During the first five years the proposed rules are in effect, the proposed rules:

- will not create a government program;

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

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

- will not lead to an increase or decrease in fees paid to a state agency;

- will create a new rule;

- will not repeal an existing regulation;

- will not result in a decrease in the number of individuals subject to the rule; and

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

REQUEST FOR PUBLIC COMMENT

Written comments on the proposed rules may be submitted electronically to the OAG by email to OAGRuleCommentsCh67@oag.texas.gov, or by mail to General Counsel Division, Attn: Rule Comments, Office of the Attorney General, P.O. Box 12548, Austin, Texas 78711-2548. Comments will be accepted for 30 days following publication in the *Texas Register*.

To request a public hearing on the proposal, submit a request before the end of the comment period by email to OAGRuleCommentsCh67@oag.texas.gov, or by mail to General Counsel Division, Attn: Rule Comments, Office of the Attorney General, P.O. Box 12548, Austin, Texas 78711-2548.

STATUTORY AUTHORITY

The new 1 TAC Chapter 67 is proposed under Subchapter H, Chapter 5, Texas Property Code, which authorizes the OAG to investigate and enforce compliance with statutory restrictions on certain purchases or acquisitions of interests in real property in this State by designated foreign persons or entities, and Texas

Government Code Chapter 2001, which authorizes state agencies to adopt rules necessary to carry out their statutory duties. The proposed rules implement and administer the requirements of Subchapter H.

CROSS-REFERENCE TO STATUTE.

These rules implement Subchapter H, Chapter 5, Texas Property Code. No other rule, regulation, or law is affected by this proposal.

§67.1. Purpose and Applicability.

(a) The purpose of this chapter is to implement and enforce Subchapter H, Chapter 5, Texas Property Code, relating to restrictions on certain purchases or acquisitions of interests in real property in this State by designated foreign persons or entities.

(b) This chapter applies only to purchases or acquisitions of an interest in real property in this State that occur on or after September 1, 2025.

§67.2. Definitions.

In this chapter, the following terms have the meanings assigned below:

(1) Complaint--A written or electronic statement submitted to the OAG alleging a violation of Subchapter H, Chapter 5, Texas Property Code, that includes facts sufficient to identify the transaction or conduct at issue.

(2) Control--The possession, direct or indirect, of the power to direct or cause:

(A) the direction of the management or policies of an entity; or

(B) the acquisition or disposition of an interest in real property in this State by an entity, whether through ownership, by contract, office, position, or otherwise. Without limiting the foregoing, each of the following shall be deemed to be in control of an entity:

(i) a general partner;

(ii) a managing member;

(iii) a shareholder or stockholder holding ten percent or more of voting interests;

(iv) any executive officer of an entity; and

(v) any person who has the present or future right to acquire or dispose of an interest in real property in this State by such entity.

(3) Facilitating entity--A person or entity that, in the regular course of business, assists with, brokers, insures, finances, values, or processes a purchase or acquisition of an interest in real property in this State, including, but not limited to, a mortgage lender, title insurance company, property insurer, appraiser, or licensed real estate professional.

(4) Foreign person or entity--An individual or entity described in §5.253 of the Texas Property Code.

(5) Interest in real property in this State--Has the meaning assigned by §5.251(6) of the Texas Property Code. The term does not include a leasehold interest with a duration of less than one year, as provided by §5.252(3) of the Texas Property Code. The term includes a series of licenses, leases, or other arrangements that, in substance, create a leasehold interest in real property in this State for one year or longer, even if structured as successive short-term agreements.

(6) Purchase or otherwise acquire--In addition to the direct purchase or acquisition of an interest in real property in this State, the term includes:

(A) any transaction or series of transactions by which a person or entity obtains control of an entity that owns an interest in real property in this State, including a redemption or repurchase of the entity's outstanding interests, regardless of whether the entity acquired the real property before September 1, 2025; and

(B) a series of licenses, leases, or other arrangements that, in substance, create a leasehold interest in real property in this State for one year or longer, even if structured as successive short-term agreements.

(7) Unless the context clearly indicates otherwise, a term defined in Subchapter H, Chapter 5, Texas Property Code, has the meaning assigned by that subchapter.

§67.3. OAG Enforcement Unit.

(a) The Office of the Attorney General (OAG) shall maintain a designated enforcement unit responsible for receiving, reviewing, investigating, and enforcing compliance with Subchapter H, Chapter 5, Texas Property Code.

(b) The unit shall:

(1) Accept written or electronic complaints alleging violations of Subchapter H, Chapter 5, Texas Property Code;

(2) Issue guidance and respond to written inquiries regarding the applicability of Subchapter H, Chapter 5, Texas Property Code to specific transactions;

(3) Coordinate with state agencies and political subdivisions affected by the implementation and enforcement of Subchapter H, Chapter 5, Texas Property Code; and

(4) Refer violations to the appropriate licensing or regulatory body.

§67.4. Complaint Submission.

(a) A facilitating entity that knows or should have known, after reasonable due diligence, that a purchase or acquisition of an interest in real property in this State violates Subchapter H, Chapter 5, Texas Property Code must submit a complaint to the OAG.

(b) Any person may submit a complaint under this section.

(c) Complaints must be submitted electronically through the OAG's online complaint portal or by mail to the address designated by the OAG for this purpose.

(d) The OAG may prescribe a standardized complaint form to facilitate consistent filings.

(e) If the OAG determines that a facilitating entity knew or should have known, after reasonable due diligence, of a violation but failed to file a complaint, the OAG may refer the matter to the appropriate licensing or professional disciplinary authority.

(f) The duty in this subsection includes transactions structured as post-closing transfers or assignments to affiliates, parents, subsidiaries, or entities under common ownership or control when used to effect or conceal a prohibited acquisition.

§67.5. Investigative Demands and Response Requirements.

(a) A person must respond to a civil investigative demand issued by the OAG under Subchapter H, Chapter 5, Texas Property Code by the date specified in the demand; however, the OAG must provide at

least seven (7) calendar days for response unless exigent circumstances require a shorter timeframe. Upon written request and for good cause shown, the OAG may extend the response deadline.

(b) A person must respond to interrogatories issued by the Secretary of State (SOS) by the date specified in the demand; however, the SOS must provide at least seven (7) calendar days for response unless exigent circumstances require a shorter timeframe. Upon written request and for good cause shown, the SOS may extend the response deadline.

§67.6. Interagency Coordination.

The OAG shall consult, as necessary, with the SOS, Texas Real Estate Commission, Texas Department of Insurance, and other relevant regulatory agencies to ensure the uniform implementation and enforcement of Subchapter H, Chapter 5, Texas Property Code.

§67.7. Confidentiality of Records.

(a) All complaints, civil investigative demands, interrogatories, and requests for information issued by the OAG, and all responses, records, and other information submitted or generated in connection with such requests under this chapter, are confidential and not subject to public disclosure, except as required by law.

(b) Confidential records under this section may be disclosed only:

(1) pursuant to a court order;

(2) to the SOS or other state agency identified in Subchapter H, Chapter 5, Texas Property Code;

(3) to federal agencies, as necessary to enforce Subchapter H, Chapter 5, Texas Property Code, or to promote the objectives of Senate Bill 17; or

(4) as otherwise authorized by law.

(c) Any agency receiving records under this section shall maintain the confidentiality of the records to the extent authorized by law.

§67.8. Savings Clause.

Nothing in this chapter shall be construed to limit or affect the authority of the OAG to request, obtain, or compel the production of information under any other provision of Texas law, including but not limited to the Texas Constitution, statutes, or other applicable rules.

§67.9. Severability.

(a) All provisions of this chapter are severable.

(b) If any application of any provision of this chapter is held to be invalid for any reason, all valid provisions are severable from the invalid provisions and remain in effect. If any section or portion of a section is held to be invalid in one or more of its applications, in all valid applications the provisions remain in effect and are severable from the invalid applications.

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 16, 2026.

TRD-202601232
Justin Gordon
General Counsel
Office of the Attorney General
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 475-3210

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TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

SUBCHAPTER C. INFRASTRUCTURE AND RELIABILITY

16 TAC §25.63

The Public Utility Commission of Texas (commission) proposes new 16 Texas Administrative Code (TAC) §25.63, relating to Distribution Pole Management and Inspection Plans, to implement Public Utility Regulatory Act (PURA) §38.103, as enacted by House Bill 144 during the 89th Regular Texas Legislative Session.

New 16 TAC §25.63 will require each electric utility, municipally owned utility, and electric cooperative that owns or operates a distribution asset in this state to file with the commission a distribution pole management and inspection plan and an annual compliance update.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

(1) the proposed rule will not create a government program and will not eliminate a government program;

(2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule will create a new regulation;

(6) the proposed rule will not expand, limit, or repeal an existing regulation;

(7) the proposed rule will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

James Euton, Project Engineer, Infrastructure Division, has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Mr. Euton has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be the enhancement of public transparency into the planning, management, and inspection processes of electric utilities, municipally owned utilities, and electric cooperatives, as related to distribution poles. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

Commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by April 27, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by April 27, 2026. Comments should be organized in a manner consistent with the organization of the proposed rule. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission will consider the costs and benefits in deciding whether to modify the proposed rule on adoption. All comments should refer to Project Number 59431.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The new rule is proposed under Public Utility Regulatory Act (PURA) §§14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; 14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; and 38.103, which requires each electric utility, municipally owned utility, and electric cooperative that distributes electric energy to the public to submit to the commission a plan for the management and inspection of distribution poles the cooperative or utility owns in the cooperative's or utility's distribution system.

Cross Reference to Statute: Public Utility Regulatory Act §§14.001; 14.002; and 38.103.

§25.63. Distribution Pole Management and Inspection Plans.

(a) Applicability. This section applies to each electric utility, municipally owned utility, and electric cooperative that owns or operates a distribution asset in this state.

(b) Definition. Entity--An electric utility, a municipally owned utility, or an electric cooperative operating in this state.

(c) Distribution pole management and inspection plan. An entity that owns or operates a distribution asset in this state must file with the commission a plan for the management and inspection of distribution poles according to the requirements of this subsection.

(1) Filing requirements.

(A) Initial plan. By January 1, 2027, an entity must file an initial plan in a control number designated for this purpose by commission staff.

(B) Subsequent plans.

(i) By January 1, 2028, an entity must file, in the control number designated under subparagraph (A) of this paragraph:

(I) An affidavit that the entity's initial plan complies with the transmission and distribution pole structural integrity standards adopted by the commission under Public Utility Regulatory Act (PURA) §38.006; or

(II) A revised plan that complies with the transmission and distribution pole structural integrity standards adopted by the commission under PURA §38.006.

(ii) After January 1, 2028:

(I) an electric utility must file a revised plan by January 1 of every eighth year, starting January 1, 2032; and

(II) a municipally owned utility must file a revised plan by January 1 of every eighth year, starting January 1, 2034; and

(III) an electric cooperative must file a revised plan by January 1 of every eighth year, starting January 1, 2036.

(C) An entity must file a plan as a searchable pdf document and in Microsoft Excel format for all included tables, with formulas intact.

(2) Contents. An entity's plan must contain:

(A) A statement of the plan's scope and objectives for ensuring public safety through the effective management, inspection, maintenance, and repair of distribution poles;

(B) A description of the roles and responsibilities of individuals responsible for overseeing and executing the plan;

(C) A description of the entity's processes for training and certifying personnel, including third-party vendors, who inspect distribution poles;

(D) An estimated timeline for completing inspections and remedial action required for any distribution pole identified as unreliable, unsafe, or needing repair that is consistent with the transmission and distribution pole structural integrity standards adopted by the commission under PURA §38.006;

(E) A description of the entity's processes for documenting and responding to a report or complaint made by a landowner regarding the condition or repair of a distribution pole;

(F) For a plan submitted by an electric utility, the estimated cost of implementing the plan; and

(G) A description of the entity's methods for monitoring compliance with the plan.

(3) Substantially similar information. A municipally owned utility or an electric cooperative may fulfill the requirements of paragraph (2) of this subsection by submitting any information required under other law that is substantially similar to the information required by paragraph (2) of this subsection. A municipally owned utility or an electric cooperative must clearly identify in its plan the requirement the submitted information is intended to fulfill and include a description of why the submitted information is substantially similar to that requirement.

(d) Annual compliance update. An entity with a plan on file with the commission under subsection (c) of this section must file an annual compliance update not later than May 1 of each year.

(1) Filing requirements.

(A) An entity must file the annual compliance update in a control number or other filing method designated for this purpose by commission staff. The update must be filed as a searchable pdf document and in Microsoft Excel format for all included tables, with formulas intact.

(B) An electric utility's annual compliance update must include both the information required under paragraph (2) of this subsection and the information required under §25.94, relating to Report on Infrastructure Improvement and Maintenance. The filing must clearly identify and delineate the information that is responsive to the requirements of paragraph (2) of this subsection and §25.94, respectively.

(2) Contents. An entity's annual compliance update must include:

(A) A detailed description of the entity's compliance with the plan objectives reported under subsection (c)(2)(A) of this section;

(B) the actual costs of implementing the plan to date, presented as a total and by compliance year; and

(C) the results of the entity's distribution pole inspections, including:

(i) the total number of poles inspected, presented as a number and a percentage of the entity's total number of distribution poles;

(ii) the number of poles inspected and identified as needing remediation, accompanied by an indication of the necessary remedial action and the entity's progress towards completing the action (i.e., planned, in-progress, delayed, and completed) for each pole;

(iii) the number of poles inspected and identified as needing replacement, accompanied by an indication of the entity's progress (i.e., planned, in-progress, delayed, and completed) towards replacing each pole; and

(iv) the number of poles inspected and identified as a danger pole, accompanied by an indication of the entity's progress (i.e., planned, in-progress, delayed, and completed) towards making safe and replacing each pole.

(e) Compliance review. Commission staff will review each entity's plan and annual compliance update to determine compliance with the plan objectives under subsection (c)(2)(A) of this section and issue notice of its determination to the submitting entity and to the commission.

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 12, 2026.

TRD-202601173
Katelyn Lewis
Rules Coordinator
Public Utility Commission of Texas
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 936-7044

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SUBCHAPTER I. TRANSMISSION AND DISTRIBUTION
DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS

16 TAC §25.194

The Public Utility Commission of Texas (commission) proposes new 16 Texas Administrative Code (TAC) §25.194 relating to Large Load Interconnection Standards. This proposed rule will implement Public Utility Regulatory Act (PURA) §37.0561, as enacted by Senate Bill (SB) 6 during the Texas 89th Regular Legislative Session. The new rule will implement new PURA §37.0561, which requires the commission to establish standards for interconnecting large load customers in the ERCOT power region in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs and maintaining system reliability. The new rule will require a large load customer, before the large load customer can be included in an ERCOT interconnection study, to execute an intermediate agreement that requires the large load customer to provide certain disclosures and post financial security in the amount of $100,000 per megawatt (MW). The new rule will also require a large load customer, not later than 30 days after ERCOT completes the interconnection study, to execute an interconnection agreement that requires the large load customer to update its disclosures, pay a non-refundable interconnection fee in the amount of $100,000 per MW; post financial security for significant equipment or services; pay contribution in aid of construction for direct interconnection costs; and post financial security for system upgrades. Additionally, the new rule will set forth the consequences of withdrawing all or a portion of requested peak demand or contracted peak demand and the consequences of failing to satisfy a milestone in the large load customer's schedule for phased energization. Finally, the new

rule will set forth the terms for refund of financial security for a large load customer that energizes.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

(1) the proposed rule will not create a government program and will not eliminate a government program;

(2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule will not create a new regulation;

(6) the proposed rule will not expand, limit, or repeal an existing regulation;

(7) the proposed rule will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Jessie Horn, Sr. Counsel, Rules and Projects Division, has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. Horn has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be increased transparency and support of business development. There will be a probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5) because PURA §37.0561, which the rule implements, requires large load customers to make financial commitments.

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

Commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by April 17, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website or by submitting a paper copy to Central Records, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326. Initial comments must be filed by April 17, 2026. Comments should be organized in a manner consistent with the organization of the proposed rules. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission will consider the costs and benefits in deciding whether to modify the proposed rules on adoption. All comments should refer to Project Number 58481.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The new rule is proposed under Public Utility Regulatory Act (PURA) §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; §35.004, which requires the commission to ensure that a large load customer who is subject to the standards adopted under PURA §37.0561 contributes to the recovery of the interconnecting electric utility's costs to interconnect the large load customer to the utility's system; §37.0561, which requires the commission to establish standards for interconnecting large load customers in the ERCOT power region in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs and maintaining system reliability; and §39.151, which grants the commission authority to oversee ERCOT.

Cross Reference to Statute: Public Utility Regulatory Act §14.002; §14.002; §35.004; §37.0561; §39.151.

§25.194. Large Load Interconnection Standards.

(a) Purpose and Scope. This section sets forth the standards and criteria for an electric utility, a municipally owned utility, and electric cooperative to interconnect a large load customer to the ERCOT

system. Nothing in this section limits the authority of a municipally owned utility or an electric cooperative to impose electric service requirements for large load customers on their systems in addition to the standards adopted under this section.

(b) Applicability. This section applies to a large load customer that seeks:

(1) a new interconnection that is equal to or exceeds 75 megawatts (MW);

(2) an expanded interconnection that equals or exceeds 75 MW for the first time; and

(3) an expanded interconnection that exceeds 75 MW by 75 MW or more.

(c) Definitions. The following words and terms, when used in this section, have the following meanings unless the context indicates otherwise:

(1) Backup generating facilities--Generation facilities or energy storage facilities that are not capable of operating, or are not configured to operate, in parallel with the ERCOT system and cannot export energy to the ERCOT system.

(2) Competitively sensitive information--Competitively sensitive information includes exact site locations, such as parcel identifiers or property boundaries; commercial terms, such as pricing or internal development prioritization; proprietary architectural, operational, or compute-deployment strategies; and financing structures. Competitively sensitive information does not include the identity of a large load customer; general site location, such as load zone; requested or contracted peak demand; timing of energization; or whether an interconnection request is associated with the same applicant or affiliated entities.

(3) Contracted peak demand--The total non-coincident peak demand that a large load customer requests that an interconnecting DSP or an interconnecting TSP serve at a site as stated interconnection agreement.

(4) Interconnecting distribution service provider (DSP)--The electric utility, municipally owned utility, or electric cooperative that is certificated to provide retail electric delivery service at the location in which the large load customer seeks to interconnect.

(5) Interconnecting transmission service provider (TSP)--The electric utility, municipally owned utility, or electric cooperative that owns and operates the facilities necessary to interconnect the large load customer to the ERCOT system.

(6) Interconnection agreement--An agreement that is executed by a large load customer, the interconnecting DSP, and, if different from the interconnecting DSP, the interconnecting TSP after completion of the interconnection study and that, at a minimum, satisfies subsection (f) of this section.

(7) Interconnection study--The set of studies that are required by ERCOT before a large load customer may be interconnected.

(8) Intermediate agreement--An agreement that is executed by a large load customer, the interconnecting DSP, and, if different from the interconnecting DSP, the interconnecting TSP before the interconnection study are initiated and that, at a minimum, satisfies subsection (d) of this section.

(9) Large load customer--An entity requesting a new or expanded interconnection where the customer's total expected non-coincident peak demand at a single site is equal to or exceeds 75 MW.

(10) Requested peak demand--The total non-coincident peak demand that a large load customer requests, prior to executing an interconnection agreement, that an interconnecting DSP or an interconnecting TSP serve at a site.

(d) Intermediate agreement. Before a large load interconnection request is submitted to ERCOT for study, the large load customer must execute an intermediate agreement with the interconnecting DSP and, if different from the interconnecting DSP, the interconnecting TSP. If the interconnecting DSP and the interconnecting TSP are different entities, the intermediate agreement must specifically identify each entity's responsibilities under this section, including which entity will accept the study fee and financial security from the large load customer. The intermediate agreement must meet the requirements of this subsection.

(1) Site control. A large load customer must demonstrate site control for the proposed load location through provision of one of the following property interests to the interconnecting DSP or the interconnecting TSP:

(A) a signed and executed lease agreement for one or more parcels of land sufficient to accommodate the customer's planned facilities at the proposed load location for a duration of at least five years from the date the large load customer is expected to reach the contracted peak demand;

(B) a deed for one or more parcels of land sufficient to accommodate the customer's planned facilities at the proposed load location; or

(C) a signed and executed agreement with an option to purchase or lease one or more parcels of land sufficient to accommodate the customer's planned facilities at the proposed location.

(2) Substantially similar interconnection request. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP whether the customer is pursuing a substantially similar interconnection request for electric service, the approval of which would result in the customer materially changing, delaying, or withdrawing the interconnection request. A material change or delay includes a delay of one or more years to the project's projected date to realize its requested or contracted peak demand, a 20% or greater change in the requested or contracted peak demand, or a change in the location for the point of interconnection.

(A) A large load customer that is pursuing a substantially similar interconnection request for electric service the approval of which would result in the customer materially changing, delaying, or withdrawing the interconnection request must disclose the following information to the interconnecting DSP or the interconnecting TSP:

(i) the ERCOT-assigned serial number (i.e., the large load interconnection number) for the substantially similar interconnection request, as applicable;

(ii) the location, including the power region and, if in the ERCOT region, the load zone, of the substantially similar interconnection request;

(iii) the non-coincident peak demand of the substantially similar interconnection request;

(iv) the anticipated timing of energization of the substantially similar interconnection request; and

(v) the interconnecting DSP and, if different from the interconnecting DSP, the interconnecting TSP associated with the substantially similar interconnection request.

(B) A large load customer that discloses a substantially similar interconnection request under this subsection may anonymize competitively sensitive information in its disclosure to the interconnecting DSP or the interconnecting TSP.

(C) An interconnecting DSP and an interconnecting TSP must not sell, share, or disclose information submitted to the interconnecting DSP or the interconnecting TSP under this subsection other than a disclosure to the commission or ERCOT.

(D) ERCOT may request and the large load customer must provide any competitively sensitive information ERCOT deems necessary to complete any analysis required as part of the interconnection process. ERCOT must treat disclosed competitively sensitive information as Protected Information under ERCOT protocols.

(3) Site-related studies and engineering services. A large load customer must submit to the interconnecting DSP or the interconnecting TSP the large load customer's plans, expected timing, and progress for site-related studies and engineering services required for project development before energization (e.g., geotechnical survey, water, wastewater, or gas). The submission must be accompanied by an attestation by an officer or official with binding authority over the large load customer stating that the information contained in the submission is complete and accurate at the time the attestation is signed. A large load customer must provide updates or progress reports to the interconnecting DSP or the interconnecting TSP when requested, but no more frequently than quarterly.

(4) State and local regulatory approvals. A large load customer must submit to the interconnecting DSP or the interconnecting TSP the large load customer's plans, expected timing, and current progress for obtaining non-ministerial discretionary approvals from state and local regulatory authorities required for development before energization (e.g., water, air, or backup generation permits). The submission must be accompanied by an attestation by an officer or official with binding authority over the large load customer attesting that the information contained in the submission is complete and accurate at the time the attestation is signed. A large load customer must provide updates or progress reports to the interconnecting DSP or the interconnecting TSP when requested, but no more frequently than quarterly.

(5) Schedule for phased energization of contracted peak demand. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP the expected schedule, including the quarter and year, for phased energization of the contracted peak demand expressed in MW, power factor (PF), and megavolt-ampere reactive (MVAr) units.

(6) Backup generating facilities. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP whether the customer plans to have on-site backup generating facilities. If the large load customer plans to have on-site backup generating facilities, the large load customer must also disclose the following information:

(A) the number of backup generating units;

(B) the nameplate capacity of each of the backup generating facilities;

(C) the fuel source and operational characteristics of each of the backup generating facilities, including any run hour limitations and any fuel storage limitations under the existing environmental permits; and

(D) how quickly each of the backup generating facilities can reach their full capacity to serve the load.

(7) Power supply. A large load customer must disclose how it plans to procure power and whether the large load customer has on-site generation that will provide power exclusively to the large load customer.

(8) Controllable load. A large load customer must disclose whether it can be modeled as a controllable load resource, as the term is defined in ERCOT protocols, in ERCOT's study.

(9) Study fee. A large load customer must pay a study fee to the interconnecting DSP or the interconnecting TSP for the costs to conduct the interconnection study.

(A) A large load customer with requested peak demand that is equal to or greater than 75MW and less than 250MW must pay a study fee not less than $100,000 to the interconnecting DSP or the interconnecting TSP for transmission studies performed by the interconnecting DSP, the interconnecting TSP, and ERCOT, as applicable.

(B) A large load customer with requested peak demand that is equal to or greater than 250 MW must pay a study fee not less than $300,000 to the interconnecting DSP or the interconnecting TSP for transmission studies performed by the interconnecting DSP, the interconnecting TSP, and ERCOT, as applicable.

(C) Beginning in 2027, the commission will adjust the values under this subsection on January 1 every five years.

(i) The annual adjustment will be proportional to the third quarter percentage change in the national Consumer Price Index (CPI) published by the United States Department of Labor, Bureau of Labor Statistics.

(ii) The executive director must designate a substitute index to be used as a reference for adjustments if the CPI becomes unavailable.

(D) If the interconnecting DSP, the interconnecting TSP, and ERCOT's combined costs to conduct the interconnection study exceeds the applicable study fee, the large load customer must pay the actual costs to conduct the interconnection study.

(E) The interconnecting DSP or the interconnecting TSP must remit payment to ERCOT, on behalf of the large load customer, for ERCOT's costs to conduct the interconnection study.

(10) Financial security on a dollar per MW basis. Financial security under this subsection is due at the time that the intermediate agreement is executed. A large load customer must post financial security with the interconnecting DSP or the interconnecting TSP in the amount of $50,000 per MW of the requested peak demand for new interconnection requests or of the incremental increase in the peak demand for expanded interconnection requests.

(A) Beginning in 2027, the commission will adjust the $50,000 value on January 1 every five years.

(i) The annual adjustment will be proportional to the third quarter percentage change in the national Consumer Price Index (CPI) published by the United States Department of Labor, Bureau of Labor Statistics.

(ii) The executive director must designate a substitute index to be used as a reference for adjustments if the CPI becomes unavailable.

(B) The interconnecting DSP or the interconnecting TSP may accept the following forms of financial security:

(i) cash collateral;

(ii) corporate or parental guaranty, only if the corporation or parent corporation has a credit rating equivalent of BBB-/Baa3 or higher from Standard & Poor's or Moody's; or

(iii) a letter of credit issued by a major U.S. commercial bank, or a U.S. branch office of a major foreign commercial bank, with a credit rating of at least "A-" by Standard & Poor's or "A3" by Moody's Investor Service.

(C) If the large load customer provides a corporate or parental guaranty under this subsection, the interconnecting DSP or the interconnecting TSP may require the submission of financial records or statements to determine the customer's financial stability.

(D) Refund of financial security posted on a dollar per MW basis is subject to subsection (g) of this section.

(11) Financial security for significant equipment or services. An interconnecting DSP and an interconnecting TSP must not procure equipment or services before a large load customer posts financial security to the interconnecting DSP or the interconnecting TSP in an amount equal to the interconnecting DSP and interconnecting TSP's estimated costs for equipment with a lead time of at least six months and services necessary to interconnect the large load customer.

(A) A large load customer may elect to amend its intermediate agreement with the interconnecting DSP and the interconnecting TSP to post financial security for significant equipment or services prior to executing an interconnection agreement.

(B) An interconnecting DSP or an interconnecting TSP must apply any unused study fee that the large load customer paid under an intermediate agreement to satisfy the financial security for significant equipment or services under this subsection.

(C) The interconnecting DSP or the interconnecting TSP may accept the following forms of financial security for significant equipment or services:

(i) cash collateral;

(ii) corporate or parental guaranty, only if the corporation or parent corporation has a credit rating equivalent of BBB-/Baa3 or higher from Standard & Poor's or Moody's; or

(iii) a letter of credit issued by a major U.S. commercial bank, or a U.S. branch office of a major foreign commercial bank, with a credit rating of at least "A-" by Standard & Poor's or "A3" by Moody's Investor Service.

(D) If the large load customer provides a corporate or parental guaranty under this subsection, the interconnecting DSP or the interconnecting TSP may require the submission of financial records or statements to determine the customer's financial stability.

(E) Refund of financial security posted for significant equipment or services is subject to subsections (g) through (i) of this section.

(e) Interconnection study. Not later than 60 days after an intermediate agreement is executed under subsection (d) of this section, the interconnecting DSP or the interconnecting TSP must coordinate with ERCOT to initiate an interconnection study.

(1) The interconnecting DSP or the interconnecting TSP must notify the large load customer when the interconnecting DSP or the interconnecting TSP coordinates with ERCOT to initiate a interconnection study.

(2) The interconnecting DSP or the interconnecting TSP must notify the large load customer when the interconnection study commences and concludes.

(3) The interconnecting DSP or the interconnecting TSP must provide a large load customer timely information related to communications that the interconnecting DSP or the interconnecting TSP receives from ERCOT about the large load customer's interconnection request.

(4) A large load customer that requests additional capacity following the initiation of the interconnection study must submit a new interconnection request to the interconnecting DSP or the interconnecting TSP.

(f) Interconnection agreement. Not later than 30 days after completion of the interconnection study for a large load customer, the large load customer must execute an interconnection agreement with the interconnecting DSP and, if different from the interconnecting DSP, the interconnecting TSP. If the interconnecting DSP and the interconnecting TSP are different entities, the interconnection agreement must specifically identify each entity's responsibilities under this section, including which entity will accept financial security and CIAC from the large load customer. The interconnection agreement must meet the requirements of this subsection. The interconnecting DSP or the interconnecting TSP must cancel the interconnection request and notify ERCOT of the cancellation if the large load customer fails to execute an interconnection agreement under this subsection within 30 days of receipt of the interconnecting DSP or the interconnecting TSP's notice to the large load customer that all necessary transmission studies as defined in ERCOT protocols to interconnect the large load customer have been completed.

(1) Site control. A large load customer must demonstrate site control for the load location through provision of one of the following property interests to the interconnecting DSP or the interconnecting TSP:

(A) a signed and executed lease agreement for one or more parcels of land sufficient to accommodate the customer's planned facility at the proposed load location for a duration of at least five years from the date that the large load customer is expected to reach the contracted peak demand;

(B) a deed for one or more parcels of land sufficient to accommodate the customer's planned facility at the proposed load location; or

(C) a signed and executed purchase and sales agreement.

(2) Substantially similar request. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP whether the customer is pursuing a substantially similar interconnection request for electric service, the approval of which would result in the customer materially changing, delaying, or withdrawing the interconnection request. A material change or delay includes a delay of one or more years to the project's projected date to realize its requested or contracted peak demand, a 20% or greater change in the requested or contracted peak demand, or a change in the location for the point of interconnection.

(A) A large load customer that is pursuing a substantially similar interconnection request for electric service, the approval of which would result in the customer materially changing, delaying, or withdrawing the interconnection request must disclose the following information to the interconnecting DSP or the interconnecting TSP:

(i) the ERCOT-assigned serial number (i.e., the large load interconnection number) for the substantially similar interconnection request, as applicable;

(ii) the location, including the power region and if in the ERCOT region the load zone, of the substantially similar interconnection request;

(iii) the non-coincident peak demand of the substantially similar interconnection request;

(iv) the anticipated timing of energization of the substantially similar interconnection request; and

(v) the interconnecting DSP and, if different from the interconnecting DSP, the interconnecting TSP associated with the substantially similar interconnection request.

(B) A large load customer that discloses a substantially similar interconnection request under this subsection may anonymize the competitively sensitive information in its disclosure to the interconnecting DSP or the interconnecting TSP.

(C) An interconnecting DSP and an interconnecting TSP must not sell, share, or disclose information submitted to the interconnecting DSP or the interconnecting TSP under this subsection other than a disclosure to the commission or ERCOT.

(D) ERCOT may request and the large load customer must provide any competitively sensitive information ERCOT deems necessary to complete any analysis required as part of the interconnection process. ERCOT must treat disclosed competitively sensitive information as Protected Information under ERCOT protocols.

(3) Site-related studies and engineering services. A large load customer must submit to the interconnecting DSP or the interconnecting TSP the large load customer's plans, expected timing, and progress for site-related studies and engineering services required for project development before energization (e.g., geotechnical survey, water, wastewater, or gas). The submission must be accompanied by an attestation by an officer or official with binding authority over the large load customer attesting that the information contained in the submission is complete and accurate at the time the attestation is signed. A large load customer must provide updates or progress reports to the interconnecting DSP or the interconnecting TSP when requested, but no more frequently than quarterly.

(4) State and local regulatory approvals. A large load customer must submit to the interconnecting DSP or the interconnecting TSP the large load customer's plans, expected timing, and current progress for obtaining non-ministerial discretionary approvals from state and local regulatory authorities required for development before energization (e.g., water, air, or backup generation permits). The submission must be accompanied by an attestation by an officer or official with binding authority over the large load customer attesting that the information contained in the submission is complete and accurate at the time the attestation is signed. A large load customer must provide updates or progress reports to the interconnecting DSP or the interconnecting TSP when requested, but no more frequently than quarterly.

(5) Schedule for phased energization of contracted peak demand. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP the expected schedule, including the month and year, for phased energization of the contracted peak demand expressed in MW, PF, and MVAr units.

(6) Backup generating facilities. A large load customer must disclose to the interconnecting DSP or the interconnecting TSP whether the customer plans to have on-site backup generating facilities. If the large load customer plans to have on-site backup generating facilities, the large load customer must also disclose the following information:

(A) the number of backup generating facilities;

(B) the nameplate capacity of each of the backup generating facilities;

(C) the fuel source and operational characteristics of each of the backup generating facilities, including any run hour limitations under the existing environmental permits; and

(D) how quickly each of the backup generating facilities can reach their full capacity to serve the load.

(7) Non-refundable interconnection fee. A large load customer must pay an interconnection fee in the amount of $50,000 per MW of contracted peak demand. An interconnection fee under this subsection is non-refundable.

(A) An interconnecting DSP or an interconnecting TSP must draw on any unused financial security that the large load customer posted under an intermediate agreement to satisfy the interconnection fee under this subsection.

(B) An interconnection fee under this subsection must be paid to the interconnecting TSP and applied by that TSP as an offset to the interconnecting TSP's rate base in the earlier of the interconnecting TSP's next interim rate proceeding or comprehensive rate proceeding.

(8) Financial security for significant equipment or services. A large load customer must post financial security for significant equipment or services not later than the date that the interconnection agreement is executed if the interconnecting DSP or the interconnecting TSP needs to procure significant equipment or services to interconnect the large load customer. An interconnecting DSP and an interconnecting TSP must not procure equipment or services before a large load customer posts financial security to the interconnecting DSP or the interconnecting TSP in an amount equal to the interconnecting DSP and interconnecting TSP's estimated costs for equipment with a lead time of at least six months and services necessary to interconnect the large load customer.

(A) An interconnecting DSP or an interconnecting TSP must apply any unused study fee that the large load customer paid under an intermediate agreement to satisfy the financial security for significant equipment or services under this subsection.

(B) After drawing down on financial security posted under an intermediate agreement for payment of the interconnection fee, an interconnecting DSP or an interconnecting TSP must apply the balance of any unused financial security that the large load customer posted under an intermediate agreement to satisfy the financial security for significant equipment or services under this subsection.

(C) The interconnecting DSP or the interconnecting TSP may accept the following forms of financial security for significant equipment or services:

(i) cash collateral;

(ii) corporate or parental guaranty, only if the corporation or parent corporation has a credit rating equivalent of BBB-/Baa3 or higher from Standard & Poor's or Moody's; or

(iii) a letter of credit issued by a major U.S. commercial bank, or a U.S. branch office of a major foreign commercial bank, with a credit rating of at least "A-" by Standard & Poor's or "A3" by Moody's Investor Service.

(D) If the large load customer provides a corporate or parental guaranty under this subsection, the interconnecting DSP or the

interconnecting TSP may require the submission of financial records or statements to determine the customer's financial stability.

(E) Refund of financial security posted for significant equipment or services is subject to subsections (g) through (i) of this section.

(9) Contribution in aid of construction (CIAC). A large load customer must pay all direct interconnection costs through CIAC, with no standard or other allowance offered to offset the customer's CIAC payments. A large load customer must pay CIAC not later than the date that the interconnection agreement is executed. An interconnecting DSP and interconnecting TSP must not begin construction of facilities to interconnect a large load customer before a large load customer pays CIAC in an amount that is equal to the direct interconnection costs associated with the large load customer.

(A) Direct interconnection costs include all costs associated with facilities built to interconnect the large load customer to the existing ERCOT system, including radial lines and substation upgrades necessary to interconnect the new large load customer. CIAC must be paid in the form of a direct cash payment.

(B) An interconnecting DSP and an interconnecting TSP must not seek to recover any large load-related direct interconnection costs, including any interconnection allowance for large load customers, under any rates regulated by the commission.

(C) The CIAC must be trued-up to reflect the actual costs once the facilities are completed, and a customer may receive a credit or surcharge on their bill, as applicable, for the difference in actual costs relative to the estimate.

(10) Financial security for system upgrades. A large load customer must post financial security for system upgrades that are necessary to reliably serve the large load customer not later than the date that the interconnection agreement is executed.

(A) The interconnecting DSP or the interconnecting TSP may accept the following forms of financial security for system upgrades:

(i) cash collateral;

(ii) corporate or parental guaranty, only if the corporation or parent corporation has a credit rating equivalent of BBB-/Baa3 or higher from Standard & Poor's or Moody's; or

(iii) a letter of credit issued by a major U.S. commercial bank, or a U.S. branch office of a major foreign commercial bank, with a credit rating of at least "A-" by Standard & Poor's or "A3" by Moody's Investor Service.

(B) If the large load customer provides a corporate or parental guaranty under this subsection, the interconnecting DSP or the interconnecting TSP may require the submission of financial records or statements to determine the customer's financial stability.

(C) Refund of financial security posted for system upgrades is subject to subsections (g) through (i) of this section.

(g) Withdrawal of all or a portion of requested peak demand or contracted peak demand. A large load customer may withdraw all or a portion of its requested peak demand or contracted peak demand for interconnection by submitting its request in writing to the interconnecting DSP or the interconnecting TSP.

(1) Not later than 14 days after receipt of a large load customer's notice to withdraw all or a portion of requested peak demand or contracted peak demand for interconnection, the interconnecting DSP or the interconnecting TSP must notify ERCOT via a method prescribed by ERCOT.

(2) The interconnecting DSP or the interconnecting TSP must draw down on the large load customer's financial security and apply the financial security to any outstanding amounts owed. Outstanding amounts owed include the following:

(A) costs incurred by the interconnecting DSP or the interconnecting TSP to fulfill the large load customer's request for interconnection;

(B) costs for equipment that the interconnecting DSP or the interconnecting TSP procured and that cannot be canceled with a full refund;

(C) costs for construction that the interconnecting DSP or the interconnecting TSP started and that cannot be canceled with a full refund; and

(D) costs for services that the interconnecting DSP or the interconnecting TSP initiated and that cannot be canceled with a full refund.

(3) After applying the large load customer's financial security to any outstanding amounts owed, the interconnecting DSP or the interconnecting TSP must refund 20% of the balance to the large load customer within 60 days.

(4) After applying the financial security to any outstanding amounts owed and refunding 20% of the balance, the remaining 80% of the balance must be paid to the interconnecting TSP and applied by that TSP as an offset to the interconnecting TSP's rate base in the earlier of the interconnecting TSP's next interim rate proceeding or comprehensive rate proceeding.

(5) CIAC is not refundable.

(6) ERCOT must reallocate contracted peak demand that is withdrawn by a large load customer.

(h) Non-utilized capacity.

(1) Not later than 30 days after a large load customer fails, by 6 months, to satisfy a milestone in its schedule for phased energization, the interconnecting DSP or the interconnecting TSP must notify ERCOT of the large load customer's non-utilized capacity.

(2) Within 60 days of providing notice to ERCOT under this subsection, the interconnecting DSP or the interconnecting TSP must draw down on the large load customer's financial security and apply the financial security to any outstanding amounts owed. Outstanding amounts owed include the following:

(A) costs incurred by the interconnecting DSP or the interconnecting TSP to fulfill the large load customer's request for interconnection;

(B) costs for equipment that the interconnecting DSP or the interconnecting TSP procured and that cannot be canceled with a full refund;

(C) costs for construction that the interconnecting DSP or the interconnecting TSP started and that cannot be canceled with a full refund; and

(D) costs for services that the interconnecting DSP or the interconnecting TSP initiated and that cannot be canceled with a full refund.

(3) Within 60 days of providing notice to ERCOT under this subsection and after applying the large load customer's financial security to any outstanding amounts owed, the interconnecting DSP or

the interconnecting TSP must refund 20% of the balance to the large load customer.

(4) After applying the financial security to any outstanding amounts owed and refunding 20% of the balance, the remaining 80% of the balance must be paid to the interconnecting TSP and applied by that TSP as an offset to the interconnecting TSP's rate base in the earlier of the interconnecting TSP's next interim rate proceeding or comprehensive rate proceeding.

(5) CIAC is not refundable.

(6) ERCOT must reallocate non-utilized capacity.

(i) Terms for refund of financial security for a large load customer that energizes. An interconnecting DSP or an interconnecting TSP must draw down on the large load customer's financial security and apply the financial security to any outstanding amounts owed for costs incurred by the interconnecting DSP or the interconnecting TSP to fulfill the large load customer's request for interconnection of the contracted peak demand.

(1) After applying financial security to any outstanding amounts owed, the interconnecting DSP or the interconnecting TSP must refund 20% of the remaining balance when the large load customer energizes and ratably as the large load customer meets the milestones identified in the customer's schedule for phased energization of its contracted peak demand.

(2) The interconnecting DSP or the interconnecting TSP must refund any remaining balance when the large load customer sustains operations for five years at the customer's contracted peak demand.

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 12, 2026.

TRD-202601174
Katelyn Lewis
Rules Coordinator
Public Utility Commission of Texas
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 936-7044

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TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 61. SCHOOL DISTRICTS
SUBCHAPTER CC. COMMISSIONER'S RULES CONCERNING SCHOOL FACILITIES

19 TAC §61.1031

The Texas Education Agency (TEA) proposes the repeal of §61.1031, concerning school safety requirements. The proposed repeal would relocate the requirements to proposed new 19 TAC §103.1215. The proposed repeal would relocate the requirements to proposed new 19 TAC §103.1215. The proposed new rule would include updates to implement House Bill (HB) 3 and Senate Bill (SB) 838, 88th Texas Legislature, Regular Session, 2023, and HB 33 and HB 121, 89th Texas Legislature, Regular Session, 2025, and clarify requirements for school safety.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 61.1031 prescribes minimum school safety standards to address the safety of students and staff in Texas public schools. The proposed repeal of §61.1031 would move the requirements to proposed new §103.1215. The relocation is necessary due to a comprehensive reorganization of 19 TAC Chapter 61.

Proposed new §103.1215 would be updated to modify the definition for "exterior secured area"; clarify the applicability of the safety standards; address security reviews required under Texas Education Code, §37.1087; update alert requirements; and require door numbering site plans to be provided to emergency service districts.

FISCAL IMPACT: James Finley, deputy chief of school safety and security, has determined that for the first five years 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 repeal an existing regulation to relocate the requirements.

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 create a new regulation; would not expand or limit 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: Mr. Finley 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 allow for TEA rules to be reorganized. 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 27, 2026, and ends April 27, 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 27, 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/.

STATUTORY AUTHORITY. The repeal is proposed under Texas Education Code (TEC), §7.061, which requires the commissioner of education to adopt and amend rules to ensure a safe and secure environment for public schools, which includes best practices for design and construction of new facilities and improving, renovating, and retrofitting existing facilities. The section requires the commissioner to review all rules by September 1 of each even-numbered year and take action as necessary to ensure school facilities for school districts and open-enrollment charter schools continue to provide a safe and secure environment; TEC, §37.1083, which establishes the Office of School Safety and Security within the Texas Education Agency (TEA) and charges TEA with monitoring the implementation and operation requirements of school district safety and security. Monitoring efforts must include technical assistance related to multihazard emergency operations plans and safety and security audits. Further, the statute establishes that any document or information collected, identified, developed, or produced related to the monitoring of district safety and security is confidential under Texas Government Code, §418.177 and §418.181, making them not subject to disclosure under Texas Government Code, Chapter 552. Subsection (k) allows the commissioner to adopt rules as necessary to implement the section; TEC, §37.115(b), which allows TEA, in coordination with the Texas School Safety Center, to adopt rules to establish a safe and supportive school program, including providing for physical and psychological safety; TEC, §37.117, which requires that each school district or open-enrollment charter school have silent alert panic technology allowing for immediate contact with district or school emergency services and emergency services agencies, law enforcement agencies, health departments, and fire departments. The statute also requires that each school district and open-enrollment charter school provide the Department of Public Safety, local law enforcement, and emergency first responders an accurate map of each district campus and school campus, in accordance with standards outlined in TEC, §37.351. Additionally, school systems must provide these emergency services personnel an opportunity to conduct a walk-through of each campus and school building using the map provided; TEC, §37.351, which requires school districts to comply with each school facilities standard, including performance standards and operational requirements, related to safety and security adopted under TEC, §7.061, or provided by other law or TEA rule. Additionally, school districts must develop and maintain documentation of the district's implementation of and compliance with school safety and security facilities standards for each district facility; and TEC, §37.355, which outlines that any document or information collected, identified, developed, or produced relating to a safety or security requirement under TEC, Chapter 37, Subchapter J, is confidential under Texas Government Code, §418.177 and §418.181, and not subject to disclosure under Texas Government Code, Chapter 552.

CROSS REFERENCE TO STATUTE. The repeal implements Texas Education Code, §§7.061, 37.1083, 37.115(b), 37.117, 37.351, and 37.355.

§61.1031. School Safety Requirements.

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 16, 2026.

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Director, Rulemaking
Texas Education Agency
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CHAPTER 103. HEALTH AND SAFETY
SUBCHAPTER CC. COMMISSIONERS RULES CONCERNING SAFE SCHOOLS

19 TAC §103.1215

The Texas Education Agency (TEA) proposes new §103.1215, concerning school safety requirements. The new section would include updates to implement House Bill (HB) 3 and Senate Bill (SB) 838, 88th Texas Legislature, Regular Session, 2023, and HB 33 and HB 121, 89th Texas Legislature, Regular Session, 2025, and clarify requirements for school safety to ensure a safe and secure environment in Texas public schools.

BACKGROUND INFORMATION AND JUSTIFICATION: Proposed new §103.1215 would move existing language from 19 TAC §61.1031, which prescribes minimum school safety standards to address the safety of students and staff in Texas public schools. The new rule includes proposed changes to existing §61.1031.

Legislation from the 88th Texas Legislature, Regular Session, 2023, added and amended school safety requirements in Texas Education Code (TEC), §§7.061, 37.1083, 37.117, 37.351, and 37.355. Legislation from the 89th Texas Legislature, Regular Session, 2025, added TEC, §37.1087, to existing school safety requirements. Proposed new §103.1215 would implement legislation and clarify school safety requirements, as follows.

Proposed new subsection (a) would establish definitions for the proposed rule. The definition for "exterior secured area" would include new language specifying that a perimeter fence does not constitute an exterior secured area.

Proposed new subsection (b) would make the rule applicable to all school instructional facilities owned, operated, or leased by a school system, regardless of the date of construction or date of lease. No changes to the existing requirements are proposed.

Proposed new subsection (c) would require school systems to implement safety and security standards compliance requirements in all instructional facilities owned, operated, or leased by the school system. New language would be added to specify that the standards apply to facilities that are newly constructed, acquired, or substantially renovated. Language would also be added to state that security reviews required under TEC, §37.1087, should be conducted as soon as practicable after a facility is constructed, acquired, or renovated and must occur before students occupy the building. In addition, alert requirements would be modified in subsection (c)(10)(B)(iv). Finally, a new requirement would be added that beginning August 1, 2026, school systems must certify in Sentinel that security reviews have been conducted.

Proposed new subsection (d) would outline operating requirements for school systems and would include new language requiring electronic copies of exterior and interior door numbering site plans to be provided to emergency service districts.

Proposed new subsection (e) would outline that, to the extent this section conflicts with rules adopted in 19 TAC Chapter 61, School Districts, Subchapter CC, Commissioner's Rules Concerning School Facilities, including terms defined by this section or standards established by this section, the provisions of this section prevail. No changes to the existing requirements are proposed.

Proposed new subsection (f) would require school systems to comply with the standards adopted under Texas Government Code, §469.052. No changes to the existing requirements are proposed.

Proposed new subsection (g) would require school systems to adopt a 3-year records control schedule that complies with the minimum requirements established by the Texas State Library and Archives Commission schedule, record series item number 5.4.017. No changes to the existing requirements are proposed.

Proposed new subsection (h) would outline that any document or information collected, identified, developed, or produced relating to the monitoring of school district safety and security requirements is confidential under Texas Government Code, §418.177 and §418.181, and is not subject to disclosure under Texas Government Code, Chapter 552. No changes to the existing requirements are proposed.

Proposed new subsection (i) would require school systems to annually certify compliance with subsections (c) and (d) of this section as part of ongoing security audits under TEC, §37.108(b), to maintain the certification locally, and to provide documentation upon request by TEA. No changes to the existing requirements are proposed.

FISCAL IMPACT: James Finley, deputy chief of school safety and security, has determined that for the first five years 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. Existing 19 TAC §61.1031 is being repealed and relocated to §103.1215 with modifications from the current rule. There is no additional cost anticipated for the modifications being proposed. Requirements from the 88th Texas Legislature, Regular Session, 2023, remain, with grant funding having been available to ensure compliance with existing requirements. Additionally, HB 2, 89th Texas Legislature, Regular Session, 2025, increased school safety allotment funding by at or around $500 million.

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 requirements of this proposal would impose costs on school districts and open-enrollment charter schools. However, the rule is not subject to the limitations of Texas Government Code, §2001.0045. The school safety requirements are necessary to protect the safety and welfare of residents of this state. Additionally, TEC, §7.061, explicitly requires the commissioner to review at least every two years the rules for a safe and secure environment and update those rules when necessary. Consequently, any costs imposed by the update of the rules are necessary to implement the legislation passed by the legislature. Additionally, grants provided to school districts help defray or completely offset the estimated costs. Safety and Facilities Enhancement (SAFE) Grants total $1.1 billion and School Safety Standards Formula Grants total $400 million. In accordance with HB 2, 89th Texas Legislature, Regular Session, 2025, approximately $500 million was added to the school safety allotment (TEC, §48.160).

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 relocate existing requirements. The proposed new rule would detail the school safety requirements outlined in TEC, §§7.061, 37.1083, 37.1087, 37.117, 37.118, 37.351, 37.355.

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: Mr. Finley 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 ensure that school districts and open-enrollment charter schools implement minimum school safety standards to address the safety of students and staff in Texas public schools. 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 27, 2026, and ends April 27, 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 27, 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/.

STATUTORY AUTHORITY. The new section is proposed under Texas Education Code (TEC), §7.061, as amended by House Bill (HB) 3, 88th Texas Legislature, Regular Session, 2023, which requires the commissioner of education to adopt and amend rules to ensure a safe and secure environment for public schools, which includes best practices for design and construction of new facilities and improving, renovating, and retrofitting existing facilities. The section requires the commissioner to review all rules by September 1 of each even-numbered year and take action as necessary to ensure school facilities for school districts and open-enrollment charter schools continue to provide a safe and secure environment; TEC, §37.1083, as added by HB 3, 88th Texas Legislature, Regular Session, 2023, and amended by HB 121, 89th Texas Legislature, Regular Session, 2025, which establishes the Office of School Safety and Security within the Texas Education Agency (TEA) and charges TEA with monitoring the implementation and operation requirements of school district safety and security. Monitoring efforts must include technical assistance related to multihazard emergency operations plans, safety and security audits, and security reviews. Further, the statute establishes that any document or information collected, identified, developed, or produced related to the monitoring of district safety and security is confidential under Texas Government Code, §418.177 and §418.181, making them not subject to disclosure under Texas Government Code, Chapter 552. Subsection (k) allows the commissioner to adopt rules as necessary to implement the section; TEC, §37.1087, as added by HB 33, 89th Texas Legislature, Regular Session, 2025, which requires a school district that constructs, acquires, renovates, or improves a district facility to conduct a security review to determine whether the facility meets school safety and security requirements; TEC, §37.115(b), which allows TEA, in coordination with the Texas School Safety Center, to adopt rules to establish a safe and supportive school program, including providing for physical and psychological safety; TEC, §37.117, as added by Senate Bill (SB) 838 and HB 3, 88th Texas Legislature, Regular Session, 2023, which requires that each school district and open-enrollment charter school provide the Department of Public Safety, local law enforcement, emergency service districts, and emergency first responders an accurate map of each district campus and school campus, in accordance with standards outlined in TEC, §37.351. Additionally, school systems must provide these emergency services personnel an opportunity to conduct a walk-through of each campus and school building using the map provided; TEC, §37.118, as added by SB 838 and HB 3, 88th Texas Legislature, Regular Session, 2023, which requires that each school district or open-enrollment charter school have silent alert panic technology allowing for immediate contact with district or school emergency services and emergency services agencies, law enforcement agencies, health departments, and fire departments; TEC, §37.351, as added by HB 3, 88th Texas Legislature, Regular Session, 2023, which requires school districts to comply with each school facilities standard, including performance standards and operational requirements, related to safety and security adopted under TEC, §7.061, or provided by other law or TEA rule. Additionally, school districts must develop and maintain documentation of the district's implementation of and compliance with school safety and security facilities standards for each district facility; and TEC, §37.355, as added by HB 3, 88th Texas Legislature, Regular Session, 2023, which outlines that any document or information collected, identified, developed, or produced relating to a safety or security requirement under TEC, Chapter 37, Subchapter J, is confidential under Texas Government Code, §418.177 and §418.181, and not subject to disclosure under Texas Government Code, Chapter 552.

CROSS REFERENCE TO STATUTE. The new section implements Texas Education Code, §7.061, as amended by House Bill (HB) 3, 88th Texas Legislature, Regular Session, 2023; §37.1083, as added by HB 3, 88th Texas Legislature, Regular Session, 2023, and amended by HB 121, 89th Texas Legislature, Regular Session, 2025; §37.1087, as added by HB 33, 89th Texas Legislature, Regular Session, 2025; §37.115(b); §37.117, as added by Senate Bill (SB) 838 and HB 3, 88th Texas Legislature, Regular Session, 2023; §37.118, as added by SB 838 and HB 3, 88th Texas Legislature, Regular Session, 2023; and §37.351 and §37.355, as added by HB 3, 88th Texas Legislature, Regular Session, 2023.

§103.1215. School Safety Requirements.

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings.

(1) Actively monitored--supervised by an adult who can visibly review visitors prior to entrance, who can take immediate action to close and/or lock the door, and whose duties allow for sufficient attention to monitoring.

(2) Exterior secured area--

(A) This term describes an area fully enclosed by a fence and/or wall that:

(i) is utilized when keeping doors closed, locked, and latched is not operationally possible;

(ii) if enclosed by a fence or wall, utilizes a fence or wall at least 6 feet high with design features that prevent it from being easily scalable, such as stone, wrought iron, chain link with slats or wind screen, or chain link topped with an anti-scaling device, or utilizes a fence or wall at least 8 feet high;

(iii) is well maintained; and

(iv) if gated, features locked gates with emergency egress hardware and has features to prevent opening from the exterior without a key or combination mechanism.

(B) A perimeter fence does not constitute an exterior secured area.

(3) Instructional facility--this term has the meaning assigned in Texas Education Code (TEC), §46.001, and includes any real property, an improvement to real property, or a necessary fixture of an improvement to real property that is used predominantly for teaching curriculum under TEC, §28.002. For purposes of this section, an instructional facility does not include real property, improvements to real property, or necessary fixtures of an improvement to real

property that are part of a federal, state, or private correctional facility or facility of an institution of higher education, medical provider, or other provider of professional or social services over which a school system has no control.

(4) Modular, portable building--

(A) an industrialized building as defined by Texas Occupations Code (TOC), §1202.002 and §1202.003;

(B) any relocatable educational facility as defined by TOC, §1202.004, regardless of the location of construction of the facility; or

(C) any other manufactured or site-built building that is capable of being relocated and is used as a school facility.

(5) Primary entrance--

(A) the main entrance to an instructional facility that is closest to or directly connected to the reception area; or

(B) any exterior door the school system intends to allow visitors to use to enter the facility during school hours either through policy or practice.

(6) School system--a public independent school district or public open-enrollment charter school.

(7) Secure vestibule--a secured space with two or more sets of doors and an office sign-in area where all but the exterior doors shall:

(A) remain closed, latched, and locked;

(B) comply with subsection (c)(3)(B) of this section; and

(C) only unlock once the visitor has been visually verified.

(b) The provisions of this section apply to all school instructional facilities owned, operated, or leased by a school system, regardless of the date of construction or date of lease. The provisions of this section ensure that all school system instructional facilities have access points that are:

(1) secured by design;

(2) maintained to operate as intended; and

(3) appropriately monitored.

(c) A school system shall implement the following safety and security standards compliance requirements to all instructional facilities owned, operated, or leased by the school system, to include facilities newly constructed, acquired, or substantially renovated. In implementing the requirements of this section, school systems shall comply with the provisions of §61.1040(j) of this title (relating to School Facilities Standards for Construction on or after November 1, 2021) and the security review requirements outlined in TEC, §37.1087. Security reviews should be conducted as soon as practicable after a facility is constructed, acquired, or renovated and must occur before students occupy the building. Beginning August 1, 2026, school systems must certify in Sentinel that security reviews have been conducted, in accordance with §103.1213 of this title (relating to Required Reporting through Sentinel).

(1) All instructional facilities, including modular, portable buildings, must include the addition of graphically represented alphanumerical characters on both the interior and exterior of each exterior door location. The characters may be installed on the door, or on at least one door at locations where more than one door leads from the exterior to the same room inside the facility, or on the wall immediately adjacent to or above the door location. Characters shall comply with the International Fire Code, §505, which requires numbers to be a minimum of four inches in height. The primary entrance of an instructional facility shall always be the first in the entire sequence and is the only door location that does not require numbering. The numbering sequence shall be clockwise and may be sequenced for the entire campus or for each facility individually. The door-numbering process must comply with all accessibility requirements related to signage.

(2) Unless a secure vestibule is present, a primary entrance shall:

(A) meet all standards for exterior doors;

(B) include a means to allow an individual located within the building to visually identify an individual seeking to enter the primary entrance when the entrance is closed and locked, including, but not limited to, windows, camera systems, and/or intercoms;

(C) feature a physical barrier that prevents unassisted access to the facility by a visitor; and

(D) feature a location for a visitor check-in and check-out process.

(3) All exterior doors shall:

(A) be set to a closed, latched, and locked status, except that:

(i) a door may be unlocked if it is actively monitored or within an exterior secured area; and

(ii) for the purposes of ventilation, a school system may designate in writing as part of its multi-hazard emergency operations plan under TEC, §37.108, specific exterior doors that are allowed to remain open for specified periods of time if explicitly authorized by the school safety and security committee established by TEC, §37.109, when a quorum of members are present, and only if it is actively monitored or within an exterior secured area;

(B) be constructed, both for the door and door frame and their components, of materials and in a manner that make them resistant to entry by intruders. Unless inside an exterior secured area, doors constructed of glass or containing glass shall be constructed or modified such that the glass cannot be easily broken and allow an intruder to open or otherwise enter through the door (for example, using forced entry-resistant film);

(C) include:

(i) a mechanism that fully closes and engages locking hardware automatically after entry or egress without manual intervention, regardless of air pressure within or outside of the facility; and

(ii) a mechanism that allows the door to be opened from the inside when locked to allow for emergency egress while remaining locked; and

(D) if keyed for re-entry, be capable of being unlocked with a single (or a small set of) master key(s), whether physical key, punch code, or key-fob or similar electronic device.

(4) Except when inside an exterior secured area, classrooms with exterior entry doors shall include a means to allow an individual located in the classroom to visually identify an individual seeking to enter the classroom when the door is closed and locked, including, but not limited to, windows, camera systems, and/or intercoms.

(5) Except when inside an exterior secured area, all windows that are adjacent to an exterior door and that are of a size and

position that, if broken, would easily permit an individual to reach in and open the door from the inside shall be constructed or modified such that the glass cannot be easily broken.

(6) Except when inside an exterior secured area, all ground-level windows near exterior doors that are of a size and position that permits entry from the exterior if broken shall be constructed or modified such that the glass cannot be easily broken and allow an intruder to enter through the window frame (for example, using forced entry-resistant film).

(7) If designed to be opened, all ground-level windows shall have functional locking mechanisms that allow for the windows to be locked from the inside and, if large enough for an individual to enter when opened or if adjacent to a door, be closed and locked when staff are not present.

(8) Roof access doors shall remain closed, latched, and locked when not actively in use.

(9) All facilities must:

(A) include one or more distinctive, exterior secure master key box(es) designed to permit emergency access to both law enforcement agencies and emergency responder agencies from the exterior (for example, a Knox box) at a location designated by the local authorities with applicable jurisdiction; or

(B) provide all local law enforcement electronic or physical master key access to the building(s).

(10) A communications infrastructure shall be implemented that must:

(A) ensure equipment is in place such that law enforcement and emergency responder two-way radios can function within most portions of the building(s); and

(B) include a panic alert button, duress, or equivalent alarm system, via standalone hardware, software, or integrated into other telecommunications devices or online applications, that includes the following functionality.

(i) An alert must be capable of being triggered by campus staff, including temporary or substitute staff, from an integrated or enabled device.

(ii) An alert must be triggered automatically in the event a district employee makes a 9-1-1 call using the hardware or integrated telecommunications devices described in this subparagraph from any location within the school system.

(iii) With any alert generated, the location of where the alert originated shall be included.

(iv) The alert must allow for immediate contact with the 9-1-1 dispatch center, district or school emergency services, law enforcement agencies, health departments, and fire departments. Alerts must notify designated administrators and simultaneously notify affected staff of the emergency.

(v) For any exterior doors that feature electronic locking mechanisms that allow for remote locking, the alert system will trigger those doors to automatically lock.

(11) School systems shall ensure compliance with state and federal Kari's Laws and federal RAY BAUM's Act and corresponding rules and regulations pertaining to 9-1-1 service for school telephone systems, including a multi-line telephone system.

(d) Certain operating requirements. A school system shall implement the following.

(1) Access control. The board of trustees or the governing board shall adopt a policy requiring the following continued auditing of building access:

(A) conduct at least weekly inspections during school hours of all exterior doors of all instructional facilities to certify that all doors are set to a closed, latched, and locked status and cannot be opened from the outside without a key as required in subsection (c)(3)(A) of this section;

(B) report the findings of weekly inspections required by subparagraph (A) of this paragraph to the school system's safety and security committee as required by TEC, §37.109, and ensure the results are kept for review as part of the safety and security audit as required by TEC, §37.108;

(C) report the findings of weekly inspections required by subparagraph (A) of this paragraph to the principal or leader of the instructional facility to ensure awareness of any deficiencies identified and who must take action to reduce the likelihood of similar deficiencies in the future; and

(D) include a provision in the school system's applicable policy stating that nothing in a school system's access control procedures will be interpreted as discouraging parents, once properly verified as authorized campus visitors, from visiting campuses they are authorized to visit.

(2) Exterior and interior door numbering site plan.

(A) A school system must develop and maintain an accurate site layout and exterior and interior door designation document for each instructional facility school system-wide that identifies all exterior and interior doors in the instructional facility and depicts all exterior doors on a floor plan with an alpha-numeric designation, in accordance with the door numbering specifications established in subsection (c)(1) of this section.

(B) Copies of exterior and interior door numbering site plans shall be readily available in each campus main office.

(C) Electronic copies of exterior and interior door numbering site plans shall be provided to the local 9-1-1 administrative entity, the Department of Public Safety, emergency service districts, local law enforcement agencies, and emergency first responders in accordance with TEC, §37.117. These entities shall be afforded an opportunity to conduct a walk-through of facilities utilizing the site plans provided.

(D) The site layout and exterior and interior door designation document shall be oriented in a manner that depicts true north.

(3) Maintenance.

(A) A school system shall perform at least twice-yearly maintenance checks to ensure the facility components required in subsection (c) of this section function as required. At a minimum, maintenance checks shall ensure the following:

(i) instructional facility exterior doors function properly, including meeting the requirements in subsection (c)(3)(A) and (C) of this section;

(ii) the locking mechanism for any ground-level windows that can be opened function properly;

(iii) any perimeter barriers and related gates function properly;

(iv) all panic alert or similar emergency notification systems in classrooms and campus central offices function properly,

which includes a notification successfully broadcast to all campus staff and to law enforcement and emergency responders;

(v) all school telephone systems and communications infrastructure provide accurate location information when a 9-1-1 call is made in accordance with state and federal laws and rules and when an alert is triggered in accordance with this section;

(vi) all exterior master key boxes function properly and the keys they contain function properly;

(vii) law enforcement and emergency responder two-way radios operate effectively within each instructional facility; and

(viii) two-way radios used by school system peace officers, school resource officers, or school marshals properly communicate with local law enforcement and emergency response services.

(B) A school system shall ensure procedures are in place to require that staff who become aware of a facility component functionality deficiency that would be identified during the twice-yearly maintenance review described by subparagraph (A) of this paragraph immediately report the deficiency to the school system's administration, regardless of the status of the twice-yearly maintenance review.

(C) A school system shall promptly remedy any deficiencies discovered during maintenance checks required by subparagraph (A) of this paragraph or reports made under subparagraph (B) of this paragraph.

(e) To the extent that any provisions of this section conflict with rules adopted in Chapter 61, Subchapter CC, of this title (relating to Commissioner's Rules Concerning School Facilities), including terms defined by this section or standards established by this section, the provisions of this section prevail.

(f) In implementing the requirements of this section, school systems shall comply with the standards adopted under Texas Government Code, §469.052.

(g) In implementing the requirements of this section, school systems must adopt a 3-year records control schedule that complies with the minimum requirements established by the Texas State Library and Archives Commission schedule, record series item number 5.4.017, as referenced in Texas Government Code, §441.169, and Texas Local Government Code, §203.041.

(h) Any document or information collected, identified, developed, or produced relating to the monitoring of school district safety and security requirements is confidential under Texas Government Code, §418.177 and §418.181, and is not subject to disclosure under Texas Government Code, Chapter 552.

(i) Certification.

(1) A school system must annually certify compliance with subsections (c) and (d) of this section as part of ongoing security audits under TEC, §37.108(b); maintain the certification locally; and provide documentation upon request by TEA. Non-compliance with subsections (c) and (d) of this section and all information received upon completion of a district vulnerability assessment under TEC, §37.1083, shall be reported to the school system's safety and security committee, the school system's board, and TEA, as applicable.

(2) TEA may modify rule requirements or grant provisional certification for individual site needs as determined by TEA.

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 16, 2026.

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Cristina De La Fuente-Valadez
Director, Rulemaking
Texas Education Agency
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 475-1497

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19 TAC §103.1219

The Texas Education Agency (TEA) proposes new §103.1219, concerning assignment of a conservator for noncompliance with school safety and security requirements. The proposed new rule would ensure school system compliance with safety requirements, as required by Texas Education Code (TEC), §37.1085, as added by House Bill (HB) 3, 88th Texas Legislature, Regular Session, 2023.

BACKGROUND INFORMATION AND JUSTIFICATION: Proposed new §103.1219 would outline the circumstances under which a conservator can be assigned for school systems that fail to comply with safety and security monitoring or to timely address issues raised by TEA, in accordance with TEC, §37.1085.

Proposed new §103.1219 would outline the circumstances where the commissioner of education can appoint a conservator related to school safety and security monitoring, the powers and duties an assigned conservator may exercise, and exceptions to conservator appointments, as related to school safety and security.

FISCAL IMPACT: James Finley, deputy chief of school safety and security, 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 by allowing the commissioner to appoint a conservator for noncompliance with school safety and security requirements.

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: Mr. Finley 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 school system compliance with established safety and security requirements and TEA monitoring, resulting in safer learning environments for students, staff, and visitors. 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 27, 2026, and ends April 27, 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 27, 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/.

STATUTORY AUTHORITY. The new section is proposed under TEC, §37.1085, as added by HB 3, 88th Texas Legislature, Regular Session, 2023, which grants the commissioner of education the authority to assign a conservator under TEC, Chapter 39A, if a school district fails to submit to any required monitoring, assessment, or audit; to comply with applicable safety and security requirements; or to timely address issues raised by the Texas Education Agency's monitoring, assessment, or audit.

CROSS REFERENCE TO STATUTE. The new section implements TEC, §37.1085, as added by HB 3, 88th Texas Legislature, Regular Session, 2023.

§103.1219. Assignment of a Conservator for Noncompliance with School Safety and Security Requirements.

(a) The commissioner of education may assign a conservator whenever such action is required, as determined by this section.

(b) The commissioner may appoint a conservator under Texas Education Code (TEC), Chapter 39A, when a school system fails to:

(1) submit to any required monitoring, assessment, or audit under TEC, §37.1083 or §37.1084;

(2) comply with applicable safety and security requirements; or

(3) address within 1 year issues raised by the Texas Education Agency's monitoring, assessment, or audit of the school system.

(c) A conservator assigned to a school system under this section may exercise the powers and duties of a conservator under TEC, §39A.003, only to correct a failure identified under subsection (b) of this section.

(d) This section does not apply to a school systems' failure to comply with TEC, §37.0814, or a good cause exception claimed under that section.

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 109. BUDGETING, ACCOUNTING, AND AUDITING

SUBCHAPTER AA. COMMISSIONER'S RULES CONCERNING FINANCIAL ACCOUNTABILITY

19 TAC §109.1001

(Editor's note: In accordance with Texas Government Code, §2002.014, which permits the omission of material which is "cumbersome, expensive, or otherwise inexpedient," the figures in 19 TAC §109.1001 are not included in the print version of the Texas Register. The figures are available in the on-line version of the March 27, 2026, issue of the Texas Register.)

The Texas Education Agency (TEA) proposes an amendment to §109.1001, concerning financial accountability ratings. The proposed amendment would update financial accountability rating information and rating worksheets for school districts and open-enrollment charter schools.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 109.1001 includes the financial accountability rating system and rating worksheets that explain the indicators that TEA will analyze to assign financial accountability ratings for school districts and open-enrollment charter schools. The rule also specifies the minimum financial accountability rating information that a school district or an open-enrollment charter school is to report to parents and taxpayers in the district.

The proposed amendment would remove outdated rating worksheets and clarify the financial accountability rating indicators terminology used to determine each school district's and charter school's rating for the 2025-2026 rating year by revising the rating worksheets in re-lettered §109.1001(e)(1) and (f)(1) and by adding a rating worksheet in §109.1001(g)(1). The proposed amendment would also include calculations and terminology

clarifications for the 2026-2027 rating year and subsequent years by adding rating worksheets in new §109.1001(e)(2) and (f)(2) and §109.1001(g)(2).

Proposed new subsection (e)(2) would be added, including new Figure: 19 TAC §109.1001(e)(2), that would clarify terminology and calculations for School Financial Integrity Rating System of Texas (FIRST) indicators for years subsequent to the 2025-2026 rating year.

Proposed new subsection (f)(2) would be added, including new Figure: 19 TAC §109.1001(f)(2), that would clarify terminology and calculations for Charter FIRST indicators for years subsequent to the 2025-2026 rating year.

Proposed new subsection (g)(1) would be added, including new Figure: 19 TAC §109.1001(g)(1), that would clarify terminology and calculations for Charter FIRST indicators for institution of higher education (IHE) charter schools for the 2025-2026 rating year.

Proposed new subsection (g)(2) would be added, including new Figure: 19 TAC §109.1001(g)(2), that would clarify terminology and calculations for Charter FIRST indicators for IHE charter schools for years subsequent to the 2025-2026 rating year.

Proposed new subsection (g)(3) would be added to affirm calculations and scoring methods for charter schools operated by a public IHE adopted for prior rating years would remain in effect for purposes with respect to those rating years.

The worksheets dated July 2026 differ from the worksheets dated June 2024 as follows.

Figure: 19 TAC §109.1001(e)(1)

The due date for the fiscal year 2025 annual financial report (AFR) and financial data to TEA for indicator 1 would be revised for the 2025-2026 rating year primarily because the 2025 Compliance Supplement was released late in 2025 by the Office of Management and Budget (OMB).

The calculation for indicator 5 would be revised to include premiums on capital appreciation bonds with accreted interest on capital appreciation bonds to increase the adjusted net position.

The average daily attendance (ADA) ranges would be clarified for indicators 13 and 15.

The terminology for indicator 15 would be clarified to align with data used in the calculation for the indicator.

Calculations for indicators 6, 7, 9, and 13 would be adjusted to subtract recapture expenditures from total expenditures for school districts with local revenue in excess of entitlement, and indicator 9 would be adjusted to reduce the revenue that was recaptured from these districts. For school districts that have a fiscal year end of June 30, calculations for indicators 7, 8, and 11 would be adjusted to remove recapture amounts from cash and current liabilities, as applicable.

Figure: 19 TAC §109.1001(f)(1)

The due date for the fiscal year 2025 AFR and financial data to the agency for indicator 1 would be revised for the 2025-2026 rating year primarily because the 2025 Compliance Supplement was released late in 2025 by the OMB.

The calculation for indicator 12 would be revised to reflect changes in accounting principles.

For indicator 14, ADA ranges would be clarified, and terminology would be clarified to exclude object code 6144 from the calculation.

FISCAL IMPACT: Amy Copeland, associate commissioner for school finance and chief school finance officer, 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 expand an existing regulation by clarifying terminology used to define FIRST indicators.

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 create a new regulation; would not 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. Copeland 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 ensuring that the provisions of the financial accountability rating system align to make the indicators uniform for all school districts and charter schools and would provide a fair and equitable rating system for all school districts and charter schools. 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 27, 2026, and ends April 27, 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 27, 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/.

STATUTORY AUTHORITY. The amendment is proposed under TEC, §12.104(b)(3)(M), which subjects open-enrollment charter schools to the prohibitions, restrictions, or requirements relating to public school accountability and special investigations under TEC, Chapter 39, Subchapters A, B, C, D, F, G, and J, and TEC, Chapter 39A; TEC, §39.082, which requires the commissioner to develop and implement a financial accountability rating system for public schools and establishes certain minimum requirements for the system, including an appeals process; TEC, §39.083, which requires the commissioner to include in the financial accountability system procedures for public schools to report and receive public comment on an annual financial management report; TEC, §39.085, which requires the commissioner to adopt rules to implement TEC, Chapter 39, Subchapter D, which addresses financial accountability for public schools; and TEC, §39.151, as amended by House Bill (HB) 8, 89th Texas Legislature, 2nd Called Session, 2025, which requires the commissioner to provide a process by which a school district or an open-enrollment charter school can challenge an agency decision related to academic or financial accountability under TEC, Chapter 39, including a determination of consecutive school years of unacceptable performance ratings. This process must include a committee to make recommendations to the commissioner. These provisions collectively authorize and require the commissioner to adopt the financial accountability system rules, which implement each requirement of statute applicable to school districts and open-enrollment charter schools.

CROSS REFERENCE TO STATUTE. The amendment implements TEC, §§12.104(b)(3)(M); 39.082; 39.083; 39.085; and 39.151, as amended by HB 8, 89th Texas Legislature, 2nd Called Session, 2025.

§109.1001. Financial Accountability Ratings.

(a) The following words and terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise.

(1) Annual Financial Report (AFR)--The audited annual report required by [~~the~~] Texas Education Code (TEC), §44.008, that is due to the Texas Education Agency (TEA) by no later than 150 days after the close of a school district's or an open-enrollment charter school's fiscal year.

(2) Ceiling indicator--An upper limit (the maximum score) at which a score from a standard limit of a specific indicator will result regardless of overall points.

(3) Debt--An amount of money owed to a person, bank, company, or other organization.

(4) Electronic submission--The TEA electronic data feed format required for use by school districts, open-enrollment charter schools, and regional education service centers (ESCs).

(5) Financial Integrity Rating System of Texas (FIRST)--The financial accountability rating system administered by [~~the~~] TEA in accordance with [~~the~~] TEC, §39.082 and §39.085. The system provides additional transparency to public education finance and meaningful financial oversight and improvement for school districts (School FIRST) and open-enrollment charter schools and charter schools operated by a public institution of higher education under TEC, Chapter 12, Subchapters D and E (Charter FIRST).

(6) Fiscal year--The fiscal year of a school district or an open-enrollment charter school, which begins on July 1 or September 1 of each year, as determined by the board of trustees of the district or the governing body of the charter holder in accordance with [~~the~~] TEC, §44.0011.

(7) Foundation School Program (FSP)--The program established under [~~the~~] TEC, Chapters 41, 42, and 46, or any successor program of state-appropriated funding for school districts in this state.

(8) Open-enrollment charter school--A charter school authorized by the commissioner of education under TEC, Chapter 12, Subchapter D.

(9) Public institution of higher education (IHE)--A public college or university eligible to operate a school district; an open-enrollment charter school; or a TEC, Chapter 12, Subchapter E, charter school authorized by the commissioner.

(10) Summary of Finances (SOF) report--The document of record for FSP allocations. An SOF report is produced for each school district and open-enrollment charter school by the TEA division responsible for state funding that describes the school district's or open-enrollment charter school's funding elements and FSP state aid.

(11) Texas Student Data System Public Education Information Management System (TSDS PEIMS)--The system that school districts and open-enrollment charter schools use to load, validate, and submit their data to [~~the~~] TEA.

(12) Warrant hold--The process by which state payments issued to payees indebted to the state, or payees with a tax delinquency, are held by the Texas Comptroller of Public Accounts until the debt is satisfied in accordance with [~~the~~] Texas Government Code, §403.055.

(b) [~~The~~] TEA will assign a financial accountability rating to each school district, open-enrollment charter school, and charter school operated by a public IHE under TEC, Chapter 12, Subchapters D and E, as required by [~~the~~] TEC, §39.082.

(c) The commissioner will evaluate the rating system every three years as required by [~~the~~] TEC, §39.082, and may modify the system in order to improve the effectiveness of the rating system. If the rating system has been modified, [~~the~~] TEA will communicate changes to ratings criteria and their effective dates to school districts, open-enrollment charter schools, and charter schools operated by public IHEs.

(d) [~~The~~] TEA will use the following sources of data in calculating the financial accountability indicators for school districts, open-enrollment charter schools, and charter schools operated by public IHEs.

(1) AFR. For each school district, open-enrollment charter school, and charter school operated by a public IHE, [~~the~~] TEA will use audited financial data in the district's or charter's AFR. The AFR, submitted as an electronic submission through the TEA website, must include data required in the Financial Accountability System Resource Guide (FASRG) adopted under §109.41 of this title (relating to Financial Accountability System Resource Guide).

(2) TSDS PEIMS. [~~The~~] TEA will use TSDS PEIMS data submitted by the school district, open-enrollment charter school, or charter school operated by a public IHE in the calculation of the financial accountability indicators.

(3) Warrant holds. [~~The~~] TEA will use warrant holds as reported by the Texas Comptroller of Public Accounts in the calculation of the financial accountability indicators.

(4) FSP. [~~The~~] TEA will use the average daily attendance (ADA) information used for FSP funding purposes for the school district, open-enrollment charter school, or charter school operated by a public IHE in the calculation of the financial accountability indicators.

(e) [~~The~~] TEA will base the financial accountability rating of a school district on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

[~~(1) The financial accountability rating indicators for rating year 2014-2015 are based on fiscal year 2014 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated August 2015 for rating year 2014-2015."~~]
[~~Figure: 19 TAC §109.1001(e)(1)~~]

[~~(2) The financial accountability rating indicators for rating year 2015-2016 are based on fiscal year 2015 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated August 2015 for rating year 2015-2016."~~]
[~~Figure: 19 TAC §109.1001(e)(2)~~]

[~~(3) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated December 2016 for rating year 2016-2017."~~]
[~~Figure: 19 TAC §109.1001(e)(3)~~]

[~~(4) The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 are based on financial data from fiscal years 2017, 2018, and 2019, respectively, and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated April 2020 for rating years 2017-2018 through 2019-2020." The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.~~]
[~~Figure: 19 TAC §109.1001(e)(4)~~]

[~~(5) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated October 2021 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.~~]
[~~Figure: 19 TAC §109.1001(e)(5)~~]

[~~(6) The financial accountability rating indicators for rating year 2021-2022 are based on fiscal year 2021 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated October 2021 for rating year 2021-2022." The financial accountability rating indicators for rating years after 2021-2022 will use the same calculations and scoring method provided in the figure in this paragraph.~~]
[~~Figure: 19 TAC §109.1001(e)(6)~~]

[~~(7) The financial accountability rating indicators for rating year 2022-2023 are based on fiscal year 2022 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated June 2023 for rating year 2022-2023." The financial accountability rating indicators for rating years after 2022-2023 will use the same calculations and scoring method provided in the figure in this paragraph.~~]
[~~Figure: 19 TAC §109.1001(e)(7)~~]

[~~(8) The financial accountability rating indicators for rating year 2023-2024 are based on fiscal year 2023 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated June 2024 for Rating Years 2023-2024+." The financial accountability rating indicators for rating years after 2023-2024 will use the same calculations and scoring method provided in the figure in this paragraph.~~]
[~~Figure: 19 TAC §109.1001(e)(8)~~]

(1) [~~(9)~~] The financial accountability rating indicators for rating year 2025-2026 are based on fiscal year 2025 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated July 2026 [~~June 2024~~] for Rating Years 2025-2026+." The financial accountability rating indicators for rating years after 2025-2026 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(e)(1)
[~~Figure: 19 TAC §109.1001(e)(9)~~]

(2) The financial accountability rating indicators for rating year 2026-2027 are based on fiscal year 2026 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated July 2026 for Rating Years 2026-2027+." The financial accountability indicators for rating years after 2026-2027 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(e)(2)

(3) [~~(10)~~] The specific calculations and scoring methods used in the financial accountability rating worksheets for school districts adopted for prior rating years [~~prior to 2014-2015~~] remain in effect for all purposes with respect to those rating years.

(f) [~~The~~] TEA will base the financial accountability rating of an open-enrollment charter school on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

[~~(1) The financial accountability rating indicators for rating year 2014-2015 are based on fiscal year 2014 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2014-2015."~~]
[~~Figure: 19 TAC §109.1001(f)(1)~~]

[~~(2) The financial accountability rating indicators for rating year 2015-2016 are based on fiscal year 2015 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2015-2016."~~]
[~~Figure: 19 TAC §109.1001(f)(2)~~]

[~~(3) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2016-2017."~~]
[~~Figure: 19 TAC §109.1001(f)(3)~~]

[~~(4) The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 are based on financial data from fiscal years 2017, 2018, and 2019, respectively, and are provided in the figure in this paragraph entitled "Charter FIRST - Rating~~

Worksheet Dated April 2020 for rating year 2017-2018." The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(f)(4)]

[(5) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated October 2021 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(f)(5)]

[(6) The financial accountability rating indicators for rating year 2021-2022 are based on fiscal year 2021 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated October 2021 for rating year 2021-2022." The financial accountability rating indicators for rating years after 2021-2022 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(f)(6)]

[(7) The financial accountability rating indicators for rating year 2022-2023 are based on fiscal year 2022 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated June 2023 for rating year 2022-2023." The financial accountability rating indicators for rating years after 2022-2023 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(f)(7)]

[(8) The financial accountability rating indicators for rating year 2023-2024 are based on fiscal year 2022 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated June 2024 for Rating Years 2023-2024+." The financial accountability rating indicators for rating years after 2023-2024 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(f)(8)]

(1) [(9)] The financial accountability rating indicators for rating year 2025-2026 are based on fiscal year 2025 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated July 2026 [June 2024] for Rating Years 2025-2026+." The financial accountability rating indicators for rating years after 2025-2026 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(f)(1)
[Figure: 19 TAC §109.1001(f)(9)]

(2) The financial accountability rating indicators for rating year 2026-2027 are based on fiscal year 2026 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated July 2026 for Rating Years 2026-2027+." The financial accountability indicators for rating years after 2026-2027 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(f)(2)

(3) [(10)] The specific calculations and scoring methods used in the financial accountability rating worksheets for open-enrollment charter schools adopted for prior rating years [prior to 2014-2015] remain in effect for all purposes with respect to those rating years.

(g) [The] TEA will base the financial accountability rating of a charter school operated by a public IHE on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

(1) The financial accountability rating indicators for rating year 2025-2026 are based on fiscal year 2025 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated July 2026 for rating year 2025-2026." The financial accountability rating indicators for rating years after 2025-2026 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(g)(1)

(2) The financial accountability rating indicators for rating year 2026-2027 are based on fiscal year 2026 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated July 2026 for rating year 2026-2027." The financial accountability rating indicators for rating years after 2026-2027 will use the same calculations and scoring method provided in the figure in this paragraph.
Figure: 19 TAC §109.1001(g)(2)

(3) The specific calculations and scoring methods used in the financial accountability rating worksheets for charter schools operated by a public IHE adopted for prior rating years remain in effect for all purposes with respect to those rating years.

[(1) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated June 2019 for rating years 2016-2017 through 2019-2020." The financial accountability rating indicators for rating years 2016-2017 through 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(g)(1)]

[(2) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated June 2019 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.]
[Figure: 19 TAC §109.1001(g)(2)]

(h) The types of financial accountability ratings that school districts or open-enrollment charter schools may receive for the rating year 2014-2015 are as follows.

(1) P for pass. This rating applies only to the financial accountability rating for rating year 2014-2015 based on fiscal year 2014 financial data. In accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a P rating if it scores within the applicable range established by the commissioner for a P rating.

(2) F for substandard achievement. This rating applies to the financial accountability rating for rating year 2014-2015 based on fiscal year 2014 financial data. In accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(i) The types of financial accountability ratings that school districts or open-enrollment charter schools may receive for the rating year 2015-2016 and all subsequent rating years are as follows.

(1) A for superior achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an A rating if it scores within the applicable range established by the commissioner for an A rating.

(2) B for above standard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a B rating if it scores within the applicable range established by the commissioner for a B rating.

(3) C for standard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a C rating if it scores within the applicable range established by the commissioner for a C rating.

(4) F for substandard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(5) No Rating. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a school district receiving territory due to an annexation order by the commissioner under [~~the~~] TEC, §13.054, or consolidation under [~~the~~] TEC, Chapter 49, Subchapter H, will not receive a rating for two consecutive rating years beginning with the rating year that is based on financial data from the fiscal year in which the order of annexation becomes effective. After the second rating year, the receiving district will be subject to the financial accountability rating system established by the commissioner in this section.

(j) The types of financial accountability ratings that charter schools operated by public IHEs may receive for the rating year 2016-2017 and all subsequent rating years are as follows.

(1) P for pass. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a charter school operated by a public IHE will receive a P rating if it scores within the applicable range established by the commissioner for a P rating.

(2) F for substandard achievement. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a charter school operated by a public IHE will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(k) The commissioner may lower a financial accountability rating based on the findings of an action conducted under [~~the~~] TEC, Chapter 39 or 39A, or change a financial accountability rating in cases of disaster, flood, extreme weather conditions, fuel curtailment, or another calamity.

(l) A financial accountability rating remains in effect until replaced by a subsequent financial accountability rating.

(m) [~~The~~] TEA will issue a preliminary financial accountability rating to a school district, an open-enrollment charter school, or a charter school operated by a public IHE on or before August 8 of each year. [~~The~~] TEA will base the financial accountability rating for a rating year on the data from the fiscal year preceding the rating year.

(1) [~~The~~] TEA will not delay the issuance of the preliminary or final rating if a school district, an open-enrollment charter school, or a charter school operated by a public IHE fails to meet the statutory deadline under [~~the~~] TEC, §44.008, for submitting the AFR. Instead, the school district, open-enrollment charter school, or charter school operated by a public IHE will receive an F rating for substandard achievement.

(2) If [~~the~~] TEA receives an appeal of a preliminary rating, described by subsection (n) of this section, [~~the~~] TEA will issue a final rating to the school district, open-enrollment charter school, or charter school operated by a public IHE no later than 60 days after the deadline for submitting appeals.

(3) If [~~the~~] TEA does not receive an appeal of a preliminary rating, described by subsection (n) of this section, the preliminary rating automatically becomes a final rating 31 days after issuance of the preliminary rating.

(n) A school district, an open-enrollment charter school, or a charter school operated by a public IHE may appeal its preliminary financial accountability rating through the following appeals process.

(1) The TEA division responsible for financial accountability must receive a written appeal no later than 30 days after [~~the~~] TEA's release of the preliminary rating. The appeal must include adequate evidence and additional information that supports the position of the school district, open-enrollment charter school, or charter school operated by a public IHE. Appeals received 31 days or more after TEA issues a preliminary rating will not be considered.

(2) A data error attributable to [~~the~~] TEA is a basis for an appeal. If a preliminary rating contains a data error attributable to [~~the~~] TEA, a school district or an open-enrollment charter school may submit a written appeal requesting a review of the preliminary rating.

(3) A school district, an open-enrollment charter school, or a charter school operated by a public IHE may appeal any other adverse issue it identifies in the preliminary rating.

(4) [~~The~~] TEA will only consider appeals that would result in a change of the preliminary rating.

(5) The TEA division responsible for financial accountability will select an external review panel to independently oversee the appeals process.

(6) The TEA division responsible for financial accountability will submit the information provided by the school district, open-enrollment charter school, or charter school operated by a public IHE to the external review panel members for review.

(7) Each external review panel member will examine the appeal and supporting documentation and will submit his or her recommendation to the TEA division responsible for financial accountability.

(8) The TEA division responsible for financial accountability will compile the recommendations and forward them to the commissioner.

(9) The commissioner will make a final ratings decision.

(A) The commissioner may adjust a score for an indicator or the overall score upon appeal of the indicator(s) by the school district, open-enrollment charter school, or charter school operated by a public IHE.

(B) Upon appeal of the indicator for the timely submission of a complete AFR, the commissioner may adjust the overall score and rating as described in clauses (i)-(iii) of this subparagraph if the certificate of the board and the audit opinion letter from the external auditor for the school district's or charter school's AFR were signed on or before the due date of the AFR as required in TEC, §44.008.

(i) For a school district or charter school that has a failed preliminary FIRST rating with 85 to 100 points, deduct 15 points from the total points for an overall passing score if no other critical indicators were failed.

(ii) For a school district or charter school that has a failed preliminary FIRST rating with 70 to 84 points, adjust the overall score to 70 points for an overall passing score if no other critical indicators were failed.

(iii) For a school district or charter school that has a failed preliminary FIRST rating with total points less than the threshold for an overall passing score and/or the school district or charter school failed any other critical indicators, no adjustment to the points will be made for the overall score.

(o) A final rating issued by [~~the~~] TEA under this section may not be appealed under [~~the~~] TEC, §7.057, or any other law or rule.

(p) A financial accountability rating by a voluntary association is a local option of the school district, open-enrollment charter school, or charter school operated by a public IHE, but it does not substitute for a financial accountability rating by [~~the~~] TEA.

(q) Each school district, open-enrollment charter school, and charter school operated by a public IHE is required to report information and financial accountability ratings to parents, taxpayers, and other stakeholders by implementing the following reporting procedures.

(1) Each school district, open-enrollment charter school, and charter school operated by a public IHE must prepare and distribute an annual financial management report in accordance with this subsection.

(2) Each school district, open-enrollment charter school, and charter school operated by a public IHE must provide the public with an opportunity to comment on the report at a public hearing.

(3) The annual financial management report for a school district, an open-enrollment charter school, or a charter school operated by a public IHE must include:

(A) a description of its financial management performance based on a comparison, provided by [~~the~~] TEA, of its performance on the indicators established by the commissioner and reflected in this section. The report will contain information that discloses:

(i) state-established standards; and

(ii) the financial management performance of the school district, open-enrollment charter school, or charter school operated by a public IHE under each indicator for the current and previous year's financial accountability ratings;

(B) any descriptive information required by the commissioner, including:

(i) a copy of the superintendent's current employment contract or other written documentation of employment if no contract exists. This must disclose all compensation and benefits paid to the superintendent. The school district, open-enrollment charter school, or charter school operated by a public IHE may publish the superintendent's employment contract on its website instead of publishing it in the annual financial management report;

(ii) a summary schedule for the fiscal year (12-month period) of expenditures paid on behalf of the superintendent and each board member and total reimbursements received by the superintendent and each board member. This includes transactions on the credit card(s), debit card(s), stored-value card(s), and any other similar instrument(s) of the school district, open-enrollment charter school, or charter school operated by a public IHE to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items. The summary schedule of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the school district, open-enrollment charter school, or charter school operated by a public IHE;

(iii) a summary schedule for the fiscal year of the dollar amount of compensation and fees received by the superintendent from an outside school district, open-enrollment charter school, charter school operated by a public IHE, or any other outside entity in exchange for professional consulting or other personal services. The schedule must separately report the amount received from each entity;

(iv) a summary schedule for the fiscal year of the total dollar amount of gifts that had a total economic value of $250 or more received by the executive officers and board members. This reporting requirement applies only to gifts received by the executive officers and board members (and their immediate family as described by Texas Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) of the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder) from an outside entity that received payments from the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder) in the prior fiscal year and to gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement by an outside entity for travel-related expenses when the purpose of the travel was to investigate matters directly related to an executive officer's or board member's duties or to investigate matters related to attendance at education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than $250 per executive officer or board member; and

(v) a summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder). This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members; and

(C) any other information the board of trustees of the school district, open-enrollment charter school, or charter school operated by a public IHE determines to be useful.

(4) The board of trustees of each school district, open-enrollment charter school, or charter school operated by a public IHE must hold a public hearing on the annual financial management report within two months after receiving a final financial accountability rating. The public hearing must be held at a location in the facilities of the school district, open-enrollment charter school, or charter school operated by a public IHE. The board must give notice of the hearing to owners of real estate property in the geographic boundaries of the school district, open-enrollment charter school, or charter school oper-

ated by a public IHE and to parents of school district, open-enrollment charter school, or charter school operated by a public IHE students. In addition to other notice required by law, the board must provide notice of the hearing:

(A) to a newspaper of general circulation in the geographic boundaries of the school district, each campus of an open-enrollment charter school, or each campus of a charter school operated by a public IHE in one posting prior to holding the public meeting, providing the time and place of the hearing. The notice in the newspaper may not be earlier than 30 days or later than 10 days before the date of the hearing. If no newspaper is published in the county in which the district's central administration office is located or within the geographic boundaries of an open-enrollment charter school's campus or campus of a charter school operated by a public IHE, then the board must publish the notice in the county nearest to the county seat of the county in which the district's central administration office is located or in which the campus of the open-enrollment charter school or the campus of a charter school operated by a public IHE is located; and

(B) through electronic mail to the mass communication media serving the school district, open-enrollment charter school, or charter school operated by a public IHE, including, but not limited to, radio and television.

(5) At the hearing, the school district, open-enrollment charter school, or charter school operated by a public IHE must provide the annual financial management report to the attending parents and taxpayers.

(6) The school district, open-enrollment charter school, or charter school operated by a public IHE must retain the annual financial management report for at least three years after the public hearing and make it available to parents and taxpayers upon request.

(7) Each school district, open-enrollment charter school, or charter school operated by a public IHE that received an F rating must file a corrective action plan with [~~the~~] TEA, prepared in accordance with instructions from the commissioner, within one month after the public hearing of the school district, open-enrollment charter school, or charter school operated by a public IHE. The commissioner may require certain information in the corrective action plan to address the factor(s) that may have contributed to the F rating for a school district, open-enrollment charter school, or charter school operated by a public IHE.

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 16, 2026.

TRD-202601244
Cristina De La Fuente-Valadez
Director, Rulemaking
Texas Education Agency
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 475-1497

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TITLE 22. EXAMINING BOARDS

PART 15. TEXAS STATE BOARD OF PHARMACY

CHAPTER 291. PHARMACIES

SUBCHAPTER A. ALL CLASSES OF PHARMACIES

22 TAC §291.13

The Texas State Board of Pharmacy proposes new rule §291.13, concerning Telehealth Services Provided by a Pharmacist. The new rule, if adopted, establishes the documentation and retention requirements regarding a patient's consent to treatment, data collection, and data sharing for telehealth services provided by a pharmacist, in accordance with House Bill 1700.

Daniel Carroll, Pharm.D., R.Ph., Executive Director/Secretary, has determined that, for the first five-year period the rules are in effect, there will be no fiscal implications for state or local government as a result of enforcing or administering the rule. Dr. Carroll has determined that, for each year of the first five-year period the rule will be in effect, the public benefit anticipated as a result of enforcing the rule will be to provide consistency between state law and Board rules regarding the recordkeeping and retention requirements for telehealth services provided by a pharmacist. There is no anticipated adverse economic impact on large, small or micro-businesses (pharmacies), rural communities, or local or state employment. Therefore, an economic impact statement and regulatory flexibility analysis are not required.

For each year of the first five years the proposed rule will be in effect, Dr. Carroll has determined the following:

(1) The proposed rule does not create or eliminate a government program;

(2) Implementation of the proposed rule does not require the creation of new employee positions or the elimination of existing employee positions;

(3) Implementation of the proposed rule does not require an increase or decrease in the future legislative appropriations to the agency;

(4) The proposed rule does not require an increase or decrease in fees paid to the agency;

(5) The proposed rule does create a new regulation concerning telehealth services provided by a pharmacist in order to comply with state law;

(6) The proposed rule does not limit or expand an existing regulation;

(7) The proposed rule does not increase or decrease the number of individuals subject to the rule's applicability; and

(8) The proposed rule does not positively or adversely affect this state's economy because the proposed rule would have a de minimis impact on the economy.

The Board is requesting public comments on the proposed rule and information related to the cost, benefit, or effect of the proposed rule, 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 rule.

Written comments on the proposed rule may be submitted to Eamon D. Briggs, Deputy General Counsel, Texas State Board of Pharmacy, 1801 Congress Avenue, Suite 13.100, Austin, Texas 78701-1319, FAX (512) 305-8061. The deadline for comments is 30 days after publication in the *Texas Register*.

The new rule is proposed under §§551.002 and 554.051 of the Texas Pharmacy Act (Chapters 551 - 569, Texas Occupations Code). The Board interprets §551.002 as authorizing the agency to protect the public through the effective control and regulation of the practice of pharmacy. The Board interprets §554.051(a) as authorizing the agency to adopt rules for the proper administration and enforcement of the Act.

The statutes affected by the proposed rule: Texas Pharmacy Act, Chapters 551 - 569, Texas Occupations Code.

§291.13. Telehealth Services Provided by a Pharmacist.

(a) "Telehealth service" shall have the meaning defined by Texas Occupations Code §111.001(3).

(b) The requirements of subsection (c) of this section apply to a telehealth service regardless of whether the patient interaction occurs in a video or audio-only format.

(c) A pharmacist who provides a telehealth service shall obtain the informed consent of the patient, or of another individual authorized to make health care treatment decisions for the patient, before the telehealth service is provided. The informed consent may be obtained either in writing or verbally.

(1) The informed consent shall include the patient's consent to:

(A) treatment;

(B) data collection; and

(C) data sharing.

(2) The informed consent shall be documented by recording the initials or identification code of the pharmacist who obtained the consent as follows:

(A) in the pharmacy's data processing system;

(B) in an electronic logbook; or

(C) in a hard-copy log.

(3) Documentation of informed consent shall be:

(A) kept by the pharmacy at the pharmacy's licensed location and be available, for at least two years from the date of such record, for inspection and copying by the board or its representative and to other authorized local, state, or federal law enforcement agencies; and

(B) supplied by the pharmacy within 72 hours, if requested by an authorized agent of the board. Failure to provide the records, either on site or within 72 hours, constitutes prima facie evidence of failure to keep and maintain records in violation of the Act.

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 13, 2026.

TRD-202601216
Daniel Carroll, Pharm.D.
Executive Director
Texas State Board of Pharmacy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-8084

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PART 22. TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

CHAPTER 511. ELIGIBILITY

SUBCHAPTER B. CERTIFICATION BY EXAMINATION

22 TAC §511.22

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.22 concerning Initial Filing of the Application of Intent.

Background, Justification and Summary

Applicants are required to submit an application of intent. If the two years pass (as required by statute) and they have not taken one section of the CPA exam, the application of intent is removed from the Board's database and the person is required to submit a new application of intent to begin the process again.

Recent legislation has exempted certain military service members and spouses from the application filing fee for a license. The proposed revision recognizes that exemption. The time line for filing that application for exemption is no longer applicable.

The application of intent is required of exam applicant's and not licensees. It is required for each person who are citizens or non-citizens of the USA.

Applicants who are not citizens of this country are no longer required to pay an additional filing fee when they do not have a social security card.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendments will provide additional needed information for applicants for licensure.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed

rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.22. ~~[Initial]~~ Filing of the Application of Intent.

(a) The [~~initial~~] filing of the application of intent shall be made on forms prescribed by the board and shall also be in compliance with board rules and with all applicable laws. The application of intent may be submitted at any time and will be used to determine compliance and eligibility for an applicant to take the UCPAE. The application of intent will remain active until:

(1) an applicant takes at least one section of the UCPAE within two years from the date of submission of the application; or

(2) the second anniversary of the submission of the application has lapsed.

(b) Each applicant who submits an application of intent to determine eligibility for the UCPAE must pay a nonrefundable filing fee in accordance with §521.12 of this title (relating to Filing Fee) unless the applicant qualifies for a military exemption as described in §55.009 of the Occupations Code (relating to License Application and Examination Fee). [~~The filing fee shall be applied towards a reapplication of intent to determine eligibility for the UCPAE for those applicants applying prior to September 1, 2023 and reapplying following that date in order to qualify to take the UCPAE with 120 hours of acceptable coursework.~~] An application of intent not accompanied by the proper fee or required documents shall not be considered complete. The withholding of information, a misrepresentation, or any untrue statement on the application or supplemental documents will be cause for rejection of the application.

(c) Each applicant must provide official educational documents to be used in determining compliance with the applicable education requirements of the Act and board rules.

(d) Each applicant must comply with the board's fingerprinting process that accesses the Federal Bureau of Investigation (FBI) database and the Texas Department of Public Safety-Crime Records division files. This is necessary to ensure an applicant to take the uniform CPA examination or to receive a certificate lacks a history of dishonest or felonious acts and the board is aware of any criminal activity that might be relevant to the applicant's qualifications to take the UCPAE.

(e) Each applicant will be notified when all requirements have been met to apply to take the UCPAE, and with the notification, an examination application will be made available to the applicant.

(f) Each applicant must provide a copy of the following documents:

(1) Unexpired driver's license issued by a state of the United States provided it contains a photograph and information such as name, date of birth, sex, height, eye color, and address; or an unexpired United States passport; and

(2) social security card. Such information shall be considered confidential and can only be disclosed under the provisions of the Act.

(g) Applicants who are citizens of a foreign country and who cannot meet the requirements of subsection (f) of this section shall comply by providing evidence of a non-expired F-1 Visa or Form I-797 Extension with the expired F-1 Visa issued to students attending a university or college. The board may consider an F-1 Visa with a Certificate of Eligibility for Nonimmigrant Student Status. Form I-20 shall be approved by the designated school official at the educational institution where the applicant is currently attending.

(h) Applicants who cannot meet the requirements of subsection (f) or (g) of this section may be eligible to take the UCPAE by providing evidence of both identity and employment authorization by submitting a copy of one of the following unexpired documents:

(1) An Alien Registration Receipt Card or Permanent Resident Card (Form I-551); or

(2) A foreign passport that contains a temporary I-551 stamp, or temporary I-551 printed notation on a machine-readable immigrant visa; or

(3) An Employment Authorization Document which contains a photograph (Form I-766).

[~~(i) Applicants who do not have or do not submit a social security card will be required to pay an additional fee to NASBA each time they make application for the UCPAE to verify their legal entry into the U.S.~~]

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 13, 2026.

TRD-202601189
J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.26

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.26 concerning Applications under Prior Acts.

Background, Justification and Summary

The proposed rule revision makes it clear that an application to take the exam or to be certified prior to the revisions to the Act continues to be effective without the need for refiling. It also makes it clear that the examination referenced in the rule is the UCPAE examination.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule clarifies that an applicant is not required to file a new application as a result of revisions to the Public Accountancy Act.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.26. Applications under Prior Acts.

An applicant who applies and is approved for the UCPAE or certification [~~examination~~] under a prior Act shall continue to be eligible to take the UCPAE or to be certified [~~examination~~]. The applicant may re-qualify to another education requirement of the Act under which the applicant qualified, or may re-qualify to the education of the current Act[~~, but the applicant shall not rescind this 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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
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For further information, please call: (512) 305-7842

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SUBCHAPTER C. EDUCATIONAL REQUIREMENTS

22 TAC §511.51

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.51 concerning Educational Definitions.

Background, Justification and Summary

Deleted no longer needed definitions, terms and acronyms and added new terms.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The proposed rule amendment will update the needed definitions and terms and remove no longer used terms for the public to understand the requirements for certification.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.51. Educational Definitions.

[~~(a)~~] The following words and terms extracted from rules promulgated by the Texas Higher Education Coordinating Board, shall have the following meanings for this chapter, unless the context clearly indicates otherwise.

[~~(1) "Accelerated courses" means courses delivered in shortened semesters which are expected to have the same number of contact hours and the same requirement for out-of-class learning as courses taught in a normal semester.~~]

[~~(2) "Contact hour" means a time unit of instruction used by institutions of higher education consisting of 60 minutes, of which 50 minutes must be direct instruction.~~]

[~~(3) "Non-traditionally-delivered course" means a course that is offered in a non-traditional way and does not meet the definition of contact hours.~~]

(1) [~~(4)~~] "Semester" means and normally shall include 15 weeks for instruction and one week for final examination or a total of 16 weeks instruction and examination combined.

(2) [~~(5)~~] "Semester credit hour" or "semester hour" means a unit of measure of instruction consisting of 60 minutes, of which 50 minutes must be direct instruction, over a 15-week period in a semester system or a 10-week period in a quarter system.

[~~(6) "Traditionally-delivered three semester-credit-hour course" or "traditional course" means a course containing 15 weeks of instruction (45 contact hours) plus a week for final examinations so that such a course contains 45-48 contact hours depending on whether there is a final exam.~~]

[~~(b)~~] [~~The following words and terms shall have the following meanings.~~]

(3) [~~(1)~~] "Recognized community college" means a Texas community college or campus of the community college that holds the designation 'Qualifying Educational Credit for the CPA Examination' awarded by the board.

(4) [~~(2)~~] "Extension school" and "correspondence school" [~~correspondence school~~"] means a program within an institution that offers courses that are not equivalent to courses offered in an academic department at the institution and the courses are not listed on an official transcript from the institution.

(5) [~~(3)~~] "Institution" or "Institution of Higher Education" means any U.S. public or private senior college or university which confers a baccalaureate or higher degree to its students completing a program of study required for the degree.

(6) [~~(4)~~] "Independent study" means academic work selected or designed by the student with the pre-approval of the appropriate department or a college or university under faculty supervision. This work typically occurs outside of the regular classroom structure.

(7) [~~(5)~~] "Internship" means faculty pre-approved and appropriately supervised short-term work experience, usually related to a student's major field of study, for which the student earns academic credit.

(8) [~~(6)~~] "Proprietary organization" means a CPA review course provider.

(9) [~~(7)~~] "Quarter [~~credit~~] hour" is the unit of measurement based upon an institution of higher education system that divides the academic year into three equal sessions of 10 to 11 weeks. A quarter [~~credit~~] hour represents proportionately less work than a semester hour because of the shorter session and is counted as 2/3 of a semester credit hour for each hour of credit.

(10) [~~(8)~~] "Reporting institution" means the institution of higher education in the state that serves as the clearinghouse for educational institutions of higher education in Texas. Currently, the University of Texas-Austin is the reporting institution for the state of Texas.

(11) [~~(9)~~] "SACS" means the Southern Association of Colleges and Schools-Commission on Colleges.

~~[(10) "THECB" means the Texas Higher Education Coordinating Board.]~~

(12) [~~(11)~~] "Transcript," "Official Transcript" or "Official Educational Document" means a document prepared by an institution that contains a record of the academic coursework offered by an academic department that a student has taken, grades and credits earned, and degrees awarded. The document is printed on paper bearing a watermark specific to the institution and is embossed with the institution's seal, date and the signature of the Registrar who is responsible for certifying coursework and degrees. The document may be provided electronically from the institution or its authorized agent.

~~[(12) "UCPAE" means the Uniform Certified Public Accountant Examination prepared and graded by the American Institute of Certified Public Accountants.]~~

(13) [~~"Upper Division Accounting Course" or~~] "Upper Level Accounting Course" means at a minimum junior and senior year course work that requires the successful completion of introductory or basic course work before it can be taken.

(14) [~~"Upper Division Business Course" or~~] "Upper Level Business Course" means at a minimum junior and senior year course work that requires the successful completion of introductory or basic course work before it can be taken.

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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22 TAC §511.53

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.53 concerning Evaluation of International Education Documents.

Background, Justification and Summary

The Board proposes one change to reflect the updated name of the office for validating international education documents. The second proposed revision is not substantive but is proposed for a better read.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will clarify the name of the office responsible for reviewing educational achievements and identifies education that will not be accepted for certification.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase

or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.53. Evaluation of International Education Documents.

(a) It is the responsibility of the board to confirm that education obtained at colleges and universities outside of the United States (international education) is equivalent to education earned at board-recognized institutions of higher education in the U.S.

(b) The board shall use, at the expense of the applicant, the services of the University of Texas at Austin, Office of the Admissions [~~Graduate and International Admissions Center,~~] to validate, review, and evaluate international education documents submitted by an applicant to determine if the courses taken and degrees earned are substantially equivalent to those offered by the board-recognized institutions of higher education located in the U.S. The evaluation shall provide the following information to the board:

(1) Degrees earned by the applicant that are substantially equivalent to those conferred by a board-recognized institution of higher education in the U.S. that meets §511.52 of this chapter (relating to Recognized Institutions of Higher Education);

(2) The total number of semester hours or quarter hour equivalents earned that are substantially equivalent to those earned at U.S. institutions of higher education;

(3) The total number of semester hours or quarter hour equivalents earned in accounting coursework that meets §511.57 of this chapter (relating to Courses in an Accounting Concentration to take the UCPAE);

(4) An analysis of the title and content of courses taken that are substantially equivalent to courses listed in §511.57 of this chapter; and

(5) The total number of semester hours or quarter hour equivalents earned in business coursework that meets §511.58 of this chapter (relating to Related Business Subjects).

(c) The University of Texas at Austin, Office of the Admissions [~~Graduate and International Admissions Center,~~] may use the American Association of Collegiate Registrars and Admissions Officers (AACRAO) material, including the Electronic Database for Global Education (EDGE), in evaluating international education documents.

(d) Other evaluation or credentialing services of international education are not accepted by the board.

(e) Credits may not be awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education [~~may not be used~~] to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES);

(4) Defense Subject Standardized Test (DSST); and

(5) StraighterLine.

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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Texas State Board of Public Accountancy
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22 TAC §511.54

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.54 concerning Recognized Texas Community Colleges.

Background, Justification and Summary

The Board required 30 hours of academic accounting courses in order to become certified up until this last legislative session. The Public Accountancy Act now permits licensure with a bachelor's degree and only 27 hours of academic accounting courses. Revision proposes to revise the Board rule to permit licensure with 150 hours of college coursework with 27 hours of academic

accounting courses in order to be consistent with the bachelor's degree pathway to licensure.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will make it clear that an applicant needs 27 hours of academic accounting work to be certified regardless of which pathway to licensure an applicant pursues.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.54. Recognized Texas Community Colleges

(a) An applicant who has completed a baccalaureate or higher degree from a board recognized institution of higher education based on the requirements of §511.52 of this chapter (relating to Recognized Institutions of Higher Education), may enter into a course of study at a board recognized Texas community college to complete the educational requirements of §§511.57, and 511.58 of this chapter (relating to Courses in an Accounting Concentration to take the UCPAE, and Related Business Subjects).

(b) The board recognizes and accepts Texas community colleges that meet board standards for a comprehensive academic program based on the educational requirements of §§511.57, and 511.58 of this chapter.

(c) Effective August 1, 2015, the standards include at a minimum all, but are not limited to, the following:

(1) The Texas community college must be accredited by SACS.

(2) Academic accounting and business courses recognized as meeting §§511.57, and 511.58 of this chapter are deemed by the board as equivalent to upper level coursework at an institution of higher education and must contain a rigorous curriculum that is similar to courses offered in a baccalaureate degree program at a university. Accounting, business, and ethics courses must be developed by a group of full time accounting faculty members and approved by the board prior to offering to students. Modifications to an approved course must be reconsidered by the board prior to offering to students.

(3) Academic courses meeting §§511.57, and 511.58 of this chapter must be taken after completing a baccalaureate degree.

(4) The Texas community college must offer at least:

(A) 27 [~~30~~] semester hours of academic accounting courses meeting §511.57 of this chapter; and

(B) 24 semester hours of academic business courses, to include a three-semester hour ethics course, meeting §511.58 of this chapter.

(5) The Texas community college designates an accounting faculty member(s) who is responsible for:

(A) managing the comprehensive academic program at all campuses;

(B) selecting and training qualified faculty members to teach the program courses and regularly evaluating their effectiveness in the classroom;

(C) establishing and maintaining a rigorous program curriculum;

(D) establishing and maintaining a process for advising and guiding students through the program; and

(E) providing annual updates to the board on the status of the academic program.

(6) Faculty members at a community college recognized and accepted by the board must have the following credentials to teach academic courses meeting §§511.57, and 511.58 of this chapter:

(A) Doctorate or master's degree in the teaching discipline; or

(B) Master's degree with a concentration in the teaching discipline (a minimum of 18 graduate semester hours in the teaching discipline).

(7) At least three-fourths of the faculty members who are responsible to teach academic courses meeting §511.57 of this chapter must hold a current CPA license.

(8) Faculty members will comply with the established educational definitions in §511.51 of this chapter (relating to Educational Definitions).

(9) The Texas community college will provide ongoing professional development for its faculty as teachers, scholars, and CPA practitioners.

(10) The Texas community college will make available to students a resource library containing current online authoritative literature to support the academic courses meeting §§511.57, and 511.58 of this chapter, and will incorporate the online authoritative literature in accounting courses.

(d) A community college recognized and accepted by the board under this provision must be reconsidered by the board on the fifth-year anniversary of the approval. Information brought to the attention of the board by a student or faculty member of the Texas community college that indicates non-compliance with the standards may cause the board to accelerate reconsideration.

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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J. Randel (Jerry) Hill

General Counsel

Texas State Board of Public Accountancy

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For further information, please call: (512) 305-7842

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22 TAC §511.56

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.56 concerning Educational Qualifications under the Act to take the UCPAE.

Background, Justification and Summary

The proposed revision requires the applicant's official transcripts to evidence the completion of the required college course hours to be certified.

The proposed rule revisions also make it clear that in order to be certified the applicant must complete at least 21 semester hours of upper level business courses and a three semester hour ethics course regardless of whether they are being certified under 150 hours or with the bachelor's degree.

The coursework listed in subsection (c)(1) - (4) of this section identifies the coursework that will not satisfy the course work needed to be certified.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will clarify the required coursework to become certified as a CPA in Texas.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.56. Educational Qualifications under the Act to take the UCPAE.

(a) An applicant for the UCPAE under the current Act shall meet the following educational requirements in order to qualify to take the examination:

(1) hold a baccalaureate or graduate degree conferred by an institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) recognized by the board; and

(2) present official transcripts showing the completion of [~~complete~~] at least 120 semester hours or quarter-hour equivalents of courses consisting of:

(A) effective through July 31, 2026, at least 21 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Courses in an Accounting Concentration to take the UCPAE);

(B) effective August 1, 2026, at least 24 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter; and

(C) at least 21 [~~24~~] semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Related Business Subjects).

(b) An individual holding a baccalaureate degree conferred by a board-recognized institution of higher education, as defined by §511.52 of this chapter, and who has not completed the requirements of this section shall meet the requirements by taking coursework in one of the following ways:

(1) complete upper level or graduate courses at a board-recognized institution of higher education as defined in §511.52 of this chapter that meets the requirements of subsection (a)(2)(A) and (B) of this section; or

(2) enroll in a board-recognized community college as defined in §511.54 of this chapter (relating to Recognized Texas Community Colleges) and complete board approved accounting or business courses that meet the requirements of subsection (a)(2)(A) and (B) of this section. Only specified accounting and business courses that are approved by the board will be accepted as not all courses offered at a community college are accepted.

(c) The following courses, courses of study, certificates, and programs may not be used to meet the 120-semester hour requirement:

(1) remedial or developmental courses offered at an institution of higher education; [~~and~~]

(2) CPA Review coursework offered at an institution of higher education;

(3) additional independent study courses beyond coursework defined in §511.57 of this chapter;

(4) accounting/business course internships beyond coursework defined in §511.58 of this chapter; and

(5) [~~(2)~~] credits may not be awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education [~~may not be used~~] to meet the requirements of this chapter:

(A) American College Education (ACE);

(B) Prior Learning Assessment (PLA);

(C) Defense Activity for Non-Traditional Education Support (DANTES);

(D) Defense Subject Standardized Test (DSST); and

(E) StraighterLine.

(d) The semester hours from a course that has been repeated will be counted only once toward the requirements of subsection (a)(2) of this section.

(e) An applicant for the UCPAE who met the educational requirements of §511.57 and §511.58 of this chapter that were in effect at the time of examination shall continue to be examined under those requirements unless the applicant elects to meet the current education requirements of the rules, in effect on August 1, 2026.

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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22 TAC §511.57

The Texas State Board of Public Accountancy (Board) proposes a new rule to §511.57 concerning Courses in an Accounting Concentration to Take the UCPAE.

Background, Justification and Summary

The proposed repeal and new rule establishes that the applicant must take a minimum of 12 semester hours of the upper level accounting courses as listed with 3 semester hours of listed courses. In addition to those hours a minimum of 9 hours in the courses listed in the rule is required. Beginning on August 1, 2026 the applicant must take a minimum of 12 hours of additional courses listed in the rule. Courses that will not be accepted as coursework for certifications is specifically identified.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed new rule is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed new rule will implement the revisions made by the last session of the Texas Legislature permitting an applicant to be certified and licensed with a Bachelor's Degree.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the new rule and a Local Employment Impact Statement is not required because the proposed new rule will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed new rule will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the new rule does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the new rule is in effect, the proposed new rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed new rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed new rule.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the new rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed new rule will have an adverse economic effect on small businesses. If the proposed new rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the new rule, describe and estimate the economic impact of the new rule on small businesses, offer alternative methods of achieving the purpose of the new rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed new rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed new rule, including any applicable data, research, or analysis.

Statutory Authority

The new rule is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt new rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed new rule.

§511.57. Courses in an Accounting Concentration to Take the UCPAE.

(a) To take the UCPAE, a minimum of 12 semester hours of upper level accounting courses, with at least three semester hours from each of subparagraphs (1) through (4) of this subsection is required. The courses must meet the board's standards: contain sufficient accounting knowledge and application to be useful to candidates taking the UCPAE; include subject-matter content derived from the UCPAE Blueprint; and must be completed at a board recognized institution of higher education and shown on an official transcript from the institution:

(1) financial accounting and reporting for business organizations or intermediate accounting;

(2) financial statement auditing;

(3) taxation; and

(4) accounting information systems or accounting data analytics.

(b) In addition to subsection (a) of this section, effective through July 31, 2026, a minimum of 9 semester hours in any of the following accounting course content areas is required; effective August 1, 2026, a minimum of 12 semester hours in any of the following accounting course content areas is required:

(1) financial accounting and reporting for business organizations or intermediate accounting;

(2) advanced accounting;

(3) accounting theory;

(4) managerial or cost accounting (excluding introductory level courses);

(5) auditing and attestation services;

(6) internal accounting control and risk assessment;

(7) financial statement analysis;

(8) accounting research and analysis;

(9) taxation (including tax research and analysis);

(10) financial accounting and reporting for governmental and/or other nonprofit entities;

(11) accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

(12) accounting data analytics;

(13) fraud examination;

(14) international accounting and financial reporting;

(15) mergers and acquisitions;

(16) financial planning;

(17) at its discretion, the board may accept up to three semester hours of credit of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) - (16) of this subsection. For any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content; and

(18) at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision. The curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed.

(c) The semester hours from a course that has been repeated will be counted only once toward the required semester hours.

(d) The following types of introductory courses do not meet the accounting course definition in subsections (a) and (b) of this section:

(1) elementary accounting;

(2) principles of accounting;

(3) financial and managerial accounting;

(4) introductory accounting courses; and

(5) accounting software courses.

(e) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course requirement.

(f) CPE courses shall not be used to meet the accounting course requirement.

(g) An ethics course required in §511.58(c) of this chapter (relating to Related Business Subjects) shall not be used to meet the accounting course requirement in subsections (a) and (b) of this section.

(h) Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(i) The board may review the content of accounting courses and determine if they meet the requirements of this section.

(j) Credits may not be awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES);

(4) Defense Subject Standardized Test (DSST); and

(5) Straighterline.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.58

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.58 concerning Related Business Subjects.

Background, Justification and Summary

This proposed revision accepts an academic course in accounting/business software from an institution of higher education for purposes of satisfying the academic courses required to be certified.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will provide a licensee with training in an area that will benefit their clients.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-busi-

nesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.58. Related Business Subjects.

(a) Related business courses are those business courses that a board recognized institution of higher education accepts for a business baccalaureate or higher degree by that educational institution.

(b) The board will accept a minimum of 21 semester credit hours of upper level courses (for the purposes of this subsection, economics and statistics at any college level will count as upper level courses) as related business subjects, taken at a recognized educational institution shown on official transcripts or accepted by a recognized educational institution for purposes of obtaining a baccalaureate degree or its equivalent, in the following areas.

(1) business law, including study of the Uniform Commercial Code;

(2) economics;

(3) management;

(4) marketing;

(5) business communications;

(6) statistics and quantitative methods;

(7) information systems, [~~or~~] technology or accounting/business software;

(8) finance and financial planning;

(9) data analytics, data interrogation techniques, cyber security and/or digital acumen in the accounting context;

(10) no more than 6 credit semester hours of upper level business or accounting internship taken at a Board recognized educational institution of higher education; and

(11) other areas related to accounting.

(c) The Board requires a three semester hour accounting or business ethics course that includes a framework of ethical reasoning, including the core values of integrity, objectivity, and independence, professional values, and attitudes for exercising professional skepticism and other behavior in the best interest of the public and profession and shall include the ethics rules of the AICPA and the SEC. The course may be taken to meet the education requirements of §511.56 of this chapter (related to Educational Qualifications under the Act to take the UCPAE); or the certification requirements of §511.59 of this chapter (related to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours); or §511.164 of this chapter (related to Qualifications for Issuance of a Certificate with not Fewer than 150 Semester Hours).

(d) The board may review the content of business courses and determine if they meet the requirements of this section.

(e) Credit for hours taken at recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester hour for each hour of credit received under the quarter system.

(f) A course that was repeated will be counted only once to meet the requirements of this section.

(g) Related business courses completed through and offered by an extension school, correspondence school, or continuing education program of a board recognized educational institution may be accepted by the board, provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(h) Credits may not be awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education [~~may not be used~~] to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES);

(4) Defense Subject Standardized Test (DSST); and

(5) StraighterLine.

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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J. Randel (Jerry) Hill
General Counsel
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22 TAC §511.59

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.59 concerning Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours.

Background, Justification and Summary

Paragraph (d) of this proposed revision identifies courses that will not be accepted for purposes of certification by an applicant with 120 hours.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will assist the applicant knowing which classes may not count toward obtaining a certificate.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.59. Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours.

(a) Effective August 1, 2026, an applicant who meets the education requirements of §§511.56, 511.57 and 511.58 of this chapter (relating to Educational Qualifications under the Act to take the UCPAE, Courses in an Accounting Concentration to take the UCPAE, and Related Business Subjects), may elect to qualify for CPA certification by completing the requirements in subsections (b) and (c) of this section.

(b) An applicant for CPA certification under this section shall complete upper level accounting courses as defined by §511.57 of this chapter equal to or in excess of 27 semester hours or quarter-hour equivalents of upper level accounting courses.

(c) The work experience shall be at least two years of full time, non-routine accounting experience as defined by §511.122 and §511.123 of this chapter (relating to Acceptable Work Experience and Reporting Work Experience) and supervised by a CPA as defined by §511.124 of this chapter (relating to Acceptable Supervision).

(d) The following courses, courses of study, certificates, and programs may not be used to meet the certification requirement:

(1) remedial or developmental courses offered at an institution of higher education;

(2) CPA Review coursework offered at an institution of higher education;

(3) additional independent study courses beyond coursework defined in §511.57 of this chapter; and

(4) accounting/business course internships beyond coursework defined in §511.58 of this chapter.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
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For further information, please call: (512) 305-7842

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22 TAC §511.57

The Texas State Board of Public Accountancy (Board) proposes a repeal to §511.57 concerning Courses in an Accounting Concentration to Take the UCPAE.

Background, Justification and Summary

The proposed repeal and new rule establishes that the applicant must take a minimum of 12 semester hours of the upper level accounting courses as listed with 3 semester hours of listed courses. In addition to those hours a minimum of 9 hours in the courses listed in the rule is required. Beginning on August 1, 2026 the applicant must take a minimum of 12 hours of additional courses listed in the rule. Courses that will not be accepted as coursework for certifications is specifically identified.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed rule repeal is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the rule repeal.

Public Benefit

The adoption of the proposed rule repeal will implement the revisions made by the last session of the Texas Legislature permitting an applicant to be certified and licensed with a Bachelor's Degree.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the rule repeal and a Local Employment Impact Statement is not required because the proposed rule repeal will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed rule repeal will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the rule repeal does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the rule repeal is in effect, the proposed rule repeal: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule repeal.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule repeal is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed rule repeal will have an adverse economic effect on small businesses. If the proposed rule repeal is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule repeal, describe and estimate the economic impact of the rule repeal on small businesses, offer alternative methods of achieving the purpose of the rule repeal; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule repeal is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule repeal, including any applicable data, research, or analysis.

Statutory Authority

The rule repeal is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to repeal rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed rule repeal.

§511.57. Courses in an Accounting Concentration to Take the UCPAE.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
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SUBCHAPTER D. CPA EXAMINATION

22 TAC §511.72

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.72 concerning Uniform Examination.

Background, Justification and Summary

The American Institute of CPAs has made some changes to the UCPAE. As a result, the disciplines included on the UCPAE have been revised. This proposed rule revision recognizes these revisions.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will make available to the applicant the disciplines that will be tested on the UCPAE.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.72. Uniform Examination.

(a) The board shall contract with NASBA for the administration of the UCPAE, in conjunction with the AICPA and a test vendor. The examination shall be offered as determined by the AICPA, NASBA, and the testing vendor. The examination may be offered at the following locations provided they are secure, approved and monitored by the board or its designee and the testing vendor:

(1) at the board's office; and

(2) at testing facilities established by NASBA and the testing vendor.

(b) The board shall utilize the UCPAE available from the AICPA covering the following sections until such time as the UCPAE is restructured by the AICPA:

(1) auditing and attestation (AUD);

~~[(2) business environment and concepts;]~~

~~[(3) regulation; and]~~

(2) [~~(4)~~] financial accounting and reporting (FAR);

(3) taxation and regulation (REG);

(4) business analysis and reporting (BAR);

(5) information systems and controls (ISC); and

(6) tax compliance and planning (TCP).

(c) If the UCPAE is restructured by the AICPA, the board shall utilize the UCPAE available from the AICPA that tests the knowledge and skills required for performance as a newly licensed certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. The board shall determine the manner in which credit for a subject is integrated into the new structure.

~~[(d) Effective January 1, 2024, the board shall utilize the UCPAE available from the AICPA covering the following sections:]~~

~~[(1) auditing and attestation (AUD);]~~

~~[(2) business analysis and reporting (BAR);]~~

~~[(3) financial accounting and reporting (FAR);]~~

~~[(4) information systems and controls (ISC);]~~

~~[(5) taxation and regulation (REG); and]~~

~~[(6) tax compliance and planning (TCP).]~~

(d) [~~(e)~~] An applicant taking a section of the UCPAE shall pay an examination fee to NASBA, when required by NASBA, and an eligibility fee to the board pursuant to §521.14 of this title (relating to Eligibility Fee).

(e) [~~(f)~~] An applicant taking the examination is required to have in their possession the Notice to Schedule form provided by NASBA, and a government-issued form of identification containing a photograph of the applicant[~~, and a second form of identification such as a board-issued form~~].

(f) [~~(g)~~] An applicant taking the examination shall sign a statement of confidentiality and conduct which the applicant must follow during the entire examination.

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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J. Randel (Jerry) Hill
General Counsel
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For further information, please call: (512) 305-7842

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22 TAC §511.73

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.73 concerning Notice to Applicant to Schedule Taking a CPA Exam Section.

Background, Justification and Summary

The effective date in paragraph (a) has expired and is no longer necessary in the rule.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will avoid possible confusion in reading the board's rules.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small busi-

nesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.73. Notice to Applicant to Schedule Taking a CPA Exam Section.

(a) Upon [~~Effective January 1, 2024, and upon~~] approval of the eligibility application, the board shall inform an examination applicant that they have 180 days from the date of approval in which to take a section of the UCPAE.

(b) An applicant is required to pay an examination fee to NASBA for the examination section for which the applicant has applied.

(c) After payment of the examination fee, an applicant is required to schedule with the test vendor to take the section at a board-approved location.

(d) An applicant who fails to pay the required examination fee to NASBA or fails to take a section of the UCPAE within the 180-day eligibility period must reapply to the board and pay the required fees to establish a new eligibility period.

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 13, 2026.

TRD-202601199
J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.77

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.77 concerning Scoring.

Background, Justification and Summary

The UCPAE is no longer given quarterly. The proposed rule revision reflects that the testing as events. Replacing the word "communications" with "response" more accurately reflects the content of the UCPAE.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The proposed rule amendment will avoid misunderstandings.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.77. Scoring.

(a) Scoring of the UCPAE shall be performed by the AICPA, subject to the approval of the board. An applicant must earn a minimum passing score established through a psychometrically acceptable standard-setting procedure approved by the board. The minimum score is 75. The board shall establish a method for accurately tracking and recording an applicant's score. An applicant will be notified of the score no later than the 30th day after the day on which the board receives the applicant's score from NASBA, unless board action is pending; in which case, the applicant is precluded from receiving the UCPAE score until the board action is resolved. In no event will any information concerning the applicant's performance on the UCPAE be released to anyone other than the applicant unless the applicant has delivered written authorization to the board.

(b) An applicant may request a score review of the UCPAE results from the most recent testing event [~~quarter~~] established by the AICPA and shall pay the fee associated with the score review.

(c) Applicants are advised ahead of time that fewer than 1% of all requested score reviews, since the inception of the UCPAE computer-based testing, have resulted in a change to a score.

(d) The UCPAE results are subject to routine quality controls and are scored twice by the AICPA before scores are released to the board. The score review is a verification that the approved answer key was applied correctly to the UCPAE section and that the written response [~~communications~~] questions were scored. The score review is not:

(1) A regrading of the UCPAE section;

(2) An opportunity to find additional points;

(3) An opportunity to review content; or

(4) An opportunity to have an alternate response considered.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.80

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.80 concerning Granting of Credit.

Background, Justification and Summary

An applicant's passing score on any section of the UCPAE is good for 30 months from the notification date of passing the UCPAE but this period can be extended if the Executive Director extends the credit based upon unforeseeable or uncontrollable events. With the effective date of August 31, 2026 an applicant for CPA certification under §511.59 of this chapter has 36 months to meet the education requirements for certification otherwise the exam results will expire.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will help the applicants and the public understand that passing scores on the exam may expire if the applicant fails to pass all part within the established time.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505

E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.80. Granting of Credit.

(a) Upon earning a passing score on the following sections as determined by board rule, the board shall grant credit for the satisfactory completion of the following sections of the UCPAE:

(1) auditing and attestation (AUD);

(2) financial accounting and reporting (FAR);

(3) taxation and regulation (REG); and

(4) one of the following discipline sections:

(A) business analysis and reporting (BAR);

(B) information systems and controls (ISC); or

(C) tax compliance and planning (TCP).

[(a) The board shall grant credit to an applicant for the satisfactory completion of a section of the UCPAE provided the applicant earns a passing score on the section as determined by board rule. The credit shall be valid for 30 months from the actual date of notification of passing score results. The 30 months may be temporarily extended by the executive director, in accordance with §901.307(b) of the Act (relating to Grading Examination), in order to provide for uniformity with other state regulatory authorities or for reasonably unforeseeable or uncontrollable events.]

(b) The credit shall be valid for 30 months from the actual date of notification of passing score results. The 30 months may be temporarily extended by the executive director, in accordance with §901.307(b) of the Act (relating to Grading Examination), in order to provide for uniformity with other state regulatory authorities or for reasonably unforeseeable or uncontrollable events. Unforeseeable and uncontrollable events include, but are not limited to, the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God to meet the vendor requirements of §511.87 of this chapter (relating to Loss of Credit).

(c) [(b)] An applicant must pass the remaining sections within the next 30 months. Should an applicant's exam credit be invalidated due to the expiration of 30 months without earning credit on the remaining sections, the applicant remains qualified to take the examination.

(d) [(c)] An applicant receiving and retaining credit for every section on the UCPAE, within a 30-month period, shall be considered by the board to have completed the examination and may make application for certification as a CPA.

(e) [(d)] An [Effective January 1, 2024, an] applicant under this section shall have 36 months from the time all test sections are passed to meet the education requirements of §511.164 of this chapter (relating to Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours [Definition of 150 Semester Hours to Qualify for Issuance of a Certificate]) or the credit for all test sections will expire.

[(e) Effective January 1, 2024, an applicant who has an active credit on a section of the UCPAE shall have earned credit on the newly structured UCPAE as follows:]

[(1) credit on auditing and attestation (AUD) shall transition to auditing and attestation (AUD);]

[(2) credit on financial accounting and reporting (FAR) shall transition to financial accounting and reporting (FAR);]

[(3) credit on regulation (REG) shall transition to taxation and regulation (REG); and]

[(4) credit on business environment and concepts (BEC) shall not transition to a specific discipline as there is not an equivalent section, however, credit will be retained in lieu of a discipline.]

(f) Effective August 1, 2026, an applicant under this section shall have 36 months from the time all test sections are passed to meet the education requirements of §511.59 of this chapter (relating to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours) or the credit for all test sections will expire.

[(f) Effective January 1, 2024, the Board shall grant credit to an applicant for the satisfactory completion of the following sections of the UCPAE provided the applicant earns a passing score on the section as determined by board rule. The credit shall be valid for 30 months from the actual date of notification of passing score results:]

[(1) auditing and attestation (AUD);]

[(2) financial accounting and reporting (FAR);]

[(3) taxation and regulation (REG); and]

[(4) one of the following discipline sections:]

[(A) business analysis and reporting (BAR);]

[(B) information systems and controls (ISC); or]

[(C) tax compliance and planning (TCP).]

(g) An applicant who has received and retained credit for any or all sections on the UCPAE may transfer such credits to another licensing jurisdiction if the applicant pays in advance a transfer fee set by board rule as identified in §521.7 of this title (relating to Fee for Transfer of Credits).

(h) If the UCPAE is restructured by the AICPA, the board shall determine the manner in which active credit earned prior to the restructure for a subject is integrated into the new UCPAE.

[(i) Credits earned between January 1, 2020 and January 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:]

[(1) the applicant was impacted by an unforeseeable and uncontrollable event; and]

[(2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.]

[(j) Interpretive Comment: For the purpose of this section unforeseeable and uncontrollable events include, but are not limited to, the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God.]

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.82

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.82 concerning Application for Transfer of Credits.

Background, Justification and Summary

An applicant wishing to transfer credits on the exam earned in another jurisdiction has 36 months to demonstrate that they have completed the education required to become licensed in Texas.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will help applicants attempting to transfer exam credits from another jurisdiction to be aware of a time limitation to provide the board with evidence of their education.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.82. Application for Transfer of Credits.

(a) An applicant who has satisfactorily completed all or part of the UCPAE given by the licensing authority of another jurisdiction may make application to the board for the transfer of the credits provided:

(1) the examination was prepared and scored by the AICPA;

(2) the credits are active in the state of origin; and

(3) the applicant meets the requirements in effect in the state of origin at the time credit was earned so long as the state's standards are equal to or higher than those prescribed in the Act.

(b) The application shall be made on a form prescribed by the board, accompanied by the requisite fee set by the board and identified in §521.7 of this title (relating to Fee for Transfer of Credits). An applicant must also ensure that the board receives necessary documents from the licensing authority of another jurisdiction related to the applicant along with the scores made and credits earned by the applicant on all UCPAE that were taken under the jurisdiction of the licensing authority.

(c) An applicant must meet all of the eligibility requirements of the Act and board rules at the time credits were earned on the UCPAE.

(d) An applicant approved to transfer partial credits must then apply for the UCPAE.

(e) An applicant approved to transfer credits shall have 36 months from the time all test sections are passed to [~~must~~] provide evidence of the completion of the education requirements of §511.164 of this chapter (relating to Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours) or effective August 1, 2026 meet the education requirements of §511.59 of this chapter (relating to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours) or the credit for all test sections will expire. [~~of a three-semester hour board-approved ethics course prior to issuance of the CPA certificate.~~]

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.83

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.83 concerning Granting of Credit by Transfer of Credit.

Background, Justification and Summary

Clarifying that an applicant has 36 months after passing the CPA exam to meet the education requirements of §511.59 or §511.164.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The proposed rule amendment will help the applicants and the public understand that passing scores on the exam may expire if the applicant fails to pass all part within the established time.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the

Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.83. Granting of Credit by Transfer of Credit.

(a) In order for the board to grant credit to an applicant for partial completion of the UCPAE given by the licensing authority of another jurisdiction the applicant must have met the following requirements:

(1) earned a score of 75 or higher on any section of the examination;

(2) was awarded credit by the licensing authority of another jurisdiction for the section(s) taken while an applicant of that board; and

(3) the credit awarded by the licensing authority of another jurisdiction has not expired.

(b) If the board accepts transfers of credit, it will also accept transfers of credit for sections passed at subsequent examinations.

(c) The grades made by an applicant on sections under consideration must be the ones reported to the licensing authority of another jurisdiction by the AICPA through NASBA.

(d) An applicant allowed credit for each section passed must pass the remaining section(s) within the next 30 months from the date credit was awarded or forfeit credit received for that section.

(e) An [~~Effective January 1, 2024, an~~] applicant under this section shall have 36 months from the time all test sections are passed to meet the education requirements of §511.164 of this chapter (relating to Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours [~~Definition of 150 Semester Hours to Qualify for Issuance of a Certificate~~]) or effective August 1, 2026 to meet the education requirements of §511.59 of this chapter (relating to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours) or the credit for all test sections will expire.

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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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.87

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.87 concerning Loss of Credit.

Background, Justification and Summary

An applicant for certification whose exam credits have expired may seek reinstatement of those credits by demonstrating to the executor director uncontrollable and unforeseen circumstances caused those credits to expire. The applicant must seek reinstatement within 90 days of the credits expiration.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The proposed rule amendment will make the public and applicants aware of the opportunity for reinstatement of expired credits and how they may be reinstated.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board

may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.87. Loss of Credit.

(a) An applicant having earned credit under this Act or a prior Act and who has two testing quarters remaining before the expiration of credits earned shall be notified prior to each UCPAE of these facts.

(b) An applicant failing to receive credit for all sections within the time limitation of this Act shall be notified that credits have expired.

(c) The expiration of credits shall not hinder an applicant from reapplying for the examination.

(d) Within 90 days of the date of expiration, the executive director may consider reinstatement of expired credits, provided the applicant substantiated unforeseeable and uncontrollable extreme hardship event(s), including:

(1) the health of the applicant;

(2) serious illness or death of an applicant's immediate family, that includes a spouse, child, sibling or parent;

(3) accidents limiting the applicant;

(4) military service; or

(5) natural disasters that contributed to the expiration of credits.

~~[(d) Credits earned between January 1, 2020 and January 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:]~~

~~[(1) the applicant was impacted by an unforeseeable and uncontrollable extreme hardship event; and]~~

~~[(2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.]~~

(e) An extreme hardship event that limits the applicant is defined as:

(1) a serious illness of an applicant or member of the immediate family, which includes a spouse, child, sibling or parent;

(2) death of an immediate family member; or

(3) accidents that impacts the applicant.~~[;]~~

~~[(4) military service of the applicant; or]~~

~~[(5) natural disasters that impacts the applicant.]~~

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.94

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.94 concerning Documentation of the Need for an Accommodation.

Background, Justification and Summary

A proposed revision to the rule to make it clear that an applicant, who qualifies, may seek an accommodation in taking the UCPAE from the Board.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will be instructive to applicants to take the UCPEA exam of the Board's consideration of accommodations for those persons that qualify.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.94. Documentation of the Need for an Accommodation.

(a) Requirements of an applicant requesting accommodation.

(1) To protect the integrity of the testing process, the board requires documentation of the existence of a disability and reason the requested accommodation is necessary to provide the applicant with an equal opportunity to exhibit his/her knowledge, skills, and ability through the examination.

(2) An applicant requesting an accommodation shall have the professional certifying to the disability provide all of the information listed in subsection (c) of this section. For subsequent examinations, the applicant who was earlier provided an accommodation by the board shall submit a statement from the professional who previously certified to the disability condition stating that the disability condition has not changed to the extent that it would require a modification to the accommodation previously provided. The applicant is responsible for any costs involved in providing this documentation.

(3) An evaluation and documentation supporting a disability shall be valid for five [~~three~~] years from the date submitted to the board, except that no further documentation shall be required where the evaluation clearly states that the disability will not change in the future.

(b) Additional requirements for an applicant with a learning disability.

(1) The applicant shall demonstrate:

(A) at least average overall intellectual functioning as measured by general cognitive ability tests; and

(B) evidence of a significant impairment in one or more of the following areas of intellectual functioning and information processing:

(i) attention and concentration;

(ii) efficiency and speed of information processing;

(iii) reception (perception and verbal comprehension);

(iv) memory (ability for new learning);

(v) cognition (thinking); and

(vi) expression.

(2) Significant impairment is generally determined by a discrepancy of 1.5 standard deviations, or more, between the applicant's intellectual functioning, as measured by general cognitive ability tests, and actual performance on reliable standardized measures of attention and concentration, memory, language reception and expression, cognition, as well as academic areas of reading, spelling, writing, and mathematics.

(3) Further, determination of the learning disability shall be based on reliable standardized psychometric tests of achievement and ability and a complete clinical history including medical, family, developmental, educational and occupational information.

(c) Information required to evaluate disabilities. An applicant who requests an accommodation and/or an auxiliary aid shall provide the board with the necessary information to evaluate the request. The board shall evaluate each request on a case-by-case basis. The following information is required to support requests for an accommodation and/or auxiliary aid:

(1) identification of the type of disability (physical, mental, learning);

(2) credential requirements of the evaluator:

(A) For physical or mental disabilities (not including learning), the evaluator shall be a licensed physician or psychologist with special expertise in the area of the disability. If someone else who does not fit these criteria completes the evaluation, the board may reject the unqualified evaluation and require another evaluation by a professional of its choosing, and the request may be delayed.

(B) In the case of learning disabilities, a qualified evaluator shall have sufficient experience to be considered qualified to evaluate the existence of learning disabilities and proposed accommodations needed for specific learning disabilities. The evaluator shall be one of the following:

(i) a licensed physician or psychologist who possesses a minimum of three years experience working with adults with learning disabilities, and who has training in all of the areas described in clause (ii) of this subparagraph; or

(ii) another professional who possesses a master's or doctoral degree in special education or educational psychology from an accredited institution, defined as being accredited or an applicant for accreditation, identified by the American Association of Collegiate Registrars and Admissions Officers, and who has at least three years of equivalent training and experience in all of the areas described in subclauses (I) - (IV) of this clause:

(I) assessing intellectual ability level and interpreting tests of such ability;

(II) screening for cultural, emotional, and motivational factors;

(III) assessing achievement level; and

(IV) administering tests to measure attention and concentration, memory, language reception and expression, cognition, reading, spelling, writing, and mathematics.

(3) Professional verification of the disability, which shall include:

(A) the nature and extent of the disability;

(B) the test(s) performed to diagnose the disability, if applicable;

(C) the effect of the disability on the applicant's ability to perform under standard testing conditions;

(D) the recommended accommodation and how it relates to the applicant's disability, given the format of the examination;

(E) the professional's name, title, telephone number, professional license or certification number, educational credential, and his/her original signature; and

(F) a description of the professional's educational experience which qualifies him/her to make the determination.

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 13, 2026.

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J. Randel (Jerry) Hill
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Texas State Board of Public Accountancy
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For further information, please call: (512) 305-7842

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22 TAC §511.97

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.97 concerning Examination of Applicant Approved with Accommodation.

Background, Justification and Summary

An applicant to take the UCPAE upon having received an accommodation to take the UCPAE must reimburse the Board for any charges the Board incurs as a result of the accommodations if the applicant fails to appear or cancels, or reschedules the exam without providing at least four days notice.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will put applicants on notice of incurring the costs of accommodations provided at their request when they failed to appear or cancels or reschedules without providing at least four days prior notice.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the

Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.97. Examination of Applicant Approved with Accommodation.

(a) A listing of available accommodations shall be provided to the board by NASBA.

(b) If the board approves the applicant's request for accommodation, the board will notify the applicant and NASBA not less than 30 days prior to the date that the applicant may test.

(c) Upon arrival at the testing center the applicant may not delete accommodations or add accommodations to those the board has authorized.

(d) There will be no additional fee charged to any candidate for an accommodation approved by the board under this rule.

(e) An applicant who is authorized to have accommodations on the UCPAE, and cancels and/or reschedules the exam with the testing vendor within four business days or less, is required to reimburse the board for the costs for accommodations that were not utilized by the applicant.

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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J. Randel (Jerry) Hill
General Counsel
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SUBCHAPTER E. VENDOR REQUIREMENTS

22 TAC §511.107

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.107 concerning No-Show, Late Arrival and Late Cancellation.

Background, Justification and Summary

An applicant to take the UCPAE will be charged a testing fee if the applicant makes a request to cancel or reschedule less than 60 days prior to the UCPAE. This in addition to being charged at testing fee if they provide less than 6 days prior to the scheduled testing.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will put applicants on notice of the additional fees for not notifying the testing centers in advance.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the

Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.107. No-Show, Late Arrival and Late Cancellation.

(a) An applicant is not eligible for a refund of the hourly testing fee if the applicant:

(1) fails to appear for a scheduled section of the UCPAE;

(2) arrives more than 30 minutes after the scheduled start time for taking the section of the UCPAE and is refused admission to the exam; or

(3) changes or cancels a section of the UCPAE after the applicable Test Cancellation/Change Deadline.

(b) An applicant may be charged a reasonable fee for a rescheduled exam or cancellation.

(1) An applicant who requests a change in scheduling or cancellation 60 [~~30~~] or more days prior to the original day of testing will not be charged an additional fee.

(2) An applicant who requests a change in scheduling or cancellation from 59 [~~29~~] to six days prior to the original day of testing will be charged an additional fee set by the test vendor. The applicant must make direct contact by noon of the fifth business day before the day of the exam with personnel at the call center or through the vendor's website. Leaving a message on a recorder or a voice mail is not sufficient to confirm a change or cancellation.

(3) An applicant who requests a change in scheduling or cancellation less than six days prior to the original day of testing will be charged an additional fee equal to the amount of the full test fee.

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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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
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For further information, please call: (512) 305-7842

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SUBCHAPTER F. EXPERIENCE REQUIREMENTS

22 TAC §511.122

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.122 concerning Acceptable Work Experience.

Background, Justification and Summary

Addresses the needs of acceptable work experience and requires the work experience necessary to be certified as supervised, evaluated and reviewed by a CPA. It also expresses the need to have received continuous independent thought on important accounting matters. There are also non-substantive grammatical changes proposed. It also addresses the expected work experience standards of an applicant reviewing accounting experiencing in a law firm providing accounting legal advices.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will provide greater direction to the applicant as to what is required of an applicant to become certified.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small busi-

nesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.122. Acceptable Work Experience.

(a) Work experience shall be supervised, evaluated and reviewed by a CPA who is [~~gained under the supervision of CPAs who are~~] currently licensed and in good standing with this board or with another state board of accountancy as defined in §511.124 of this chapter (relating to Acceptable Supervision), and who is experienced in the non-routine accounting area assigned to the applicant.

(b) Non-routine accounting involves attest services as defined in §501.52(4) of this title (relating to Definitions), or professional accounting services or professional accounting work as defined in §501.52(22) of this title, and continually requires the use of independent thought and judgment on important accounting matters, applying professional accounting knowledge and skills to select, correct, organize, interpret, and present real-world data as accounting entries, reports, statements, and analyses extending over a diverse range of tax, accounting, assurance, and control situations.

(c) Acceptable work experience shall be gained in the following categories or in any combination of these:

(1) Client practice of public accountancy. Work experience gained through [~~All client practice of public accountancy experience shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and the applicant is supervised, evaluated and reviewed by a CPA who is currently licensed and in good standing in~~] a properly licensed CPA firm that is in good standing with the firm's licensing board.

(2) Unlicensed business entity. Work experience gained in an unlicensed business entity [~~shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and the applicant is supervised, evaluated and reviewed by a CPA who is currently licensed and in good standing. Unlicensed business entity experience~~] may include, but is not limited to:

(A) providing management or financial advisory or consulting services;

(B) preparing tax returns;

(C) providing advice in tax matters;

(D) providing forensic accounting services;

(E) providing internal auditing services; and

(F) business valuation services.

(3) Industry practice. Work [~~All work~~] experience gained in industry shall be internal to the organization [~~and of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters~~] and may include: providing management or financial advisory internal services; preparing tax returns; providing advice in tax matters; providing forensic accounting services; and providing internal auditing services.

(A) Examples of industries may include, but are not limited to:

(i) commercial business enterprise;

(ii) non-profit/charitable organization;

(iii) financial institution; and

(iv) health care entity.

(B) Acceptable industry work experience positions may include, but are not limited to:

(i) internal auditor;

(ii) staff, senior, fund or tax accountant;

(iii) accounting, financial or accounting systems analyst; and

(iv) controller.

(4) Government practice. Work [~~All work~~] experience gained in government shall meet [~~be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and which meets~~] the criteria in subparagraphs (A) - (E) of this paragraph. The board will review on a case-by-case basis experience which does not clearly meet the criteria identified in subparagraphs (A) - (E) of this paragraph. Acceptable government work experience includes, but is not limited to:

(A) employment in state government as an accountant or auditor at Salary Classification B14 or above, or a comparable rating;

(B) employment in federal government as an accountant, auditor or IRS revenue agent;

(C) employment as a special agent accountant with the Federal Bureau of Investigation or equivalent position at a governmental entity;

(D) military service, as an accountant or auditor as a Second Lieutenant or above; and

(E) employment with other governmental entities as an accountant or auditor.

(5) Law firm practice.

(A) Internal work experience gained at a law firm may include: providing management or financial advisory internal services; preparing tax returns; providing advice in tax matters; providing forensic accounting services; and providing internal auditing services.

(B) Work [~~All work~~] experience gained as an attorney in a law firm shall be [~~of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters~~] comparable to the experience ordinarily found in a CPA firm;[~~,~~] shall be under the supervision of a CPA or an attorney;[~~,~~] and shall be in one or more of the following areas:

(i) [~~(A)~~] tax-planning, compliance and litigation; and

(ii) [~~(B)~~] estate planning.

(6) Education.

(A) Internal work experience gained at an educational institution [~~shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and~~] may include: providing management or financial advisory internal services; preparing tax returns; providing advice in tax matters; providing forensic accounting services; and providing internal auditing services [~~without an opinion.~~].

(B) Work experience gained as an instructor at an educational institution may qualify if evidence is presented showing independent thought and judgment was used on non-routine accounting matters. Only the teaching of upper level accounting [~~division~~] courses on a full-time basis may be considered. All experience shall be supervised by the department chair or a faculty member who is a CPA.

(7) Internship. The board will consider, on a case-by-case basis, experience acquired through an approved accounting internship program, provided that the experience was non-routine accounting as defined by subsection (b) of this section.

(8) Other. Work experience gained in other positions may be approved by the board as experience comparable to that gained in the practice of public accountancy under the supervision of a CPA upon certification by the person or persons supervising the applicant that the experience was of a non-routine accounting nature which continually required independent thought and judgment on important accounting matters.

(9) Self-employment may not be used to satisfy the work experience requirement unless approved by the board.

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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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.123

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.123 concerning Reporting Work Experience.

Background, Justification and Summary

The proposed rule revision details the work experience provided by an applicant with 150 course work hours as opposed to an applicant seeking certification with a bachelor's degree. The applicant with 150 hours of course work requires 12 months of work experience and the applicant with a bachelor's degree and less than 150 hours, effective August 1, 2026, requires two years of work experience. Part time work for the applicant with a bachelor's degree must obtain 4,000 hours of work experience in no more than 48 months.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will help the applicants wishing to become certified to know the requirements required of an applicant with a bachelor's degree and those applicants with 150 hours of coursework.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods

of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.123. Reporting Work Experience.

(a) To meet the work experience requirements of §511.164 of this chapter (relating to Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours), the [~~The~~] board requires a minimum of one year of full-time work experience completed in no less than 12 months [~~work experience~~] as described in §511.122 of this chapter (relating to Acceptable Work Experience) which shall be obtained in one of the following ways:

(1) full-time employment consisting of 40 or more hours per week [~~completed in no less than 12 months~~]; or

(2) part-time employment consisting of a minimum of 20 hours per week until 2000 hours of accounting work experience have been completed. Part-time work experience must be completed in no more than 24 months from the date the work begins.

(b) Effective August 1, 2026, to meet the work experience requirements of §511.59 of this chapter (relating to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours) the board requires a minimum of two years of full-time work experience completed in no less than 24 months as described in §511.122 of this chapter which shall be obtained in one of the following ways:

(1) full-time employment consisting of 40 or more hours per week; or

(2) part-time employment consisting of a minimum of 20 hours per week until 4,000 hours of accounting work experience have been completed. Part-time work experience must be completed in no more than 48 months from the date the work begins.

(c) [~~(b)~~] All work experience presented to the board for consideration shall be accompanied by the following items:

(1) a statement from the supervising CPA describing the non-routine work performed by the applicant and a description of the important accounting matters requiring the applicant's independent thought and judgment;

(2) a statement from the supervising CPA describing the type of experience that the CPA possesses which qualifies the CPA to supervise the applicant; and

(3) a statement from the supervising CPA that the applicant has demonstrated professional competence; and

(4) [~~(3)~~] an affidavit from the supervising CPA stating that [~~he has supervised~~] the applicant's work was supervised; and it is the opinion of the CPA [~~offers his opinion~~] that the applicant is qualified to perform all the accounting related work assigned to the applicant in accordance with the professional standards required by the board as defined in §501.62 of this title (relating to Other Professional Standards).

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 13, 2026.

TRD-202601211
J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.124

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.124 concerning Acceptable Supervision.

Background, Justification and Summary

The proposed rule revision makes it clear that the firm the applicant is working for must be certified as a firm in order to provide acceptable work experience. It also clarifies that the firm the applicant works for may engage a CPA firm to supervise attest to an applicant's experience requirements when the firm does not directly employ a CPA to supervise the applicant. It makes it clear that it is the responsibility of the applicant and CPA to assure that the supervision was compliant with board requirements.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will be helpful to the applicant to be certified to understand what acceptable supervision constitutes to be the experience requirement to be certified.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.124. Acceptable Supervision.

(a) Acceptable supervision must be performed by a CPA experienced in the non-routine accounting area assigned to an applicant and who holds an active license or permit in this state or another state and has not been exempted from the board's CPE during the period of supervision. If the applicant's work experience and CPA supervision is gained through the client practice of public accountancy, as defined in §511.122 of this chapter (relating to Acceptable Work Experience), [~~the CPA and~~] the CPA firm must be properly licensed and in good standing with the licensing board where the applicant performs the work experience.

(1) Supervision is provided whenever the person being supervised reports to, is instructed by, is reviewed by, and is evaluated directly by the supervisor. The supervisor in this capacity may be in an intermediate level of supervision above the applicant.

(2) Where there is no CPA employed at the company, firm or organization, acceptable supervision may be gained if the following conditions are met:

(A) a properly licensed CPA firm that is in good standing with the firm's licensing board is engaged to provide supervision, review, and evaluation of work experience; and

(B) the supervision, review, and evaluation of work is performed on a routine and recurring basis to permit the CPA firm to provide documentation of work experience;

(C) the CPA firm does not perform attest services for which independence is required for the [~~applicant or the~~] applicant's employer; and

(D) the CPA assigned to provide the supervision is employed by the CPA firm and is currently licensed and in good standing with the firm's licensing board and experienced to provide such supervision in the non-routine accounting area assigned to the applicant.

(3) Telecommunications equipment and computers may be used to facilitate supervision. The board requires detailed documentation if such devices are used to facilitate supervision.

(b) It is the responsibility of the CPA and the [~~an~~] applicant to document that supervision was adequate and effective in any situations inconsistent with the above examples.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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SUBCHAPTER H. CERTIFICATION

22 TAC §511.161

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.161 concerning Qualifications for Issuance of a Certificate.

Background, Justification and Summary

The proposed rule implements the new legislation, effective August 1, 2026, that permits the certification of an applicant with a bachelor's degree and distinguishes those applicants from the applicants with 150 hours of coursework.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will implement the recent legislation permitting certification with a bachelor's degree.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.161. Qualifications for Issuance of a Certificate.

The certificate of a CPA shall be granted by the board to an applicant who qualifies under the current Act and has met the following qualifications:

(1) successfully completed the UCPAE;

(2) met the education requirements in §511.164 of this chapter (relating to Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours [~~Definition of 150 Semester Hours to Qualify for Issuance of a Certificate~~]) or effective August 1, 2026, the education requirements in §511.59 of this chapter (relating to Qualifications for Issuance of a Certificate with not Fewer than 120 Semester Hours);

(3) successfully completed a 3-semester hour board-approved ethics course as defined by §511.58 [~~§511.164~~] of this chapter (relating to Related Business Subjects);

(4) submitted an application prescribed by the board;

(5) submitted the requisite fee, set by the board, for issuance of the certificate;

(6) provided evidence of a lack of a history of dishonest or felonious acts or any criminal activity that might be relevant to the applicant's qualifications;

(7) completed the fingerprint process that accesses the Federal Bureau of Investigation (FBI) and the Texas Department of Public Safety - Crime records division files;

(8) submitted, on a form prescribed by the board, evidence of completion of the work experience requirements commensurate with the education requirements described in §511.59 or §511.164 of this section;

(9) executed an oath of office stating support of the Constitution of the United States and of this state and the laws thereof, and compliance with the board's Rules of Professional Conduct;

(10) successfully completed the examination on the board's Rules of Professional Conduct; and

(11) provided any other information requested by the board.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.163

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.163 concerning Examination on the Board's Rules of Professional Conduct Requirements.

Background, Justification and Summary

The adoption of the proposed rule amendment will clarify that applicants for certification must wait 2 weeks before retaking the exam on the Rules of Professional Conduct.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will clarify that applicants for certification must wait 2 weeks before retaking the Rules of Professional Conduct exam.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.163. Examination on the Board's Rules of Professional Conduct Requirements.

(a) An applicant applying for the issuance of the CPA certificate must pass an examination on the board's Rules of Professional Conduct.

(1) The examination on the Rules of Professional Conduct must be completed not more than six months prior to the issuance of the CPA certificate.

(2) A grade of 85% or higher on the exam is considered passing.

(b) An applicant who does not earn a passing grade on the Rules of Professional Conduct examination shall wait two weeks before reexamination may occur.

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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22 TAC §511.164

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.164 concerning Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours.

Background, Justification and Summary

The proposed rule eliminates the minimum of two semester credit hours in research and analysis and changes the 30 semester hours of upper level accounting courses to 27 semester hours of upper level accounting courses for those applicants with a Bachelor's degree. It requires a 3 semester hour ethics course.

Fiscal Note

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment is in effect, there will be no additional estimated cost to the state, no estimated reduction in costs to the state and to local governments, and no estimated loss or increase in revenue to the state, as a result of enforcing or administering the amendment.

Public Benefit

The adoption of the proposed rule amendment will inform applicants of the need for a 3 hour ethics course to be certified with the Bachelor's degree.

Probable Economic Cost and Local Employment Impact

Mr. Treacy, Executive Director, has determined that there will be no probable economic cost to persons required to comply with the amendment and a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Small Business, Rural Community and Micro-Business Impact Analysis

William Treacy, Executive Director, has determined that the proposed amendment will not have an adverse economic effect on small businesses, rural communities or micro-businesses because the amendment does not impose any duties or obligations upon small businesses, rural communities or micro-businesses; therefore, an Economic Impact Statement and a Regulatory Flexibility Analysis are not required.

Government Growth Impact Statement

William Treacy, Executive Director, has determined that for the first five-year period the amendment is in effect, the proposed rule: does not create or eliminate a government program; does not create or eliminate employee positions; does not increase or decrease future legislative appropriations to the Board; does not increase or decrease fees paid to the Board; does not create a new regulation; limits the existing regulation; does not increase or decrease the number of individuals subject to the proposed rule's applicability; and does not positively or adversely affect the state's economy.

Takings Impact Assessment

No takings impact assessment is necessary because there is no proposed use of private real property as a result of the proposed rule revision.

The requirement related to a rule increasing costs to regulated persons does not apply to the Texas State Board of Public Accountancy because the rule is being proposed by a self-directed semi-independent agency. (§2001.0045(c)(8))

Public Comment

Written comments may be submitted to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 505 E. Huntland Dr., Suite 380, Austin, Texas 78752 or faxed to his attention at (512) 305-7854, no later than noon on April 27, 2026.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses. If the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted; and finally, describe how the health, safety, environmental, and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c). The board invites a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis.

Statutory Authority

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code §901.151, which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.164. Qualification for Issuance of a Certificate with not Fewer than 150 Semester Hours.

(a) To qualify for the issuance of a CPA certificate, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in [~~paragraphs (1), or (2), and (3) - (5)~~] this section:

(1) [~~effective through July 31, 2026,~~] at least 27 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Courses in an Accounting Concentration to take the UCPAE); [~~to include a minimum of two semester credit hours in research and analysis;~~]

[~~(2) effective August 1, 2026, at least 30 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter;~~]

(2) [~~(3)~~] no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses to include a three-semester hour ethics course, as defined by §511.58 of this chapter (relating to Related Business Subjects); and

(3) no fewer than 150 semester hours or quarter-hour equivalents of academic coursework.

(b) Although not required by the board, the following academic coursework when combined with subsection (a) of this section may be used to meet or exceed the 150 semester hour requirement of subsection (a)(3) of this section:

(1) [~~(4)~~] [~~although not required to meet subsection (a)(5) of this section, the board may accept~~] not more than six hours or quarter hour equivalents of CPA review coursework completed at a board-recognized institution of higher education; and

(2) [~~(5)~~] a maximum of 9 total semester credit hours of undergraduate or graduate independent study and/or internships as defined in §511.51(6) or §511.51(7) of this chapter (relating to Educational Definitions). [~~academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) - (4) of this subsection meets or exceeds 150 semester~~

~~hours. An applicant who has met paragraphs (1) - (3) of this subsection may use a maximum of 9 total semester credit hours of undergraduate or graduate independent study and/or internships as defined in §511.51(b)(4) or §511.51(b)(5) of this chapter (relating to Educational Definitions) to meet this paragraph.~~] The courses shall consist of:

(A) a maximum of three semester credit hours of independent study courses; and

(B) a maximum of six semester credit hours of accounting/business course internships including the coursework used to meet §511.58 of this chapter [~~(relating to Related Business Subjects)~~].

(c) [~~(b)~~] The following courses, courses of study, certificates, and programs may not be used to meet the 150 semester hour requirement:

(1) remedial or developmental courses offered at an educational institution; and

(2) credits may not be awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education [~~may not be used~~] to meet the requirement of this chapter:

(A) American College Education (ACE);

(B) Prior Learning Assessment (PLA);

(C) Defense Activity for Non-Traditional Education Support (DANTES);

(D) Defense Subject Standardized Test (DSST); and

(E) StraighterLine.

(d) [~~(c)~~] The semester hours from a course that has been repeated will be counted only once toward the required semester hours.

(e) [~~(d)~~] The work experience shall be at least one year of full time non-routine accounting experience as defined by §511.122 and §511.123 of this chapter (relating to Acceptable Work Experience and Reporting Work Experience) and supervised by a CPA as defined by §511.124 of this chapter (relating to Acceptable Supervision).

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 13, 2026.

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J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-7842

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TITLE 26. HEALTH AND HUMAN SERVICES

PART 1. HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 561. EMPLOYEE MISCONDUCT REGISTRY

26 TAC §§561.1 - 561.9

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes amendments to §561.1, concerning Purpose; §561.2, concerning Definitions; §561.3, concerning Employment and Registry Information; §561.4, concerning Investigations; §561.5, concerning Preliminary Results of Investigation and Notice to Employee; §561.6, concerning Informal Review; §561.7, concerning Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing; §561.8, concerning Entering Information in the EMR; and §561.9, concerning Removing Information from the EMR.

BACKGROUND AND PURPOSE

The proposal is necessary to implement Senate Bill (SB) 1849, 88th Legislature, Regular Session, 2023 and House Bill (HB) 3560, 89th Legislature, Regular Session, 2025.

SB 1849 amended Texas Health and Safety Code §253.010, which allows HHSC to amend rules related to the Employee Misconduct Registry (EMR) to establish criteria for a person to submit a request to be removed from the EMR and establish a process to determine whether a person meets the requirements for inclusion in the EMR.

SB 1849 also created new Texas Health and Safety Code (HSC) Chapter 810, Interagency Reportable Conduct Search Engine, known as Search Engine for Multi-Agency Reportable Conduct (SEMARC), which requires HHSC to amend rules to incorporate information and requirements established by new Chapter 810 relating to:

(1) definitions;

(2) designation of employees and contractors who are eligible to access the search engine;

(3) designation of additional users who are eligible to access the search engine, which may include controlling persons, hiring managers, or administrators of Long-Term Care Regulation providers;

(4) clarifying that an individual in the search engine is not entitled to notice or a hearing before the information is shared with another state agency or a designated user;

(5) conducting initial and periodic searches to determine whether an individual who may have access to a client has engaged in reportable conduct, and, if so, whether the individual is ineligible for employment, a volunteer position, a contract, or a license;

(6) providing notice and a due process hearing to an individual if HHSC denies, revokes, or suspends a contract or license based on that individual's reportable conduct under agency rules according to §810.006 (not that the individual "engaged" in reportable conduct); and

(7) requiring that information contained in the search engine results and information shared with other agencies is confidential.

HB 3560 amended the definition of "facility" regarding the Employee Misconduct Registry in HSC §253.001(4) to include facilities licensed under HSC Chapter 577, Private Mental Hospitals and Other Mental Health Facilities. This proposal updates the definition of "facility" in the rules.

The proposal improves access to the rules related to the Employment Misconduct Registry by consolidating them into one chapter in the Texas Administrative Code.

The proposal is also necessary to update rules and to improve the readability and understanding of the rules.

SECTION-BY-SECTION SUMMARY

Non-substantive edits were made throughout the rule text to use language that is easier for the public to understand.

The proposed amendment to §561.1, Purpose, adds a reference to Texas Human Resources Code Chapter 48, Subchapter I and revises language to HHSC "finding of reportable conduct."

The proposed amendment to §561.2, Definitions, adds definitions for terms used in the chapter and amends definitions to clarify language and information. The proposed amendment updates the definition of "facility" to align with statute.

The proposed amendment to §561.3, Employment and Registry Information, adds a reference to the Search Engine for Multi-Agency Reportable Conduct established under HSC Chapter 810 and simplifies rule language.

The proposed amendment to §561.4, Investigations, simplifies rule language.

The proposed amendment to §561.5, Preliminary Results of Investigation and Notice to Employee, removes "Preliminary" from the rule title and adds clarifying language related to the HHSC process for notifying an employee found to have engaged in reportable conduct.

The proposed amendment to §561.6, Informal Review, simplifies rule language and adds that HHSC may perform a desk review if an employee found to have engaged in reportable conduct does not request an informal review on time or does not participate in a requested informal review.

The proposed amendment to §561.7, Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing, simplifies rule language and adds information related to HHSC's right to release information in emergency situations.

The proposed amendment to §561.8, Entering Information in the EMR, simplifies rule language, removes references that specify notices of reportable conduct are received from the Texas Department of Family and Protective Services, and clarifies language related to information entered in the Employee Misconduct Registry.

The proposed amendment to §561.9, Removing Information from the EMR, changes the title of the rule to "Removal from Employee Misconduct Registry," adds information about employee requests to remove information from the EMR, what HHSC may consider when deciding whether to take an employee off the EMR, and removes a reference that specifies notices of reportable conduct are received from the Texas Department of Family and Protective Services.

FISCAL NOTE

Trey Wood, 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 expand existing regulations;

(7) the proposed rules will increase 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.

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; 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 rules.

PUBLIC BENEFIT AND COSTS

David Kostroun, Deputy Executive Commissioner for Regulatory Services, has determined that for each year of the first five years the rules are in effect, the public benefit will be that rules related to the Employee Misconduct Registry will be available in one place, enhancing accessibility for the public and that the rules will be consistent with statutory requirements.

Trey Wood has also determined that for the first five years the rule is in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rule because these rules codify current procedures used by most persons.

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 post-

marked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 25R016" in the subject line.

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 system; Texas Health and Safety Code Chapters 253 and 810; and Texas Human Resources Code Chapter 48 Subchapter I.

The amendments affect Texas Government Code §524.0151, Texas Health and Safety Code Chapters 253 and 810, and Texas Human Resources Code Chapter 48 Subchapter I.

§561.1. Purpose.

(a) This chapter implements Texas Health and Safety Code (HSC) [~~(THSC),~~] Chapter 253, Employee Misconduct; Registry and Texas Human Resources Code Chapter 48, Subchapter I, Employee Misconduct Registry (EMR), about [~~Employee Misconduct Registry (EMR), regarding~~] a Texas Health and Human Services Commission (HHSC) finding of reportable conduct. [~~investigating an allegation of abuse, neglect, or exploitation, and entering~~] This chapter explains how HHSC enters information in the EMR about a finding of reportable conduct by an unlicensed employee of a facility, [~~an~~] agency, or [~~an~~] individual employer.

(b) HHSC manages [~~The Texas Health and Human Services Commission maintains~~] the EMR and enters information in the EMR according to [~~in accordance with~~] §561.8 of this chapter (relating to Entering Information in the EMR).

(c) The EMR lists persons who are not employable by a facility, agency, or individual employer.

§561.2. Definitions.

The following [~~words and~~] terms in this chapter have the following meanings, unless the context clearly indicates otherwise.[~~:~~]

(1) Abuse--Is defined by the law [~~statute~~] or rule that applies to investigating claims of [~~governs the investigation of alleged~~] abuse of an individual who uses [~~using~~] the Consumer Directed Services (CDS) [~~CDS~~] option or receives services from a [~~receiving~~] facility or agency. [~~services.~~]

(2) Administrative hearing--A hearing held under this rule chapter by the Texas State Office of Administrative Hearings (SOAH) following a written request for a hearing by an employee challenging the HHSC reportable conduct decision for the employee.

(3) [~~(2)~~] Administrative law judge--A [~~An administrative law~~] judge from [~~the~~] SOAH [~~Texas State Office of Administrative Hearings (SOAH)~~] who handles [~~is authorized to preside over certain~~] administrative hearings under this chapter and according to [~~in accordance with~~] Texas Government Code[~~,~~] Chapter 2001.

[~~(3) Administrative hearing--A contested case hearing conducted under this chapter by SOAH based on a written request for hearing by an employee contesting the Texas Health and Human Services Commission's (HHSC's) determination that the employee committed reportable conduct.~~]

(4) Agency--In this chapter means:

(A) a home and community support services agency licensed under Texas Health and Safety Code (HSC) [~~Texas Health and Safety Code (THSC)~~] Chapter 142. It [~~, that~~] provides services to children, older adults, adults with disabilities, and people receiving care in a hospice facility; [~~an elderly or disabled adult;~~]

(B) a person exempt from licensing under HSC §142.003(a)(19) - (20); [~~THSC §142.003(a)(19);~~]

[~~(C) a facility for persons with an intellectual disability or related conditions licensed under THSC Chapter 252;~~]

(C) [~~(D)~~] a state supported living center as defined in HSC [~~THSC~~] §531.002;

(D) a local mental health authority as defined in HSC §531.002;

[~~(E) a local authority designated under THSC §533.035;~~]

(E) [~~(F)~~] a community center as defined in HSC [~~THSC~~] §531.002;

[~~(G) a mental health facility operated by the Texas Department of State Health Services;~~]

[~~(H) the intermediate care facility for individuals with an intellectual disability component of the Rio Grande State Center; or~~]

(F) [~~(I)~~] a contractor of an entity described in subparagraphs (C)- (E) [~~(D) - (H)~~] of this paragraph;[~~.~~]

(G) a person who contracts with a health and human services agency or Medicaid managed care organization to provide home and community-based services (HCBS) as that term is defined in Texas Human Resources Code (HRC) §48.251;

(H) a person who enters into a contract with a Medicaid managed care organization to provide behavioral health services;

(I) a Medicaid managed care organization;

(J) an officer, employee, agent, contractor, or subcontractor of a person or entity listed in subparagraphs (C) - (I) of this paragraph;

(K) an employee, fiscal agent, case manager, or service coordinator of an individual employer participating in the consumer-directed service option, as defined in Texas Government Code §546.0101; or

(L) any other program, project, waiver demonstration, or service providing long-term services and supports through the Medicaid program.

(5) Child--A person under 18 years old [~~of age~~] who is not and has not been married or who has not had the disabilities of minority removed for general purposes.

(6) Consumer directed services (CDS) option [~~(CDS option)~~]--A service delivery option, described in Chapter 264 of this title (relating to Consumer Directed Services Option) and Texas Government Code §546.0101 [~~Texas Administrative Code, Title 40, Chapter 41 (relating to Consumer Directed Services Option),~~] in which an individual or legally authorized representative (LAR) employs and retains service providers and directs the delivery of program services.

(7) Emergency--Cases of abuse, neglect, or financial exploitation that rise to the level of reportable conduct, which, without immediate intervention, would result in a child or an adult with a disability or aged 65 years old or older being in a state of harm or at risk of harm.

[~~(7) Executive Commissioner--The executive commissioner of HHSC.~~]

(8) Employee--A person who:

(A) works for [~~an agency,~~] a facility, agency, or [~~an~~] individual employer;

(B) provides personal care services, active treatment, or any other personal services to an individual using the CDS option or receiving facility or agency services, or an individual who is a child for whom an investigation is authorized under Texas Family Code §261.404; [~~and~~]

(C) provides personal care services, active treatment or any other personal services to an individual who is a child for whom an investigation is authorized under Texas Family Code §261.404;

(D) [~~(C)~~] is not licensed to perform those services or is a nurse aide; and[~~.~~]

(E) was an employee as defined in subparagraphs (A) - (D) of this paragraph and is currently on the Employee Misconduct Registry.

(9) EMR--The Employee Misconduct Registry. The [~~--The~~] registry established in HSC [~~THSC~~] Chapter 253, and available on the HHSC website.

(10) Executive Commissioner--The executive commissioner of HHSC or the executive commissioner's designee.

(11) [~~(10)~~] Exploitation--Is defined by the statute or rule that governs the investigation of alleged exploitation of an individual using the CDS option or receiving facility or agency services. Exploitation includes misappropriation in a nursing facility setting, as defined in 26 TAC §554.101 (relating to Definitions).

(12) [~~(11)~~] Facility--In this chapter means:

(A) a nursing facility licensed under HSC [~~THSC~~] Chapter 242;

(B) an assisted living facility licensed under HSC [~~THSC~~] Chapter 247;

(C) a home and community support services agency licensed under HSC [~~THSC~~] Chapter 142[~~, that provides services to a child~~];

[~~(D) a home and community support services agency licensed under THSC Chapter 142, as a hospice inpatient unit or hospice residential unit;~~]

(D) [~~(E)~~] a day activity and health services facility licensed under HRC [~~Texas Human Resources Code,~~] Chapter 103;

(E) [~~(F)~~] an adult foster care provider that contracts with HHSC; [~~or~~]

(F) [~~(G)~~] a prescribed pediatric extended care center licensed under HSC [~~THSC,~~] Chapter 248A;[~~.~~]

(G) an intermediate care facility for individuals with an intellectual disability unlicensed or licensed by HHSC under HSC Chapter 252, including the intermediate care facility for individuals with an intellectual disability component of the Rio Grande State Center;

(H) a state supported living center licensed under HSC Chapter 555;

(I) a residential child-care facility as defined by HRC §42.002, at which an elderly person or an adult with a disability lives or is in the facility's care;

(J) a state hospital licensed under HSC Chapter 552; or

(K) a private mental hospital or other mental health facility licensed under HSC Chapter 577.

(13) [~~(12)~~] Financial management services agency (FMSA)--As defined in 26 TAC §264.103 [~~Texas Administrative Code, Title 40, Chapter 41 §41.103~~] (relating to Definitions)[~~, an entity that contracts with HHSC to provide financial management services to individuals who use the CDS option~~].

(14) Harm--An outcome or potential outcome of such a nature that a reasonable person would consider could have an imminent significant negative impact on the physical, mental, or emotional health of an individual.

(15) HCSSA--Home and Community Support Services Agency.

(16) HHSC--The Texas Health and Human Services Commission.

(17) HRC--Texas Human Resources Code.

(18) HSC--Texas Health and Safety Code.

(19) Individual--A person receiving services from an agency or facility.

(20) [~~(13)~~] Individual employer--An individual or legally authorized representative (LAR) [~~employer, as defined in Texas Administrative Code, Title 40, Chapter 41 §41.103, which is an individual or LAR~~] who participates in the CDS option. The individual employer [~~and~~] is responsible for hiring and retaining service providers to deliver program services.

(21) [~~(14)~~] Informal review (IR)--A chance for an employee to offer more information to HHSC to dispute investigation findings. [~~An opportunity for an employee to dispute the preliminary results of an investigation by providing HHSC with additional information, initiated by a written request by the employee.~~]

(22) SEMARC--Search Engine for Multi-Agency Reportable Conduct. As established by Texas Health and Safety Code Chapter 810.

(23) [~~(15)~~] Neglect--Is defined by the statute or rule that covers how alleged neglect [~~governs the investigation of alleged neglect~~] of an individual using the CDS option or receiving facility or agency services is investigated.

(24) [~~(16)~~] Nurse Aide Registry (NAR)--The registry established in HSC [~~THSC~~] §250.001(1), and available on the HHSC website.

(25) Release--The release of data outside of HHSC without the employee's consent, except for data released as allowed by law or according to this chapter.

(26) [~~(17)~~] Reportable conduct--Reportable conduct, as defined in HSC [~~THSC~~] §253.001 and HRC §48.401(5), which includes:

(A) abuse or neglect that causes or may cause death or harm to an individual using the CDS option or receiving facility or agency services;

(B) sexual abuse of an individual using the CDS option or receiving facility or agency services;

(C) financial exploitation of an individual using the CDS option or receiving facility or agency services in the amount of $25 or more; and

(D) emotional, verbal, or psychological abuse that causes harm to an individual using the CDS option or receiving facility or agency services.

(27) [~~(18)~~] Texas State Office of Administrative Hearings (SOAH)--The state agency responsible for conducting certain administrative hearings for other state agencies, including HHSC.

[~~(19) THSC--Texas Health and Safety Code.~~]

§561.3. Employment and Registry Information.

(a) A [~~Before a~~] facility, agency, or individual employer, [~~hires an employee, the facility, agency, individual employer,~~] or a financial management services agency (FMSA), on behalf of the individual employer, must conduct a SEMARC check for findings from the Employee Misconduct Registry (EMR), Texas Education Agency, Texas Department of Family and Protective Services, and Texas Juvenile Justice Department that involve reportable conduct. [~~search the Employee Misconduct Registry(EMR) and Nurse Aide Registry (NAR) to determine if the person applying for employment is listed as unemployable on either registry.~~]

(b) A facility, agency, or individual employer must also search the Nurse Aide Registry (NAR) to check if the person applying for a job is listed as unemployable.

(c) [~~(b)~~] A facility, agency, or individual employer must not hire or keep employing [~~continue to employ~~] a person listed as unemployable in the SEMARC [~~EMR~~] or NAR. [~~as unemployable.~~]

(d) [~~(c)~~] Within five working days after hiring an employee, a [~~A~~] facility, agency, or individual employer must [~~, within five working days after hiring an employee,~~] provide the employee with written information [~~to the employee~~] explaining:

(1) that a person listed in the SEMARC [~~EMR~~] is not employable by a facility, agency, or individual employer; [~~and~~]

(2) that the SEMARC is governed by this chapter and HSC Chapter 810; and

(3) [~~(2)~~] that the EMR is governed by this chapter and HSC [~~Texas Health and Safety Code~~] Chapter 253.

(e) [~~(d)~~] Every year, a [~~A~~] facility, agency, individual employer, or FMSA, on behalf of an individual employer, must search the SEMARC [~~EMR~~] and NAR [~~annually~~] to check [~~determine~~] if an employee is listed [~~on either registry~~] as unemployable.

(f) [~~(e)~~] A facility, [~~or~~] agency, individual employer, or FMSA, on behalf of an individual employer, must keep [~~maintain~~] a copy of the results of the searches required by subsections (a) and (e) [~~(d)~~] of this section in its records. [~~the books and records maintained by the entity that conducted the search.~~]

§561.4. Investigations.

(a) HHSC [~~The Texas Health and Human Services Commission (HHSC)~~] investigates certain allegations of abuse, neglect, and exploitation made against an employee.

(b) When HHSC starts an investigation and the findings include [~~After commencing an investigation, if the preliminary results indicate~~] an allegation of abuse, neglect, or exploitation by an employee, [~~might meet the definition of reportable conduct,~~] HHSC follows the steps outlined in [~~complies with~~] §561.5 of this chapter (relating to [~~Preliminary~~] Results of Investigation and Notice to Employee) and §561.6 of this chapter (relating to Informal Review).

(c) When HHSC finds that reportable conduct happened after investigating an allegation of abuse, neglect, or exploitation by an employee, HHSC sends the employee a [~~If HHSC determines that the reportable conduct occurred, after completing its investigation into an allegation of abuse, neglect, or exploitation by an employee, HHSC provides the employee with~~] written notice of the findings. HHSC provides the notice according to [~~in accordance with~~] §561.7 of this chapter (relating to Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing).

(d) Sections 561.5, 561.6, and 561.7 of this chapter apply only to an investigation HHSC conducts, [~~conducted by HHSC,~~] as described in subsection (a) of this section.

§561.5. [~~Preliminary~~] Results of Investigation and Notice to Employee.

(a) [~~When the preliminary results of the Texas Health and Human Services Commission's (HHSC) investigation indicate that an employee might have committed reportable conduct,~~] HHSC sends the employee a written notice if the investigation finds that abuse, neglect, or exploitation has occurred. The notice [~~that~~] includes:

(1) a summary of the investigation findings; [~~a brief summary of the preliminary results of the investigation and facts on which they are based;~~]

(2) a statement that the employee may request an informal review (IR) to challenge the findings; [~~by HHSC to dispute the preliminary results of the investigation;~~]

(3) a statement that the employee must [~~a~~] request [~~for~~] an IR [~~must be made~~] in writing within [~~no later than~~] 10 calendar days after the date the employee receives written notice of the findings; [~~preliminary results of the investigation;~~] and

(4) details on how to contact the HHSC office where the employee needs to send the request [~~contact information for the HHSC office where an employee must submit the request~~] for an IR.

(b) To challenge the investigation's findings, the employee must request [~~An employee may dispute the preliminary results of the investigation by requesting~~] an IR in writing within [~~no later than~~] 10 calendar days after the date the employee received the written notice. Subsection [~~described in subsection~~] (a) of this section describes the written notice.

(c) If an employee requests an IR, or takes part in an IR, it does not remove their responsibility [~~An employee's request for or participation in a requested IR does not relieve the employee of the requirement~~] to follow [~~comply with~~] §561.7 of this chapter (relating to Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing). [~~If HHSC upholds the preliminary results of the investigation,~~] HHSC provides [~~will provide the employee with~~] notice of reportable conduct as required by [~~in accordance with~~] §561.7, if the investigation findings are upheld.

§561.6. Informal Review.

(a) If an employee requests an informal review (IR) according to [~~in accordance with~~] §561.5(b) of this chapter (relating to [~~Preliminary~~] Results of Investigation and Notice to Employee), HHSC [~~the Texas Health and Human Services Commission (HHSC)~~] sets an IR [~~informal review (IR)~~] date within [~~no later than~~] 30 calendar days after HHSC receives [~~the date~~] the request. [~~is received by HHSC.~~]

(1) The employee can challenge the investigation findings [~~may dispute the preliminary results of the investigation~~] by providing more [~~additional~~] information to the designated HHSC staff.

(2) If HHSC [~~the designated HHSC staff~~] does not uphold the [~~preliminary~~] investigation findings, [~~results,~~] HHSC informs [~~notifies~~] the employee of the IR results [~~of the IR~~] and does not enter

the employee's name or related information in the EMR. [~~Employee Misconduct Registry.~~]

(3) If HHSC [~~designated HHSC staff~~] upholds the [~~preliminary~~] investigation findings [~~results~~] and finds reportable conduct, HHSC sends written notice to the employee, as described in §561.7(a) of this chapter (relating to Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing).

(b) If an employee does not [~~timely~~] request an IR on time or does not [~~or fails to~~] participate in a requested IR, HHSC may perform a desk review and either uphold or overturn the investigation findings. If HHSC upholds the [~~preliminary~~] investigation findings and [~~results,~~] finds that reportable conduct happened, HHSC [~~occurred, and~~] sends the employee the written notice described in §561.7(a) of this chapter. This [~~, except that the~~] notice does not include a summary of the IR results. [~~of an IR.~~]

§561.7. Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing.

(a) [~~After an investigation in which HHSC finds that reportable conduct occurred,~~] HHSC provides the employee with written notice of its findings after an investigation in which HHSC finds that reportable conduct happened. The notice [~~, which~~] includes:

(1) a summary of HHSC's reportable conduct [~~Reportable Conduct~~] finding;

(2) a statement that the employee has the right to an administrative hearing to challenge the [~~on the occurrence of~~] reportable conduct finding;

(3) a statement that:

(A) the employee must make a request for hearing [~~must be made~~] in writing within [~~no later than~~] 30 calendar days after the date the employee receives the written notice; or

(B) the employee may accept the reportable conduct finding, which would result in HHSC placing the employee on the EMR; [~~and~~]

(4) details on how to contact the HHSC office where the employee needs to send the request for an administrative hearing; [~~the contact information for the Texas Health and Human Services Commission (HHSC) where the employee must submit the request for an administrative hearing.~~]

(5) a statement that HHSC may determine that an emergency exists and HHSC may immediately share the case information or finding with the facility, agency, or individual employer where the employee works or worked because release of information allows the facility, agency, or individual employer to take precautions to protect the people they serve;

(6) a statement that HHSC reserves the right to make an emergency release of any reportable conduct findings to any future employer of the employee if the employee will work with similar people served; and

(7) a statement that HHSC is not required to find an emergency before it releases information under HSC §253.0025.

(b) HHSC enters [~~If the employee accepts HHCS's determination or does not timely request an administrative hearing,~~] the employee's name and related information [~~are entered~~] in the EMR if the employee accepts the decision made by HHSC. HHSC also enters the employee's name and related information in the EMR if the employee does not request an administrative hearing on time. [~~Employee Misconduct Registry (EMR).~~]

(c) An employee may request an administrative hearing. The hearing must follow the [~~conducted in accordance with the Health and Human Services Commission's administrative hearing~~] procedures in [~~Title~~] 1 TAC [~~, Texas Administrative Code,~~] Chapter 357, Subchapter I (relating to Hearings Under the Administrative Procedure Act).

(d) An [~~If an employee timely requests a hearing, the employee is granted an~~] administrative hearing about the [~~on the occurrence of~~] reportable conduct finding is provided to the employee when the employee requests a hearing on time. The hearing is before an administrative law judge at the Texas State Office of Administrative Hearings (SOAH).

(e) SOAH completes the [~~The~~] administrative hearing described in subsection (d) of this section and completes the [~~§561.7(d) requires the hearing and~~] hearing record within [~~record to be completed no later than~~] 120 days after the date HHSC receives [~~received~~] the hearing request.

(f) The administrative law judge makes findings of fact [~~facts~~] and conclusions of law and issues a proposal for decision as to whether the [~~occurrence of~~] reportable conduct occurred.

(g) [~~Based on the findings of fact and conclusions of law and the recommendation of the administrative law judge,~~] HHSC may, by order, [~~may~~] find that the reportable conduct occurred. This finding is based on the findings of fact, conclusions of law, and the administrative law judge's recommendations. [~~occurred.~~]

(h) If, after an administrative hearing, HHSC finds that the employee committed reportable conduct under subsection (g) of this section, [~~§561.7(g),~~] HHSC must issue a final order on that determination. HHSC also enters [~~and enter into the EMR~~] the information described in §561.8(c) of this chapter (relating to Entering Information in [~~into~~] the EMR) into the EMR. [~~EMR.~~)]

(i) Notice of a final order issued by HHSC under subsection (h) of this section [~~§561.7(h)~~] must be sent to the employee. The notice [~~and~~] must include the following information:

(1) separate statements of the findings of fact and conclusions of law;

(2) a statement of the right of the employee to judicial review of the order; and

(3) a statement that the reportable conduct will be recorded in the EMR under HSC [~~Texas Health and Safety Code~~] §253.007, if:

(A) the employee does not request judicial review of the determination; or

(B) the determination is sustained by the court.

(j) As stated in Texas Government Code Chapter 2001, to challenge [~~Not later than the 30th day after the date on which the decision becomes final as provided by Texas Government Code Ch. 2001, the employee may file a petition for judicial review contesting~~] the finding of [~~the~~] reportable conduct, the employee has 30 days from the date the decision becomes final to file a petition for judicial review. If the employee does not request judicial review, HHSC [~~of the determination, the department~~] will record the reportable conduct in the EMR according to the rules [~~as set forth~~] in §561.8 of this chapter.

§561.8. Entering Information in the EMR.

(a) HHSC [~~The Texas Health and Human Services Commission (HHSC)~~] enters the information described in subsection (c) of this section in the EMR: [~~Employee Misconduct Registry (EMR):~~]

(1) when HHSC investigation procedures [~~investigates~~] and all applicable due process procedures are completed for a substantiated finding of reportable conduct;

[~~(2) as required by Texas Health and Safety Code (THSC) §253.0075, when HHSC receives notice of a finding of reportable conduct from the Texas Department of Family and Protective Services (DFPS);~~]

(2) [~~(3) as a finding of reportable conduct~~] when HHSC finds that a nurse aide working in a nursing facility has committed abuse, neglect, or exploitation [~~misappropriation~~] (as those terms are defined in §561.2 of this chapter (relating to Definitions)) and HHSC also lists the nurse aide's certification as revoked on the Nurse Aide Registry (NAR); or

(3) [~~(4)~~] at the [~~HHSC's~~] discretion of HHSC, according to HSC [~~in accordance with THSC~~] §253.007(b), if [~~an agency of~~] another state or the federal government finds that an employee has committed an act that constitutes reportable conduct.

(b) HHSC does not offer an informal review, [~~(IR),~~] as described in §561.6 of this chapter (relating to Informal Review), or an administrative hearing, as described in §561.7 of this chapter (relating to Reportable Conduct Finding and Notice and Opportunity for Administrative Hearing), to an employee about [~~regarding~~] a finding of reportable conduct described in subsection (a)(2) or (3) of this section [~~§561.8(a)(2), (3), or (4)~~] before entering employee information related to the finding in the EMR.

(1) For a finding under subsection (a)(3) [~~(a)(2) or (4)~~] of this section, another Texas state agency, [~~the Texas Department of Family and Protective Services,~~] the federal government, or an agency of another state provides any due process required by its laws[~~,~~] or rules[~~, or regulations~~] before sending a finding to HHSC.

(2) For a finding under subsection (a)(2) [~~(a)(3)~~] of this section, HHSC provides due process before listing a nurse aide's certification as revoked in the NAR according to §556.13 of this title [~~in accordance with Title 26, Texas Administrative Code §556.12~~] (relating to Findings and Inquiries).

(c) The following information is entered in the EMR according to HSC [~~in accordance with THSC~~] §253.007 and HSC §810.005: [~~(relating to Employee Misconduct Registry):~~]

(1) the employee's full name;

(2) the employee's date of birth;

(3) [~~(2)~~] the employee's address;

(4) [~~(3)~~] the employee's social security number;

(5) [~~(4)~~] the name of the facility or agency, or a notation that the employee was an employee of an individual employer;

(6) [~~(5)~~] the address of the facility or agency, or the city and state of the individual employer;

(7) [~~(6)~~] the date on which the reportable conduct occurred; [~~and~~]

(8) the date on which the final determination was issued on the reportable conduct finding; and

(9) at least one of the following:

(A) information HHSC needs to decide if the individual is eligible for employment, a contract, certification, or licensure; or

(B) the type or a description of the reportable conduct.

[~~(7) a description of the reportable conduct.~~]

§561.9. Removal from Employee Misconduct Registry. [~~*Removing Information from the EMR.*~~]

(a) An employee placed on the EMR may not request removal from the EMR more than one time.

(b) An employee may request, using an HHSC provided petition, removal from the EMR as follows.

(1) An employee placed on the EMR before January 1, 2021, may request removal no later than two years after the effective date of this rule.

(2) An employee placed on the EMR on or after January 1, 2021, for abuse or exploitation may request removal from the EMR. The request for removal must be made no later than 12 months after spending five years on the EMR.

(3) An employee placed on the registry on or after January 1, 2021, for neglect may request removal from the EMR. The request for removal must be made no later than 12 months after spending one year on the EMR.

(c) HHSC may consider the following when deciding whether to take an employee off the EMR:

(1) the circumstances of their involvement in the reportable conduct that led to placement on the EMR;

(2) the facts about the actions that caused placement on the EMR;

(3) how much time has passed since the reportable conduct finding;

(4) the employee's conduct and work activity before and after the reportable conduct finding;

(5) evidence of the employee's rehabilitation or rehabilitative efforts after the reportable conduct finding;

(6) the employee's criminal history;

(7) other evidence of the employee's fitness, including:

(A) letters of recommendation;

(B) professional reference letters written by individuals who are not related to the employee; and

(C) education; and

(8) whether the employee was removed from the Nurse Aide Registry.

(d) The employee must provide HHSC with the information required by subsection (c) of this section.

[~~An employee's name remains in the Employee Misconduct Registry (EMR) unless:~~]

[~~(1) After receiving a written request from the employee, the Texas Health and Human Services Commission (HHSC) determines that the employee does not meet the requirements for listing in the EMR based on additional information gathered by HHSC or notification received from the Texas Department of Family and Protective Services or another referring entity; or~~]

[~~(2) an entry of reportable conduct in the EMR was based on an entry in the Nurse Aide Registry (NAR) and the entry in the NAR is subsequently removed.~~]

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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For further information, please call: (512) 348-7677

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CHAPTER 711. INVESTIGATIONS OF INDIVIDUALS RECEIVING SERVICES FROM CERTAIN PROVIDERS

SUBCHAPTER L. EMPLOYEE MISCONDUCT REGISTRY

26 TAC §§711.1401 - 711.1404, 711.1406 - 711.1408, 711.1413 - 711.1415, 711.1417, 711.1419, 711.1421, 711.1423, 711.1425 - 711.1427, 711.1429, 711.1431, 711.1432, 711.1434

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes the repeal of §§711.1401 - 711.1404; 711.1406 - 711.1408; 711.1413 - 711.1415; 711.1417; 711.1419; 711.1421; 711.1423; 711.1425 - 711.1427; 711.1429; 711.1431; 711.1432; and 711.1434, concerning Employee Misconduct Registry.

BACKGROUND AND PURPOSE

The purpose of the proposal is to remove duplicate rules from the Texas Administrative Code and consolidate them into one chapter relating to the Employee Misconduct Registry in 26 TAC 561. The relevant information in these rules are incorporated into the rules in Chapter 561 with updates for clarification and to align with statute. The amendments to Chapter 561 are proposed elsewhere in this issue of the *Texas Register*.

SECTION-BY-SECTION SUMMARY

The proposed repeal of rules in 26 TAC Chapter 711, Subchapter L, Employee Misconduct Registry, deletes the rules as no longer necessary because the information in this subchapter is being revised and added to 26 TAC Chapter 561.

FISCAL NOTE

Trey Wood, 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 not 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 are repealed and do not impose any additional costs on small businesses, micro-businesses, or rural communities that are 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 are necessary to protect the health, safety, and welfare of the residents of Texas; 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 rules.

PUBLIC BENEFIT AND COSTS

David Kostroun, Deputy Executive Commissioner for Regulatory Services, has determined that for each year of the first five years the rules are in effect, the public benefit will be improved clarity of the rules relating to Employee Misconduct Registry.

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 proposed rules are being repealed and incorporated into other rules in 26 Chapter 561.

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 rules, 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 25R016" in the subject line.

STATUTORY AUTHORITY

The rules 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; Texas Health and Safety Code Chapters 253 and 810; and Texas Human Resources Code, Chapter 48, Subchapter I.

The rules affect Texas Government Code §524.0151, Texas Health and Safety Code Chapters 253 and 810, and Texas Human Resources Code, Chapter 48, Subchapter I.

§711.1401. What is the purpose of this subchapter?
§711.1402. How are the terms in this subchapter defined?
§711.1403. To which investigations does this subchapter apply?
§711.1404. How are the terms physical abuse, sexual abuse, verbal or emotional abuse, neglect, exploitation, and financial exploitation defined for the purpose of this subchapter?
§711.1406. How is the term agency defined for the purpose of this subchapter?
§711.1407. What is the Employee Misconduct Registry?
§711.1408. What is reportable conduct?
§711.1413. What notice must HHSC give to an employee before the employee's name is submitted to the EMR?
§711.1414. How will the Notice of Finding be provided to an employee and who is responsible for ensuring that HHSC has a valid mailing address for an employee?
§711.1415. How does an employee dispute a finding of reportable conduct and what happens if the "Request for EMR Hearing" is not filed or not filed properly?
§711.1417. What is the deadline for filing the Request for EMR Hearing?
§711.1419. Is a finding of reportable conduct ever reversed without conducting a hearing?
§711.1421. When and where will the EMR hearing take place and who conducts the hearing?
§711.1423. May an employee or HHSC request that the EMR hearing be rescheduled?
§711.1425. May an employee withdraw a Request for EMR Hearing after it is filed?
§711.1426. What happens if a party fails to appear at a pre-hearing conference or a hearing on the merits?
§711.1427. How is the EMR hearing conducted?
§711.1429. How and when is the decision made after the EMR hearing?
§711.1431. How is judicial review requested and what is the deadline?
§711.1432. What action does HHSC take when an employee has exhausted the employee's administrative remedies?
§711.1434. What special considerations apply to employees of state-operated facilities?

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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CHAPTER 745. LICENSING

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes amendments to §745.115, concerning What programs regulated by other governmental entities are exempt from Licensing regulation; and §745.273, concerning Which residential child-care operations must meet the public notice and hearing requirements.

BACKGROUND AND PURPOSE

The proposal is necessary to implement House Bill (HB) 4529 and HB 3597, 89th Legislature, Regular Session, 2025.

HB 4529 amended Texas Human Resources Code (HRC) §42.041(b) to add exemptions to regulation by HHSC Child Care Regulation (CCR) for the following entities that are regulated by the United States Department of Defense: (1) a child-care facility located on a federal military base or other federal property; and (2) a military family child-care provider.

HB 3597 amended HRC §42.0461(a), which requires certain residential child-care facilities to hold a public hearing before receiving a license or certificate or expanding capacity if the residential child-care facilities are located in a county with a population of less than 500,000. Previously, the statutory language set the population threshold for public hearings at 300,000.

CCR is proposing amendments to (1) add a regulatory exemption for a child-care facility located on a federal military base or other federal property that has a certificate required by HRC §42.041(b)(26); (2) add a regulatory exemption for a child-care home operated by a military family child-care provider that has a certificate required by HRC §42.041(b)(27); and (3) update the population threshold triggering the public hearing requirement for a general residential operation (GRO) from 300,000 to 500,000.

The purpose of this proposal is also to remove duplicative content and improve the readability and understanding of the rules.

SECTION-BY-SECTION SUMMARY

The proposed amendment to §745.115 (1) amends the rule title; (2) deletes the rule's figure because the figure's content has been updated and added to the body of the rule; (3) amends a subsection to exempt a child-care facility from CCR's regulation if it is located on a federal military base or other federal property and has a certificate from the United States Department of Defense to operate; (4) adds a paragraph to exempt a military family child-care provider from CCR's regulation if it has a certificate from the United States Department of Defense to operate; and (5) removes a treatment facility or structured program licensed by HHSC to treat chemically dependent persons from a list of other state governmental entities to align the content of §745.115 with the title of the rule.

The proposed amendment to Subchapter D, Division 4, amends the division title.

The proposed amendment to §745.273 (1) amends the rule title; (2) changes 300,000 to 500,000 wherever referenced throughout the rule; (3) deletes duplicative content that exists in another rule; and (4) makes nonsubstantive changes for better readability and understanding.

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 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 not create a new regulation;

(6) the proposed rules will expand existing regulations;

(7) the proposed rules will increase 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 an adverse economic effect on small businesses or micro-businesses because a general residential operation that chooses to amend the GRO's license must meet the public notice and hearing requirements in the proposed rule resulting in administrative costs for the GRO.

HHSC is unable to determine how many GROs would amend current licenses and what the administrative costs would be for each GRO. There are no rural communities licensed to provide child care.

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 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 (1) a reduction in regulatory burden for operations already regulated by the United States Department of Defense; and (2) increased public awareness of matters affecting communities in a county with a population less than 500,000.

Trey Wood has also determined that for the first five years the rules are in effect, persons who are required to comply with the proposed rules may incur economic costs. The costs are based on when the statutory changes took effect and if an existing GRO chooses to amend the GRO's license.

A GRO applicant in a county with a population of less than 500,000 whose application would have been processed on or after the effective date of HB 3597 (September 1, 2025) is already legally required to meet the applicable public hearing requirements in statute and any existing rules that support the statute.

An existing GRO that was licensed before September 1, 2025, and is located in a county with a population between 300,000 and 500,000, will not need to follow the new public hearing requirements unless the GRO voluntarily chooses to amend the GRO's license, as detailed in current rules 26 Texas Administrative Code §745.273(b) and §745.275, which mandate providing public notice of the hearing and specify the required methods for conducting the hearing. This could result in potential administrative costs for the GRO. However, HHSC is unable to determine the exact costs for these tasks.

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 26R028" in the subject line.

SUBCHAPTER C. OPERATIONS THAT ARE EXEMPT FROM REGULATION
DIVISION 2. EXEMPTIONS FROM REGULATION

26 TAC §745.115

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, as well as Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the amendments are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules to carry out provisions related to regulatory exemptions and public hearing requirements.

The amendments affect Texas Government Code §524.0151 and Texas Human Resources Code §42.042.

§745.115. Programs and Facilities Regulated by Other Governmental Entities Exempt from CCR Regulation. [~~What programs regulated by other governmental entities are exempt from Licensing regulation~~?]

The following programs and facilities are exempt from our regulation:

(1) Programs and facilities regulated by federal or tribal governmental entities, including:

(A) a child-care facility located on:

(i) a federal military base or other federal property that has a certificate to operate issued by the United States Department of Defense, as required by Texas Human Resources Code (HRC) §42.041(b)(26); or

(ii) an Indian reservation;

(B) a program that provides 24-hour care only for persons not lawfully present in the United States who are in federal government custody; or

(C) a military family child-care provider that has a certificate to operate issued by the United States Department of Defense, as required by HRC §42.041(b)(27).

(2) Programs and facilities regulated by other state governmental entities, including:

(A) a facility operated by the Texas Juvenile Justice Department;

(B) a facility providing services solely for the Texas Juvenile Justice Department;

(C) any other correctional facility for children operated or regulated by another state agency or political subdivision;

(D) a youth camp licensed by the Texas Department of State Health Services; and

(E) a youth camp exempt from licensure by the Texas Department of State Health Services under Texas Health and Safety Code §141.0021.

(3) An elementary -age recreation program for children ages 5 through 13 that meets the requirements in HRC§42.041(b)(14). [~~Figure: 26 TAC §745.115~~]

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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SUBCHAPTER D. APPLICATION PROCESS
DIVISION 4. GENERAL RESIDENTIAL OPERATIONS PUBLIC NOTICE AND HEARING REQUIREMENTS [~~FOR RESIDENTIAL CHILD-CARE OPERATIONS~~]

26 TAC §749.273

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, as well as Texas Government Code §524.0005, which provides the executive commissioner of HHSC with broad rule-making authority. In addition, the amendments are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules to carry out provisions related to regulatory exemptions and public hearing requirements.

The amendments affect Texas Government Code §524.0151 The amendments affect Texas Government Code §524.0151 and Texas Human Resources Code §42.042.

§745.273. Public Notices and Hearings for Certain General Residential Operations. [~~Which residential child-care operations must meet the public notice and hearing requirements?~~]

(a) Except as specified in subsection (b) [~~(c)~~] of this section, a general residential operation located in a county with a population of less than 500,000 [~~300,000~~] must meet the public notice and hearing requirements in Texas Human Resources Code (HRC) §42.0461 when:

(1) applying for a license;[~~.~~]

[~~(b)~~] [~~Except as specified in subsection (c) of this section, a general residential operation requesting to amend its permit must meet the public notice and hearing requirements if it is:~~]

(2) [~~(1) An operation located in a county with a population of less than 300,000~~] requesting to increase capacity;

(3) [~~(2) An operation~~] requesting to relocate permanently to a location in:

(A) a different county with a population of less than 500,000 [~~300,000 where the operation did not meet the public notice and hearing requirements with respect to its current location~~]; or

(B) the same county with a population of less than 500,000 [~~300,000~~] if the location is in a different community or is served by a different school district; or

(4) [~~(3) An operation located in a county with a population of less than 300,000 that does not currently provide treatment services to children with emotional disorders but is~~] requesting to amend its permit to begin providing treatment services to children with emotional disorders.

(b) [~~(c)~~] General [~~A general~~] residential operation applicants that submit applications to provide trafficking victim services at the applicant's general residential operation are exempt from the public notice and hearing requirements in HRC§42.0461 to protect the safety and well-being of operation employees and children receiving services, as provided by HRC §42.0462 [~~that applies to provide services under Chapter 748 of this title, Subchapter V (relating to Additional Requirements for Operations that Provide Trafficking Victim Services) is exempt from any public notice and hearing requirements in subsection (a) of this section, unless the general residential operation intends to provide or provides treatment services to children with emotional disorders~~].

[~~(d) Notwithstanding the exemption provided in subsection (c) of this section, if the operation never provides or ceases to provide trafficking victim services, then the operation must meet the public notice and hearing requirements. To meet public notice and hearing requirements, the operation may need to surrender its permit or withdraw its application, as applicable, and reapply.~~]

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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TITLE 30. ENVIRONMENTAL QUALITY

PART 1. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 37. FINANCIAL ASSURANCE

SUBCHAPTER J. FINANCIAL ASSURANCE FOR RECYCLING FACILITIES

30 TAC §37.931

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) proposes the amendment to §37.931.

Background and Summary of the Factual Basis for the Proposed Rules

The proposed rules implement House Bill (HB) 3229 passed by the 89th Texas Legislature, 2025. HB 3229 amended Texas Health and Safety Code (THSC) by adding new Chapter 376, Renewable Energy Component Recycling Facilities, which establishes new reporting, financial assurance, and penalty requirements for recycling facilities that accept, process, and repurpose components to recover valuable materials from wind turbine generators, solar energy devices, and battery energy storage systems. THSC, Chapter 376 requires owners of recycling facilities that recycle renewable energy components (henceforth called recycling facilities) to submit an annual report, by January 15, containing an inventory of unrecycled renewable energy components (including unrecycled components located offsite that the facility has taken control or ownership of), an estimated timeline to recycle these materials, a cost estimate to recycle or dispose the materials prepared by an independent, third-party professional engineer licensed in Texas, and evidence of financial assurance for the cost estimate provided.

Proposed amendments to 30 Texas Administrative Code (TAC) Chapter 37 are limited to implementing requirements specific to the financial assurance mechanisms authorized for these recycling facilities. While no other amendments are proposed to Chapter 37, recycling facilities impacted by this rulemaking would also be subject to existing rules in Chapter 37, including 30 TAC §§37.61, 37.141, 37.151, and Chapter 37, Subchapter J (Financial Assurance for Recycling Facilities).

As part of this rulemaking, the commission is proposing revisions to 30 TAC Chapter 328, Waste Minimization and Recycling, concurrently in this issue of the *Texas Register*.

Section by Section Discussion

§37.931, Financial Assurance Mechanisms

The commission proposes new §37.931(3) to specify the authorized financial assurance mechanisms for recycling facilities subject to the financial assurance requirement in THSC, Chapter 376, and as proposed in 30 TAC Chapter 328, Subchapter M in this rulemaking. The commission proposes to amend §37.931 by adding a new paragraph (3) to implement THSC §376.003(c) as established by HB 3229.

THSC, Chapter 376 allows the owner to demonstrate financial assurance using a parent company guaranty with a minimum investment grade credit rating for the parent company issued by a major domestic credit rating agency. A parent company guaranty is a type of corporate guarantee. A corporate guarantee may be used to demonstrate financial assurance under existing financial assurance rules in 30 TAC Chapter 37. Under Chapter 37, a corporate guarantor must be a direct or higher-tier parent corporation or a firm with a substantial business relationship with the owner or operator. The commission proposes to allow an owner to use a corporate guarantee to demonstrate financial assurance for recycling facilities but proposes to limit the guarantor to a parent company in accordance with THSC §376.003(c).

The commission recognizes that HB 3229 requires the owner of a recycling facility that accepts, processes, and repurposes components from renewable energy systems to submit evidence of financial assurance to the commission. The commission understands that the legislature intends for the commission to be the beneficiary of the financial assurance and to be able to access and use any funds from the financial assurance to recycle or dispose of all unrecycled components in the event that the owner of the recycling facility fails to do so. Accordingly, the proposed rulemaking requires owners of recycling facilities to provide financial assurance in accordance with 30 TAC Chapter 37 to ensure that adequate funds are available to properly recycle or dispose of unrecycled components at a recycling facility. The commission's financial mechanisms (corporate guarantee, letter of credit, and payment bond) correspond to the financial assurance that may be included as acceptable forms of financial assurance in THSC §376.003(c). The wording and requirements for the financial assurance mechanism in proposed §37.931(3) must conform to the applicable requirements for financial assurance administered by the agency in Chapter 37.

Fiscal Note: Costs to State and Local Government

Kyle Girten, Analyst in the Budget and Planning Division, has determined that for the first five-year period the proposed rule is in effect, no fiscal implications are anticipated for the agency or for other units of state or local government as a result of administration or enforcement of the proposed rule.

Public Benefits and Costs

Mr. Girten determined that for each year of the first five years the proposed rules are in effect, the public benefit will be rule language that is consistent with state law, specifically HB 3229 from the 89th Regular Legislative Session (2025). The proposed rulemaking is not anticipated to result in fiscal implications for individuals or businesses during the first five-year period the proposed rule is in effect.

Local Employment Impact Statement

The commission reviewed this proposed rulemaking and determined that a Local Employment Impact Statement is not required because the proposed rulemaking does not adversely affect a local economy in a material way for the first five years that the proposed rule is in effect.

Rural Community Impact Assessment

The commission reviewed this proposed rulemaking and determined that the proposed rulemaking does not adversely affect

rural communities in a material way for the first five years that the proposed rules are in effect. The amendments would apply statewide and have the same effect in rural communities as in urban communities.

Small Business and Micro-Business Assessment

No adverse fiscal implications are anticipated for small or micro-businesses due to the implementation or administration of the proposed rule for the first five-year period the proposed rules are in effect.

Small Business Regulatory Flexibility Analysis

The commission reviewed this proposed rulemaking and determined that a Small Business Regulatory Flexibility Analysis is not required because the proposed rule does not adversely affect a small or micro-business in a material way for the first five years the proposed rules are in effect.

Government Growth Impact Statement

The commission prepared a Government Growth Impact Statement assessment for this proposed rulemaking. The proposed rulemaking does not create or eliminate a government program and will not require an increase or decrease in future legislative appropriations to the agency. The proposed rulemaking does not require the creation of new employee positions, eliminate current employee positions, nor require an increase or decrease in fees paid to the agency. The proposed rulemaking amends an existing regulation, and it does not create, expand, repeal, or limit this regulation. The proposed rulemaking does not increase or decrease the number of individuals subject to its applicability. During the first five years, the proposed rule should not impact positively or negatively the state's economy.

Draft Regulatory Impact Analysis Determination

The commission reviewed the proposed rulemaking action in light of the regulatory analysis requirements of Texas Government Code, §2001.0225, and determined that the action is not subject to Texas Government Code, §2001.0225 because it does not meet the definition of a "Major environmental rule" as defined in that statute. A "Major environmental rule" is a rule the specific intent of which is to protect the environment or reduce risks to human health from environmental exposure, and that may adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. The proposed amended rules implement HB 3229 from the 89th Texas Legislature, Regular Session, 2025. HB 3229 requires the owner of a recycling facility that accepts, processes, and repurposes components from a wind turbine generator, a solar energy device, or a battery energy storage system to submit a report to the agency that includes evidence of financial assurance. The proposed rules implement HB 3229 by establishing the requirements for the financial assurance. Financial assurance provides a source of funding to the agency to perform closure of a facility in the event that the owner fails to do so. The financial assurance requirement would apply to the owner of a recycling facility under THSC Chapter 376 in the absence of these rules. Because the proposed rules implement financial assurance requirements, the proposed rules do not change any existing requirements that protect the environment or reduce risks to human health from environmental exposure, nor do the proposed rules affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state.

As defined in the Texas Government Code, §2001.0225 only applies to a major environmental rule, the result of which is to: exceed a standard set by federal law, unless the rule is specifically required by state law; exceed an express requirement of state law, unless the rule is specifically required by federal law; exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or adopt a rule solely under the general authority of the commission. The proposed rules do not exceed a standard set by federal law. The proposed amendments do not exceed an express requirement of state law or a requirement of a delegation agreement. These rules were not developed solely under the general powers of the agency but are authorized by specific sections of the Texas Government Code and TWC, that are cited in the statutory authority section of this preamble. Therefore, this rulemaking is not subject to the regulatory analysis provisions of Texas Government Code, §2001.0225(b).

The commission invites public comment regarding the Draft Regulatory Impact Analysis Determination during the public comment period. Written comments on the Draft Regulatory Impact Analysis Determination may be submitted to the contact person at the address listed under the Submittal of Comments section of this preamble.

Takings Impact Assessment

The commission evaluated the proposed rulemaking and performed an analysis of whether Texas Government Code, Chapter 2007, is applicable. The proposed amended rules implement HB 3229 from the 89th Texas Legislature, Regular Session, 2025. The proposed amended rules in Chapter 37 do not affect private property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the proposed rules. The proposed rules in Chapter 37 establish financial assurance requirements for the owner of a recycling facility that accepts, processes, and repurposes components from a wind turbine generator, a solar energy device, or a battery energy storage system, as required by HB 3229. Consequently, this rulemaking action does not meet the definition of a taking under Texas Government Code, §2007.002(5). Therefore, this rulemaking action will not constitute a taking under Texas Government Code, Chapter 2007.

Consistency with the Coastal Management Program

The commission reviewed the proposed rules and found that they are neither identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(b)(2) or (4), nor will they affect any action/authorization identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(a)(6). Therefore, the proposed rules are not subject to the Texas Coastal Management Program.

Written comments on the consistency of this rulemaking may be submitted to the contact person at the address listed under the Submittal of Comments section of this preamble.

Announcement of Hearing

The commission will hold a hold a hybrid virtual and in-person public hearing on this proposal in Austin on April 23, 2026, at 10:00 a.m. in Building E, Conference Room E201S, at the commission's central office located at 12100 Park 35 Circle. The hearing is structured for the receipt of oral or written comments by interested persons. Individuals may present oral statements when called upon in order of registration. Open discussion will not be permitted during the hearing; however, commission staff

members will be available to discuss the proposal 30 minutes prior to the hearing at 9:30 a.m.

Individuals who plan to attend the hearing virtually and want to provide oral comments and/or want their attendance on record must register by April 21, 2026. To register for the hearing, please email *Rules@tceq.texas.gov* and provide the following information: your name, your affiliation, your email address, your phone number, and whether or not you plan to provide oral comments during the hearing. Instructions for participating in the hearing will be sent on April 22, 2026, to those who register for the hearing.

For the public who do not wish to provide oral comments but would like to view the hearing may do so at no cost at: *https://events.teams.microsoft.com/event/3c2b83de-5109-4c02-9b48-680499d830cc@871a83a4-a1ce-4b7a-8156-3bcd93a08fba*

Persons who have special communication or other accommodation needs who are planning to attend the hearing should contact Sandy Wong, Office of Legal Services at (512) 239-1802 or 1-800-RELAY-TX (TDD). Requests should be made as far in advance as possible.

Submittal of Comments

Written comments may be submitted to Vanessa Onyskow-Lang, MC 205, Office of Legal Services, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087, or faxed to *fax4808@tceq.texas.gov*. Electronic comments may be submitted at: *https://tceq.commentinput.com/comment/search*. File size restrictions may apply to comments being submitted via the TCEQ Public Comments system. All comments should reference Rule Project Number 2025-031-328-WS. The comment period closes at 11:59 p.m. on April 27, 2026. Please choose one of the methods provided to submit your written comments.

Copies of the proposed rulemaking can be obtained from the commission's website at *https://www.tceq.texas.gov/rules/propose_adopt.html*. For further information, please contact Jarita Sepulvado, Waste Permits Division, (512) 239-4413.

Statutory Authority

The amendments are proposed under Texas Water Code (TWC), §5.013, which establishes the general jurisdiction of the commission; §5.102, which provides the commission with the authority to carry out its duties and general powers under its jurisdictional authority as provided by TWC; §5.103, which requires the commission to adopt any rule necessary to carry out its powers and duties under the TWC and other laws of the state; Texas Health and Safety Code (THSC) §361.011, which confers the commission responsibility for the management of municipal solid waste; THSC §361.017, which confers the commission responsibility for the management of industrial solid waste and hazardous municipal waste and provides authority to control all aspects of the management of industrial solid waste and municipal hazardous waste by all practical and economically feasible methods consistent with its powers and duties under THSC Chapter 361 and other law, and THSC Chapter 376 which establishes requirements for renewable energy component recycling facilities.

The proposed rules implement House Bill (HB) 3229, 89th Texas Legislature, Regular Session, 2025, and THSC Chapters 361 and 376.

§37.931. Financial Assurance Mechanisms.

Owners and operators subject to this subchapter may use any of the financial assurance mechanisms as specified in Subchapter C of this chapter (relating to Financial Assurance Mechanisms for Closure, Post Closure, and Corrective Action) to demonstrate financial assurance for closure except:

(1) a pay-in trust fund may not be used; [~~and~~]

(2) a surety bond guaranteeing performance may not be used unless the owner or operator is required to provide financial assurance under §332.47 of this title (relating to Permit Application Preparation); and[~~.~~]

(3) for recycling facilities subject to Chapter 328, Subchapter M (relating to Requirements for Renewable Energy Component Recycling Facilities), a corporate guarantee, a letter of credit, or a surety bond guaranteeing payment must be used. For the purpose of §37.261 and §37.361 of this title (relating to Corporate Guarantee and Corporate Guarantee), a corporate guarantor must be a parent company with a minimum investment grade credit rating for the parent company issued by a major domestic credit rating agency.

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 13, 2026.

TRD-202601187
Amy L. Browning
Acting Deputy Director, Environmental Law Division
Texas Commission on Environmental Quality
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 239-0682

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CHAPTER 328. WASTE MINIMIZATION AND RECYCLING

SUBCHAPTER M. REQUIREMENTS FOR RENEWABLE ENERGY COMPONENT RECYCLING FACILITIES

30 TAC §§328.401, 328.411, 328.421, 328.431, 328.441, 328.451

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) proposes new §§328.401, 328.411, 328.421, 328.431, 328.441, and 328.451.

Background and Summary of the Factual Basis for the Proposed Rules

The proposed rules implement House Bill (HB) 3229 passed by the 89th Texas Legislature, 2025. HB 3229 amended Texas Health and Safety Code (THSC) by adding new Chapter 376, Renewable Energy Component Recycling Facilities, which establishes new reporting, financial assurance, and penalty requirements for recycling facilities that accept, process, and repurpose components to recover valuable materials from wind turbine generators, solar energy devices, and battery energy storage systems. THSC, Chapter 376 requires owners of recycling facilities that recycle renewable energy components (henceforth called recycling facilities) to submit an annual report, by January 15, containing an inventory of unrecycled renewable energy components (including unrecycled components located offsite that the facility has taken control or ownership of), an

estimated timeline to recycle these materials, a cost estimate to recycle or dispose the materials prepared by an independent, third-party professional engineer licensed in Texas, and evidence of financial assurance for the cost estimate provided. The commission proposes new Subchapter M, Requirements for Renewable Energy Component Recycling Facilities, in Chapter 328 to implement HB 3229.

HB 3229 also amended Texas Water Code (TWC) §5.013(a)(11) to give TCEQ jurisdiction over the responsibilities assigned by THSC, Chapter 376 and amended TWC §7.052 to set the amount of the penalty for a violation of THSC, Chapter 376 to not exceed $500 a day for each violation. Additionally, HB 3229 required the commission maintain a list of recycling facilities in compliance with THSC, Chapter 376 on the agency's website.

Closure and Financial Assurance Applicability

The commission recognizes that HB 3229 requires the owner of the recycling facility to submit evidence of financial assurance to the commission, with the commission being the beneficiary of the financial assurance and able to access and use any funds from the financial assurance to recycle or dispose of all unrecycled components in the event that the owner of the recycling facility fails to do so.

The commission's financial assurance rules are based on proper closure, in accordance with respective program rules. If closure is not properly performed, then the commission can use financial assurance to conduct closure. Typically, closure for recycling facilities under existing requirements will begin when the owner or operator provides written notification under 30 TAC §330.11(c) and §328.5 for municipal solid wastes or under 30 TAC §335.6 for nonhazardous industrial wastes to the executive director of their intent to close the facility. Solely for the purpose of Subchapter M, the commission is proposing a definition of closure to mean the act, outside of daily operations, of collecting all components accepted from a wind turbine generator, a solar energy device, or a battery energy storage system, including any components the recycling facility has taken title to or assumed control of regardless of whether the components are located at the recycling facility, and properly recycling or disposing of the components. To implement the requirements for financial assurance from HB 3229, recycling facilities subject to Subchapter M may be required to perform closure. The recycling facility owner's failure to perform closure when required allows the executive director to call on the financial assurance mechanism under 30 TAC §37.101.

Enforcement, Including Penalties

The commission may conduct investigations to ensure compliance with this subchapter. The commission and the attorney general, as appropriate, will enforce this subchapter and may, among other actions, institute a suit under TWC, §7.032 for injunctive relief against a person to restrain the violation or threat of violation of proposed Subchapter M.

Failure to comply with this subchapter may result in enforcement, including penalties. The amount of an administrative penalty for a violation of this subchapter will not exceed $500 a day for each violation.

Internet Posting

In accordance with HB 3229, TCEQ will maintain a publicly available list of recycling facilities complying with THSC, Chapter 376, on its website. For owners of recycling facilities reporting by January 15th, the agency will compile and publish a list by March 1st of each year. After that list has been published, the agency will maintain and update the list periodically.

As part of this rulemaking, the commission is proposing revisions to 30 TAC Chapter 37, Financial Assurance, concurrently in this issue of the *Texas Register*.

Section by Section Discussion

Subchapter M, Requirements for Renewable Energy Component Recycling Facilities

The commission proposes new Subchapter M to implement HB 3229 and establish the reporting, financial assurance, and recordkeeping requirements for owners of renewable energy components recycling facilities.

§328.401, Purpose

Proposed new §328.401 establishes the purpose of Chapter 328, Subchapter M, which is to establish procedures and requirements for recycling facilities that accept, process, and repurpose components to recover valuable materials from a wind turbine generator, a solar energy device, or a battery energy storage system. Proposed new §328.401 implements THSC Chapter 376 as enacted by HB 3229.

§328.411, Applicability

Proposed new §328.411 describes the applicability of Chapter 328, Subchapter M and implements THSC Chapter 376 as enacted by HB 3229.

Subchapter M, through subsection (a), applies to a facility involved in the recycling of components to recover valuable materials from a wind turbine generator, solar energy device, or battery energy storage system.

Subsection (b) states that compliance with this subchapter does not exempt nor exclude recycling facilities from the applicability of other local, state, or federal solid waste laws. While THSC Chapter 376 is silent on the applicability of other local, state, or federal solid waste laws, the commission proposes to include this warning to place owners and operators of recycling facilities on notice that multiple other regulations are applicable to these activities. HB 3229 enacts new THSC Chapter 376 and does not repeal or amend other applicable laws that apply to recycling activities or the management of solid waste.

Components subject to proposed new Subchapter M are also subject to other local, state, or federal requirements such as municipal solid waste, industrial solid waste, or hazardous waste management regulations, including universal waste. Components subject to this subchapter must be recycled or disposed of in a manner that complies with local, state, and federal law. Components that are received from municipal sources must be managed, recycled, and disposed of in accordance with 30 TAC Chapter 328 and 30 TAC Chapter 330. Components that are classified as hazardous waste under 30 TAC §335.504 must be managed, recycled, and disposed of in accordance with 30 TAC Chapter 335.

The owner or operator of the recycling facility must operate the facility to prevent nuisances and disturbances and comply with applicable requirements of 30 TAC §§328.3, 330.15, or 335.4. Management of wastes subject to 30 TAC Chapter 335 that are received or generated at the facility may be required to comply with the waste classification requirements of 30 TAC Chapter 335, Subchapter R.

Recycling facilities are subject to recyclable material retention rules which prohibit speculative accumulation including 30 TAC §328.4(b) for recyclable materials derived from municipal sources, and 30 TAC §335.17(a)(8) for recyclable materials derived from industrial sources.

§328.421, Definitions

Proposed new §328.421 adds definitions for the terms battery energy storage system, closure, owner, recycling, recycling facility, solar energy device, unrecycled components, and wind turbine generator for the purpose of proposed Subchapter M. Proposed definitions for battery energy storage system, solar energy device, and wind turbine generator uses terms consistent with THSC Chapter 376 as enacted by HB 3229 but not explicitly defined in Chapter 376.

The definitions for closure, owner, recycling, recycling facility, and unrecycled components are intended to provide context for understanding and complying with the proposed rules. The definition of closure describes the activities that must be conducted to close under Subchapter M. This definition is included to describe the activities required of the recycling facility owner, typically when ceasing operations, but also in situations described in §328.441(e), to properly recycle or dispose of accepted components which results in no unrecycled components at the recycling facility or under the control of the recycling facility. The commission solicits comments on the definition of closure.

The definition of owner is proposed to clarify who is responsible for reporting under Subchapter M. The facility owner is the person who holds title to the real property on which the recycling facility is located, including fixtures and appurtenances. The commission understands that the facility may be owned by one person and operated by another. If the operator of the recycling facility is different than the owner, the requirement to submit the report is with the owner. The commission solicits comments on limiting the report submission requirement to only the recycling facility owner, or if an operator of a recycling facility may submit annual reports and obtain financial assurance.

Recycling and recycling facility definitions are proposed to consistently and concisely describe what is and is not considered recycling activities and a recycling facility. Unrecycled components concisely describes components from a wind turbine generator, a solar energy device, or a battery energy storage system that have been accepted but not recycled and includes offsite components the recycling facility has assumed control of. The commission specifically solicits comments on the proposed definitions.

§328.431, Reporting Requirements

Proposed new §328.431 establishes reporting and cost estimate requirements for the owner of a recycling facility that accepts, processes, and repurposes renewable energy components to recover valuable materials under proposed Subchapter M. Proposed new §328.431 implements THSC §376.003 as enacted by HB 3229, however, the commission proposes additional rules, described below, to provide consistency with other agency programs and clarity for regulated entities.

Section 328.431 requires the owner of a recycling facility to submit an annual report to the executive director by January 15 of each year, on forms prescribed by the executive director. Paragraphs (1) - (3), which implement THSC, §376.003(a)(1) - (3), provide the required contents of the report, including an inventory of all unrecycled components accepted but not yet recycled, an estimated timeline for recycling or disposal, and a written cost estimate. New THSC Chapter 376 is silent on the format of an annual report. The commission proposes requiring regulated entities to use an agency prescribed form, in accordance with the commission's general statutory authority, for consistency in information submitted to executive director's staff and as a way to provide additional instruction and guidance to the regulated community. The commission solicits comments on requiring the owners of recycling facilities to submit the annual report on an agency prescribed form.

Proposed new §328.431(3), which implements THSC, §376.003(a)(3), requires owners to submit a written cost estimate, in current dollars, prepared and certified by an independent professional engineer, and describes the elements required for the cost estimate. However, new THSC Chapter 376 is silent on whether the cost estimate must be in current dollars. Other agency programs that have financial assurance elements require the cost estimate be in current dollars. Examples include scrap tires recycling (30 TAC §328.71(a)), municipal solid waste recycling and disposal (30 TAC §328.5(c) and 30 TAC §330.503, respectively), and hazardous waste disposal (30 TAC §335.127, and §335.178). The commission proposes to require the cost estimate to be in current dollars, in accordance with the commission's general statutory authority, to ensure the cost estimate accurately calculates potential closure costs and financial assurance funding. The commission solicits comments on requiring cost estimates based in current dollars.

Additionally, other than "recycling or disposing of the [unrecycled] components," new THSC Chapter 376 is silent on the activities that must be included in the cost estimate and who must perform those activities. The commission proposes §328.431(3)(A) - (C) to require the cost estimate include the cost of hiring a third-party for offsite recycling or disposal of unrecycled components, including any disposal or recycling fees by the destination facility, and loading and transportation costs. If the commission must utilize financial assurance posted by a recycling facility, the commission would incur these costs by having a third-party remove and properly recycle or dispose of unrecycled components. The activities contained in the cost estimate are common items that are required in cost estimates prepared for other recycling programs, including scrap tire (30 TAC §328.71), municipal solid waste (30 TAC §328.5(c)). The commission solicits feedback on the activities that must be accounted for in cost estimates prepared under Subchapter M.

The owner of a recycling facility that has no inventory of unrecycled components must still submit the report to the executive director annually. New THSC Chapter 376 requires the commission to maintain a list of recycling facilities in compliance with THSC Chapter 376, therefore, any recycling facility (that manages renewable energy components during the year) must report their inventory, even if that inventory is zero. The agency will use these reports to establish and maintain on the agency's website a list of recycling facilities that are in compliance with THSC, Chapter 376.

§328.441, Financial Assurance Requirements

Proposed new §328.441 establishes financial assurance requirements for recycling facilities to ensure adequate funds are available for the commission to properly recycle or dispose of unrecycled components in the event that the owner fails to do so. Proposed new §328.441 implements THSC §376.003(b) and (c) as enacted by HB 3229.

New THSC Chapter 376 is silent on the procedures and process of demonstrating financial assurance. The commission proposes additional financial assurance requirements by utilizing existing commission financial assurance requirements, such as the specified wording of financial assurance mechanisms, and as further established in this rulemaking in 30 TAC Chapters 37 and 328.

Subsection (a) requires the owner of a recycling facility that accepts, processes, and repurposes components from renewable energy systems to provide financial assurance in accordance with Chapter 37, Subchapter J. The commission proposes Subsection (a) to direct and require the owner to comply with existing financial assurance requirements in Chapter 37. An owner must comply with requirements for financial assurance and mechanisms in 30 TAC Chapter 37, Subchapters A - D (except §§37.31, 37.131, 37.161, and 37.241(b) in accordance with §37.921(a)) and submit the proper financial assurance mechanism documentation with their report and cost estimate by January 15.

Subsection (b) requires the owner of the recycling facility to submit evidence of financial assurance with the first annual report in an amount equal to 100 percent of the cost estimate described under §328.431. For each subsequent one-year reporting period, the owner must adjust the financial assurance to ensure it remains at or above the cost estimate for the current year. Subsection (b) implements THSC §376.003(b).

Subsection (c) specifies that financial assurance mechanisms must comply with proposed amended §37.931. The financial assurance mechanisms authorized for recycling facilities subject to Subchapter M are proposed in §37.931(3). Acceptable forms of financial assurance include a corporate guarantee, a letter of credit, or a bond. Subsection (c) generally implements THSC §376.003(c), except that the commission proposes corporate guarantee in §37.931, instead of a parent company guaranty found in HB 3229. A parent company guaranty is a type of corporate guarantee. A corporate guarantee may be used to demonstrate financial assurance under existing financial assurance rules in 30 TAC Chapter 37. Under Chapter 37, a corporate guarantor must be the direct or higher-tier parent corporation or a firm with a substantial business relationship with the owner or operator. The commission proposes in §37.931 to allow an owner to use a corporate guarantee to demonstrate financial assurance for recycling facilities but proposes to limit the guarantor to a parent company in accordance with THSC §376.003(c). The wording of the mechanisms must comply with 30 TAC Chapter 37, Subchapter D.

Subsection (d) specifies the executive director will review and approve the cost estimate and documentation for the financial assurance mechanism. If deficiencies are noted in the cost estimate or financial assurance documentation, the executive director will communicate the deficiency within 30 days of receipt of the report. The owner will be required to make appropriate changes to the cost estimate and/or financial assurance mechanism and resubmit the revised documents, if deficiencies are noted. The executive director will include a deadline for revisions when communicating deficiencies. When approved, the executive director will communicate approval to the owner and publish the name of the recycling facility on the agency's website as required by HB 3229. To help ensure proper estimation and compliant financial mechanisms are submitted, draft cost estimates and financial assurance documents can be submitted for "preliminary" review by the executive director, as long as the final documents are submitted by January 15.

When reporting for subsequent years, increases or decreases to the facility's cost estimate and financial assurance will be handled in a similar manner as described above and following 30 TAC §37.141 and §37.151, with the exception of when the owner submits a decreased financial assurance mechanism. Updating financial assurance should generally be conducted with the annual report due by January 15. Updating financial assurance outside of this cycle should only occur if the owner needs to change the type of financial assurance mechanism or permanently terminate the mechanism and should not be used to lower financial assurance during the operating year.

Financial assurance must be terminated in accordance with 30 TAC §37.61. The owner must submit to the executive director a written request to terminate the financial assurance mechanism for the recycling facility and must include documentation that all unrecycled components have been recycled or disposed of and no additional components will be accepted. The executive director may conduct a site inspection to confirm the recycling facility has ceased operations and properly removed unrecycled components. If no issues are noted, the executive director will release the financial assurance mechanism. The owner should terminate the financial assurance only when ceasing operations with no plans on restarting. If an owner has no unrecycled components during a reporting period but plans to continue recycling operations, the owner may follow the procedures to decrease financial assurance instead of terminating their financial assurance.

For facilities that are required to obtain financial assurance under Subchapter M and financial assurance under another program, the owner may follow the allowances in §37.52. The universal mechanism must be a corporate guarantee, a letter of credit, or a bond, as required under proposed amended §37.931. And the existing financial assurance must cover the cost estimate activities in §328.431(a)(3). Additionally, the owner is still required to submit the annual report, including the cost estimate, and financial assurance documentation, to demonstrate adequate coverage under Subchapter M.

New THSC Chapter 376 is silent on whether the executive director would review and approve financial assurance mechanisms to satisfy the financial assurance requirements. The commission proposes to require cost estimates and financial assurance mechanisms to be reviewed and approved by the executive director, in accordance with the commission's general statutory authority, to provide consistency of financial assurance procedures across programs and to ensure sufficient funding is available in the event the commission must perform closure. The commission specifically solicits comments on the requirement that the executive director review and approve cost estimates, the review and approval described above, and the yearly adjustment processes described above.

Subsection (e) identifies the circumstances under which the owner of a recycling facility subject to Subchapter M is required to perform closure. New THSC Chapter 376 is silent on the circumstances under which the commission may call on the financial assurance. The purpose of financial assurance can only be implemented by making the commission the beneficiary of the financial assurance and allowing the commission to call on the financial assurance. Therefore, the commission proposes the circumstances under which an owner must perform closure and, if not properly conducted, the commission is authorized to call on the financial assurance in subsection (e). The com-

mission solicits comments on proposed Subsection (e) and the requirements when a recycling facility must perform closure.

The owner's failure to perform closure allows the executive director to call on the financial assurance under §37.101. When an owner has received a written violation from the commission, the owner will have an opportunity to address the violation(s), or receive an order from the commission. If the owner fails to address the violation(s), the owner will be required to perform closure as described in Subchapter M. The violation(s) include: 1) when unrecycled components have been speculatively accumulated; 2) when unrecycled components cause the discharge or imminent threat of discharge of contaminants into or adjacent to the waters in the state; 3) when unrecycled components create or maintain a nuisance; or 4) when unrecycled components endanger the public health and welfare. The owner must also perform closure when directed by the executive director. For the purpose of proposed Subchapter M, the term contaminant is consistent with the definition for "contaminant" in THSC §361.601. Speculative accumulation occurs when unrecycled components accumulate and have no feasible means of being recycled and when at least 75% by weight or volume of the accumulated unrecycled components remain unrecycled for the one-year reporting period.

Subsection (f) authorizes the executive director to receive and spend funds as the beneficiary of the financial assurance provided in accordance with this subchapter. HB 3229 requires the owner of the recycling facility to submit evidence of financial assurance to the agency. New THSC Chapter 376 is silent on whether the executive director may receive and spend funds to perform closure by removing unrecycled components in the event that the owner of the recycling facility fails to do so. Therefore, the commission proposes subsection (f) in accordance with the commission's general statutory authority and solicits comments on proposed subsection (f).

§328.451, Recordkeeping Requirements

Proposed new §328.451 establishes recordkeeping requirements for owners of recycling facilities subject to Chapter 328, Subchapter M. Under the proposed rule, the owner of a recycling facility is required to maintain records for a minimum of three years in addition to any local, state, or federal recordkeeping requirements. Examples of records include manifests, bills of lading, quantities of components recycled onsite or offsite, waste disposal records, or other documentation used in annual reports submitted to the executive director.

While new THSC Chapter 376 is silent on and does not establish specific recordkeeping requirements, the commission proposes required recordkeeping in accordance with the commission's general statutory authority to ensure recycling facilities maintain accurate and verifiable documentation of recycling and disposal activities. The commission solicits comments on the inclusion and necessity of recordkeeping requirements.

Fiscal Note: Costs to State and Local Government

Kyle Girten, Analyst in the Budget and Planning Division, has determined that for the first five-year period the proposed rule is in effect, no fiscal implications are anticipated for the agency or for other units of state or local government as a result of administration or enforcement of the proposed rule.

Public Benefits and Costs

Mr. Girten determined that for each year of the first five years the proposed rules are in effect, the public benefit will be rule language that is consistent with state law, specifically HB 3229 from the 89th Regular Legislative Session (2025). The proposed rulemaking is not anticipated to result in fiscal implications for individuals or businesses during the first five-year period the proposed rule is in effect.

Local Employment Impact Statement

The commission reviewed this proposed rulemaking and determined that a Local Employment Impact Statement is not required because the proposed rulemaking does not adversely affect a local economy in a material way for the first five years that the proposed rule is in effect.

Rural Community Impact Assessment

The commission reviewed this proposed rulemaking and determined that the proposed rulemaking does not adversely affect rural communities in a material way for the first five years that the proposed rules are in effect. The amendments would apply statewide and have the same effect in rural communities as in urban communities.

Small Business and Micro-Business Assessment

No adverse fiscal implications are anticipated for small or micro-businesses due to the implementation or administration of the proposed rule for the first five-year period the proposed rules are in effect.

Small Business Regulatory Flexibility Analysis

The commission reviewed this proposed rulemaking and determined that a Small Business Regulatory Flexibility Analysis is not required because the proposed rule does not adversely affect a small or micro-business in a material way for the first five years the proposed rules are in effect.

Government Growth Impact Statement

The commission prepared a Government Growth Impact Statement assessment for this proposed rulemaking. The proposed rulemaking does not create or eliminate a government program and will not require an increase or decrease in future legislative appropriations to the agency. The proposed rulemaking does not require the creation of new employee positions, eliminate current employee positions, nor require an increase or decrease in fees paid to the agency. The proposed rulemaking amends an existing regulation, and it does not create, expand, repeal, or limit this regulation. The proposed rulemaking does not increase or decrease the number of individuals subject to its applicability. During the first five years, the proposed rule should not impact positively or negatively the state's economy.

Draft Regulatory Impact Analysis Determination

The commission reviewed the proposed rulemaking action in light of the regulatory analysis requirements of Texas Government Code, §2001.0225, and determined that the action is not subject to Texas Government Code, §2001.0225 because it does not meet the definition of a "Major environmental rule" as defined in that statute. A "Major environmental rule" is a rule the specific intent of which is to protect the environment or reduce risks to human health from environmental exposure, and that may adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. The proposed new rules implement HB 3229 from the 89th Texas Legislature, Regular Session, 2025. HB 3229 requires the owner of a recycling facility that accepts, processes, and repur-

poses components from a wind turbine generator, a solar energy device, or a battery energy storage system to submit a report to the agency and provide financial assurance. The proposed rules implement HB 3229 by establishing the requirements for the submitted report and financial assurance. The reporting requirement and financial assurance requirement would apply to the owner of a recycling facility under THSC Chapter 376 in the absence of these rules. Because the proposed rules implement reporting and financial assurance requirements, the proposed rules do not change any existing requirements that protect the environment or reduce risks to human health from environmental exposure, nor do the proposed rules affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state.

As defined in the Texas Government Code, §2001.0225 only applies to a major environmental rule, the result of which is to: exceed a standard set by federal law, unless the rule is specifically required by state law; exceed an express requirement of state law, unless the rule is specifically required by federal law; exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or adopt a rule solely under the general authority of the commission. The proposed rules do not exceed a standard set by federal law. The proposed amendments do not exceed an express requirement of state law or a requirement of a delegation agreement. These rules were not developed solely under the general powers of the agency but are authorized by specific sections of the Texas Government Code and TWC, that are cited in the statutory authority section of this preamble. Therefore, this rulemaking is not subject to the regulatory analysis provisions of Texas Government Code, §2001.0225(b).

The commission invites public comment regarding the Draft Regulatory Impact Analysis Determination during the public comment period. Written comments on the Draft Regulatory Impact Analysis Determination may be submitted to the contact person at the address listed under the Submittal of Comments section of this preamble.

Takings Impact Assessment

The commission evaluated the proposed rulemaking and performed an analysis of whether Texas Government Code, Chapter 2007, is applicable. The proposed new rules implement HB 3229 from the 89th Texas Legislature, Regular Session, 2025. The proposed new rules in Chapter 328 do not affect private property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the proposed rules. The proposed rules in Chapter 328 establish reporting and financial assurance requirements for the owner of a recycling facility that accepts, processes, and repurposes components from a wind turbine generator, a solar energy device, or a battery energy storage system. Consequently, this rulemaking action does not meet the definition of a taking under Texas Government Code, §2007.002(5). Therefore, this rulemaking action will not constitute a taking under Texas Government Code, Chapter 2007.

Consistency with the Coastal Management Program

The commission reviewed the proposed rules and found that they are neither identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(b)(2) or (4), nor will they affect any action/authorization identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(a)(6). Therefore, the proposed rules are not subject to the Texas Coastal Management Program.

Written comments on the consistency of this rulemaking may be submitted to the contact person at the address listed under the Submittal of Comments section of this preamble.

Announcement of Hearing

The commission will hold a hold a hybrid virtual and in-person public hearing on this proposal in Austin on April 23, 2026, at 10:00 a.m. in Building E, Conference Room E201S, at the commission's central office located at 12100 Park 35 Circle. The hearing is structured for the receipt of oral or written comments by interested persons. Individuals may present oral statements when called upon in order of registration. Open discussion will not be permitted during the hearing; however, commission staff members will be available to discuss the proposal 30 minutes prior to the hearing at 9:30 a.m.

Individuals who plan to attend the hearing virtually and want to provide oral comments and/or want their attendance on record must register by April 21, 2026. To register for the hearing, please email *Rules@tceq.texas.gov* and provide the following information: your name, your affiliation, your email address, your phone number, and whether or not you plan to provide oral comments during the hearing. Instructions for participating in the hearing will be sent on April 22, 2026, to those who register for the hearing.

For the public who do not wish to provide oral comments but would like to view the hearing may do so at no cost at:

https://events.teams.microsoft.com/event/3c2b83de-5109-4c02-9b48-680499d830cc@871a83a4-a1ce-4b7a-8156-3bcd93a08fba

Persons who have special communication or other accommodation needs who are planning to attend the hearing should contact Sandy Wong, Office of Legal Services at (512) 239-1802 or 1-800-RELAY-TX (TDD). Requests should be made as far in advance as possible.

Submittal of Comments

Written comments may be submitted to Vanessa Onyskow-Lang, MC 205, Office of Legal Services, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087, or faxed to *fax4808@tceq.texas.gov*. Electronic comments may be submitted at: *https://tceq.commentinput.com/comment/search*. File size restrictions may apply to comments being submitted via the TCEQ Public Comments system. All comments should reference Rule Project Number 2025-031-328-WS. The comment period closes at 11:59 p.m. on April 27, 2026. Please choose one of the methods provided to submit your written comments.

Copies of the proposed rulemaking can be obtained from the commission's website at *https://www.tceq.texas.gov/rules/propose_adopt.html*. For further information, please contact Jarita Sepulvado, Waste Permits Division, (512) 239-4413.

Statutory Authority

The new rules are proposed under Texas Water Code (TWC), §5.013, which establishes the general jurisdiction of the commission; §5.102, which provides the commission with the authority to carry out its duties and general powers under its jurisdictional authority as provided by TWC; §5.103, which requires the commission to adopt any rule necessary to carry out its powers and

duties under the TWC and other laws of the state; Texas Health and Safety Code (THSC) §361.011, which confers the commission authority for the management of municipal solid waste; and THSC §361.017, which confers the commission responsibility for the management of industrial solid waste and hazardous municipal waste and provides authority to control all aspects of the management of industrial solid waste and municipal hazardous waste by all practical and economically feasible methods consistent with its powers and duties under THSC Chapter 361 and other law, and THSC Chapter 376 which establishes requirements for renewable energy component recycling facilities.

The proposed rules implement House Bill (HB) 3229, 89th Texas Legislature, Regular Session, 2025, and THSC Chapters 361 and 376.

§328.401. Purpose.

The purpose of the rules in this subchapter is to establish procedures and requirements for recycling facilities that accept, process, and repurpose components to recover valuable materials from a wind turbine generator, a solar energy device, or a battery energy storage system.

§328.411. Applicability.

(a) This subchapter is applicable to a recycling facility that accepts, processes, and repurposes components to recover valuable materials from a wind turbine generator, a solar energy device, or a battery energy storage system.

(b) Compliance with provisions of this subchapter does not exempt nor exclude the applicability of other local, state or federal solid waste laws.

§328.421. Definitions.

The following terms, when used in this subchapter, have the following meanings.

(1) Battery energy storage system--A battery energy storage system, including battery cells, racks, containers, inverters, battery management systems, cooling and fire suppression systems, and cables.

(2) Closure--The act, outside of daily operations, of collecting all components accepted from a wind turbine generator, a solar energy device, or a battery energy storage system, including any components the recycling facility has taken title to or assumed control of regardless of whether the components are located at the recycling facility, and properly recycling or disposing of the components.

(3) Owner--The person who has title to the real property on which a recycling facility is located.

(4) Recycling--A process by which components of a wind turbine generator, solar energy device, or battery energy storage system, that have served their intended use or are scrapped, discarded, used, surplus, or obsolete are collected, separated, or processed and returned to use in the form of raw materials or feedstocks used in the manufacture of new products. A use of components that constitutes disposal or that releases contaminants into the environment is not recycling under this subchapter.

(5) Recycling facility--All contiguous land and structures, other appurtenances, and improvements on the land used for the recycling of components from a wind turbine generator, a solar energy device, or a battery energy storage system. The term includes a facility that has accepted or plans to accept unrecycled components for recycling and has not yet ceased operations.

(6) Solar energy device--A solar energy device, as defined by Utilities Code, §185.001, including solar modules, junction boxes, transformers, inverters, racks or trackers, and cables.

(7) Unrecycled components--Components from a wind turbine generator, a solar energy device, or a battery energy storage system that are accepted by the recycling facility for recycling that have not yet been recycled or used as a product. The term includes any components the recycling facility has taken title to or assumed control of regardless of whether the components are located at the recycling facility.

(8) Wind turbine generator--A wind turbine generator, including turbine blades, nacelles, nacelle covers, towers, drivetrains, generators, magnets, power electronics, and cables.

§328.431. Reporting Requirements.

Using forms prescribed by the executive director, the owner of a recycling facility that has accepted unrecycled components for recycling shall submit a report to the executive director no later than January 15 of each year that includes:

(1) an inventory of all unrecycled components;

(2) an estimated timeline for recycling or disposing of the unrecycled components; and

(3) a written cost estimate for hiring a third-party to recycle or dispose of the unrecycled components, prepared by an independent, third-party Texas licensed professional engineer, in current dollars, that includes:

(A) the cost for offsite recycling or disposal of the inventory of unrecycled components, including any fees charged by the destination facility;

(B) the cost for loading unrecycled components into appropriate vehicles for offsite transportation; and

(C) the cost for transporting unrecycled components offsite to an authorized recycling or disposal facility.

§328.441. Financial Assurance Requirements.

(a) Financial assurance required for closure of the recycling facility shall be provided by the owner of the recycling facility in accordance with applicable requirements of Chapter 37, Subchapter J of this title (relating to Financial Assurance for Recycling Facilities).

(b) The owner of the recycling facility shall:

(1) submit with the recycling facility's first report required by §328.431 of this title (relating to Reporting Requirements), evidence of financial assurance in an amount equal to 100 percent of the cost estimate described under §328.431 of this title; and

(2) submit with each subsequent report any additional financial assurance necessary to ensure that the amount of financial assurance the owner has on file with the commission for the recycling facility is at least equal to 100 percent of the cost estimate under §328.431 of this title in the subsequent report.

(c) The financial assurance mechanism used to secure financial assurance in accordance with this section must comply with §37.931 of this title (relating to Financial Assurance Mechanisms).

(d) The executive director will review and approve the cost estimate and financial assurance mechanism provided by the owner. If revisions are required for the executive director to approve, the owner must submit an appropriately revised cost estimate or financial assurance mechanism within timeframes specified by the executive director.

(e) Unless subject to a contrary provision of an order of the commission or an order of a court of competent jurisdiction, the owner of a recycling facility must perform closure:

(1) when unrecycled components have been speculatively accumulated as established under §328.4 of this title (relating to Lim-

itations on Storage of Recyclable Materials) or §335.17(a)(8) of this title (relating to Special Definitions for Recyclable Materials and Nonhazardous Recyclable Materials);

(2) if unrecycled components cause the discharge or imminent threat of discharge of a contaminant into or adjacent to waters in the state without specific authorization from the commission;

(3) if unrecycled components create or maintain a nuisance;

(4) if unrecycled components endanger the public health and welfare; or

(5) if directed to perform closure by the executive director.

(f) The executive director is authorized to receive and spend funds as a beneficiary of financial assurance established in this subchapter.

§328.451. Recordkeeping Requirements.

In addition to other applicable recordkeeping requirements under local, state, or federal law, the owner of a recycling facility must maintain records for activities conducted under this subchapter for a minimum of three years including but not limited to manifests, bills of lading, records of quantities of components recycled onsite or offsite, records of waste disposal, and any documentation used to establish the information reported to the executive director under §328.431 of this title (relating to Reporting Requirements). The owner of the recycling facility must furnish to the executive director, upon request and within a reasonable time, records maintained under this section.

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 13, 2026.

TRD-202601188
Amy L. Browning
Acting Deputy Director, Environmental Law Division
Texas Commission on Environmental Quality
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 239-0682

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TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 12. TEXAS BOARD OF OCCUPATIONAL THERAPY EXAMINERS

CHAPTER 374. DISCIPLINARY ACTIONS/DETRIMENTAL PRACTICE/COMPLAINT PROCESS/CODE OF ETHICS/LICENSURE OF PERSONS WITH CRIMINAL CONVICTIONS

40 TAC §374.1

The Texas Board of Occupational Therapy Examiners proposes an amendment to 40 Texas Administrative Code §374.1, Disciplinary Actions.

The amendment to §374.1 will correct a typographical error to replace "4safety" with "safety" in subsection (d)(1)(B) of the section. The amendment is proposed to correct the typographical error in the provision.

FISCAL NOTE ON STATE AND LOCAL GOVERNMENTS

Ralph A. Harper, Executive Director of the Executive Council of Physical Therapy and Occupational Therapy Examiners, has determined that for the first five-year period the proposed amendment is in effect, there will be no fiscal impact to state or local governments as a result of enforcing or administering the amendment as proposed under Texas Government Code §2001.024(a)(4) because the amendment does not impose a cost on state or local governments.

LOCAL EMPLOYMENT IMPACT

Mr. Harper has determined that the proposed amendment would not impact a local economy. Therefore, a local employment impact statement is not required under Texas Government Code §2001.022 and §2001.024(a)(6).

PUBLIC BENEFIT AND COST NOTE

Mr. Harper has determined under Texas Government Code §2001.024(a)(5) that for each of the first five years the proposed amendment would be in effect, the public benefit will be enhanced orthographic accuracy in the section. There would not be an additional anticipated economic cost to persons required to comply with the proposed amendment because Texas Occupations Code Chapter 454, the Occupational Therapy Practice Act, already allows for the Board to impose an administrative penalty and proposed changes do not exceed that amount authorized by Texas Occupations Code §454.3521(b).

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

Mr. Harper has determined there would be no costs or adverse economic effects on small businesses, micro-businesses, or rural communities. Therefore, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002.

TAKINGS IMPACT ASSESSMENT

Mr. Harper has determined that no private real property interests are affected by the proposed amendment and that the amendment does 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 amendment does not constitute a taking under Texas Government Code §2007.043.

GOVERNMENT GROWTH IMPACT STATEMENT

Mr. Harper has determined under Texas Government Code §2001.0221 that during the first five years the rule would be in effect:

(1) the rule will not create or eliminate a government program;

(2) the rule will not require the creation of new employee positions or the elimination of existing employee positions;

(3) the rule will not require an increase or decrease in future legislative appropriations to the agency;

(4) the rule will not require an increase or decrease in fees paid to the agency;

(5) the rule will not create new regulations and will not repeal an existing regulation;

(6) the rule will not expand certain existing regulations or limit certain existing regulations;

(7) the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

(8) the rule will neither positively nor adversely affect this state's economy.

COSTS TO REGULATED PERSONS

The rule is not subject to Texas Government Code §2001.0045 because the rule is necessary to protect the health, safety, and welfare of the residents of this state and the Board is required to adopt a schedule of administrative penalties and other sanctions by rule pursuant to Texas Occupations Code §454.3025(a). The administrative penalties in the Schedule of Sanctions are necessary to deter the practice of occupational therapy in a manner detrimental to the public health and welfare. In addition, the rule does not impose a cost on another state agency, a special district, or a local government.

ENVIRONMENTAL IMPACT STATEMENT

Mr. Harper has determined that the proposed amendment does not require an environmental impact analysis because the rule is not a major environmental rule under Texas Government Code §2001.0225.

PUBLIC COMMENT

Comments on the proposed amendments may be submitted in writing to Lea Weiss, Occupational Therapy Coordinator, Texas Board of Occupational Therapy Examiners, 1801 Congress Ave Ste 10.900, Austin, Texas 78701 or to lea@ptot.texas.gov within 30 days following the publication of this notice in the *Texas Register*. Any interested person or a person required to comply with the proposed rule may submit information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. It is requested when sending a comment that individuals include the rule section to which the comment refers and that comments sent by email include "Public Comment" in the email's subject line.

STATUTORY AUTHORITY

The amendment is proposed under Texas Occupations Code §454.102, which authorizes the Board to adopt rules to carry out its duties under Chapter 454. The amendment is also proposed under §454.3025, which requires the Board by rule to adopt a schedule of administrative penalties and other sanctions that the Board may impose under this chapter, and under §454.3521, which authorizes the Board to impose an administrative penalty, not to exceed $200 for each day a violation continues or occurs, under this chapter for a violation of this chapter or a rule or order adopted under this chapter.

CROSS REFERENCE TO STATUTE

No other statutes, articles, or codes are affected by the amendment.

§374.1. Disciplinary Actions.

(a) The board, in accordance with the Administrative Procedure Act, may deny, revoke, suspend, or refuse to renew or issue a license, or may reprimand or impose probationary conditions, if the licensee or applicant for licensure has been found in violation of the rules or the Act. The board will adhere to procedures for such action as stated in the Act, §§454.301, 454.302, 454.303, and 454.304.

(b) The board recognizes four levels of disciplinary action for its licensees.

(1) Level I: Order and/or Letter of Reprimand or Other Appropriate Disciplinary Action (including but not limited to community service hours).

(2) Level II: Probation--The licensee may continue to practice while on probation. The board orders the probationary status which may include but is not limited to restrictions on practice and continued monitoring by the board during the specified time period.

(3) Level III: Suspension--A specified period of time that the licensee may not practice as an occupational therapist or occupational therapy assistant. Upon the successful completion of the suspension period, the license will be reinstated upon the licensee successfully meeting all requirements.

(4) Level IV: Revocation--A determination that the licensee may not practice as an occupational therapist or occupational therapy assistant. Upon passage of 180 days, from the date the revocation order becomes final, the former licensee may petition the board for re-issuance of a license. The former licensee may be required to re-take the Examination.

(c) The board shall utilize the following schedule of sanctions in all disciplinary matters.
Figure: 40 TAC §374.1(c) (No change.)

(d) The board shall consider the following factors in conjunction with the schedule of sanctions when determining the appropriate penalty/sanction in disciplinary matters:

(1) the seriousness of the violation, including:

(A) the nature, circumstances, extent, and gravity of the violation; and

(B) the hazard or potential hazard created to the health, safety [~~4safety~~], or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter future violations;

(4) efforts to correct the violation;

(5) the economic harm to the public interest or public confidence caused by the violation;

(6) whether the violation was intentional; and

(7) any other matter that justice requires.

(e) Licensees who provide occupational therapy services are responsible for understanding and complying with Chapter 454 of the Occupations Code (the Occupational Therapy Practice Act), and the Texas Board of Occupational Therapy Examiners' rules.

(f) Final disciplinary actions taken by the board will be routinely published as to the names and offenses of the licensees.

(g) A licensee who is ordered by the board to perform certain act(s) will be monitored by the board to ensure that the required act(s) are completed per the order of the board.

(h) The board may expunge any record of disciplinary action taken against a license holder before September 1, 2019, for practicing in a facility that failed to meet the registration requirements of §454.215 of the Act (relating to Occupational Therapy Facility Registration), as

that section existed on January 1, 2019. The board may not expunge a record under this subsection after September 1, 2021.

(i) A licensee or applicant is required to report to the board a felony of which he/she is convicted within 60 days after the conviction occurs.

(j) A licensee shall submit to the board a copy of any judgment or settlement in a malpractice claim or any disciplinary action taken against the licensee by a licensing authority of another territory or state of the U.S. within 30 days after the judgment, settlement, or disciplinary action is signed.

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 13, 2026.

TRD-202601210
Ralph A. Harper
Executive Director
Texas Board of Occupational Therapy Examiners
Earliest possible date of adoption: April 26, 2026
For further information, please call: (512) 305-6900

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PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 809. CHILD CARE SERVICES SUBCHAPTER F. FRAUD FACT-FINDING AND IMPROPER PAYMENTS

40 TAC §§809.111 - 809.117

The Texas Workforce Commission (TWC) proposes amendments to the following sections of Chapter 809, relating to Child Care Services:

Subchapter F. Fraud Fact-Finding and Improper Payments, §§809.111 - 809.115 and 809.117

TWC proposes the following new section to Chapter 809, relating to Child Care Services:

Subchapter F. Fraud Fact-Finding and Improper Payments, §809.116

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the proposed Chapter 809 rule change is to strengthen the integrity of the child care services program by enhancing fraud detection, prevention, and enforcement mechanisms. The amendments clarify procedures for investigating suspected fraud, specify corrective actions, establish clear accountability measures for Local Workforce Development Boards (Boards), and reinforce TWC's authority to recover improper payments. These changes are designed to safeguard public funds and ensure that child care subsidies are directed to eligible Texas families and qualified providers.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER F. FRAUD FACT-FINDING AND IMPROPER PAYMENTS

TWC proposes the following amendments to Subchapter F:

§809.111. General Fraud Fact-Finding Procedures

Section 809.111 is amended to clarify TWC's authority over fraud cases and its oversight role with Boards and to better align the definition of fraud. Amendments to §809.111 also include technical corrections regarding the use of "Agency" and "Commission."

Section 809.111(b) is amended to redefine the knowledge standard for fraud from "knowing it to be false" to "knew or should have known" standard, consistent with program integrity best practices.

Section 809.111(e), (f), and (g) are amended to clarify TWC's procedures and Board responsibilities for reporting, investigating, and documenting cases of suspected fraud.

New §809.111(h) explicitly states TWC's jurisdiction to intervene in fraud cases when a Board fails to adhere to established procedures or needs assistance.

New §809.111(i) requires Fraud Deterrence and Compliance Monitoring approval before a Board restricts a provider's eligibility to provide Commission-funded child care services due to a finding of fraud, which will allow TWC to ensure consistent standards are applied.

§809.112. Suspected Fraud

Section 809.112 is amended to make several technical edits including correcting the use of "Agency" and "Commission," clarifying that suspected fraud includes payments, clarifying what constitutes suspected fraud, and removing reference to specific eligibility periods.

§809.113. Action to Prevent or Correct Suspected Fraud

Section 809.113 is amended to more clearly delineate the corrective actions that TWC or a Board may take against a provider versus a parent when fraud is found. A key amendment adds language allowing TWC to prohibit future eligibility for providers or individuals who are connected with a program determined to have committed fraud, and is a critical tool to prevent fraudulent actors from reentering the program under a new business name.

§809.114. Failure to Comply with Commission Rules and Board Policies

Section 809.114 is renamed "Failure to Comply with Commission Rules and Agency and Board Policies."

Section 809.114 is amended to require parents and providers to comply with TWC's policies, to include "other contracted entity" to the list of parties subject to corrective action, which reinforces that all entities involved in the child care system must comply with Commission rules. New §809.114(d) requires Boards to develop and implement a plan to monitor child care providers compliance with Commission rules and TWC and Board policies. The monitoring plan must include in-person site visits. New subsection (e) clarifies the authority for the Director of Child Care Services to issue corrective actions or sanctions for a Board's failure to comply with the requirements of Chapter 809.

§809.115. Corrective Adverse Actions

Section 809.115 is amended to make several technical edits including correcting the use of "Agency" and "Commission."

§809.116. Referral for Criminal Prosecution

New §809.116 is added to mandate that Boards refer cases of fraud to prosecutors for criminal prosecution in accordance with TWC policy. New §809.116 strengthens the program's stance against fraud by pursuing legal consequences beyond administrative recovery and requires that such referrals be documented in TWC's case management system.

§809.117. Recovery of Improper Payments to a Provider or Parent

Section 809.117 is amended to clarify the responsibilities for recovering improper payments, assigning recovery efforts to the entity that issued the determination (either TWC or the Board).

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, 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 strengthen the integrity of the child care services program by enhancing fraud detection, prevention, and enforcement mechanisms.

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 not create or eliminate a government 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 proposed rules.

Jason Stalinsky, Director, Fraud Deterrence and Compliance Monitoring, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the proposed rules will be to enhance the integrity of the child care services program by clarifying the Boards' responsibilities and better protect public funds from fraud, waste, and abuse ensuring that financial assistance is reserved for eligible families and children.

PART IV. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rule or any other interested person, information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than April 27, 2026.

PART V. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than April 27, 2026.

PART VI. STATUTORY AUTHORITY

The rules are proposed under the authority of:

--Texas Labor Code, §301.192, which requires TWC to ensure that corrective action is taken against a child care provider or parent who commits fraud; and

--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 rules relate to Texas Labor Code, Title 4, particularly Chapters 301 and 302, and Texas Government Code, Chapter 2308.

§809.111. General Fraud Fact-Finding Procedures.

(a) This subchapter establishes [~~authority for~~]:

(1) procedures for the Agency to issue fraud determinations and take appropriate corrective actions involving Commission-funded child care, including child care quality improvement activities, child care statewide initiatives, and child care special projects pursuant to the Agency's authority under Texas Labor Code, §§301.191, 301.192, and 301.201; and

(2) requirement for a Board to develop procedures for the prevention of fraud by a parent, provider, or any other person in a position to commit fraud consistent with fraud prevention provisions in the Agency-Board Agreement.

(b) In this subchapter, a person commits fraud if, to obtain or increase a benefit or other payment, either for the person or another person, the person:

(1) makes a false statement or representation that the person knew or should have known was [~~, knowing it to be~~] false; or

(2) fails to disclose a fact when the person knew or should have known the fact was material [~~knowingly fails to disclose a material fact~~].

(c) A Board shall ensure that procedures for researching and fact-finding for possible fraud are developed and implemented to deter and detect suspected fraud for child care services in the workforce area.

(d) These procedures shall include provisions that suspected fraud is reported to the Agency [~~Commission~~] in accordance with Agency [~~Commission~~] policies and procedures.

(e) The Board shall report cases of suspected fraud identified by the Board to the Agency and shall conduct fact-finding in accordance with Agency policies and procedures. [~~Upon review of suspected fraud reports, the Commission may either accept the case for investigation and action at the state level, or return the case to the Board or its child care contractor for action including, but not limited to, the following:~~]

[~~(1) further fact-finding; or~~]

[~~(2) other corrective action as provided in this chapter or as may be appropriate.~~]

(f) The Board shall review and complete fact-finding for all cases of suspected fraud that the Agency refers to the Board [~~ensure that a final fact-finding report is submitted to the Commission after a case is returned to the Board or its child care contractor and all feasible avenues of fact-finding and corrective actions have been exhausted.~~]

(g) The Board shall document all cases of suspected fraud, including cases referred to the Board, in the Agency's case management system. The Board shall include in this documentation information on fact finding, determinations, appeals, decisions, and improper payment recovery in accordance with Agency policies and procedures.

(h) The Agency retains jurisdiction over fraud cases and can intervene in a case if a Board fails to follow Agency policies and procedures or if a Board requires assistance.

(i) A Board must notify the Fraud Deterrence and Compliance Monitoring Division and receive approval before issuing a determination that removes, limits, or prohibits a provider from providing Commission-funded child care services due to a finding of fraud. A determination issued without the required approval cannot become final.

§809.112. Suspected Fraud.

(a) A parent, provider, or any other person in a position to commit fraud may be suspected of fraud if the person presents or causes to be presented to the Agency, Board, or its child care contractor one or more of the following items:

(1) A request for payment or reimbursement in excess of the amount charged by the provider for the child care; or

(2) An application, document, record, or statement related to the eligibility to receive or provide child care services or to receive payment of child care funds, [~~A claim for child care services~~] if evidence indicates that the person may have:

(A) known, or should have known, that child care services were not provided as claimed;

(B) known, or should have known, that information provided is false or fraudulent;

(C) received child care services during a period in which the parent or child was not eligible for services;

(D) known, or should have known, that child care subsidies were provided to a person not eligible to be a provider; or

(E) otherwise indicated that the person knew or should have known that the actions were in violation of this chapter or state or federal statute or regulations relating to child care funds [~~services~~].

(b) The following parental actions may be grounds for suspected fraud [~~and cause for Boards to conduct fraud fact-finding or the Commission to initiate a fraud investigation~~]:

(1) Not reporting or falsely reporting at initial eligibility or at eligibility redetermination:

(A) household composition, or income sources or amounts that would have resulted in ineligibility or a higher parent share of cost; or

(B) work, training, or education hours that would have resulted in ineligibility; or

(2) Not reporting during the [~~12-month~~] eligibility period inclusive of the 90-day [~~three-month~~] initial job search period, if applicable:

(A) changes in income or household composition that would cause the family income to exceed 85 percent of SMI (taking into consideration fluctuations of income); or

(B) a permanent loss of job or cessation of training or education that exceeds 90-days [~~three-months~~]; or

(C) improper or inaccurate reporting of attendance.

§809.113. Action to Prevent or Correct Suspected Fraud.

(a) The Agency [~~Commission~~] or Board may take the following actions pursuant to Agency [~~Commission~~] policy if the Agency [~~Commission~~] or Board finds that a provider has committed fraud:

(1) Temporarily or permanently [~~Temporary~~] withholding [~~of~~] payments to the provider for child care services delivered;

[~~(2) Nonpayment of child care services delivered;~~]

(2) [~~(3)~~] Recoupment of funds from the provider;

(3) [(4)] Stop authorizing care at the provider's facility or location;

(4) [(5)] Prohibiting future eligibility to provide Commission-funded child care services or to participate in the management, ownership, or operation of a provider engaged in Commission-funded child care services for any of the following:[; or]

(A) the provider;

(B) an owner, director, or board member of the provider;

(C) an individual who, either alone or in connection with others, has the ability to influence or direct the management, expenditures, or policies of the provider;

(D) a family member of subparagraph (A), (B), or (C) of this paragraph; or

(E) an individual who was found to have engaged, aided, or abetted in the fraudulent activities; or

(5) [(6)] Any other action consistent with the intent of the governing statutes or regulations to investigate, prevent, or stop suspected fraud.

(b) The Agency [Commission] or Board may take the following actions pursuant to Agency [Commission] policy if the Agency [Commission] or Board finds that a parent has committed fraud:

(1) recouping funds from the parent;

(2) prohibiting future child care eligibility, provided that the prohibition does not result in a Choices or SNAP E&T participant becoming ineligible for child care;

(3) limiting the enrollment of the parent's child to a regulated child care provider;

(4) terminating care during the [12-month] eligibility period if eligibility was determined using fraudulent information provided by the parent; or

(5) any other action consistent with the intent of the governing statutes or regulations to investigate, prevent, or stop suspected fraud.

§809.114. Failure to Comply with Commission Rules and Agency and Board Policies.

(a) The Board shall ensure that parents and providers comply with Commission rules and Agency and Board policies.

(b) The Agency [Commission], Board, or Board's child care contractor may consider failure by a provider, [or] parent, or other contracted entity to comply with this chapter as an act that may warrant corrective and adverse action as detailed in §809.115 of this subchapter [(relating to Corrective Adverse Actions)].

(c) Failure by a provider, [or] parent, or other contracted entity to comply with this chapter shall also be considered a breach of contract, which may also result in corrective action as detailed in this subchapter.

(d) The Board shall develop and implement a system to monitor providers for compliance with Commission rules and Agency and Board policies. The monitoring system must include in-person site visits to providers.

(e) The Agency may issue an intent to sanction, a sanction, a penalty, or other corrective action if a Board does not comply with the requirements of this chapter subject to the rules and procedures set forth in Chapter 802, Subchapters G and H of this title, except to the extent that such sections are clearly inapplicable or contrary to provisions set out under this chapter. The Director of the Agency's Child Care Services Division determines whether a corrective action or sanction shall be imposed, including whether it is appropriate to impose a sanction level on the Board and whether it is appropriate to assign a penalty.

§809.115. Corrective Adverse Actions.

(a) When determining appropriate corrective actions, the Agency, Board, or Board's child care contractor shall consider:

(1) the scope of the violation;

(2) the severity of the violation; and

(3) the compliance history of the person or entity.

(b) Corrective actions for providers may include, but are not limited to, the following:

(1) Closing intake;

(2) Moving children to another provider selected by the parent;

(3) Withholding provider payments or reimbursement of costs incurred; and

(4) Recoupment of funds.

(c) When a provider violates a provision of Subchapter E of this chapter, a written Service Improvement Agreement may be negotiated between the provider and the Board or the Board's child care contractor. At the least, the Service Improvement Agreement shall include the following:

(1) The basis for the Service Improvement Agreement;

(2) The steps required to reach compliance including, if applicable, technical assistance;

(3) The time limits for implementing the improvements; and

(4) The consequences of noncompliance with the Service Improvement Agreement.

(d) The Board shall develop policies and procedures to ensure that the Board or the Board's child care contractor take corrective action consistent with subsections (a) - (c) of this section against a provider when a provider performs the attendance reporting function on behalf of a parent.

(e) The Board shall develop policies and procedures to require the Board's child care contractor to take corrective action consistent with subsections (a) - (c) of this section against a parent when a parent violates the Commission rules and Agency procedures related to attendance reporting.

§809.116. Referral for Criminal Prosecution.

(a) A Board shall refer cases of fraud, in accordance with Agency policies and procedures, to federal, state, and/or local prosecutors for criminal prosecution.

(b) The Board shall document the referral and subsequent updates in the Agency's case management system in accordance with Agency policies and procedures.

§809.117. Recovery of Improper Payments to a Provider or Parent.

(a) A Board must [shall] attempt recovery of all improper payments as defined in §809.2 of this chapter, that were identified in a Board-issued determination or decision. The Agency must attempt recovery of all improper payments as defined in §809.2 of this chapter, that were identified in an Agency-issued determination or decision.

(b) Recovery of improper payments shall be managed in accordance with Agency [~~Commission~~] policies and procedures.

(c) The provider shall repay improper payments for child care services received in the following circumstances:

(1) Instances involving fraud;

(2) Instances in which the provider did not meet the provider eligibility requirements in this chapter;

(3) Instances in which the provider was paid for the child care services from another source;

(4) Instances in which the provider did not deliver the child care services;

(5) Instances in which referred children have been moved from one facility to another without authorization from the child care contractor; and

(6) Other instances when repayment is deemed an appropriate action.

(d) A parent shall repay improper payments for child care only in the following circumstances:

(1) Instances involving fraud as defined in this subchapter;

(2) Instances in which the parent has received child care services while awaiting an appeal and the determination is affirmed by the hearing officer; or

(3) Instances in which the parent fails to pay the parent share of cost and the Board's policy is to pay the provider for the parent's failure to pay the parent share of cost.

(e) A Board shall ensure that a parent subject to the repayment provisions in subsection (d) of this section shall prohibit future child care eligibility until the repayment amount is recovered, provided that the prohibition does not result in a Choices or SNAP E&T participant becoming ineligible for child care.

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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