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 10. COMMUNITY DEVELOPMENT

PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 1. ADMINISTRATION

SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES

10 TAC §1.12

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC §1.12 Negotiated Rulemaking. The purpose of the proposed repeal is to eliminate the current rule while replacing it with a more current version of the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to means by which the public may seek rulemaking from the Department.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The repeal does not require additional future legislative appropriations.

4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The repeal will not expand or contract the applicability of an existing regulation.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed and new sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The Department requests comments on the proposed repeal. The public comment period will be held July 24, 2026, through August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The proposed repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the proposed action affects no other code, article, or statute.

§1.12. Negotiated Rulemaking.

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 July 9, 2026.

TRD-202602824
Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 475-3959

10 TAC §1.12

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC §1.12 Negotiated Rulemaking. The purpose of the proposed rule is to remove unnecessary rule language, add language to ensure compliance with Tex. Gov't Code §2001.021, and retitle the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the new section would be in effect:

1. The new section does not create or eliminate a government program but relates to means by which the public may seek rulemaking from the Department.

2. The new section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The new section does not require additional future legislative appropriations.

4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The new section does not create a new regulation, except that it is replacing a section being repealed simultaneously to provide for revisions.

6. The new section will not expand or contract an existing regulation.

7. The new section will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new section and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new section as to its possible effect on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be a more streamlined rule that is compliant with Tex. Gov't Code 2001.021. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed section and also requests information related to the cost, benefit, or effect of the proposed section, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026, through August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The proposed new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the proposed new section affects no other code, article, or statute.

§1.12. Negotiated Rulemaking and Petitions for Rulemaking.

(a) Purpose. In accordance with Tex. Gov't Code §2306.082, the Department encourages the use of negotiated rulemaking procedures for the adoption of Department rules. In accordance with Tex. Gov't Code §2001.021, an interested person(s) may request the adoption of a rule by petition to a state agency.

(b) Negotiated Rulemaking.

(1) Tex. Gov't Code Chapter 2008 describes the procedures for negotiated rulemaking including appointment of a convener; publishing notice of proposed negotiated rulemaking and requesting comments on the proposal; appointing a negotiated rulemaking committee; appointing an impartial third-party facilitator; and proposing the resulting draft rule for public comment.

(2) Any person or organization that would like for the Department to use negotiated rulemaking for the adoption of a Department rule may submit such a request to the Department's Board Secretary. The proposal must identify: the rule proposed for negotiated rulemaking, potential participants for the negotiated rulemaking committee, possible third-party facilitators, and a suggested timeline for the process. The Department may also on its own propose to use negotiated rulemaking.

(3) The Department generally will respond to the request within seven calendar days. If the negotiated rulemaking is not pursued, the Department will provide the party making the request with an explanation for the basis of the decision.

(4) If the Department decides to proceed with a negotiated rulemaking, it shall follow the process outlined in Tex. Gov't Code Chapter 2008 and costs associated with the negotiated rulemaking process will be handled as specified in Tex. Gov't Code §2008.003.

(c) Petitions for Rulemaking.

(1) Submission.

(A) An interested person(s) may petition the Department to request the adoption of a new rule, the repeal of a rule, or an amendment of an existing rule. For the purposes of this section, an interested person must be:

(i) a resident of this state;

(ii) a business entity located in this state;

(iii) a governmental subdivision located in this state; or

(iv) a public or private organization located in this state that is not a state agency.

(B) Such submission must be made in writing to the Executive Director and must include at a minimum the rule citation for which the petition is being submitted, the nature of the requested policy change prompting the submission, specific proposed rule language changes, sufficient contact information for at least one of the petitioners, and an attestation that the petitioner is a Texas resident.

(2) Consideration. The Department will consider the nature of the petition, whether the rule that is the subject of the petition has been recently made available for public comment during a rulemaking, and whether the interested person(s) participated in the public comment process.

(3) Disposition. Not later than the 60th day after the date of submission of a petition under this section, the Department will: deny the petition in writing, stating its reasons for the denial; or initiate a rulemaking proceeding under this subchapter.

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 July 9, 2026.

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Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
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For further information, please call: (512) 475-3959

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CHAPTER 7. HOMELESSNESS PROGRAMS SUBCHAPTER C. EMERGENCY SOLUTIONS GRANTS (ESG)

10 TAC §7.40

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 7, Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40, Competitive Program Participant Services Selection Criteria. The purpose of the proposed repeal is to replace the rule simultaneously with a new rule that removes unnecessary language.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program, but relates to making changes to an existing activity, Selection Criteria for ESG Applications.

2. The proposed repeal does not require a change in work that would require the creation of new

employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a

decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation.

6. The proposed repeal will repeal an existing regulation, but that regulation is simultaneously proposed as a new rule to replace it with a more consolidated rule.

7. The proposed repeal will not increase or decrease the number of individuals subject to the

rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES

AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department has evaluated the proposed repeal and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate

or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal will be in effect the rule has no economic effect on local employment because the rule relates only to programs and processes which have already been in effect for existing applicants to the program; therefore, no local employment impact statement is required to be prepared for the amended rules.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the new rule will be improved regulatory efficiency and greater clarity. There will not be any economic costs to any individuals required to comply with the amended rule because the rule has already been in place.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repealed rule is in effect, enforcing or administering the new rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the amended rule relates only to programs and processes which have already been in effect for existing subrecipients.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon at rosy.falcon@tdhca.texas.gov ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule action is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the amended section affects no other code, article, or statute.

§7.40. Competitive Program Participant Services Selection Criteria.

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 July 9, 2026.

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Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
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For further information, please call: (512) 475-3959

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10 TAC §7.40

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 7, Emergency Solutions Grant Program, Subchapter C Emergency Solutions Grants, §7.40, Competitive Program Participant Services Selection Criteria. The purpose of the proposed rule is to remove unnecessary language, improve clarity and provide greater regulatory efficiency.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but relates to making changes to an existing activity, Selection Criteria for ESG Applications.

2. The proposed new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed new rule does not require additional future legislative appropriations.

4. The proposed new rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation other than that it is replacing an existing rule being simultaneously repealed.

6. The proposed new rule will not expand, limit, or repeal existing regulation.

7. The proposed new rule will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed new rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department has evaluated the proposed new rule and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed new rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the proposed new rule as to its possible effects on local economies and has determined that for the first five years the proposed new rule will be in effect the rule has no economic effect on local employment because the rule relates only to programs and processes which have already been in effect for exist-

ing Subrecipients; therefore, no local employment impact statement is required to be prepared for the proposed new rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the proposed new rule is in effect, the public benefit anticipated as a result of the new rule will be improved regulatory efficiency and greater clarity. There will not be any economic costs to any individuals required to comply with the proposed new rule because the rule has already been in place.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed new rule is in effect, enforcing or administering the new rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the proposed new rule relates only to programs and processes which have already been in effect for existing subrecipients.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed new rule and also requests information related to the cost, benefit, or effect of the proposed new rule, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Rosy Falcon at rosy.falcon@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule action is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the amended section affects no other code, article, or statute.

§7.40. Competitive Program Participant Services Selection Criteria.

(a) An Application for competitive funding allocated under §7.33(b) of this title (relating to Apportionment of ESG Funds), and made to the Department, may be awarded points for Program Participant services under each category. Points awarded for Program Participant services will be separately tabulated and added to the uniform Application score to determine a score for each of the Program Participant services Applications submitted. All scoring criteria that are based upon measurable future performance expectations will be measured and expected to be fulfilled by being included as a performance requirement in the Contract should the Application be awarded funds.

(b) General Scoring Criteria. The following scoring criteria apply to all program components described in subsections (c) through (f) of this section. For each program component for which the Applicant applies, points shall be awarded under each of the following categories:

(1) Matching funds. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for the applicable program component.

(2) Serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(31) of this title (relating to Definitions). Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

Figure: 10 TAC §7.40(b)(2)

(3) Exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the Application due date who exited homelessness to a positive housing destination per HMIS data standards. Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

(4) Staff qualifications. An Application may receive a maximum of six points if a member of the Applicant's staff interacting with Program Participants in the applicable program component has one or more of the qualifications noted in Table 1.2, Staff Qualification Point Schedule.

Figure: 10 TAC §7.40(b)(4)

(5) Experience. An Application may receive a maximum of 10 points based on the Applicant's experience providing services under the applicable program component. Points will be awarded in accordance with Table 1.1 General Scoring Criteria.

(c) Street outreach. An Application proposing street outreach may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria:

(1) Street outreach temporary/transitional/permanent housing target. An Application may receive a maximum of three points based on the percentage of persons targeted to be served with street outreach who will be placed in temporary, transitional or permanent housing. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.

Figure: 10 TAC §7.40(c)(1)

(2) Street outreach services. An Application may be awarded points based on the number of distinct street outreach services offered through ESG or other funds, including engagement, case management, emergency health services, emergency mental health services, and transportation services. Emergency health services and emergency mental services may only be provided by ESG funds if these services are inaccessible or unavailable within the area. A minimum of two services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria

(d) Emergency shelter. An Application proposing emergency shelter may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria:

(1) Emergency shelter permanent housing. An Applicant may receive a maximum of three points based on the percentage of persons served with emergency shelter targeted to be placed in permanent housing. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.

(2) Emergency shelter services. Points shall be awarded based on the number of distinct emergency shelter services provided through ESG or other funds, as listed in 24 CFR §576.102. Emergency shelter services include case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, outpatient mental health services, outpatient substance abuse treatment services, and transportation. Outpatient health services, mental services, and substance abuse treatment services should only be provided by ESG funds if these services are otherwise inaccessible or unavailable within the Service Area. A minimum of three services are required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

Figure: 10 TAC §7.40(d)(2)

(e) Homelessness prevention. An Application proposing homelessness prevention may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria.

(1) Homelessness prevention maintaining housing. An Application may receive a maximum of three points based on the percentage of persons served with Homelessness prevention who are targeted to maintain their housing for three months or more after program exit. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.

(2) Homelessness prevention services and rental assistance. Points shall be awarded based on the number of distinct homeless prevention services and type of rental assistance provided through ESG or other funds. Homeless prevention services and rental assistance include rental application fees, security deposits and last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, and medium-term rental assistance. A minimum of four services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

(f) Rapid re-housing. An Application proposing rapid re-housing may receive points under the General Scoring Criteria in subsection (b) of this section, plus the following component-specific criteria.

(1) Rapid re-housing maintaining housing. An Application may receive a maximum of three points based on the percentage of persons served with rapid re-housing targeted to maintain their housing for three months or more after program exit. Points will be awarded in accordance with Table 2, Component Specific Scoring Criteria.

(2) Rapid re-housing services and rental assistance. Points shall be awarded based on the number of distinct rapid re-housing services and types of rental assistance provided through ESG or other funds, including rental application fees, security deposits/last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, medium-term rental assistance. A minimum of four services is required, with a maximum of five points available. Points will be awarded in accordance with Table 2.1 Services Provided Scoring Criteria.

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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Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
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For further information, please call: (512) 475-3959

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CHAPTER 10. UNIFORM MULTIFAMILY RULES

SUBCHAPTER F. COMPLIANCE MONITORING

10 TAC §10.614

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 10, Subchapter F, §10.614 Utility Allowances. The purpose of the proposed action is to provide a clearer, more efficient and more concise rule for the Department's multifamily properties.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because there are no costs associated with the amendment.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Robert Wilkinson, Executive Director, has determined that, for the first five years the amendment would be in effect:

1. The amendment to the rule will not create or eliminate a government program but merely removes redundant and unnecessary verbiage from the rule;

2. The amendment to the rule will not require a change in the number of employees of the Department;

3. The amendment to the rule will not require additional future legislative appropriations;

4. The amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The amendment to the rule will not create a new regulation, but eliminates unnecessary verbiage and examples to provide a clearer and more concise rule;

6. The amendment to the rule will not repeal an existing regulation;

7. The amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The amendment to the rule will neither positively nor negatively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this action and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The action does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the action as to its possible effects on local economies and has determined that for the first five years the rule will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the rule amendment is in effect, the public benefit anticipated as a result of the repealed section would be an updated rule that is more efficient and concise.

There will be no economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including 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 will be held July 24, 2026, to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Wendy Quackenbush at wendy.quackenbush@tdhca.texas.gov or by mail at P.O. Box 13941, Austin, Texas 78711-3941. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The rule is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the proposed action affects no other code, article, or statute.

§10.614. Utility Allowances.

(a) Purpose. The purpose of this section is to provide the guidelines for calculating a Utility Allowance under the Department's multifamily programs. The Department will cite noncompliance and/or not approve a Utility Allowance if it is not calculated in accordance with this section. An Owner is required to comply with the provisions of this section as well as any existing federal or state program guidance.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms used in this section herein have the meanings assigned in Chapters 1, 2, 10, 11, 12, and 13 of this title.

(1) Building Type. The HUD Office of Public and Indian Housing (PIH) characterizes building and unit configurations for HUD programs. The Department will defer to the guidance provided by HUD [~~found at:http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11608.pdf (or successor Uniform Resource Locator (URL))~~] when making determinations regarding the appropriate building type(s) at a Development.

(2) Power to Choose. The Public Utility Commission of Texas database of retail electric providers in the areas of the state where the sale of electricity is open to retail competition. [~~: http://www.powertochoose.org/ (or successor URL).~~] In areas of the state where electric service is deregulated, the Department will verify the availability of residential service through Power to Choose. If the Utility Provider is not listed as a provider of residential service in the Development's ZIP code for an area that is deregulated, the request will not be approved. It is the Owner's responsibility to ensure that a Development in a deregulated area, but within the boundaries of a regulated municipality, is using the appropriate provider.

(3) Component Charges. The actual cost associated with the billing of a residential utility. Each Utility Provider may publish specific utility service information in varying formats depending on the service area. Such costs include, but are not limited to:

(A) Rate(s). Any cost incurred for the actual unit of measure for the utility (e.g., base cost per kilowatt hour for electricity, TDU delivery charges, rate per gallon of water, etc.);

(B) Fees. The cost associated with a residential utility that is incurred regardless of the amount of the utility the household consumes (e.g., Customer Charge);

(C) Taxes. Taxes for electricity and gas are regulated by the Texas Comptroller of Public Accounts and can be found on the website of the Texas Comptroller of Public Accounts [~~http://comptroller.texas.gov/ (or successor URL)~~]. Local Utility Providers have control of the tax structure related to water, sewer and trash. To identify if taxes are imposed for these utilities, obtain documentation directly from the Utility Provider.

(4) Multifamily Direct Loan (MFDL). Funds provided through the HOME, NSP, NHTF, TCAP RF, HOME-ARP, ERA, or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance. MFDLs may also include deferred forgivable loans or other similar direct funding, regardless if it is required to be repaid. Housing Tax Credits, Tax Exempt Bonds, CDBG, and Project Based Vouchers are not MFDLs.

(5) Renewable Source. Energy produced from energy property described in IRC §48 or IRC §45(d)(1) through (4), (6), (9), or (11). The manner in which a resident is billed is limited to the rate at which the local Utility Provider would have charged the residents for the utility if that entity had provided it to them, and as may be further limited by the Texas Utilities Code or by regulation.

(6) Submetered Utility. A utility purchased from or through a local Utility Provider by the building Owner where the resident is billed directly by Owner of the building or to a third party billing company and the utility is:

(A) Based on the residents' actual consumption of that utility and not an allocation method or Ratio Utility Billing System (RUBS);

(B) The rate at which the utility is billed does not exceed the rate incurred by the building Owner for that utility; and

(C) Tenants receiving a tenant-based Housing Choice Voucher or residing in a Housing Tax Credit Development may not be charged a service fee for submetered utilities. For MFDL Developments where tenants are being charged a service fee for submetered utilities, the fee must either be included in the Utility Allowance or be included in the gross rent calculation as a mandatory fee.

(7) Utility Allowance. An estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet. A utility allowance is considered implemented once the Unit Status Report is updated and rents are restricted.

(A) For HTC, TCAP, Exchange buildings, Bonds, and THTF include:

(i) Utilities paid by the household directly to the Utility Provider;

(ii) Submetered Utilities; and

(iii) Renewable Source Utilities.

(B) For a Development with an MFDL, unless otherwise prescribed in the program's Regulatory Agreement, include all utilities regardless of how they are paid.

(8) Utility Provider. The company that provides residential utility service (e.g., electric, gas, water, wastewater, and/or trash) to the buildings. If the Utility Provider offers more than one rate plan, the plan selected must be available to all households in the building.

(c) Methods. The following options are available to establish a Utility Allowance for all programs except most Developments funded with MFDL funds, which are addressed in subsection (d) of this section. A Development with HOME-ARP Units or Units subject to the 2025 HOME Final Rule, and that does not have Units subject to the 2013 HOME Rule, may use methods in this subsection or subsection (d) of this section, but must select one method per Development if the HOME-ARP Units or Units subject to the 2025 HOME Final Rule are floating or one method per building if these Units are fixed. [~~cannot combine two methods in one building.~~]

(1) Rural Housing Services (RHS) buildings or buildings with RHS assisted residents. The applicable Utility Allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted residents.

(2) HUD-Regulated buildings layered with any Department program. If neither the building nor any resident in the building receives RHS rental assistance payments, and the rents and the Utility Allowances of the building are regulated by HUD (HUD-regulated building), the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method described in this section can be used by HUD-regulated buildings. Unless further guidance is received from the U.S. Department of Treasury or the Internal Revenue Service (IRS), the Department considers Developments awarded an MFDL (e.g., HOME) to be HUD-Regulated buildings.

(3) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the methods described in subparagraphs (A) - (E) of this paragraph:

(A) Public Housing Authority (PHA). The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program. The Department will utilize the Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.

(i) If the PHA publishes different schedules based on Building Type, the Owner is responsible for implementing the correct schedule based on the Development's Building Type(s). [~~Example 614(1): The applicable PHA publishes a separate Utility Allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development consists of 20 buildings, 10 of which are Apartments (5+ units) and the other 10 buildings are Duplexes.~~] The Owner must use the correct schedule for each Building Type.

(ii) In the event the PHA publishes a Utility Allowance schedule specifically for energy efficient units, and the Owner desires to use such a schedule, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency once every five years.

(iii) If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the Utility Allowance if the resident is responsible for that utility.

(iv) If the individual components of a Utility Allowance are not in whole number format, the correct way to calculate the total allowance is to add each amount and then round the total up to the next whole dollar. [~~Example 614(2): Electric cooking is $8.63, Electric Heating is $5.27, Other Electric is $24.39, Water and Sewer is $15. The Utility Allowance in this example is $54.00.~~] If the PHA schedule reflects a rounded amount, then the PHA method of rounding should be used.

(v) If an Owner chooses to implement a methodology as described in subparagraph (B), (C), (D), or (E) of this paragraph, for Units occupied by Section 8 voucher holders, the Utility Allowance remains the applicable PHA Utility Allowance established by the PHA from which the household's voucher is received.

(vi) If the Development is located in an area that does not have a municipal, county, or regional housing authority that publishes a Utility Allowance schedule for the Housing Choice Voucher Program, Owners must select an alternative methodology, unless the building(s) is located in the published Housing Choice Voucher service area of:

(I) A Council of Government created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program;

(II) The Department's Housing Choice Voucher Program; or

(III) Another PHA which publishes a separate utility allowance schedule specific to the Development's location.

(B) Written Local Estimate. The estimate must come from the local Utility Provider, be signed by the Utility Provider representative, and specifically include all Component Charges for providing the utility service.

(C) HUD Utility Schedule Model. The HUD Utility Schedule Model and related resources can be found on HUD's website [~~at http://www.huduser.gov/portal/resources/utilallowance.html (or successor URL)~~]. Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount. The Component Charges used can be no older than those in effect 60 days prior to the beginning of the 90 day period described in subsection (f)(3) of this section related to Effective Dates.

(i) The allowance must be calculated using the MS Excel version available on HUD's website [~~at http://www.huduser.org/portal/resources/utilmodel.html (or successor URL),~~] as updated from time to time, with no changes or adjustments made other than entry of the required information needed to complete the model.

(ii) In the event that the zip code for the Development is not listed in "Location" tab of the workbook, the Department will default to the PHA code from the PHA that is closest in distance to the Development using online mapping tolls (e.g. Google Maps). If neither the zip code nor the PHA code is listed, a zip code that borders the Development's zip code will be used The Department will obtain the PHA codes from HUD's website. [~~https://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_TX.pdf (or successor Uniform Resource Locator (URL)).~~]

(iii) Green Discount. If the Owner elects any of the Green Discount options for a Development, documentation to evidence that the units and the buildings meet the Green Discount standard as prescribed in the model is required for the initial approval and every subsequent annual review. Energy Star certifications will require the certificates for each Unit at the time of the initial Utility Allowance re-

view and a letter from a properly licensed engineer annually thereafter. The engineer letter will be accepted for a period of five (5) years and must be updated thereafter.

(I) In the event the allowance is being calculated for an application of Department funding (e.g., 9% Housing Tax Credits), upon request, the Department will provide both the Green Discount and the non-Green Discount results for application purposes.

(II) At lease up, the owner may use the utility allowance taking into consideration the green discount if they obtain written documentation from a qualified professional (e.g., a qualified energy efficiency consultant) indicating that the Units and buildings will meet the qualifications for the Green Discount within six months of the placed in service date or for MFDL within six months of the construction completion date.

(iv) Do not take into consideration any costs (e.g., penalty) or credits that a consumer would incur because of their actual usage. [~~Example 614(3): The Electric Fact Label for ABC Electric Utility Provider provides a Credit Line of $40 per billing cycle that is applied to the bill when the usage is greater than 999 kWh and less than 2000 kWh. Example 614(4): A monthly minimum usage fee of $9.95 is applied when the usage is less than 1000 kWh in the billing cycle.~~] When calculating the allowance, disregard these types of costs or credits.

(D) Energy Consumption Model. The model must be calculated by a properly licensed mechanical engineer. The license of the engineer must be submitted along with the model. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data. Component Charges used must be no older than those in effect 60 days prior to the beginning of the 90 day period described in subsection (f)(3) of this section related to Effective Dates; and

(E) An allowance based upon an average of the actual use of similarly constructed and sized Units in the building using actual utility usage data and Component Charges, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method." For a Development Owner to use the Actual Use Method they must:

(i) Provide a minimum sample size of usage data for at least five Continuously Occupied Units of each Unit Type or 20% of each Unit Type, whichever is greater. If there are less than five Units of any Unit Type, data for 100% of the Unit Type must be provided; and

(ii) Upload the information request and backup documentation as required on the Questionnaire. The Guidance and Questionnaire can be found on the Department's website. The submission must comply with [~~in subclauses (I) - (IV) of this clause to the Development's CMTS account no later than the beginning of the 90 day period after which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period described in described in~~] subsection (f)(3) of this section related to Effective Dates.

[(I) ~~An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the utility usage (e.g., actual kilowatt usage for electricity) for each month of the 12 month period for each Unit for which data was obtained, and the Component Charges in place at the time of the submission;~~]

[(II) ~~All documentation obtained from the Utility Provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider;~~]

[(III) ~~The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider; and~~]

[(IV) ~~Documentation of the current Utility Allowance used by the Development.~~]

[(iii) ~~Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the Utility Allowance for each bedroom size using the guidelines described in subclauses (I) - (V) of this clause;~~]

[(I) ~~If data is obtained for more than the sample requirement for the Unit Type, all data will be used to calculate the allowance;~~]

[(II) ~~If more than 12 months of data is provided for any Unit, only the data for the most current 12 will be averaged;~~]

[(III) ~~The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e., kilowatts over the last 12 months by the current rate) for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom/one bath Units, and 12 two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;~~]

[(IV) ~~The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance; and~~]

[(V) ~~If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance.~~]

(iii) [~~(iv)~~] The Department will complete its evaluation and calculation within 45 days of receipt of all the information requested in clause (ii) of this subparagraph;

(d) In accordance with 24 CFR §§92.252 and 93.302, for an MFDL in which the Department is the funding source, the Utility Allowance will be established in the following manner:

(1) For Developments with fixed MFDL Units, only one utility allowance may be used in buildings with MFDL units. For Developments with floating MFDL Units, only one utility allowance may be used for the entire Development.

(2) For Developments that, as a result of funding, must calculate the Utility Allowance under HUD Multifamily Notice H-2015-4, as revised from time to time, the applicable Utility Allowance for all rent restricted Units in the building is the applicable Utility Allowance calculated under that Notice. No other utility method described in this section can be used.

(3) Other Buildings. The Utility Allowance may be initiated by the Owner using the methodologies described in subsection (c)(3)(B), (C), (D), or (E) of this section related to Methods. Buildings for which the only source of MFDL funding is HOME-ARP and

which contain no Units subject to the 2013 HOME Rule may calculate the Utility Allowance using the methodology described in subsection (c)(3)(A) of this section. A Development that is subject to the 2025 HOME Final Rule may also use the methodology described in subsection (c)(3)(A) of this section, if the Development does not also contain Units subject to the 2013 HOME rule. The methodology must be annually reviewed and approved by the Department.

(4) If a request is not received by October 1st, the Department will calculate the Utility Allowance using the HUD Utility Schedule Model. For property specific data, the Department will use:

(A) The information submitted in the Annual Owner's Compliance Report;

(B) Monitor Review Questionnaires submitted with prior monitoring reviews; or

(C) The owner may be contacted and required to complete the Utility Allowance Questionnaire. In such case, a five day period will be provided to return the completed questionnaire.

(D) Utilities will be evaluated in the following manner:

(i) For regulated utilities, the Department will contact the Utility Provider directly and apply the Component Charges in effect no later than 60 days before the allowance will be effective.

(ii) For deregulated utilities:

(I) The Department will use the Power to Choose website and search available Utility Providers by ZIP code;

(II) The plan chosen will be the median cost per kWh based on average price per kWh for the average monthly use of 1000 kWh of all available plans; and

(III) The actual Component Charges from the plan chosen in effect no later than 60 days before the allowance will be effective will be entered into the Model.

(E) The Department will notify the Owner contact in CMTS of the new allowance and, if requested, provide the backup for how the allowance was calculated. The owner will be provided a five day period to review the Department's calculation and note any errors. Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered; the utility plan and Utility Provider selected by the Department and Component Charges used in calculating the allowance will not be changed. During this five day period, the owner also has the opportunity to submit documentation and request use of any of the available Green Discounts.

(F) The allowance must be implemented for rent due in all program Units thirty days after the Department notifies the Owner of the allowance.

(5) Buildings in which there are Units under an MFDL program are considered HUD-Regulated buildings and the applicable Utility Allowance for all rent restricted Units in the building is the Utility Allowance calculated under the MFDL program. If the Department is the awarding entity, no other utility method described in this section can be used. If the Department is not the awarding jurisdiction, Owners are required to obtain, annually, the Utility Allowance established by the awarding jurisdiction, and to document all efforts to obtain such allowance to evidence due diligence in the event that the jurisdiction is nonresponsive. In such an event, provided that sufficient evidence of due diligence is demonstrated, the Department, in its sole discretion, may allow for the use of the methods described in subsection (c)(3)(B), (C), (D) or (E) of this section related to Methods to calculate and establish its utility allowance.

(e) Acceptable Documentation. For the Methods where utility specific information is required to calculate the allowance (e.g., base charges, cost per unit of measure, taxes) Owners should obtain documentation directly from the Utility Provider and/or Regulating State Agency. Any Component Charges related to the utility that are published by the Utility Provider and/or Regulating State Agency must be included. In the case where a utility is billed to the Owner of the building(s) and the Owner is billing residents through a third party billing company, the Component Charges published by the Utility Provider and not the third party billing company will be used.

(f) Changes in the Utility Allowance. An Owner may not change Utility Allowance methods, start or stop charging residents for a utility without prior written approval from the Department. [~~Example 614(5): A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year eight, the Owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required.~~] Any such request must include the Utility Allowance Questionnaire found on the Department's website and supporting documentation. Developments may not start or stop charging residents for a utility during a lease term.

(1) The Department will review all requests, with the exception of the methodology prescribed in subsection (c)(3)(E) of this section related to Methods, within 90 days of the receipt of the request.

(2) If the Owner fails to post the notice to the residents and simultaneously submit the request to the Department by the beginning of the 90 day period, the Department's approval or denial will be delayed for up to 90 days after Department notification. [~~Example 614(6): The Owner has chosen to calculate the electric portion of the Utility Allowance using the written local estimate. The annual letter is dated July 5, 2022, and the notice to the residents was posted in the leasing office on July 5, 2022. However, the Owner failed to submit the request to the Department for review until September 15, 2022. Although the Notice to the Residents was dated the date of the letter from the utility provider, the Department was not provided the full 90 days for review. As a result, the allowance cannot be implemented by the owner until approved by the Department.~~]

(3) Effective dates. If the Owner uses the methodology as described in subsection (c)(3)(A) of this section related to Methods, no posting is required, and any changes to the allowance can be implemented immediately, but must be implemented for rent due at least 90 days after the change. For methodologies as described in subsection (c)(3)(B), (C), (D) and (E) of this section related to Methods, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the Utility Allowance. Nothing in this section prohibits an Owner from reducing a resident's rent prior to the end of the 90 day period when the proposed allowance would result in a gross rent issue. Figure: 10 TAC §10.614(f)(3) (No change.)

(g) Requirements for Annual Review.

(1) RHS and HUD-Regulated Buildings. Owners must demonstrate that the utility allowance has been reviewed annually and in accordance with the RHS or HUD regulations.

(2) Buildings using the PHA Allowance. Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA published effective date.

(3) Written Local Estimate, HUD Utility Model Schedule and Energy Consumption Model. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than October 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. At the same time the request is submitted to the Department, the Owner must post, at the Development, the Utility Allowance estimate in a common area of the leasing office where such notice is unobstructed and visible in plain sight. The Department will review the request for compliance with all applicable requirements and reasonableness. If, in comparison to other approved Utility Allowances for properties of similar size, construction and population in the same geographic area, the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request. With the exception of MFDL developments, if an Owner fails to submit for annual review during the calendar year, the Development's Utility Allowance will default to the applicable PHA allowance. If the Development is located in an area that does not have a PHA, the Development fails to have a properly calculated Utility Allowance. The Utility Allowance for MFDL Developments that fail to submit for annual review will be calculated pursuant to subsection (d) of this section.

(4) Actual Use Method. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than August 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. With the exception of MFDL developments, if an Owner fails to submit for annual review during the calendar year, the Development's Utility Allowance will default to the applicable PHA allowance. If the Development is located in an area that does not have a PHA, the Development fails to have a properly calculated Utility Allowance. The Utility Allowance for MFDL Developments that fail to submit for annual review will be calculated using the HUD Utility Model Schedule.

(h) For Owners participating in the Department's Section 811 Project Rental Assistance (PRA) Program, the Department's 811 division staff will approve the Utility Allowance for all 811 Units. On an annual basis, the Owner is responsible for submitting a Utility Allowance to the Department's 811 division for review. Once approved, the 811 division will provide the Owner with a property-specific rent schedule containing the approved Utility Allowance. The allowance listed on the rent schedule only applies to 811 PRA Units, not the entire building, and is the only allowance approved for use on 811 PRA Units. Failure to obtain an updated rent schedule for changes in utility allowances and gross rents will result in noncompliance and will require the Department to monitor tenant rents using the current approved rent schedule.

(i) Combining Methods. In general, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (e.g., electric, gas). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance. RHS and certain HUD-Regulated buildings (e.g., buildings with MFDL funds) are not allowed to combine methodologies.

(j) The Owner shall maintain and make available for inspection by the resident all documentation, including, but not limited to, the data, underlying assumptions and methodology that was used to calculate the allowance. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the resident at the convenience of both the Owner and resident.

(k) Utility Allowances for Applications.

(1) If the application includes RHS assisted buildings or tenants, the utility allowance is prescribed by the RHS program. No other method is allowed.

(2) If the application includes HUD-Regulated buildings for HUD programs other than an MFDL program the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method is allowed.

(3) If the application includes MFDL funds from the Department, Applicants may calculate the utility allowance in accordance with subsection (c)(3)(B), (C), (D) or (E) of this section related to Methods. A Development with HOME-ARP Units that is subject to the 2025 HOME Final Rule may use subsection (c)(3)(A) of this section, if the Development does not also contain one or more Units subject to the 2013 HOME Final Rule. Applicants must submit their utility allowance to the Compliance Division prior to full application submission. In the event that the application has an MFDL from the Department, and receives federal funds from a unit of local government, the Department will require the use of the allowance approved by the Department.

(4) If the application includes federal funds from a unit of local government but no MFDL from the Department, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction. If the awarding jurisdiction does not respond or requests the Department calculate the allowance, the Department will establish the initial Utility Allowance in accordance with subsection (d)(3) of this section.

(5) For all other applications, Applicants may calculate the utility allowance in accordance with subsection (c)(3)(A), (B), (C), (D), or (E) of this section related to Methods. If using the method described in subsection (c)(3)(B), (C), (D), or (E) of this section, applicants must submit their utility allowance to the Compliance Division prior to full application submission.

(A) Upon request, the Compliance Division will calculate or review an allowance for application. The request must be submitted to the Compliance Division no later than 21 days, but no earlier than 90 days, from when the application is due.

~~[(B) Example 614(7): An application for a 9% HTC is due March 1, 2022. The applicant would like Department approval to use an alternative method by February 15, 2022. The request must be submitted to the Compliance Division no later than January 25, 2022, three weeks before February 15, 2022.]~~

~~[(C) Example 614(8): An Applicant intends to submit an application for a 4% HTC with Tax Exempt Bonds on August 11, 2022, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2022, (90 days prior to August 11, 2022) and no later than July 21, 2022, (21 days prior to August 11, 2022).]~~

(B) [~~(D)~~] Any requests for new resources (either additional funds or tax credits) on a Development with an existing Department LURA must use the method that is in effect on the existing Development. If the Owner wishes to change or if for an MFDL application is required to change the methods for the purposes of the application, a request for the existing Development must first be submitted to the Compliance Division for approval.

(6) All Utility Allowance requests related to applications of funding must

[(A) Be submitted directly to UA-Application@tdhca.texas.gov. Requests not submitted to this email address will not be recognized.]

[(B)] include [Include] the "Utility Allowance Questionnaire for Applications" along with all required back up based on the method. If back-up is not submitted the Utility Allowance will be calculated using the HUD Utility Schedule Model as described in subsection (d)(3) of this section.

(l) If Owners want to change to a utility allowance other than what was used for underwriting the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90% occupancy for a period of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier. Once a request to change the utility allowance is approved or implemented, the utility allowance used at underwriting is no longer valid.

(m) Department review and approval of Renewable Sources (e.g. solar):

(1) Methods outlined in subsection (c)(3)(A), (B), (C), (D) and (E) of this section are allowable if the Utility Provider or PHA publishes a rate plan or schedule specific to Renewable Sources. The method outlined in subsection (c)(3)(E) of this section is allowable only after occupancy is established as outlined in subsection (c)(3)(E) of this section;

(2) Only buildings benefitting from Renewable Sources can use a Renewable Source utility allowance;

(3) Tenants (not Owners) must benefit from the Renewable Source in a manner that is not a discount or credit. To evidence the benefit, 20% of current tenant bills must be submitted with the request; and

(4) An Owner must submit both the Renewable Source allowance and the non-Renewable Source allowance for approval regardless of methodology or current occupancy. If the Renewable Source is damaged or inoperable for more than 30 days, the non-Renewable Source allowance must be implemented. At the time of the first review or the first annual utility allowance review, whichever is first, the Owner must be able to demonstrate with tenant bills that the tenants are benefitting from the Renewable Source; otherwise, the non-Renewable allowance must be used.

(n) The Department reserves the right to outsource to a third party the review and approval of all or any Utility Allowance requests to use the Energy Consumption Model or when review requires the use of expertise outside the resources of the Department. In accordance with Treasury Regulation §1.42-10(c) any costs associated with the review and approval shall be paid by the Owner.

(o) All requests described in this subsection must be complete and uploaded as required on the applicable Questionnaire for both established Developments and Applications. [directly to the Development's CMTS account using the "Utility Allowance Documents" in the type field and "Utility Allowance" as the TDHCA Contact.] The Department will not be able to approve requests that are incomplete and/or are not submitted correctly.

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 Department of Housing and Community Affairs
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For further information, please call: (512) 475-3959

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SUBCHAPTER I. PUBLIC FACILITY CORPORATION COMPLIANCE MONITORING

10 TAC §§10.1101 - 10.1105, 10.1107

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 10, Subchapter I, Public Facility Corporation Compliance Monitoring, §10.1101 Purpose, §10.1102 Definitions, §10.1103 Reporting Requirements, §10.1104 Audit Requirements, §10.1105 Income and Rent Requirements, and §10.1107 Options. The purpose of the proposed action is to provide a clearer, more efficient and more concise rule for Public Facilities Corporation Developments over which the Department has compliance monitoring oversight. The proposed amendment removes unnecessary requirements from the rule; adds new language that simplifies requirements for pre and post June 18, 2023, PFC developments; adds a new definition; provides clear timeframes for the issuance of reports, corrective action and close out letters; and specifies what must be included with the submission of an Audit report and the mechanism of how a report must be submitted to the Department. Audit requirements were simplified and aligned with 10 TAC Chapter 10, Subchapter J, which are the Housing Finance Corporation rules, when appropriate to provide more detailed guidance to PFC Users, Auditors and stakeholders on what is required to be submitted, and when and how rent reduction calculation is to be completed. New examples were included to provide detailed guidance on how the available unit rule is applied and to establish methods for determining maximum market rent when a Development is 100% restricted. Additional proposed requirements were added to allow the exemption of basic military housing allowance income from the calculation of annual income and to expand the appeals process for findings of noncompliance.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because there are no costs associated with the amendment.

The Department has analyzed this rulemaking, and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Robert Wilkinson, Executive Director, has determined that, for the first five years the amendment would be in effect:

1. The amendment to the rule will not create or eliminate a government program but merely relates to the compliance monitoring processes already in place for PFCs;

2. The amendment to the rule will not require a change in the number of employees of the Department;

3. The amendment to the rule will not require additional future legislative appropriations;

4. The amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The amendment to the rule will not create a new regulation, merely improves the existing rule related to PFCs;

6. The amendment to the rule will not repeal an existing regulation;

7. The amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The amendment to the rule will neither positively nor negatively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this action and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The action does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the action as to its possible effects on local economies and has determined that for the first five years the rule will be in effect there will be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the rule amendment is in effect, the public benefit anticipated as a result of the amended sections would be an updated rule that is more efficient, concise, and provides clearer guidance for PFCs. There will be no economic costs to individuals required to comply with the amended section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the amendments and requests information related to the cost, benefit, or effect of the proposed amendments, including any applicable data, research, or analysis from any person required to comply with the proposed amendments or any other interested person. The public comment period will be held July 24, 2026, to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Wendy Quackenbush at wendy.quackenbush@tdhca.texas.gov or by mail at P.O. Box 13941, Austin, Texas 78711-3941. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the proposed action affects no other code, article, or statute.

§10.1101. Purpose and Applicability.

The purpose of Chapter 10, Subchapter I is to:

(1) Provide the reporting requirements described in §10.1103 of this Subchapter (relating to Reporting Requirements) for the audit requirements detailed in §10.1104 of this Subchapter (relating to Audit Requirements) in the following manner:

(A) Development enacted prior to June 18, 2023, are subject to §10.1104(a); or

(B) Development enacted on or after June 18, 2023, are subject to all subsections in §10.1104.

(2) [~~(1)~~] Establish rules governing Developments owned or sponsored by a Public Facility Corporation (PFC) that are subject to Sections 303.0421 and 303.0425 of the Texas Local Government Code.

(3) [~~(2)~~] Enable the Department to communicate with Responsible Parties and persons with an interest in the Development, regarding the results of the Audit Report.

(4) [~~(3)~~] Establish qualifications for Auditors and reporting standards and formats.

(5) [~~(4)~~] Implement compliance requirements, tenant protections, and affirmative marketing requirements, as required by Sections 303.0421 and 303.0425 of the Texas Local Government Code.

(6) Applicability. This rule is not applicable to a Development that has at least 20 percent of its residential units reserved for public housing; that participates in the Rental Assistance Demonstration program administered by HUD; that receives financial assistance administered under Chapter 1372, Government Code, or that receives financial assistance from another type of tax-exempt bond; or that receives financial assistance administered under Subchapter DD, Chapter 2306, Government Code.

§10.1102. Definitions.

The capitalized terms or phrases used herein are defined in the title. Any other capitalized terms in the subchapter shall have the meaning defined in Chapter 2306 of the Texas Government Code, Chapter 303, Texas Local Government Code, [;] and other state or Department rules, as applicable. Defined terms, when not capitalized, are to be read in context and construed according to common usage.

(1) Audit Report--A report completed by an Auditor or compliance expert, in a manner and format prescribed by the Department.

(2) Auditor--An individual who is an independent auditor or compliance expert with an established history of providing similar audits on housing compliance matters, meeting the criteria established herein.

(3) Board--The governing board of the Texas Department of Housing and Community Affairs.

(4) Chief Appraiser--The chief appraiser of the appraisal district in which a Development is located.

(5) Department--The Texas Department of Housing and Community Affairs.

(6) Development--A multifamily residential development owned by a Public Facility Corporation and operated by an Operator.

(7) Housing Choice Voucher Program--The housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437[{]f).

(8) HUD--The United States Department of Housing and Urban Development.

(9) Public Facility Corporation (PFC)--A nonprofit corporation that can be created by a municipality, county, school district, housing authority or a Sponsor, as outlined in Chapter 303 of the Texas Local Government Code.

(10) Public Facility User--A [a] public-private partnership entity or a developer or other private entity that has an ownership interest or a leasehold or other possessory interest in a public facility that is a multifamily residential development. For purposes of all provisions within this rule, the terms "Public Facility User" and "Operator" shall have the same meaning and shall be interchangeable.

(11) Rent Reduction--The projected difference between the annual rent charged for a Restricted Unit and the maximum market rent that could be charged for the same unit without income restrictions.

(12) [~~(11)~~] Regulatory Agreement--A Land Use Restriction Agreement (LURA), Ground Lease, Deed Restriction, and any similar restrictive instrument that is recorded in the real property records of the county in which the Development is located.

(13) [~~(12)~~] Responsible Parties--The Texas Comptroller of Public Accounts, and with respect to a Development, the applicable Operator, the PFC, the governing body of the PFC's Sponsor, and, if the PFC's Sponsor is a housing authority, the elected officials responsible for appointing the housing authority's governing board.

(14) [~~(13)~~] Restricted Unit--A residential unit in a Development that is reserved for or occupied by a household meeting certain income limitations established in the Regulatory Agreement, with rent for such unit restricted as set forth in these rules. Restricted Units may float in a Development and need not be permanently fixed.

(15) [~~(14)~~] Sponsor--A municipality, county, school district, housing authority, or special district that causes a corporation to be created to act in accordance with Chapter 303, Texas Local Government Code.

(16) [~~(15)~~] Unit Type--Means the type of unit determined by the number of bedrooms.

§10.1103. Reporting Requirements.

The following reporting requirements apply to all Developments owned by a Public Facility Corporation (PFC), subject to Sections 303.0421 and 303.0425 of the Texas Local Government Code, and not eligible under Section 10(b) or (c) of House Bill 2071, 88th Texas Legislative Session, effective June 18, 2023, (the Act) for continuation of the former law in effect prior to the effective date of the Act. Pursuant to Section 10(d) of the Act, all Developments owned by a PFC as described in Tex. Local Gov't Code §303.0421(a), and with respect to which an exemption is sought or claimed under §303.042(c) - regardless of when the Development was acquired, approved, or occupied - must submit an Audit Report in accordance with §303.0426(b) as described below.

(1) No later than June 1 of each year, the Public Facility User will submit to the Department an Audit Report from an Auditor, obtained at the expense of the Public Facility User. The Department will reject any Audit Report received after June 1 of the applicable reporting year. Failure to submit an Audit Report, or submission of an Audit Report after the June 1 deadline, constitutes noncompliance and shall be reported to the responsible parties, the Chief Appraiser, and the Comptroller. [~~Concurrently with submission of the Audit Report, the Operator will complete the contact information form available on the Department's website. For Developments eligible for continuation of the former law in effect prior to June 18, 2023, the first Audit Report (due no later than December 15, 2024, with a one-time discretionary extension of 30 days available from the Department upon written showing of good cause, if submitted to pfc.monitoring@tdhca.texas.gov prior to 5:00 p.m. on December 15th), will satisfy the requirements of Tex. Local Gov't Code §303.0426(b)(1) (compliance with new statutory provisions) by demonstrating its eligibility to continue under the former law, but must still fully address the requirements of §303.0426(b)(2) (identifying the difference in rent charged for income-restricted residential units and the estimated maximum market rents that could be charged for those units without the rent or income restrictions).~~]

(2) All Audit Reports must comply with subparagraphs (A) to (C) of this paragraph:

(A) be for at least the full prior reporting period ending December 31 and include a rent roll for the same period;

(B) include contact information for all Responsible Parties; and

(C) be completed and submitted in the Department prescribed manner, including all published forms which may not be altered or modified.

(3) [~~(2)~~] The first Audit Report must include a copy of the Regulatory Agreement. The first Audit Report for a Development must be submitted no later than June 1 of the year following the first anniversary of:

(A) The date of the PFC acquisition for an occupied Development; or

(B) The date a newly constructed PFC Development first becomes occupied by one or more tenants.

(4) [~~(3)~~] No later than 45 [~~60~~] days after the receipt of the Audit Report, the Department will post a summary of the Audit Report on its website including a detailed description of any noncompliance with this rule found by the Auditor and indication that such notice does not constitute a final determination. A copy of the summary of the Audit Report will also be provided to [~~the Development and~~] all Responsible Parties. [~~The summary must describe in detail the nature of any noncompliance.~~]

(5) [~~(4)~~] If any noncompliance with Sections 303.0421 and 303.0425 are identified by the Auditor, no later than 60 [~~45~~] days after receipt of the Audit Report, the Department [~~the Department,~~] will issue a monitoring report notice and make it available on the website. [~~notify the Public Facility User. The notification must include a detailed description of the noncompliance and at least one option for corrective action to resolve the noncompliance. The Public Facility User will be given 60 days to correct the noncompliance. At the end of the 60 days, the Department will post a final report on its website.~~]

(A) The monitoring report will include a detailed description of any noncompliance and at least one option for corrective action to resolve the noncompliance. The PFC User will be given 60 days from the issuance of the monitoring report notice to correct the noncompliance. At the end of the 60 days, the Department will post a final report on its website.

(B) If there is any noncompliance that is not corrected within the 60-day corrective action period, the Department will notify the Responsible Parties, Chief Appraiser, and the Texas Comptroller in writing and recommend a loss of ad valorem tax exemption respective to the Tax year being Audited.

[~~(5) If all noncompliance is not corrected within the 60 days, the Department will notify the Public Facility User, appropriate~~

appraisal district, and the Texas Comptroller. The Department will also recommend a loss of tax-exempt status.]

(6) The qualification of the Auditor must be submitted with each Audit Report. Qualifications must include experience auditing housing compliance, a current Certified Occupancy Specialist (COS) certification or an equivalent certification, and resume. The Auditor may not be affiliated with or related to any Responsible Parties. Additionally, a current or previous Management Agent that has or had oversight of the Development or is/was responsible for reviewing and approving tenant files does not qualify as an Auditor under these rules.

(7) The Public Facility User may not engage the same individual as Auditor for a particular Development for more than three consecutive years. After the third consecutive Audit Report by the same Auditor, the Public Facility User must engage a new Auditor for at least two reporting years before re-engaging with a prior Auditor.

(8) Audit Reports, [and] supporting documentation, [and] required forms, and corrective action must be submitted through the Departments File Serve System. To obtain access to this system, the PFC User and / or Auditor must request access by emailing pfc.monitoring@tdhca.texas.gov [to the following email address: pfc.monitoring@tdhca.state.tx.us].

§10.1104. Audit Requirements.

(a) The Auditor must identify the difference in the rent charged for income-restricted residential Units and the estimated maximum market rents that could be charged for those Units without the rent or income restrictions.

(b) [(a) The Auditor must use the Department's Public Facility Corporation monitoring forms made available on the website. The review performed by the Auditor may be completed either onsite or electronically. Original records must be made available to the Auditor.] The tenant file sample used by the Auditor must contain at least twenty percent (20%) of the total number of Restricted Units for the Development, but no more than a total of fifty (50) household files. The selection of Restricted Units should primarily be new move-ins but should also include at least ten percent (10%) sample of all the household files that have recertified. For Developments that are leasing up and not yet fully occupied, the percentages reflected in this paragraph should be applied to all occupied Restricted Units.

(c) [(b)] The Auditor will ensure Development meets the following requirements and will identify any deficiencies found in the report:

(1) The Development has a properly recorded Regulatory Agreement with an initial minimum 10-year term.

(2) For newly constructed Developments:

(A) At least ten percent (10%) of the units in the Development are reserved for, or occupied by, households at or below sixty percent (60%) Area Median Income (AMI), adjusted for household size, as established by HUD;

(B) At least an additional forty percent (40%) of the units in the Development are reserved for, or occupied by, households at or below eighty percent (80%) AMI, adjusted for household size, as established by HUD.

(3) For occupied Developments acquired by the PFC:

(A) At least twenty-five percent (25%) of the units in the Development are reserved for, or occupied by, households at or below sixty percent (60%) AMI, adjusted for household size, established by HUD; and

(B) At least an additional forty percent (40%) of the units in the Development are reserved for, or occupied by, households at or below eighty percent (80%) AMI, adjusted for household size, as established by HUD; or

(C) The Development meets the household income restrictions set forth in §10.1104(B); and

(D) The Operator expends at least fifteen percent (15%) of the gross cost of the Development, as shown in the settlement statement, on rehabilitating, renovating, reconstructing, or repairing, the Development, with such activities commencing no later than the first anniversary of the date of acquisition, and concluding no later than the third anniversary of the date of acquisition.

(4) Monthly rent for Restricted Units may not exceed thirty percent (30%) of the imputed household income limitation for the unit, adjusted for family size [an imputed family size of one person per bedroom plus one person], as determined by HUD. To determine the adjustment for family size, the Auditor will defer to the Development's Regulatory Agreement and/or other operative document. In the event that the adjustment for family size is unclear, it is the responsibility of the PFC User to provide the Auditor support that the manner in which the adjustment was applied is acceptable by the PFC. Notwithstanding the foregoing, if a Restricted Unit is occupied by a household with a Housing Choice Voucher, and the payment standard for that voucher is less than the monthly rent for the Restricted Unit established pursuant to the immediately preceding sentence, the household may be required to pay the difference between the payment standard and the monthly rent.

(5) The percentage of Restricted Units in each Unit Type in the Development, must be the same or greater percentage as the percentage of each Unit Type of units that are not Restricted Units in the Development.

(6) Occupants of Restricted Units are required to recertify at the time of the renewal of a lease agreement, the income of the household using a Department-approved Income Certification form. If a household exceeds the income limit at an annual income recertification, the Operator should follow the Available Unit Rule as outlined in Section 42(g)(2)(D) of the Internal Revenue Code, which will be implemented in the following manner: [.]

(A) Where the household's income exceeds the AMI as designated, the household can be redesignated to the next AMI level in the Regulatory Agreement. The next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1104(1): Development Regulatory Agreement includes units at 60% and 80%. Unit 101, a one-bedroom Unit Type, is designated as 60%. At the annual income recertification, the household income was determined to exceed 60% but was less than 80% AMI. The unit should be redesignated as 80% at the time the determination is made, and the next available one-bedroom Unit Type in the Development must be reserved for and occupied by an 60% household. At the time of determination that the unit should be 80%, with proper notification, the household rent may be increased to the new rent designation.

(B) Where the household's income exceeds the AMI as designated and the household is designated at the highest AMI in the Regulatory Agreement, the next available unit of comparable size in the Development is to be reserved for and occupied by a tenant that meets the AMI of the household that was determined to exceed the income limit. Example 1104(2): Development Regulatory Agreement includes units at 60% and 80%. Unit 201, a two-bedroom Unit Type is designated as 80%. At the annual income recertification, household

income was determined to exceed 80% AMI, the highest AMI in the Regulatory Agreement. The next two-bedroom Unit Type in the Development must be reserved for and occupied by an 80% household. Unit 201 retains the 80% status until such time that the Available Unit Rule, as described here, is complied with or violated.

(7) The Development must affirmatively market to households participating in the Housing Choice Voucher program and local housing authorities.

(8) The PFC's website must include information about the Development and its compliance with Section 303.0425, Texas Local Government Code, along with its policies on the acceptance of Housing Choice Voucher holders.

(d) [~~(c)~~] The Auditor will review the Development's form of tenant lease and leasing polices to ensure the Development meets the following requirements and will report any deficiencies found in the Audit Report:

(1) Public Facility User cannot refuse to rent to an individual or family solely because the individual or family participates in a Housing Choice Voucher program.

(2) Public Facility User cannot require a minimum income standard for families participating in a Housing Choice Voucher program that exceeds two hundred and fifty percent (250%) of the tenant portion of rent.

(3) Each residential lease agreement for a Restricted Unit must provide the following:

(A) The landlord may not retaliate against the tenant or the tenant's guests by taking action because the tenant established, attempted to establish, or participated in a tenant organization;

(B) The landlord may only choose to not renew the lease if the tenant is in material noncompliance with the lease, including nonpayment of rent; committed one or more substantial violations of the lease; failed to provide required information on the income, composition, or eligibility of the tenant's household; or committed repeated minor violations of the lease that: disrupt the livability of the Development, adversely affect the health and safety of any person or the right to quiet enjoyment of the leased premises and related Development facilities, interfere with the management of the Development, or have an adverse financial effect on the Development, including the failure of the tenant to pay rent in a timely manner.

(C) To non-renew a lease, the landlord must provide, at minimum, a thirty (30)-day written notice of non-renewal to the tenant.

(D) Tenants may not waive these protections in a lease or lease addendum.

(e) [~~(d)~~] For the Rent Reduction calculation for the second, third, and fourth years after the date of acquisition by the Public Facility Corporation, it is the sole responsibility of the PFC User to [~~For occupied Developments acquired by a Public Facility Corporation, the Audit Report must~~] calculate the annual savings to households living in Restricted Units (when compared to the annual rental income that would have been collected on those Restricted Units if they were charged market rate).

(1) Market rate will be determined as the highest rent charged for the same Unit Type at the Development. For [~~; for~~] Developments where all of the Units are Restricted Units, the PFC User must provide evidence of reasonable comparable maximum market rents, which may be based on market studies, leasing surveys, Fair Market Rent as published by HUD, or other methods acceptable to the Department. [~~that do not have market rate units the Auditor must submit a proposed reasonable methodology for determining market rent. The calculated savings is required for exemption eligibility after the first anniversary of the acquisition of the Development.~~]

(2) Total savings for rent-restricted households must be no less than sixty percent (60%) of the estimated amount of the annual ad-valorem taxes that would be imposed on the Development without an exemption.

(f) [~~(e)~~] The Auditor must maintain monitoring records and papers for each Audit Report for three years, and must provide the Department and/or the Chief Appraiser a copy of their monitoring records upon request.

§10.1105. Income and Rent Requirements.

(a) Annual Income for a household occupying a Restricted Unit shall be determined consistent with the Section 8 Program administered by the U.S. Department of Housing and Urban Development (HUD), using the definitions of annual income described in 24 CFR §5.609 as further described in the HUD Handbook 4350.3, as amended from time to time.

(b) For purposes of determining income under this subsection, payment under section 403 of title 37, United States Code, as basic pay allowance for housing shall be disregarded with respect to any qualified building.

(1) The term "qualified building" means any building located:

(A) in any county in which is located a qualified military installation to which the number of members of the Armed Forces of the United States assigned to units based out of such qualified military installation, as of June 1, 2008, has increased by not less than 20 percent, as compared to such number on December 31, 2005, or

(B) in any county adjacent to a county described in subparagraph (A) of this paragraph.

(2) The term "qualified military installation" means any military installation or facility the number of members of the Armed Forces of the United States assigned to which, as of June 1, 2008, is not less than 1,000.

(c) [~~(b)~~] Income and rent limits will be derived from data released by HUD.

(d) [~~(c)~~] The income and rent limits specified in the Regulatory Agreement will be used to determine if a household's income and rent is restricted.

(e) To document compliance, PFC User must maintain sufficient documentation to support income eligibility of households which includes an application that screens for all includable sources of income and assets, firsthand or third-party documentation of income and assets, and an Income Certification form signed by all adults in the household.

§10.1107. Options for Review.

(a) The Public Facility User must attempt to address any issues of noncompliance identified in the Audit Report with the Auditor, prior to submission of the Audit Report to the Department.

(b) During any applicable corrective action period, the [~~The~~] Public Facility User may appeal any noncompliance issued as provided for in §1.7 of this title (relating to Appeals). The filing of an appeal does not extend or suspend the 60-day corrective action period. [~~request to meet with a Compliance Director or Manager at the Department.~~] The Public Facility User and Auditor, as applicable, must provide all documentation requested by the Department within ten [~~three~~] calendar days prior to the meeting.

(c) A Public Facility User may request alternative dispute resolution in accordance with the Department's rules regarding such resolution set forth at §1.17 of this title (related to Alternative Dispute Resolution).

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 July 9, 2026.

TRD-202602817
Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 475-3959

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CHAPTER 20. SINGLE FAMILY PROGRAMS UMBRELLA RULE

10 TAC §20.3

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions. The purpose of the proposed repeal is to eliminate the outdated rule and replace it with a more germane rule.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program but relates to the repeal, and simultaneous readoption of a section of Definitions that are now needed with the addition of an energy efficiency subsection for single family construction activities taking place under a separate action.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The proposed repeal will repeal an existing regulation, however that regulation is being simultaneously proposed under another action.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the proposed repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the proposed repeal would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the repeal affects no other code, article, or statute.

§20.3. Definitions.

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 July 9, 2026.

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Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 475-3959

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10 TAC §20.3, §20.16

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 20 Single Family Programs Umbrella Rule, §20.3, Definitions and §20.16, Minimum Energy Efficiency Standards. The purpose of the new §20.3, Definitions is to update defined terms; the purpose of new §20.16, Minimum Energy Efficiency Standards is to add a subsection that incorporates baseline energy efficiency standards for single family construction activities outlined that are currently being repealed from another chapter under separate action.

Tex. Gov't Code §2001.0045(b) does not apply to the proposed rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed new rules does not create or eliminate a government program but relates to the repeal, and simultaneous readoption of the rule to now include an energy efficiency section and updated definitions for single family construction activities.

2. The proposed new rules do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The proposed new rules do not require additional future legislative appropriations.

4. The proposed new rules will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed new rules are not creating a new regulation, except that they are replacing two sections being repealed simultaneously under other action to provide for revisions.

6. The proposed new rules will not expand, limit, or repeal an existing regulation.

7. The proposed new rules will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed new rules will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the proposed new rules and determined that they will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed new rules do not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed new rules as to their possible effects on local economies and has determined that for the first five years the proposed new rules would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rules.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed new rules are in effect, the public benefit anticipated as a result of the new rules would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the new sections.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed new rules are in effect, enforcing or administering the sections does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed new rules and also requests information related to the cost, benefit, or effect of the proposed new rules, including any applicable data, research, or analysis from any person required to comply with the new rules or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the new sections affect no other code, article, or statute.

§20.3. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings unless the context indicates otherwise. Any capitalized terms not specifically defined in this section or any section referenced in this chapter shall have the meaning as defined in Chapter 2306 of the Tex. Gov't Code, the Program Rules, the Texas Administrative Code (TAC), or applicable federal regulations.

(1) Activity--The assistance provided to a specific Household or Administrator by which funds are used for acquisition, new construction, reconstruction, rehabilitation, refinance of an existing Mortgage, tenant-based rental assistance, or other Department approved Expenditure under a single family housing Program.

(2) Administrator--A unit of local government, Nonprofit Organization or other entity acting as a subrecipient, Developer, or similar organization that has an executed written Agreement with the Department.

(3) Affiliate--If, directly or indirectly, either one Controls or has the power to Control the other or a third person Controls or has the power to Control both. The Department may determine Control to include, but not be limited to:

(A) Interlocking management or ownership;

(B) Identity of interests among family members;

(C) Shared facilities and equipment;

(D) Common use of employees; or

(E) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.

(4) Affiliated Party--A person or entity with a contractual relationship with the Administrator as it relates to a Program, the form of assistance under a Program, or an Activity.

(5) Affirmative Marketing Plan--HUD Form 935.2B or equivalent plan created in accordance with HUD requirements to direct specific marketing and outreach to potential tenants and homebuyers who are considered "least likely" to know about or apply for housing based on an evaluation of market area data. May be referred to as "Affirmative Fair Housing Marketing Plan" (AFHMP).

(6) Agreement--Same as "Contract." May be referred to as a "Reservation System Agreement" or "Reservation Agreement" when providing access to the Department's Reservation System as defined in this chapter.

(7) Amy Young Barrier Removal Program--A program designed to remove barriers and address immediate health and safety issues for Persons with Disabilities as outlined in the Program Rule.

(8) Annual Income--The definition of Annual Income and the methods utilized to establish eligibility for housing or other types of assistance as defined under the Program Rule.

(9) Applicant--An individual, unit of local government, nonprofit corporation or other entity, as applicable, who has submitted to the Department or to an Administrator an Application for Department funds or other assistance.

(10) Application--A request for a Contract award or a request to participate in a Reservation System submitted by an Applicant to the Department in a form prescribed by the Department, including any exhibits or other supporting material.

(11) Area Median Family Income (AMFI)--The income limits published annually by the U.S. Department of Housing and Urban Development (HUD) for the Housing Choice Voucher Program that is used by the Department to determine the income eligibility of Households to participate in Single Family Programs.

(12) Borrower--A household that is borrowing funds from or through the Department for the acquisition, new construction and/or rehabilitation of the Household's Principal Residence.

(13) Certificate of Occupancy--Document issued by a local authority to the owner of premises attesting that the structure has been built in accordance with building ordinances.

(14) CFR--Code of Federal Regulations.

(15) Combined Loan to Value (CLTV)--The aggregate principal balance of all the Mortgage Loans, including Forgivable Loans, divided by the appraised value.

(16) Competitive Application Cycle--A defined period of time that Applications may be submitted according to a published Notice of Funding Availability (NOFA) that will include a submission deadline and selection or scoring criteria.

(17) Concern--A policy, practice or procedure that has not yet resulted in a Finding, but if not changed will or may result in a Finding, or disallowed costs.

(18) Contract--The executed written agreement between the Department and an Administrator performing an Activity related to a single family Program that describes performance requirements and responsibilities. May also be referred to as "Agreement."

(19) Contract Term--The timeframe in which funds may be expended under the Contract or Agreement for certain administrative costs and for all the hard and soft costs of Activities, as further described in the Contract or Agreement.

(20) Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management, operations or policies of any person or entity, whether through the ownership of voting securities, ownership interests, or by contract or otherwise.

(21) Debt--A duty or obligation to pay money to a creditor, lender, or person which can include car payments, credit card bills, loans, child support payments, and student loans.

(22) Debt-to-Income Ratio--The percentage of gross monthly income from Qualifying Income that goes towards paying off Debts and is calculated by dividing total recurring monthly Debt by gross monthly income expressed as a percentage.

(23) Deobligate--The cancellation of or release of funds under a Contract or Agreement as a result of expiration of, termination of, or reduction of funds under a Contract or Agreement.

(24) Developer--Any person, general partner, Affiliate, or Affiliated Party or affiliate of a person who owns or proposes a Development or expects to acquire control of a Development and is the person responsible for performing under the Contract with the Department.

(25) Development--A residential housing project for homeownership that consists of one or more units owned by the Developer during the development period and financed under a common plan which has applied for Department funds. This includes a project consisting of multiple units of housing that are located on scattered sites.

(26) Domestic Farm Laborer--Individuals (and the Household) who receive a substantial portion of their income from the production or handling of agricultural or aquacultural products.

(27) Draw Request--A request submitted to the Department, by an Administrator, seeking reimbursement of Program funds for completing an expenditure relating to the Program.

(28) ENERGY STAR Certified Appliances, Equipment, and Products--Labeled appliances, equipment, and products that are independently certified to save energy without sacrificing features or functionality, meeting the U.S. EPA's specifications for energy efficiency and performance.

(29) ENERGY STAR Certified Home--A new construction home that has earned the ENERGY STAR label and has undergone a

process of inspections, testing, and verification to meet requirements set forth by the U.S. EPA.

(30) ENERGY STAR Certified Manufactured Housing Unit--A manufactured home that has been designed, produced, and installed by the home manufacturer to meet ENERGY STAR requirements for energy efficiency.

(31) Enforcement Committee--The Committee as defined in Chapter 2 of this title (relating to Enforcement).

(32) Finding--An Administrator's material failure to comply with rules, regulations, the terms of the Contract, or to provide services under a Program to meet appropriate standards, goals, and other requirements established by the Department or funding source (including performance objectives). A Finding impacts the organization's ability to achieve the goals of the program and may jeopardize continued operations of the Administrator. A Finding includes the identification of an action or failure to act that results or may result in disallowed costs.

(33) Forgivable Loan--Financial assistance in the form of a Mortgage Loan that is not required to be repaid if the terms of the Mortgage Loan are met.

(34) HOME Program--A HUD funded Program authorized under the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.

(35) Household--One or more persons occupying a rental unit or owner-occupied Single Family Housing Unit as their primary residence. May also be referred to as a "family" or "beneficiary."

(36) Housing Contract System (HCS)--The electronic information system or systems that are part of the "central database" established by the Department to be used for tracking, funding, and reporting single family Contracts and Activities. May also be known as Contract System.

(37) HUD--The United States Department of Housing and Urban Development or its successor.

(38) Improvement Survey--A boundary survey plus land improvements by a Texas surveyor with a surveyor's seal, license number, and signature, meeting the requirements of the Texas Board of Professional Land Surveying under Chapter 663, Part 29, Title 2 of the TAC, showing (at a minimum) the accompanying legal description; all boundaries clearly labeled with calls and distance found on the ground and per the legal description; the location of all improvements, structures, visible utilities, fences, or walls; any boundary or visible encroachments; all adjoinders and recording information; location of all easements, setback lines, and utilities; or other recorded matters affecting the use of the property.

(39) Life-of-Loan Flood Certification--Tracks the flood zone of the Single Family Housing Unit for the life of the Mortgage Loan.

(40) Limited English Proficiency (LEP)--Refers to persons who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English.

(41) Loan Assumption--An agreement between the buyer and seller of Single Family Housing Unit that the buyer will make remaining payments and adhere to terms and conditions of an existing Mortgage Loan on the Single Family Housing Unit and Program requirements. A Mortgage Loan assumption requires written Department approval.

(42) Manufactured Housing Unit (MHU)--A structure that meets the requirements of Texas Manufactured Housing Standards Act, Chapter 1201 of the Texas Occupations Code or Federal Housing Administration (FHA) guidelines as required by the Department.

(43) Mortgage--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(44) Mortgage Loan--Has the same meaning as defined in §2306.004 of the Tex. Gov't Code.

(45) Neighborhood Stabilization Program (NSP)--A HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA) and Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010, as a supplemental allocation to the CDBG Program.

(46) NOFA--Notice of Funding Availability or announcement of funding published by the Department notifying the public of available funds for a particular Program with certain requirements.

(47) Nonprofit Organization--An organization in which no part of its income is distributable to its members, directors or officers of the organization and has a current tax exemption classification status from the Internal Revenue Service in accordance with the Internal Revenue Code.

(48) Office of Colonia Initiatives--A division of the Department authorized under Chapter 2306 of Tex. Gov't Code, which acts as a liaison to the colonias and manages some Programs in the colonias.

(49) Parity Lien--A lien position whereby two or more lenders share a security interest of equal priority in the collateral.

(50) Persons with Disabilities--Any person who has a physical or mental impairment that substantially limits one or more major life activities; or has a record of such an impairment; or is being regarded as having such impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act, and disability as defined by other applicable federal or state law.

(51) Principal Residence--The primary Single Family Housing Unit that a Household inhabits. May also be referred to as "primary residence."

(52) Program--The specific fund source from which single family funds are applied for and used.

(53) Program Income--Gross income received by the Administrator or Affiliate directly generated from the use of single family funds, including, but not limited to gross income received from matching contributions under the HOME Program.

(54) Program Manual--A set of guidelines designed to be an implementation tool for a single family Program. A Program Manual is developed by the Department and amended or supplemented from time to time.

(55) Program Rule--Chapters of Part 1 of this title which pertain to specific single family Program requirements.

(56) Qualifying Income--The income used to calculate the Borrower's debt-to-income ratio and excludes the total of any income not received consistently for the past 12 months from the date of Application including, but not limited to, income from a full or part time job that lacks a stable job history, potential bonuses, commissions, and child support. Income received for less than 12 months such as retirement annuity or court ordered payments will be considered only if it is expected to continue at least 24 months in the foreseeable future.

(57) Reservation--Funds set-aside for a Household submitted through the Department's Reservation System.

(58) Reservation System--The Department's online tracking system that allows Administrators to reserve funds for a specific Household.

(59) Resolution--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws of the issuing organization.

(60) Reverse Mortgage--A Home Equity Conversion Mortgage insured by the FHA.

(61) Self-Help--Housing Programs that allow low-income families to build or rehabilitate their Single Family Housing Units through their own labor or volunteers.

(62) Service-Area--The geographical area where an Administrator conducts Activities under a Contract.

(63) Single Family Housing Unit--A residential dwelling designed and built for a Household to occupy as its primary residence where single family Program funds are used for rental, acquisition, construction, reconstruction or rehabilitation Activities of an attached or detached housing unit, including Manufactured Housing Units after installation. May be referred to as a single family "home," "housing," "property," "structure," or "unit."

(64) State Median Family Income (SMI)--The median income for the state adjusted for household size and published annually by the U.S. Department of Housing and Urban Development (HUD).

(65) TAC--Texas Administrative Code.

(66) Texas Housing Trust Fund (Texas HTF)--Funding source for state-funded Programs authorized under Chapter 2306 of Tex. Gov't Code.

(67) TMCS--Texas Minimum Construction Standards.

(68) U.S. EPA--United States Environmental Protection Agency.

(69) WaterSense Labeled Fixtures--Labeled products that are backed by independent, third-party testing and certification, meeting the U.S. EPA's specifications for water efficiency and performance.

§20.16. Minimum Energy Efficiency Standards.

(a) All applicable construction activities shall comply with:

(1) the energy conservation requirements adopted by the State of Texas;

(2) applicable provisions of the International Energy Conservation Code (IECC), as adopted or amended by the State of Texas or local jurisdiction;

(3) applicable federal energy-efficiency requirements; and

(4) any additional standards established by the Department through program guidance, underwriting requirements, construction manuals, or administrative directives.

(b) Where multiple standards apply, the more restrictive requirement shall govern unless otherwise prohibited by law.

(c) The Department may adopt updated editions of energy-efficiency standards or technical requirements through administrative guidance, provided such standards are consistent with applicable law and funding requirements.

(d) New Construction and Reconstruction Activities. Single family residential dwellings, as defined in Chapter 388.002 of the Texas Health and Safety Code, that are newly constructed or reconstructed shall comply with the more stringent of §388 of the Health and Safety Code (Texas Building Energy Performance Standards), or the standards adopted by the local jurisdiction.

(1) Effective September 1, 2016, the Texas State Energy Conservation Office adopted the 2015 International Residential Code (Chapter 11) as the state-mandated energy code for all residential construction, which includes one- and two-family residences of three stories or less above grade.

(2) Federally-funded single family residential dwellings for which funds are committed on or after October 1, 2025 (excluding CDBG), must comply with the 2021 International Energy Conservation Code (IECC); or must comply with a federally approved alternative compliance pathway.

(e) Manufactured Housing Unit Activities

(1) All Manufactured Housing Units installed as replacement for sub-standard housing shall be ENERGY STAR certified; or

(2) In cases where the type of product is not ENERGY STAR, or if ENERGY STAR products are not reasonably available due to supply shortages or cost limitations, Administrators may select the highest rated product available, so long as the product delivers at least 10% energy savings in comparison to products meeting the minimum code.

(f) Rehabilitation Activities. All Rehabilitation activities shall comply with this chapter.

(1) Certifications of compliance with this chapter shall be conducted by the Administrator or a code or other qualified inspector for release of final payment from the Department as outlined in the Program Rule. Inspectors selected by the Administrator to verify compliance with this chapter must be certified by the Administrator to have sufficient professional certifications, relevant education, or experience in a field directly related to home inspection, which may include, but is not limited to, installing, servicing, repairing or maintaining the structural, mechanical, plumbing, and electrical systems found in Single Family Housing Units.

(2) If the proposed scope of work or the awarded construction contract for the Rehabilitation of an existing single family residential unit includes an item described in subparagraphs (A) - (J) of this paragraph, the specific requirement so noted in subparagraphs (A) - (J) of this paragraph shall apply:

(A) Replacement or installation of central heating and cooling equipment and appliances shall be installed in accordance with the manufacturer's instructions and the requirements of Chapter 14 of the 2015 International Residential Code;

(B) Replacement or installation of duct systems serving heating, cooling, and ventilation equipment shall be installed in accordance with the provisions of Chapter 16 of the 2015 International Residential Code;

(C) If central heating and cooling equipment is replaced or installed, attic insulation shall be installed or increased according to Chapter 11, Figure N1102.1.2 of the 2015 International Residential Code, including insulation covering the top plates of exterior walls. Eave baffles and access hatches shall be installed as specified in Chapter 11, Sections N1102.2.3- N1102.2.4 of the 2015 International Residential Code;

(D) If ductless heating and cooling systems (also known as mini-split, multi-split, or variable refrigerant flow (VRF) heat pump systems) are replaced or installed, they shall be ENERGY STAR certified;

(E) If exhaust fans are replaced or installed in bathrooms or kitchens, they shall be ENERGY STAR certified and installed in accordance with Chapter 15 of the 2015 International Residential Code;

(F) If windows are installed, they shall be ENERGY STAR certified windows, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Chapter 11, Table N1102.1.2 of the 2015 International Residential Code;

(G) If doors are installed, they shall be ENERGY STAR certified doors;

(H) Electrical fixtures, equipment, and appliances that are replaced or installed, where applicable, shall be ENERGY STAR certified products;

(I) Plumbing fixtures that are replaced or installed, where applicable, shall be WaterSense labeled products; and

(J) Domestic water heaters, storage and tankless, when replaced or installed, shall meet the Federal Energy Conservation Standards required by 10 CFR §430.32, as they may be revised from time to time.

(g) Verification of Compliance. The Department may require documentation demonstrating compliance with applicable energy-efficiency requirements.

(1) Acceptable forms of documentation may include:

(A) inspection reports;

(B) builder certifications;

(C) third-party verification reports;

(D) Home Energy Rating System (HERS) ratings;

(E) REScheck documentation;

(F) local code compliance certifications; or

(G) other documentation acceptable to the Department.

(2) Documentation required under this section shall be maintained in the project file in accordance with applicable record retention requirements established by state or federal law and Department program requirements.

(3) The Department may conduct reviews, inspections, audits, or monitoring activities to verify compliance with this subchapter.

(4) Compliance with this minimum energy efficiency standards does not relieve any person or entity from compliance with applicable building codes, local ordinances, accessibility requirements, environmental requirements, or other applicable state or federal laws and regulations.

(5) Nothing in this subchapter limits the authority of the Department to impose additional construction or underwriting requirements through program rules, notices of funding availability, contracts, or other binding program documents.

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 July 9, 2026.

TRD-202602828
Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
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For further information, please call: (512) 475-3959

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CHAPTER 21. MINIMUM ENERGY EFFICIENCY REQUIREMENTS FOR SINGLE FAMILY CONSTRUCTION ACTIVITIES

10 TAC §§21.1 - 21.6

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, §§21.1 - 21.6. The purpose of the proposed repeal is to eliminate the rule and consolidate the Energy Efficiency Requirements into another rule that is more germane to the topic through a separate rule action.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The proposed repeal does not create or eliminate a government program but relates to updates to improve the Department's regulatory efficiency.

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The proposed repeal will repeal an existing regulation in an effort to improve the efficiency of the Department's rules.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the proposed repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the changed sections would be a clearer rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the proposed repeal and also requests information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis from any person required to comply with the repeal or any other interested person. The public comment period will be held July 24, 2026 to August 24, 2026, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Chad Landry at chad.landry@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, August 24, 2026.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

Except as described herein the repeal affects no other code, article, or statute.

§21.1. Purpose.

§21.2. General Requirements.

§21.3. Definitions.

§21.4. New Construction and Reconstruction Activities.

§21.5. Manufactured Housing Unit Activities.

§21.6. Rehabilitation Activities.

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 July 9, 2026.

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Texas Department of Housing and Community Affairs
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TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

The Public Utility Commission of Texas (commission) proposes amendments to §25.192 relating to Transmission Rates for Export from ERCOT and §25.193 relating to Distribution Service Provider Transmission Cost Recovery Factors (TCRF) and new §25.252 relating to Large Load Customer Tariffs. This proposal will implement Section 6 of Senate Bill 6, as enacted during the Texas 89th Regular Legislative Session. The proposal will restyle amended §25.192 to Transmission Service Rates, replace the four coincident peak (4CP) methodology with a 12 coincident peak (12CP) methodology for assigning transmission costs, codify using a 30-minute interval to measure 12CP, require non-opt-in-entity distribution service providers (DSPs) to provide ERCOT access to settlement-quality meter data for each large load customer in its service territory, require block load transfers to pay transmission costs, require interconnection fees paid under §25.194 relating to Large Load Interconnection Standards and financial security forfeited under §25.194 to be used to offset the TSP's revenue requirement, and require adjustments to the calculation of DSP-level billing determinants that maintain alignment between wholesale transmission cost recovery and retail transmission cost recovery. The proposal will also restyle amended §25.193 to Distribution Service Provider Transmission Cost Recovery Factor (TCRF), require the use of a minimum billing demand for large load customers, require a large load customer's billing to commence at the level of available service at the time it is available, irrespective of whether the large load customer has energized or is fully using available capacity, authorize an investor-owned utility (IOU) DSP to make limited adjustments to its transmission cost recovery from end-use customers to account for delayed cost recovery of billing information related to large load customers, require each IOU DSP to file an annual report detailing the amount of revenues collected from each customer class, and require DSPs to update class allocation factor values annually. New §25.252 relating to Large Load Customer Tariffs sets forth specific terms for inclusion in TSP and IOU-DSP tariffs that govern service to large load customers. The proposed rules also include other minor changes to improve clarity and align with current practices.

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, Senior 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 appropriately assigning costs for transmission investment; ensuring that all loads appropriately contribute to the recovery of an electric cooperative, electric utility, or municipally owned utility's costs to provide access to the transmission system; and ensuring that transmission cost recovery appropriately charges the system costs that are caused by each customer class. 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

The 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 August 11, 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. 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. Comments must be filed by August 11, 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 also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, and analysis. 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 58000.

In addition to general comments on the text of the proposed rule, the commission invites interested persons to address the following specific questions:

Should the values associated with the large load minimum billing demand provisions be different for large load customers with different contracted peak demands or different non-coincident (NCP) demands?

Should the large load minimum billing demand be:

fixed for 20 years as proposed;

reduced in phases over a period of 20 years; or

extended to a longer time period?

Should the large load minimum billing demand be based on some measure of demand lower than contracted peak demand and NCP demand? For example, should the large load minimum billing demand:

reflect a "ratcheted" demand, wherein the large load minimum billing demand is some percentage of the customer's contracted peak demand or maximum NCP demand in the previous year? If so, should the ratchet percentage decline in phases over the years, and how?

be based on a "weighted average" minimum billing demand, wherein the large load minimum billing demand is some weighted average of the large load customer's contracted peak demand or highest NCP demand over the previous year and the large load customer's 12CP demand? If so, should the percentage weighting towards contracted peak demand or NCP demand decline in phases over the years, and how?

Should separate rate treatment be applied to a large computational load, defined as an entity that is subject to §25.194 of this title (relating to Large Load Interconnection Standards) and in which 50% or greater of the demand at the site consists of power

electronic based load, specifically computational load, such as data centers and cryptocurrency mining facilities? Responses to this question should include applicable legal support or limitations regarding separate rate treatment for large computational loads.

Should the definition for transmission interconnection costs be broadened to include transmission projects that are recommended at the conclusion of a batch study to serve the transmission capacity needs of a particular load?

If a large load customer is able to reserve transmission capacity irrespective of whether the large load customer has energized or is fully using available capacity, how should these loads be reflected in the resource adequacy reports and assessments and transmission planning studies?

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.

SUBCHAPTER I. TRANSMISSION AND DISTRIBUTION

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

16 TAC §25.192, §25.193

Statutory Authority

The amendment 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; §14.003, which authorizes the commission to require a public utility to report to the commission information relating to the utility; §32.001, which grants the commission exclusive original jurisdiction over the rates, operations, and services of an electric utility in areas outside a municipality and areas inside a municipality that surrenders its jurisdiction to the commission under Section 33.002; §32.101(a), requiring an electric utility to file a tariff showing each rate that is subject to the commission's jurisdiction and in effect for a utility service, product, or commodity offered by the utility; §35.004(a)-(c-1), which sets forth the requirements for transmission service, requires nondiscriminatory access to wholesale transmission service for specified entities, and requires the commission to ensure that a utility recovers its reasonable costs in providing wholesale transmission services and interconnecting a large load to the utility's system; §35.006, which requires the commission to adopt rules relating to wholesale transmission service, rates, and access; §35.007, which requires an electric utility that owns or operates a transmission facility to file a tariff in compliance with commission rules adopted under PURA §35.006; §36.001, which grants the commission the authority to establish and regulate rates of an electric utility and to adopt rules for determining the classification of customers and services and the applicability of rates; §36.003, which requires rates to be just and reasonable, and not unreasonably preferential, prejudicial, or discriminatory but sufficient, equitable, and consistent in application to each class of consumer; §36.055, which requires costs of facilities, revenues, expenses, taxes, and reserves to be separated or allocated as prescribed by the commission; §36.059, which sets forth the requirements for the commission to determine the allocation of tax savings derived from liberalized depreciation and amortization, the investment tax credit, and the application of similar methods, and requires specific treatment if an electric utility or municipally owned utility retains a portion of the investment tax credit; §37.0561, which defines a large load customer, requires the commission to establish standards for uniform financial commitments, and requires the commission to establish uniform requirements for determining when capacity that is subject to an outstanding financial commitment may be reallocated; §39.151, which grants the commission complete oversight of ERCOT; and §39.203(a)-(b), which sets forth requirements to provide transmission service.

Cross Reference to Statute: Public Utility Regulatory Act §14.001; 14.002; 14.003; §32.001; 32.101(a); 35.004(a)-(c-1); 35.006-35.007; 36.001; 36.003; 36.055; 36.059; 37.0561; 39.151; and 39.203(a)-(b).

§25.192. Transmission Service Rates [for ~~Export from ERCOT~~].

(a) Applicability. This section applies to all transmission service providers (TSPs) providing transmission service within the Electric Reliability Council of Texas (ERCOT) region, to all distribution service providers (DSPs) serving load within the ERCOT region, to all entities scheduling the export of power out of the ERCOT region, and to other transmission customers of the ERCOT transmission system.

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

(1) Baseline values--Values that reflect the costs or other information used to establish rates in a rate proceeding.

(2) DSP 12 coincident peak (12CP) load--The average of the 12 demand values of a DSP that are coincident with the ERCOT 12CP intervals determined from the total demand of all customers within the ERCOT region connected to a DSP, including load served at transmission voltage, and block load transfers, but excluding export flows and wholesale storage load.

(3) ERCOT 12CP load--The sum of the DSP 12CP load for all the DSPs serving load in the ERCOT region, including block load transfers, but excluding the portion of demand attributable to export flows and wholesale storage load.

(4) ERCOT 12CP intervals--The set of 12 30-minute intervals composed of the ERCOT system monthly peak demand interval for each of the 12 calendar months from October 1 of one year through September 30 of the subsequent year, inclusive.

(5) Export entity--An ERCOT-registered entity scheduling the export of power from the ERCOT region, including a qualified scheduling entity.

(6) Large load customer--An entity that is subject to §25.194 of this title (relating to Large Load Interconnection Standards).

(7) Large load minimum billing demand--The minimum transmission billing demand associated with large load customers, as described by §25.193 of this title (relating to Distribution Service Provider Transmission Cost Recovery Factor (TCRF)).

(8) Network export rate--The transmission rate established by the commission for a TSP to recover the costs associated with the use of that TSP's transmission facilities to provide wholesale transmission service at transmission voltage for the delivery of power to be exported from the ERCOT region.

(9) Network transmission service rate--The transmission rate established by the commission for a TSP to recover costs associated with the use of that TSP's transmission facilities to provide wholesale transmission service at transmission voltage within the ERCOT region.

(10) Non-investor-owned utility distribution service provider (non-IOU DSP)--A DSP that is a municipally owned utility, river authority, or electric cooperative.

(11) Non-investor-owned utility transmission service provider (non-IOU TSP)--A TSP that is a municipally owned utility, river authority, or electric cooperative.

(12) Tie line--A facility connected to the ERCOT transmission grid that enables power to be imported into or exported out of the ERCOT power grid, including high voltage direct current converter stations and variable frequency transformers.

(13) Transmission interconnection costs--All costs associated with the facilities required to physically interconnect or upgrade the interconnection of a transmission-level customer, or a distinct set of transmission-level customers, to the existing transmission network, including interconnection lines, substation additions or modifications, and associated equipment necessary to establish or modify service.

(14) Wholesale storage load--Load associated solely and entirely with wholesale storage, as described by §25.501(m)(2) of this title (relating to Wholesale Market Design for the Electric Reliability Council of Texas).

(15) Wholesale transmission service at distribution voltage--Wholesale transmission service provided using facilities that are rated at less than 60 kilovolts and that are not transmission facilities as described in subsection (e) of this section, as required by §25.191(d)(2) of this title (relating to Transmission Service Requirements).

(16) Wholesale transmission service at distribution voltage rate--The transmission rate established by the commission for a TSP or DSP to recover costs associated with the use of that utility's distribution facilities to provide wholesale transmission service at distribution voltage.

(c) [~~(a)~~] Tariffs.

(1) Each TSP must [~~transmission service provider (TSP)~~ ~~shall~~] file a tariff for transmission service to reflect the [~~establish its~~] rates, [~~and other~~] terms, and conditions set by the commission and must [~~shall~~] apply its tariff [~~tariffs and rates~~] on a non-discriminatory basis. [~~The tariff shall apply to all distribution service providers (DSPs) and any entity scheduling the export of power from the Electric Reliability Council of Texas (ERCOT) region.~~] The tariff shall not apply to any entity engaging in wholesale storage as described by §25.501(m) of this title (relating to Wholesale Market Design for the Electric Reliability Council of Texas) (storage entity).

(2) If the TSP provides wholesale transmission service at distribution voltage, the tariff required by this section must include a separate section to reflect wholesale transmission service at distribution voltage rates, terms, and conditions set by the commission. A TSP must file an application to establish such tariff within 30 days of receiving a request for such service.

(d) [~~(b)~~] Charges for network transmission service delivered within the ERCOT region. DSPs must [~~, excluding storage entities, shall~~] incur transmission service charges as provided by [~~pursuant to~~] the tariffs of a [~~the~~] TSP.

(1) A TSP's network transmission service rate must [~~shall~~] be calculated as its commission-approved transmission cost of service divided by the ERCOT 12CP load. In a proceeding to establish network transmission service rates under this section, the ERCOT 12CP load value to be used in calculating a TSP's rate must be the most recently approved ERCOT 12CP load in effect prior to the date of approval of the TSP's new network transmission service rate in the proceeding. The rate approved may not exceed the noticed rate under any circumstance. [~~average of ERCOT coincident peak demand for the months of June, July, August and September (4CP), excluding the portion of coincident peak demand attributable to wholesale storage load.~~]

(2) A TSP's network transmission service rate must [~~shall~~] remain in effect until the commission approves a new rate and that new rate takes effect. The TSP's annual rate must [~~shall~~] be converted to a monthly rate. The monthly network transmission service charge to be paid by each DSP is the product of each TSP's monthly rate as specified in its tariff and the DSP's previous year's DSP 12CP load. [~~average of the 4CP demand that is coincident with the ERCOT 4CP.~~]

(3) [~~(2)~~] Payments for transmission services must [~~shall~~] be consistent with commission orders, approved tariffs, and §25.202 of this title (relating to Commercial Terms for Transmission Service).

(e) [~~(c)~~] Transmission cost of service. A TSP's transmission cost of service must be calculated in accordance with this subsection and the amount approved by the commission will be based on a complete review of all aspects of a TSP's transmission cost of service.

(1) The transmission cost of service for each TSP must [~~shall~~] be based on:

(A) the expenses in Federal Energy Regulatory Commission (FERC) expense accounts 560-573 (or accounts with similar contents or amounts properly functionalized to the transmission function); [~~plus~~]

(B) the depreciation, federal income tax, [~~and~~] other associated taxes, and the commission-allowed rate of return associated with [~~based on~~] FERC plant accounts 350-359 (or accounts with similar contents or amounts properly functionalized to the transmission function), less accumulated depreciation and accumulated deferred federal income taxes; and [~~, as applicable.~~]

(C) the offsetting reduction to transmission cost of service for any network export rate revenues as described in subsection (g)(2) of this section.

(2) [~~(1)~~] Transmission facilities.

(A) Transmission [~~The following~~] facilities include the following: [~~are deemed to be transmission facilities:~~]

(i) [~~(A)~~] power lines, substations, reactive devices, and associated facilities, operated at 60 kilovolts or above, including radial lines operated at or above 60 kilovolts, except the step-up transformers and a protective device associated with the interconnection from a generating station or a storage facility to the transmission network;

(ii) [~~(B)~~] substation facilities on the high side of the transformer, in a substation where power is transformed from a voltage higher than 60 kilovolts to a voltage lower than 60 kilovolts;

(iii) [~~(C)~~] the portion of tie-line [~~the direct-current~~] interconnections with areas outside of the ERCOT region [~~(DC ties)~~]

that are owned by a TSP in the ERCOT region, including those portions of the [~~DC~~] tie line that operate at a voltage lower than 60 kilovolts; and

(iv) [~~(D)~~] capacitors and other reactive devices that are operated at a voltage below 60 kilovolts, if they are located in a distribution substation, the load at the substation has a power factor in excess of 0.95 as measured or calculated at the distribution voltage level without the reactive devices, and the reactive devices are controlled by an operator or automatically switched in response to transmission voltage.

(B) [~~(E)~~] As used in subparagraph [~~subparagraphs~~] (A) [~~-(D)~~] of this paragraph, reactive devices do not include generating facilities or energy storage facilities.

(3) [~~(2)~~] For a non-IOU TSP [~~municipally owned utilities, river authorities, and electric cooperatives,~~] the commission may permit the use of the cash flow method or other reasonable alternative methods of determining the annual transmission revenue requirement, including the return element of the revenue requirement, consistent with the rate actions of the rate-setting authority for a municipally owned utility.

(4) [~~(3)~~] For a non-IOU TSP, [~~municipally owned utilities, river authorities, and electric cooperatives,~~] the return may be determined based on the non-IOU TSP's actual debt service and a reasonable debt service coverage ratio or interest coverage ratio. In determining a reasonable coverage ratio, the commission will consider the coverage ratios required in the non-IOU TSP's bond indentures or ordinances and the most recent rate action of the retail rate-setting authority for the non-IOU TSP, if any.

(5) [~~(4)~~] A municipally owned utility that is required to apply for a certificate of public convenience and necessity to construct, install, or extend a transmission facility within ERCOT under [~~pursuant to~~] §25.101 of this title (relating to Certification Criteria) is entitled to recover, through its [~~the utility's wholesale~~] transmission rates under this section [~~rate~~], reasonable payments made to a taxing entity in lieu of ad valorem taxes on that transmission facility, provided that:

(A) The municipally owned utility enters into a written agreement with the governing body of the taxing entity related to the payments;

(B) The amount paid is the same as the amount the municipally owned utility would have to pay to the taxing entity on that transmission facility if the facility were subject to ad valorem taxation;

(C) The governing body of the taxing entity is not the governing body of the municipally owned utility; and

(D) The municipally owned utility provides the commission with a copy of the written agreement and any other information that the commission considers necessary in relation to the agreement.

(6) Notwithstanding any other provision of this section, transmission interconnection costs associated with interconnection agreements signed after the effective date of this section must not be included in a TSP's transmission cost of service or transmission service rates.

(7) With regard to investments for which the commission has approved a certificate of convenience and necessity but which have not been authorized by the commission as used and useful in providing service to the public, and for which investments the associated costs have not yet been approved by the commission as prudently incurred, an application under subsection (d)(1) of this section must include a comparison of the cost estimates provided in any certificate of convenience and necessity proceedings with the actual costs incurred for those investments.

(8) Baseline values. Any network transmission service rate and associated transmission cost of service approved by the commission under this section must establish baseline values that reflect the costs used to establish the transmission rates. At a minimum, reasonable and accurate baseline values for invested capital, rate base, return on rate base, capital structure, cost of debt, operations and maintenance expense, depreciation expense, federal income tax expense, other taxes expense, depreciation rates, network export-rate revenues, and other revenues must be established.

(9) [~~(5)~~] The commission may adopt rate-filing requirements that provide additional details concerning the costs that may be included in [~~the~~] transmission rates [~~costs~~] and how such costs should be reported in a proceeding to establish or amend transmission rates.

(f) [~~(d)~~] Billing units. The billing units determined under this subsection must be used to determine a TSP's rates established under this section.

(1) 12CP. No later than December 1 of each year, ERCOT must [~~shall~~] determine and file with the commission the current year's DSP 12CP load [~~average 4CP demand~~] for each DSP, based on the ERCOT 12CP intervals ending the immediately preceding September. ERCOT must also include in this filing the ERCOT 12CP load for the current year. The measurement of the ERCOT system monthly peak demand for purposes of determining the ERCOT 12CP intervals and the determination of the DSP demand values that coincide with the ERCOT 12CP intervals must be in accordance with ERCOT protocols. The commission may approve changes to DSP 12CP values and the ERCOT 12CP value at any time. [~~, or the DSP's agent for transmission service billing purposes, as appropriate, excluding the portion of coincident peak demand attributable to wholesale storage load. This demand shall be used to bill transmission service for the next year. The ERCOT average 4CP demand shall be the sum of the coincident peak of all of the ERCOT DSPs, excluding the portion of coincident peak demand attributable to wholesale storage load for the four intervals coincident with ERCOT system peak for the months of June, July, August, and September divided by four. As used in this section, a DSP's average 4CP demand is determined from the total demand, coincident with the ERCOT 4CP, of all customers connected to a DSP, including load served at transmission voltage, but excluding the load of wholesale storage entities. The measurement of the coincident peak shall be in accordance with commission-approved ERCOT protocols.~~]

(A) Non-IOU DSPs must provide ERCOT timely access to settlement-quality meter data for each large load customer in its service territory.

(B) Notwithstanding the applicability of §25.193 of this title (relating to Distribution Service Provider Transmission Cost Recovery Factor (TCRF)), ERCOT must perform adjustments to each DSP 12CP load value by adding to each measured DSP 12CP load, for each large load customer of that DSP, the difference between that customer's large load minimum billing demand, as described in §25.193 of this title (relating to Distribution Service Provider Transmission Cost Recovery Factor (TCRF)), and that customer's measured 12CP load, adjusted for line losses as appropriate and annualized across the annual period for large load customers initiating their connection within the period or for large load customers which have increased their contracted peak demand or NCP demand within the period. For each large load customer, the adjustment under this subparagraph must commence at the level of available service at the time it is available, irrespective of whether the large load customer has energized or is fully using available capacity.

(2) Tie-line power flows. ERCOT must file a public report with the commission stating the total amount of energy imported and the total amount of energy exported over each tie line for the calendar month. The report must also include the total amount of energy exported from the ERCOT region during the reporting month and each of the preceding 11 calendar months, reported by scheduling entity. Each report must be filed within 45 days of the reporting month.

(g) [~~(e)~~] Transmission rates for exports from ERCOT. A transmission service charge for exports of power from ERCOT must be assessed to transmission service customers for transmission service within the boundaries of the ERCOT region, in accordance with this section and the ERCOT protocols.

(1) A transmission service customer must be assessed a transmission service charge for the use of the ERCOT transmission system in exporting power from ERCOT based on scheduled exports and the rates established under subsections (e) [~~(c)~~] and (f) [~~(d)~~] of this section. The intervals must consist of one hour.

(2) The hourly transmission rate for exports from ERCOT will be the TSP's annual rate established under subsections (e) [~~(c)~~] and (f) [~~(d)~~] of this section divided by 8760.

(3) The entity scheduling the export of power over a DC tie is solely responsible to the TSP for payment of transmission service charges under this subsection.

[~~(4) Beginning with the January 2023 reporting month, ERCOT must file a public report with the commission stating the total amount of energy imported and the total amount of energy exported over each DC tie for the calendar month. The report must also include the total amount of energy exported from the ERCOT region during the reporting month and each of the preceding 11 calendar months, reported by scheduling entity. Each report must be filed within 45 days of the reporting month.~~]

(h) [~~(f)~~] Transmission revenue. Revenue from the transmission of electric energy out of the ERCOT region over the DC ties that is recovered under subsection (g) [~~(e)~~] of this section must [~~shall~~] be credited to all transmission service customers as a reduction in the transmission cost of service for TSPs that receive the revenue.

(i) [~~(g)~~] Revision of transmission rates. Each TSP in the ERCOT region must [~~shall~~] periodically revise its transmission [~~service~~] rates under this section to reflect changes in the cost of providing such services. Any request for a change in transmission rates must [~~shall~~] comply with the filing requirements established by the commission. The commission may, at any time, require a TSP to file an application to revise its rates [~~under this section~~].

(j) [~~(h)~~] Interim update [~~Update~~] of network [~~Transmission~~] rates.

(1) Frequency. Each TSP in the ERCOT region may apply to update its network transmission service rate and its network export rate [~~rates~~] on an interim basis not more than twice [~~once~~] per calendar year to reflect changes in its invested capital. [~~Upon the effective date of an amendment to §25.193 pursuant to an order in Project Number 37909, *Rulemaking Proceeding to Amend P.U.C. Subst. R. 25.193, Relating to Distribution Service Provider Transmission Cost Recovery factors (TCRF)*, that allows a distribution service provider to recover, through its transmission cost recovery factor, all transmission costs charged to the distribution service provider by TSPs, each TSP in the ERCOT region may apply to update its transmission rates on an interim basis not more than twice per calendar year to reflect changes in its invested capital.~~]

(2) Costs that may be included. If the TSP elects to update its transmission rates, the new rates must [~~shall~~] reflect the addition and retirement of transmission facilities and include appropriate depreciation, federal income tax and other associated taxes, [~~and~~] the commission-authorized rate of return on such facilities, and any adjustments related to changes in transmission-related accumulated deferred federal income taxes, as well as changes in loads. If the TSP does not have a commission-authorized rate of return, an appropriate rate of return must [~~shall~~] be used.

(3) [~~(2)~~] Reconciliation. An interim update of network transmission service rates under [~~paragraph (1) of~~] this subsection must [~~shall~~] be subject to reconciliation at the next complete review of the TSP's transmission cost of service, at which time the commission must [~~shall~~]review the costs of the interim transmission plant additions to determine if they were reasonable and necessary. Any amounts resulting from an interim update that are found to have been unreasonable or unnecessary, plus the corresponding return and taxes, must [~~shall~~] be refunded with carrying costs determined as follows: for the time period beginning with the date on which over-recovery is determined to have begun to the effective date of the TSP's rates set in that complete review of the TSP's transmission cost of service, carrying costs must [~~shall~~] be calculated using the same rate of return that was applied to the transmission investments included in the update. For the time period beginning with the effective date of the TSP's rates set in that complete review of the TSPS's transmission cost of service, carrying costs must [~~shall~~] be calculated using the TSP's rate of return authorized in that complete review. The commission may order a compliance proceeding to determine the final amounts of over-recovery that must be refunded to customers and the form of the refund.

(4) [~~(3)~~] Consideration [~~Future consideration~~] of the effect on a TSP's financial risk and rate of return. For a TSP that has increased its rates under [~~pursuant to paragraph (1) of~~] this subsection, the commission may, in setting rates in the next complete review of the TSP's transmission cost of service, expressly consider the effects of reduced regulatory lag resulting from the interim updates to the TSP's rates and the concomitant impact on the TSP's financial risk and rate of return.

(5) [~~(4)~~] Commission processing of application. The commission will [~~shall~~] process an application filed under [~~pursuant to~~] paragraph (1) of this subsection in the following manner.

(A) Notice and intervention deadline. The applicant must [~~shall~~] provide notice of its application to all parties in the applicant's last complete review of the applicant's transmission cost of service and all of the distribution service providers listed in the last docket in which the commission set the annual transmission service charges and DSP billing demand for the Electric Reliability Council of Texas. The intervention deadline must [~~shall~~] be 21 days from the date service of notice is completed.

(B) Sufficiency of application. A motion to find an application materially deficient must [~~shall~~] be filed no later than 21 days after an application is filed. [~~The motion shall be served on the applicant by hand delivery, facsimile transmission, or overnight courier delivery, or by e-mail if agreed to by the applicant or ordered by the presiding officer.~~] The motion must [~~shall~~] specify the nature of the deficiency and the relevant portions of the application, and cite the particular requirement with which the application is alleged not to comply. The applicant's response to a motion to find an application materially deficient must [~~shall~~] be filed no later than five working days after such motion is filed [~~received~~]. If within ten working days after the deadline for filing a motion to find an application materially deficient, the presiding officer has not filed a written order concluding that material

deficiencies exist in the application, the application is deemed sufficient.

(C) Review of application. A proceeding initiated under [~~pursuant to~~] paragraph (1) of this subsection is eligible for disposition under [~~pursuant to~~] §22.35(b)(1) of this title (relating to Informal Disposition). If the requirements of §22.35 of this title are met, the presiding officer must [~~shall~~] issue a notice of approval within 60 days of the date a materially sufficient application is filed unless good cause exists to extend this deadline or the presiding officer determines that the proceeding should be considered by the commission.

(6) [~~(5)~~] Filing schedule [~~Schedule~~]. The commission may prescribe a schedule for TSPs [~~providers of transmission services~~] to file proceedings to revise the rates for transmission [~~such~~] services.

[~~(6) [DSP's right to pass through changes in wholesale rates. A DSP may expeditiously pass through to its customers changes in wholesale transmission rates approved by the commission, pursuant to §25.193 of this title (relating to Distribution Service Provider Transmission Cost Recovery Factors (TCRF)).~~]

(7) Reporting requirements. Each TSP must [~~TSPs shall~~] file reports that will permit the commission to monitor its [~~their~~] transmission costs and revenues, in accordance with any filing requirements and schedules prescribed by the commission.

(k) Large load customer interconnection fee and financial security.

(1) Interconnection fee. A large load customer must pay the interconnecting TSP an interconnection fee in accordance with §25.194 (relating to Large Load Interconnection Standards). In all proceedings to adjust rates under this section, TSPs must apply all interconnection fee amounts received as an offset to the TSP's transmission revenue requirement.

(2) Financial security. In all proceedings to adjust rates under this section, TSPs must apply all financial security amounts forfeited pursuant to §25.194 of this title (relating to Large Load Interconnection Standards) as an offset to the TSP's transmission revenue requirement.

(l) Transition requirements.

(1) The initial DSP 12CP billing demands established under subparagraph (f)(1) of this section are effective consistent with the order in the next docket in which the commission sets the annual transmission service charges and DSP billing demands for ERCOT using the 12CP data provided by ERCOT under subparagraph (f)(1) of this section.

(2) Each TSP must submit a compliance filing to update its tariff within 30 days of adoption of this section. The updated tariff must change any references to 4CP billing demand or the associated months to allow for the transition to "superseding billing demand approved by the commission" or similar language and may not include any other changes.

§25.193. Distribution Service Provider Transmission Cost Recovery Factor [~~Factors~~] (TCRF).

(a) Applicability. [~~Application.~~] The provisions of this section apply to all investor-owned distribution service providers (DSPs) providing distribution service entirely within the Electric Reliability Council of Texas (ERCOT) region to retail electric providers (REPs) and other customers of the distribution system.

(b) TCRF authorized.

(1) A DSP subject to this section that is billed for network transmission service by a transmission service provider (TSP) under [~~pursuant to~~] §25.192 of this title (relating to Transmission Service Rates) must [~~shall be allowed to~~] include within its tariff a TCRF clause that authorizes the DSP to charge or credit its customers for the entire amount of wholesale network transmission expenses properly incurred by [~~cost changes approved or allowed by the commission to the extent that such costs vary from the transmission service cost utilized to fix the base rates of~~] the DSP. The DSP must [~~shall~~] update its TCRF twice per year on March 1 and September 1 to pass through the wholesale network transmission expenses [~~cost changes~~] billed by a TSP. For the March 1 update, the DSP must [~~shall~~] file a request to update its TCRF no later than December 1; and for the September 1 update, no later than June 1. Within 45 days after a DSP files a request to update its TCRF, the commission must [~~shall~~] issue an order establishing the amount of the revised TCRF and suspend the effective date of the revised TCRF as necessary so that the new TCRF charges will take effect on March 1 or September 1, as applicable.

(2) A DSP must [~~shall~~] include in its TCRF update calculation:

(A) the cost of wholesale network transmission charges to the DSP [~~cost changes~~] approved or allowed by the commission [~~to the extent that such costs vary from the transmission service utilized to fix the rates of the DSP~~]; and

(B) an adjustment amount, which must [~~shall~~] equal:

(i) the actual wholesale network transmission expenses [~~costs~~] paid by the DSP during the review period to TSPs [~~as a result of increases in the TSPs' wholesale transmission rates above the wholesale transmission rates of the TSPs used to develop the retail transmission charges of the DSP in the DSP's last rate case~~]; minus

(ii) the revenues recovered through the DSP's TCRF minus the portion of the adjustments approved by the commission in the DSP's most recent two TCRF filings that were in effect during the review period.

(iii) For a March 1 TCRF update, the adjustment must [~~shall~~] reflect the six-month period beginning with the preceding May 1 and continuing through October 31 (review period); for a September 1 update, the adjustment must [~~shall~~] reflect the six-month period beginning with the preceding November 1 and continuing through April 30 (review period). A [~~In no event shall a~~] DSP's TCRF clause must not, in any event, result in the DSP recovering more than its actual [~~cost of~~] wholesale network transmission service expenses charged to it by TSPs [~~included in the TCRF~~].

(c) TCRF Formula. Except as provided for in subsection (e) of this section, the [~~The~~] TCRF for each class must [~~shall~~] be computed based on the sum of the values of the TSP network transmission service rates times the DSP's load pursuant to the following formula:
Figure: 16 TAC §25.193(c)
[~~Figure: 16 TAC §25.193(c)~~]

(d) Large load minimum billing demand.

(1) A REP serving a large load customer, as determined by §25.194 of this title (relating to Large Load Interconnection Standards), must be charged for that customer based upon a minimum billing demand.

(2) The minimum billing demand for a large load customer under paragraph (1) of this subsection must be the greater of:

(A) the large load customer's contracted peak demand, as defined in §25.194 of this title (relating to Large Load Interconnection Standards);

(B) the highest non-coincident peak demand placed by the large load customer on the system in the past year; or

(C) the large load customer's 12CP demand consistent with the most recent ERCOT 12CP intervals, as defined in §25.192 of this title (relating to Transmission Service Rates).

(3) A large load customer's billing under this section must commence at the level of available service at the time it is available, irrespective of whether the large load customer has energized or is fully using available capacity, and for a period of no less than 20 years.

(e) Adjustments due to delayed cost recovery or billing information. An IOU DSP may request, and the commission may approve, reasonable adjustments to the TCRF formula included in subsection (c) of this section to account for delays between costs incurred to serve large load customers and cost recovery from those customers. Such adjustments are limited to:

(1) adjustments to increase billing units associated with anticipated large load customers;

(2) adjustments to increase the allocation of costs to classes that include large load customers; and

(3) the allocation of revenues over-recovered from classes that include large load customers to other customer classes.

[~~(e) [Reports. The DSP shall maintain and provide to the commission semi-annual reports containing all information required to monitor the costs recovered through the TCRF clause. This information includes, but is not limited to, the total estimated TCRF cost for each month, the actual TCRF cost on a cumulative basis, the amount of transmission costs included in base rates, total revenues resulting from the TCRF, and the calculation of the amount to be recovered under subsection (b)(2) of this section. The reports shall be filed by March 31 and September 30 of each year.~~]

(f) [~~(d)~~] TCRF charges. A DSP's TCRF charge must [~~shall~~] remain in effect until adjusted under this section [~~or until the DSP's delivery rates change pursuant to a commission order in a rate proceeding~~].

(g) Reports. Each IOU DSP must file a report with the commission annually on December 1, detailing the amount of revenues collected from each customer class during the preceding year beginning October 1 and ending September 30, and including all such information from prior years.

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

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Katelyn Lewis
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Public Utility Commission of Texas
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For further information, please call: (512) 936-7044

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SUBCHAPTER J. COSTS, RATES AND TARIFFS
DIVISION 1. RETAIL RATES
16 TAC §25.252

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; §14.003, which authorizes the commission to require a public utility to report to the commission information relating to the utility; §32.001, which grants the commission exclusive original jurisdiction over the rates, operations, and services of an electric utility in areas outside a municipality and areas inside a municipality that surrenders its jurisdiction to the commission under Section 33.002; §32.101(a), requiring an electric utility to file a tariff showing each rate that is subject to the commission's jurisdiction and in effect for a utility service, product, or commodity offered by the utility; §35.004(a)-(c-1), which sets forth the requirements for transmission service, requires nondiscriminatory access to wholesale transmission service for specified entities, and requires the commission to ensure that a utility recovers its reasonable costs in providing wholesale transmission services and interconnecting a large load to the utility's system; §35.006, which requires the commission to adopt rules relating to wholesale transmission service, rates, and access; §35.007, which requires an electric utility that owns or operates a transmission facility to file a tariff in compliance with commission rules adopted under PURA §35.006; §36.001, which grants the commission the authority to establish and regulate rates of an electric utility and to adopt rules for determining the classification of customers and services and the applicability of rates; §36.003, which requires rates to be just and reasonable, and not unreasonably preferential, prejudicial, or discriminatory but sufficient, equitable, and consistent in application to each class of consumer; §36.055, which requires costs of facilities, revenues, expenses, taxes, and reserves to be separated or allocated as prescribed by the commission; §36.059, which sets forth the requirements for the commission to determine the allocation of tax savings derived from liberalized depreciation and amortization, the investment tax credit, and the application of similar methods, and requires specific treatment if an electric utility or municipally owned utility retains a portion of the investment tax credit; §37.0561, which defines a large load customer, requires the commission to establish standards for uniform financial commitments, and requires the commission to establish uniform requirements for determining when capacity that is subject to an outstanding financial commitment may be reallocated; §39.151, which grants the commission complete oversight of ERCOT; and §39.203(a)-(b), which sets forth requirements to provide transmission service.

Cross Reference to Statute: Public Utility Regulatory Act §14.001; 14.002; 14.003; §32.001; 32.101(a); 35.004(a)-(c-1); 35.006-35.007; 36.001; 36.003; 36.055; 36.059; 37.0561; 39.151; and 39.203(a)-(b).

§25.252. Large Load Customer Tariffs.

(a) Applicability. The provisions of this section apply to all transmission service providers (TSPs) providing transmission service within the Electric Reliability Council of Texas (ERCOT) region and investor-owned utility distribution service providers (IOU DSPs) providing distribution service within the ERCOT region to retail electric providers (REPs) and other customers of the distribution system. The provisions of this section govern electric service provided to large load

customers that are subject to §25.194 of this title (relating to Large Load Interconnection Standards).

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

(1) Contracted peak demand--Contracted peak demand as that term is defined in §25.194 of this title (relating to Large Load Interconnection Standards).

(2) Distribution interconnection costs. All costs, other than transmission interconnection costs, associated with the facilities required to physically interconnect or upgrade the interconnection of a distribution-level customer, or a distinct set of distribution-level customers, to provide distribution service, including interconnection lines at distribution voltage, substation additions or modifications, and associated equipment necessary to establish or modify distribution service that do not qualify as transmission facilities under §25.192 of this section (relating to Transmission Service Rates).

(3) Large load customer--An entity that is subject to §25.194 of this title (relating to Large Load Interconnection Standards).

(4) Large load minimum billing demand--The minimum transmission billing demand associated with large load customers, as described by §25.193 of this title (relating to Distribution Service Provider Transmission Cost Recovery Factor (TCRF)).

(5) Transmission interconnection costs. All costs associated with the facilities required to physically interconnect or upgrade the interconnection of a transmission-level customer, or a distinct set of transmission-level customers, to the existing transmission network, including interconnection lines, substation additions or modifications, and associated equipment necessary to establish or modify service.

(c) TSP and IOU-DSP tariff requirements. The following provisions regarding large load customers apply regardless of whether the large load customer interconnects at transmission voltage or distribution voltage. Each TSP and each IOU-DSP must include the following terms in its tariff:

(1) Financial security. A large load customer must post financial security in accordance with §25.194 of this title (relating to Large Load Interconnection Standards).

(2) Contribution in aid of construction.

(A) A large load customer must pay contribution in aid of construction for transmission interconnection costs and distribution interconnection costs.

(B) Contribution in aid of construction must be made in the form of a direct cash payment.

(C) An allowance for contribution in aid of construction is prohibited.

(3) Interconnection agreement. An interconnection agreement for service with a term of not less than 20 years and that complies with §25.194 of this title (relating to Large Load Interconnection Standards) is required.

(d) TSP tariff requirements. The following provisions regarding large load customers apply to TSPs and large load customers. Each TSP must include the following terms in its tariff:

(1) Reservation of transmission capacity. A large load customer must meet the following requirements to reserve transmission capacity:

(A) execute an interconnection agreement that complies with the requirements of §25.194 of this title (relating to Large Load Interconnection Standards);

(B) meet the financial commitments and obligations required by §25.194 of this title (relating to Large Load Interconnection Standards); and

(D) remain in compliance with the interconnection agreement executed in accordance with §25.194 of this title (relating to Large Load Interconnection Standards).

(2) Reallocation. Transmission capacity may be reallocated if a large load customer fails to meet the requirements described in this subsection.

(e) IOU-DSP tariff requirements. The following provisions regarding large load customers apply to IOU-DSPs and large load customers. Each IOU DSP must include the following terms in its tariff:

(1) Commencement of billing. Billing must commence beginning the first billing cycle after the date that transmission capacity is made available to serve the large load customer.

(2) Large load minimum billing demand.

(A) A large load customer that does not energize at the time that billing commences must be billed based on the large load customer's contracted peak demand until such time as the large load customer energizes.

(B) For the first 20 years after commencement of billing, the large load customer must complete 240 consecutive payments based on the greater of:

(i) the large load customer's contracted peak demand;

(ii) the highest non-coincident peak demand placed by the large load customer on the system in the past year; or

(iii) the large load customer's 12CP demand consistent with the most recent ERCOT 12CP intervals, as defined in §25.192 of this title (relating to Transmission Service Rates).

(f) Compliance filing. Each IOU DSP must submit a compliance filing to update its tariff within 30 days of adoption of 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.

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Katelyn Lewis
Special Projects Coordinator
Public Utility Commission of Texas
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TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 89. ADAPTATIONS FOR SPECIAL POPULATIONS

SUBCHAPTER D. SPECIAL EDUCATION SERVICES AND SETTINGS

19 TAC §89.62

The State Board of Education (SBOE) proposes the repeal of §89.62, concerning support of students enrolled in the Texas School for the Blind and Visually Impaired and Texas School for the Deaf. The proposed repeal would remove §89.62 as the SBOE's statutory authority for the rule was removed by House Bill (HB) 2 and Senate Bill (SB) 568, 89th Texas Legislature, Regular Session, 2025.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 89.62 establishes support of students enrolled in the Texas School for the Blind and Visually Impaired and Texas School for the Deaf.

HB 2 and SB 568 modified TEC, §30.003 and §30.004, to remove the SBOE's authority for the rule. The proposed repeal is necessary to implement legislation.

The SBOE approved the proposed repeal for first reading and filing authorization at its June 26, 2026 meeting.

FISCAL IMPACT: Jennifer Alexander, associate commissioner for special populations and student supports, has determined that 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: Texas Education Agency (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 align with HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which removed SBOE rulemaking authority related to support of students enrolled in the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or the 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: Ms. Alexander 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 update the standards to align with recent legislative requirements and ensure the standards remain current. 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 or 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: The SBOE 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 July 24, 2026, and ends at 5:00 p.m. on August 24, 2026. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in August-September 2026 in accordance with the SBOE board operating policies and procedures. 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 July 24, 2026.

STATUTORY AUTHORITY. The repeal is proposed under House Bill (HB) 2 and Senate Bill (SB) 568, 89th Texas Legislature, Regular Session, 2025, which amended Texas Education Code (TEC), §30.003, to repeal the authority of the State Board of Education (SBOE) to set a date by rule on which school districts and state institutions shall provide to the commissioner the necessary information to determine the district's share of cost for a student's education at the Texas School for the Blind and Visually Impaired or Texas School for the Deaf and adopt rules as necessary to implement this section of the TEC; and HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which amended TEC, §30.004, to repeal the authority of the SBOE to adopt rules prescribing the information that school districts shall provide to parents or other persons having lawful control of a student about programs and services available at the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf.

CROSS REFERENCE TO STATUTE. The repeal implements House Bill 2 and Senate Bill 568, 89th Texas Legislature, Regular Session, 2025.

§89.62. Support of Students Enrolled in the Texas School for the Blind and Visually Impaired and Texas School for the Deaf.

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 113. TEXAS ESSENTIAL KNOWLEDGE AND SKILLS FOR SOCIAL STUDIES

SUBCHAPTER C. HIGH SCHOOL

19 TAC §113.26

The State Board of Education (SBOE) proposes new §113.26, concerning personal financial literacy. The proposed new section would update the Texas Essential Knowledge and Skills (TEKS) for the high school personal financial literacy course to ensure alignment with requirements in House Bill (HB) 27, 89th Texas Legislature, Regular Session, 2025, and ensure the standards remain current.

BACKGROUND INFORMATION AND JUSTIFICATION: In accordance with statutory requirements that the SBOE identify by rule the essential knowledge and skills of each subject in the required curriculum, the SBOE follows a board-approved cycle to review and revise the essential knowledge and skills for each subject.

In 2013, the 83rd Texas Legislature passed HB 2662, amending Texas Education Code (TEC), §28.0021, to require school districts and open enrollment charter schools offering a high school program to provide a one-half credit elective course in personal financial literacy. In January 2016, the SBOE adopted TEKS for the elective course in personal financial literacy to be implemented beginning with the 2016-2017 school year.

In 2021, Senate Bill (SB) 1063, 87th Texas Legislature, Regular Session, amended TEC, §28.025, to add a one-half credit course in personal financial literacy and economics as an option to meet the one-half credit graduation requirement for economics under the Foundation High School Program. SB 1063 required that the SBOE adopt TEKS for the personal financial literacy and economics course and that the required curriculum for the course allocate two-thirds of the instructional time to personal financial literacy and one-third of instructional time to economics. At its June 2022 meeting, the SBOE adopted TEKS for the new course, §113.76, Personal Financial Literacy and Economics, and the rule became effective August 1, 2022.

In 2025, the 89th Texas Legislature, Regular Session, passed HB 27, which revised the high school social studies graduation requirement for students who enter Grade 9 in the 2026-2027 school year and thereafter. Under HB 27, students must successfully complete a one-half credit personal financial literacy course instead of the one-half credit economics course or one-half credit economics and personal financial literacy combined course to satisfy the economics requirement under the Foundation High School Program. Additionally, the bill permits students in this cohort to select the third social studies credit required for graduation from one credit in economics, world geography, or world history. As a result, the bill requires the approval of a one-credit economics course for this cohort while the current one-half economics course offerings remain in place for students not subject to HB 27. The bill also added new TEC, §28.025(b-24), requiring the SBOE to allow a student to comply with the personal financial literacy requirement by successfully completing an advanced placement course that contains substantively similar and rigorous academic content.

At the September 2025 meeting, the SBOE approved the social studies framework course sequence and strands for Kindergarten-Grade 8. The SBOE designated content advisors for the social studies TEKS review, and an application to serve on social studies TEKS review work groups was posted on the Texas Education Agency (TEA) website in October 2025. A discussion item regarding content advisor recommendations for key topics to be included in the social studies TEKS framework was presented to the Committee of the Full Board at the November 2025 meeting. The content advisors were also directed to address instructional requirements from HB 27, HB 824, and SB 24 in their recommendations. At the January 2026 meeting, the SBOE approved key topics and subtopics to be included in the new TEKS for social studies. Work group meetings were convened in February 2026 to develop draft recommendations for the new social studies TEKS. As part of the SBOE's process for the review and revision of the TEKS, education service centers (ESCs) collected feedback from educators in their regions on the work group drafts and submitted the feedback to TEA.

The SBOE held a public hearing and discussed the proposed new TEKS for social studies at a special called meeting in February 2026. In March 2026, TEA convened additional work groups to address the feedback from the SBOE and ESC focus groups to finalize their recommendations. At the April 2026 meeting, the SBOE held a public hearing on the proposed new TEKS. At the meeting, the SBOE removed §113.26, Personal Financial Literacy (One-Half Credit), Adopted 2026, from the proposal and directed staff to post on the TEA website both the proposed new course as presented in the April agenda and an alternative version presented during the meeting and to collect informal public feedback. At that time, the SBOE also approved the remaining proposed new rules in 19 TAC Chapter 113, Subchapters A-D, for first reading and filing authorization.

In June 2026, the SBOE approved the Applied Personal Financial Literacy course as the proposed new section for first reading and filing authorization at its June 26, 2026 meeting.

FISCAL IMPACT: Shannon Trejo, deputy commissioner for school programs, has determined that for the first five years the proposal is in effect (2027-2031), there are no fiscal implications to the state. However, in Fiscal Year 2026, the estimated cost to TEA for revision of the personal financial literacy TEKS was $13,000.

There may be fiscal implications for school districts and charter schools to implement the proposed new TEKS, which is expected to include the need for professional development and revisions to district-developed databases, curriculum, and scope and sequence documents. Since curriculum and instruction decisions are made at the local district level, it is difficult to estimate the fiscal impact on any given district.

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 proposing new TEKS in personal financial literacy required to be offered by school districts and charter schools.

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: Dr. Trejo 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 update the standards to align with recent legislative requirements and ensure the standards remain current. 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 or 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: The SBOE 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 July 24, 2026, and ends at 5:00 p.m. on August 24, 2026. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in August-September 2026 in accordance with the SBOE board operating policies and procedures. 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 July 24, 2026.

STATUTORY AUTHORITY. The new section is proposed under Texas Education Code (TEC), §7.102(c)(4), which requires the State Board of Education (SBOE) to establish curriculum and graduation requirements; TEC, §28.002(a), which identifies the subjects of the required curriculum; TEC, §28.002(c), which requires the SBOE to identify by rule the essential knowledge and skills of each subject in the required curriculum that all students should be able to demonstrate and that will be used in evaluating instructional materials and addressed on the state assessment instruments; TEC, §28.025(a), which requires the SBOE to determine by rule the curriculum requirements for the foundation high school graduation program that are consistent with the required curriculum under TEC, §28.002; and TEC, §28.025(b-24), as added by House Bill 27, 89th Texas Legislature, Regular Session, 2025, which requires the SBOE to allow a student to comply with the curriculum requirement for a one-half credit in personal financial literacy by successfully completing an advanced placement course designated by the SBOE as containing substantively similar and rigorous academic content.

CROSS REFERENCE TO STATUTE. The new section implements Texas Education Code (TEC), §§7.102(c)(4); 28.002(a) and (c); and 28.025(a) and (b-24).

§113.26. Applied Personal Financial Literacy (One-Half Credit), Adopted 2026.

(a) Implementation. The provisions of this section shall be implemented by school districts beginning with the 2027-2028 school year.

(b) General requirements. Students shall be awarded one-half credit for successful completion of this course.

(c) Introduction.

(1) Applied Personal Financial Literacy (PFL) will develop citizens who have the knowledge and skills to make sound, informed financial decisions that will allow them to lead financially secure lifestyles and understand personal financial responsibility. The knowledge gained in this course has far-reaching effects for students personally as well as the economy as a whole. When citizens make wise financial decisions, they gain opportunities to invest in themselves, build businesses, consume goods and services in a responsible way, and secure a future without depending on outside assistance. The economy benefits from the optimal use of resources, increased consumption, and strong local businesses.

(2) The primary purpose of Texas and American social studies is to educate students to become proud, responsible, and patriotic citizens who respect the dignity and rights of their fellow citizens, who love their country, and who cherish liberties and laws. Over the course of multiple grades:

(A) students understand how to emulate the preservation of liberty as citizens who value the idea of virtue under the Constitution;

(B) students understand that a constitutional republic is a representative form of government whose elected leaders derive their authority from the consent of the governed and are sworn to uphold the Constitution; and

(C) students understand the benefits of the United States free enterprise system, also referenced as capitalism or the free market system. This system, predicated on strong property rights, emphasizes the individual exercise of economic decisions without government interference, allowing people the opportunity to prosper.

(3) Student expectations are organized around key topics, identified as knowledge and skills statements. Within each key topic, expectations address concepts as they relate to these topics chronologically. Where key topics are thematic rather than chronological, incorporate these thematic concepts into stories and history to create schema for understanding.

(4) Student expectations within each knowledge and skills key topic address the statutory requirements listed in paragraph (6) of this subsection while also making continual connections across those key topics and grade levels. Student expectations are organized

chronologically through recurring strands coded at the end of each student expectation. Strands include:

(A) History (World, United States, and Texas), coded with H;

(B) Government and Civics, coded with G/Civ;

(C) Geography and Culture, coded with Geo/C;

(D) Economics, coded with E; and

(E) Social Studies Skills, based on disciplinary thinking skills, coded with S.

(5) Social studies skills are incorporated into the teaching of social studies content. Students use social studies practices to demonstrate understanding and apply reasoning to the study of people, places, issues, and events. A greater depth of understanding of complex content material is attained when social studies content and disciplinary thinking skills are taught together.

(6) Student expectations embed relevant statutory requirements, including:

(A) Texas Education Code (TEC), §28.002(a)(1)(D)--Social Studies, consisting of Texas, United States, and world history; government; economics, with emphasis on the free enterprise system and its benefits; and geography;

(B) TEC, §28.002(a)(2)(G)--Religious Literature, including the Hebrew Scriptures (Old Testament) and New Testament, and its impact on history and literature;

(C) TEC, §28.002(h)--Informed American Patriotism, Texas History, and the Free Enterprise System;

(D) TEC, §28.002(h-1)(1)-(3)--Knowledge of Civics;

(E) TEC, §28.002(h-1)(4)--Founding documents and primary sources of the United States;

(F) TEC, §28.002(h-2)(1)-(3) and (h-3)--Knowledge of Civics;

(G) TEC, §28.002(h-11) and (h-12)--Understanding of Communist Regimes and Ideologies (for Grades 4 and higher);

(H) TEC, §28.0022--Certain instructional requirements and prohibitions;

(I) TEC, §29.907--Celebrate Freedom Week;

(J) TEC, §29.9071--Texas Military Heroes Day; and

(K) TEC, §29.9072--Holocaust Remembrance Week.

(7) There is no effective study of social studies without review of primary sources. In certain circumstances, specific primary sources are named in the Texas Essential Knowledge and Skills (TEKS), but instructional materials should include additional primary sources relevant to subjects identified in the TEKS. Primary sources are embedded as appropriate within the context of the study of history. Additional primary source material, including written documents, visual sources, audio and audio-visual sources, oral sources, and artifacts are encouraged. Primary source material should be used where appropriate and must be used when identified in a student expectation. In early grades, before students have requisite reading skills to read directly from copies of primary sources, the primary source materials should be included as a visual aid.

(8) To support the teaching of essential knowledge and skills, the use of a variety of rich material is encouraged. Where appropriate, local topics should be included to create relevance. Motivating resources are available from museums, historical sites, presidential libraries, local and state civic offices, and preservation societies.

(9) The list of places, events, and people in this course curriculum is not considered exhaustive. Additional examples aligned with statutes listed in paragraph (6) of this subsection can be incorporated as time permits. Statements that contain the word "including" reference content that must be mastered.

(d) Knowledge and skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands fundamental concepts of economics related to personal financial literacy and the role of ethical decision-making and personal responsibility in financial choices. The student is expected to:

(A) define the economic concepts of scarcity, supply, demand, opportunity cost, free enterprise, profit incentive, appreciation, depreciation, financial integrity, and accountability (G/Civ, E);

(B) understand how scarcity drives market prices by applying supply and demand models (E, S);

(C) evaluate how opportunity cost impacts personal financial choices by comparing the value of the next best alternative, including responsible prioritization of needs over wants (E, S);

(D) describe characteristics of free enterprise, including private property, freedom of choice, profit incentive, competition, limited government, and voluntary exchange, and explain the importance of integrity and accountability in economic interactions (E); and

(E) compare how appreciation and depreciation affect asset values and net worth in the context of long-term financial responsibility and planning (E).

(2) Personal Financial Planning, Goal Setting, and Decision-Making. The student develops a personal framework to guide financial decisions and uses structured critical thinking to evaluate alternatives and discuss decisions. The student is expected to:

(A) define the economic concepts of retirement, financial independence, emergency fund, life expectancy, and problem model (E);

(B) develop one-year, five-year, and ten-year financial, education, career, and personal goals that are specific, measurable, attainable, realistic, and time based (E, S);

(C) create a 10-year personal financial plan with annual benchmarks that integrates education, career, income, saving, investing, major purchases, long-term financial independence goals, and risk management, including a will, financial power of attorney, medical power of attorney, and living will (E, S);

(D) describe a future life in 10 years, including desired career, income, education, housing, transportation, saving, emergency funds, retirement, life expectancy or financial independence funding, personal priorities, and life satisfaction (E, S);

(E) create a structured decision-making problem model, using relevant information with alternatives, potential outcomes, and financial decisions using evidence and reasoning (E, S); and

(F) validate goals and the 10-year personal financial plan as new knowledge, skills, circumstances, and economic conditions are analyzed during the course (E, S).

(3) Careers, Postsecondary Education, and Earning Potential. The student analyzes personal interests, career pathways, labor-market conditions, and postsecondary education options to align ca-

reer decisions with personal goals and financial plans. The student is expected to:

(A) define the economic concepts of labor market data, global competition, comparative advantage, creative destruction, technical training, and internship (E);

(B) identify personal interests, skills, values, and aptitudes and align them with multiple potential career pathways, including careers that may emerge as technology and the economy change (E, S);

(C) research career pathways using labor-market data, online resources, and artificial intelligence tools to evaluate income growth, employment trends, global competition, comparative advantage, technological change, creative destruction, required skills, and possible employers (E, S);

(D) describe how education, skills, certifications, technical training, internships, and work-based learning influence income opportunities in a competitive free enterprise labor market (E);

(E) evaluate postsecondary pathways, including universities, community colleges, technical programs, certificate programs, military options, and industry credentials (E, S);

(F) calculate the total cost of postsecondary education or training, including tuition, fees, housing, books, instructional materials, transportation, personal expenses, technology, and related costs, then evaluate the return on investment, opportunity costs, risks, and debt obligations associated with postsecondary education and career pathways (E, S);

(G) list funding sources for postsecondary education, including the Free Application for Federal Student Aid (FAFSA) or Texas Application for State Financial Aid (TAFSA), grants, scholarships, work-study, employer-subsidized tuition, internships, student loans, tax credits, and family or personal contributions (E, G/Civ); and

(H) add career, education, training, funding, and deadline information to the five-year and ten-year personal financial plan (E, S).

(4) Consumer Economics and Financial Decision-Making. The student understands how habits, personal responsibility, consumerism, emotional responses, and external pressures affect personal financial decisions and demonstrates the ability to apply strategies for responsible, ethical, and informed financial decision-making in a digital age. The student is expected to:

(A) define the economic concepts of consumerism, delayed gratification, marketing strategies, true and sunk costs, risk, simple and compound interest rates, and costs (E, G/Civ);

(B) interpret how consumerism behaviors can lead to unfavorable financial outcomes and identify strategies, including self-discipline and delayed gratification, to avoid common errors in financial judgment (E, S);

(C) explain how consumerism and marketing strategies, including social media influencers, algorithm-driven recommendations, financial technology platforms, and traditional advertising, influence spending behavior and financial decision-making (Geo/C, E, S);

(D) evaluate the credibility and bias of financial information sources by analyzing author, audience, and purpose while considering honesty and integrity in evaluating information (Geo/C, E, S);

(E) apply structured financial decision-making frameworks, including cost-benefit analysis and opportunity cost evaluation, to make evidence-based financial decisions and demonstrate accountability for outcomes (E, S);

(F) evaluate the true and sunk cost and risks of high-interest credit services by calculating interest costs and analyzing the consequences of missed or late payments (E, S); and

(G) examine how generational family financial behaviors influence money patterns, goals, personal responsibility, and decision-making (Geo/C, E, S).

(5) Earning Income. The student understands sources of income and factors that affect earning potential, compensation, postsecondary pathways, and income-related responsibilities. The student is expected to:

(A) define the economic concepts of contract income, royalty income, commission income, interest income, dividends, employment forms, FASFA/TASFA, trade-offs, and gross and net pay (E, G/Civ);

(B) identify sources of income, including wages, salaries, tips, contract income, rental income, royalty income, bonuses, commission income, interest income, dividends, and profits (E);

(C) research employment forms of the IRS, including W-2, W-4, W-9, 1099, and 1040 (E, G/Civ);

(D) analyze how personal interests, skills, and goals align with potential careers by examining income potential, geographic patterns, workforce demand, and economic conditions (Geo/C, E, S);

(E) evaluate the return on investment of postsecondary education, training, or credentialing pathways, including total cost, earning potential, time commitment, and opportunity costs (E, S);

(F) analyze postsecondary financing options, including scholarships, grants, work-study programs, and student loans (E, S);

(G) explain the purpose of financial aid applications, such as the FAFSA or TASFA, and identify factors that may affect eligibility for federal, state, institutional, and private financial aid (G/Civ, E, S);

(H) assess the financial trade-offs of contract employment, independent contracting, and freelance work, including income variability, taxes, insurance, and benefits (E, S);

(I) evaluate total compensation by comparing wages and employee benefits, including employer contributions to health insurance, retirement plans, and paid leave (E, S);

(J) differentiate between gross pay and net pay by explaining how taxes, deductions, and withholdings affect take-home earnings using sample pay stubs (E, S); and

(K) complete a simulated tax scenario by applying knowledge of filing status, income sources, deductions, credits, tax withholding, and estimated tax (E, S).

(6) Budgeting: Spending and Planning. The student understands that financial decision-making impacts budgets and helps achieve financial goals by allocating income to spending, saving, giving, and other financial priorities while reflecting responsible stewardship and intentional use of resources. The student is expected to:

(A) define the economic concepts of fixed and variable expenses, savings, total income, financial records, accountability, giving, tax benefits, purchasing power, historical data, economic indicators, and the 50-30-20 rule of budgeting (E);

(B) develop a balanced budget that accounts for income, fixed and variable expenses, and savings as a proportion of total income using digital or manual tools (E, S);

(C) design a system for tracking income, expenses, and financial records to support accountability and careful oversight (E, S);

(D) model a purposeful giving plan, including 10-10-80, that considers time, talents, and monetary donations while evaluating budget impact, recordkeeping, and potential tax benefits (G/Civ, E, S);

(E) calculate and compare the costs of utilities and insurance, benefits, and long-term affordability of renting versus buying a home by analyzing total cost, contract terms, and mortgage options (E, S);

(F) compare the cost of living in different geographic locations in Texas and the United States by considering housing, multiple forms of taxation, transportation, health care, and income (Geo/C, E, S);

(G) calculate and compare the costs and benefits of purchasing versus leasing different types of vehicles by analyzing lease agreements, purchase contracts, loan payments, insurance requirements, depreciation, and total cost of ownership (E, S);

(H) compare financial exchange options, including cash, checks, debit cards, credit cards, electronic bank transfers, peer-to-peer payment platforms, and digital wallets, by evaluating costs, benefits, security risks, and consumer protections (E, S);

(I) analyze how inflation impacts purchasing power, savings, and budgeting using historical data and economic indicators (E, S);

(J) create a monthly and annual household budget based on the 50-30-20 rule of budgeting (E, S); and

(K) identify assets and liabilities and construct a personal net worth statement to measure financial health and demonstrate prudent stewardship of resources (E, S).

(7) Saving and Investing. The student understands that saving and investing are essential components of building wealth, financial security, and long-term independence, including principles of ethical stewardship, personal responsibility, and respect for individual liberty. The student is expected to:

(A) define the economic concepts of liquidity, deposit insurance protections, small and large cap stocks, corporate and government bonds, mutual funds, exchange-traded funds, index funds, traditional IRA, Roth IRAs, 401(k) plans, 403(b) plans, pension plans, Social Security, employer matching programs in long-term retirement planning, simple, compound interest and apply the Rule of 72, savings growth, investment growth, borrowing costs, FDIC, NCUA, SEC, CFPB, qualified financial professional, fiduciary duty, and investment profiles (E, G/Civ);

(B) compare the features, benefits, and limitations of various savings options by evaluating interest rates, liquidity, fees, and deposit insurance protections (E, S);

(C) compare investment options, including small-cap and large-cap stocks, corporate and government bonds, mutual funds, exchange-traded funds, and index funds, by analyzing risk, return, fees, and historical performance (E, S);

(D) compare retirement savings options, including traditional and Roth IRAs, 401(k) plans, 403(b) plans, and pension plans, and explain the role of Social Security and employer matching programs in long-term retirement planning (G/Civ, E);

(E) calculate simple and compound interest and apply the Rule of 72 to estimate savings growth, investment growth, and borrowing costs (E, S);

(F) define personal risk tolerance and determine a hypothetical investment strategy based on time horizon, market conditions, and financial goals (E, S);

(G) explain how regulation of financial institutions, including the FDIC, NCUA, SEC, and CFPB, contributes to financial security and consumer protection (G/Civ, E);

(H) evaluate when to use a qualified financial professional versus managing investments independently by comparing knowledge, fees, fiduciary duty, professional credentials, and investment options (E, S);

(I) analyze the characteristics, risks, regulatory landscape, and role of cryptocurrency and digital assets in the broader financial ecosystem (E, S);

(J) appraise responsible use of financial technology through automated investment platforms, including robot-advisors and micro-investing apps, by analyzing fee structures, investment strategies, algorithmic limitations, and suitability for different investor profiles (E, S);

(K) distinguish how automatic enrollment and opt-in versus opt-out retirement and savings plan designs affect participation rates and long-term wealth building (E, S); and

(L) create an investment plan using stocks, bonds, mutual funds, or other types of financial instruments that builds a diversified portfolio that has a reporting period of two to four weeks (E).

(8) Credit and Debt. The student understands the costs and benefits of borrowing and lending and how they impact financial health, including principles of ethical stewardship, personal responsibility, and wise financial decision-making. The student is expected to:

(A) define the economic concepts of revolving credit, collateralized loans, collateral, creditworthiness, predatory lending, fixed versus variable interest rates, length of term, snowball and avalanche methods, truth-in-lending disclosures and repayment capacity (E, G/Civ);

(B) compare types of credit, including revolving credit, installment credit, collateralized loans, and unsecured credit, by evaluating interest rates, fees, repayment terms, and the role of collateral and how these factors affect responsible credit use (E, S);

(C) identify factors in credit reports, including potential errors that impact credit scores, and analyze behaviors that can improve or harm creditworthiness over time, including accountability and consistent financial habits (E, S);

(D) develop a plan to build or maintain creditworthiness (E, S);

(E) analyze sources of credit, including banks, credit unions, online lenders, peer-to-peer lenders, and retail financing, and explain how creditworthiness factors influence access to different types of credit (E, S);

(F) analyze the components of the cost of borrowing, including annual percentage rate, fixed versus variable interest rates, length of term, grace period, and additional fees (E, S);

(G) evaluate high-cost and predatory lending practices, including payday loans, auto title loans, pawn shop loans, rent-to-own agreements, high-interest installment loans, and deceptive lending terms, and compare their total cost to traditional credit options (E, S);

(H) evaluate and apply debt management strategies, including snowball and avalanche methods, to address student loans, credit cards, and consumer debt (E, S); and

(I) evaluate truth-in-lending disclosures to determine borrowing costs, borrower rights and responsibilities, and whether repayment terms align with financial goals and repayment capacity (E, S).

(9) Risk Management and Insurance. The student understands that managing risk through saving, insurance, fraud prevention, and legal protections helps safeguard against potential loss and ensure long-term financial well-being. The student is expected to:

(A) define economic concepts of insurance terms, including premium, deductible, copayment, coinsurance, out-of-pocket maximum, and policy limits, deductibles, replacement costs, and coinsurance (E);

(B) explain how geographic factors influence insurance needs and costs, including flood, fire, wind, and hail coverage (Geo/C, E);

(C) analyze how personal risk factors and coverage choices affect insurance premiums, including coverage amounts, deductibles, replacement costs, and policy limits (E, S);

(D) classify insurance coverage options, including health, auto, renters or homeowners, life, and disability insurance, by comparing coverage, costs, suitability, and financial impact across different life scenarios (E, S);

(E) evaluate health insurance options, including premiums, deductibles, copayments, coinsurance, out-of-pocket maximums, health savings accounts, and flexible spending accounts, by comparing costs, tax advantages, and out-of-pocket risk (E, S);

(F) explain the role of government programs, including unemployment insurance, disability insurance, Medicaid, and Medicare, in managing financial risk across the lifespan (G/Civ, E);

(G) identify and respond to financial fraud, including investment scams, Ponzi schemes, identity theft, and consumer fraud, by using reporting procedures and consumer protection agencies or resources (G/Civ, E, S);

(H) explain the importance of estate planning, including wills, beneficiaries, powers of attorney, and advance directives (G/Civ, E); and

(I) explain how an emergency savings fund works together with insurance as part of ensuring long-term financial well-being (E).

(10) Entrepreneurship and Personal Financial Opportunity. The student understands that entrepreneurship in a free enterprise system rooted in individual initiative and economic liberty can provide opportunities for individuals to create value, assume risk, earn profit, build personal financial stability, and contribute to economic growth through responsible and ethical financial decision-making. The student is expected to:

(A) define value, financial risk, profit, innovation, entrepreneurship, profit distribution, capitalist, free enterprise, and innovation (E);

(B) analyze how entrepreneurs create value, assume financial risk, earn profit, and build wealth through individual initiative, innovation, and responsible management of resources (E, S);

(C) evaluate how entrepreneurship, self-employment, and multiple income streams can support personal financial stability, resilience, and long-term financial goals (E, S);

(D) compare entrepreneurial ownership structures by analyzing how ownership, liability, taxation, and profit distribution can affect personal financial risk and income potential (G/Civ, E, S);

(E) examine how entrepreneurs respond to supply-and-demand trends and unmet needs in the marketplace through innovation, problem solving, and responsible service to consumers (E, S);

(F) analyze how entrepreneurs respond to supply-and-demand trends and evaluate how entrepreneurship in a capitalist, free enterprise system contributes to personal financial opportunity, job creation, innovation, and economic growth (E, S); and

(G) create a business plan for a hypothetical product or service operation that includes the necessary budgetary, accounting, financing, organizational labor charting, marketing, and sales (E).

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 July 9, 2026.

TRD-202602802
Cristina De La Fuente-Valadez
Director, Rulemaking
Texas Education Agency
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 475-1497

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TITLE 22. EXAMINING BOARDS

PART 3. TEXAS BOARD OF CHIROPRACTIC EXAMINERS

CHAPTER 72. BOARD FEES, LICENSE APPLICATIONS, AND RENEWALS

22 TAC §72.1

The Texas Board of Chiropractic Examiners (Board) proposes an amendment to 22 TAC §72.1 (Fees). This rulemaking action will correct a numbering error in the current rule. As it currently reads, 22 TAC §72.1 jumps from 22 TAC §72.1(14) to §72.1(16), excluding the number 15. In turn, this error causes all subsequent numbers to be incorrect. This amendment corrects that numbering error so that all provisions in this section are numbered correctly.

FISCAL NOTE: The Board's Executive Director, Dr. Boyd Bush, Ed.D., has determined that for the first five-year period the proposed amendments are in effect there will be no fiscal implications for state or local government. There will be no adverse effect on small businesses or rural communities, micro-businesses, or local or state employment. There will be no additional economic costs to persons required to comply with the amendments as proposed. An Economic Impact Statement and Regulatory Flexibility Analysis is not required because

the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

PUBLIC BENEFIT -COST NOTE: Dr. Bush has determined that for each year of the first five years the proposed amendments will be in effect the public benefit is to remove numerical errors in the current rule and have an accurate publication of the rule.

LOCAL EMPLOYMENT IMPACT STATEMENT: Dr. Bush has determined that the proposed rule does not affect local economies and employment.

SMALL AND MICRO-BUSINESS, RURAL COMMUNITY IMPACT STATEMENT: Dr. Bush has determined that no economic impact statement and regulatory flexibility analysis for small businesses, micro-businesses, and rural communities is necessary for this proposed rule.

The Board provides this Government Growth Impact Statement, pursuant to Texas Government Code §2001.0221, for the proposed amendments of 22 TAC §72.1. For each year of the first five years the proposed amendments are in effect, Dr. Bush has determined:

(1) The proposed amendments do not create or eliminate a government program.

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

(3) Implementation of the proposed amendments does not require an increase or decrease in future legislative appropriations to the Board.

(4) The proposed amendments do not require a decrease or increase in fees paid to the Board.

(5) The proposed amendments do not create a new regulation.

(6) The proposal amends an existing Board rule for an administrative process.

(7) The proposed amendments do not decrease the number of individuals subject to the rule's applicability.

(8) The proposed amendments do not positively or adversely affect the state economy.

This proposed rulemaking will not impact private real property as defined by Texas Government Code §2007.003, so a takings impact assessment under Government Code §2001.043 is not required. Additionally, Government Code §2001.0045 (Requirement for Rule Increasing Costs to Regulated Persons) does not apply to this rulemaking as it will not increase costs to regulated persons.

Comments on the proposed amendments or a request for a public hearing may be submitted to Rudy Calderon, General Counsel, Texas Board of Chiropractic Examiners, 1801 North Congress Avenue, Suite 10.500, Austin, Texas 78701-1319, via email: rules@tbce.state.tx.us; or fax: (512) 305-6705, no later than 30 days from the date that these proposed amendments is published in the *Texas Register*. Please include the rule name and number in the subject line of any comments submitted by email.

The amendments are proposed under Texas Occupations Code §201.152 (which authorizes the Board to adopt rules necessary to perform the Board's duties and to regulate the practice of chiropractic).

No other statutes or rules are affected by these proposed amendments.

§72.1. Fees.

(a) Current Board fees:

(1) License application -- $200 (includes online jurisprudence education course)

(2) Initially issued license -- $10 - $120 (prorated)

(3) Biennial license renewal -- $300

(4) Late license renewal:

(A) Less than 90 days -- $450

(B) 90 days up to 1 year -- $600

(C) 1 year to 3 years -- calculated (only for good cause)

(5) Reinstatement -- $145

(6) Inactive status request -- $0

(7) Renewal from inactive -- $300

(8) Duplicate wall certificate -- $25

(9) Duplicate pocket certificate -- $10

(10) College faculty license -- $75

(11) College faculty license renewal -- $75

(12) Online jurisprudence exam -- $150

(13) Repeat jurisprudence exam -- $250 ($100 to the Board, $150 to vendor)

(14) Jurisprudence education course -- $55

(15) [~~(16)~~] Letter of good standing -- $25

(16) [~~(17)~~] Criminal history eligibility letter -- $150

(17) [~~(18)~~] Continuing education course approval -- $100

(18) [~~(19)~~] Returned check -- $25

(b) Fees for a returned check may only be paid by cashier's check, certified check, money order, or online.

(c) All other fees may be paid by cashier's check, certified check, money order, personal or company check, or online.

(d) All payments shall be made out to the Texas Board of Chiropractic Examiners.

(e) No checks from foreign financial institutions will be accepted.

(f) Any fees paid will first be applied to any outstanding fees, previously assessed costs, or penalties owed to 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 July 8, 2026.

TRD-202602792
Rudy Calderon
General Counsel
Texas Board of Chiropractic Examiners
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 305-6706

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22 TAC §72.3

The Texas Board of Chiropractic Examiners (Board) proposes an amendment to 22 TAC §72.3 (Qualifications). This rulemaking action will correct the names of two education accreditation organizations in the current rule. The rule currently identifies the Councils on Chiropractic International and Council on Chiropractic Education International. These names are incorrect. They should ready Council on Chiropractic Education and Councils on Chiropractic Education International.

FISCAL NOTE: The Board's Executive Director, Dr. Boyd Bush, Ed.D., has determined that for the first five-year period the proposed amendments are in effect there will be no fiscal implications for state or local government. There will be no adverse effect on small businesses or rural communities, micro-businesses, or local or state employment. There will be no additional economic costs to persons required to comply with the amendments as proposed. An Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

PUBLIC BENEFIT -COST NOTE: Dr. Bush has determined that, for each year of the first five years the amended rule will be in effect, the public benefit is to update the accrediting entities for chiropractic schools recognized by the Board.

LOCAL EMPLOYMENT IMPACT STATEMENT: Dr. Bush has determined that the proposed rule does not affect local economies and employment.

SMALL AND MICRO-BUSINESS, RURAL COMMUNITY IMPACT STATEMENT: Dr. Bush has determined that no economic impact statement and regulatory flexibility analysis for small businesses, micro-businesses, and rural communities is necessary for this proposed rule.

The Board provides this Government Growth Impact Statement, pursuant to Texas Government Code §2001.0221, for the proposed amended 22 TAC §72.3. For each year of the first five years the proposed amended rule is in effect, Dr. Bush has determined:

(1) The amended rule does not create or eliminate a government program.

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

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

(4) The proposed amended rule does not require a decrease or increase in fees paid to the Board.

(5) The proposed amended rule does not create a new regulation.

(6) The proposed amended rule does not repeal existing Board rules for an administrative process.

(7) The proposed amended rule does not decrease the number of individuals subject to the rule's applicability.

(8) The proposed amended rule does not positively or adversely affect the state economy.

This proposed rulemaking will not impact private real property as defined by Texas Government Code §2007.003, so a takings impact assessment under Government Code §2001.043 is not required. Additionally, Government Code §2001.0045 (Requirement for Rule Increasing Costs to Regulated Persons) does not apply to this rulemaking as it will not increase costs to regulated persons.

Comments on the proposed amendments or a request for a public hearing may be submitted to Rudy Calderon, General Counsel, Texas Board of Chiropractic Examiners, 1801 North Congress Avenue, Suite 10.500, Austin, Texas 78701-1319, via email: rules@tbce.state.tx.us; or fax: (512) 305-6705, no later than 30 days from the date that these proposed amendments is published in the *Texas Register.* Please include the rule name and number in the subject line of any comments submitted by email.

The amended rule is proposed under Texas Occupations Code §201.152, which authorizes the Board to adopt rules necessary to perform the Board's duties and to regulate the practice of chiropractic.

No other statutes or rules are affected by this proposed amended rule.

§72.3. Qualifications.

(a) An individual applying for a chiropractic license shall comply with all application and license requirements in Texas Occupations Code Chapter 201.

(b) An individual, who was admitted to study chiropractic with academic credit from a United States institution, shall submit proof of earning at least 90 credit hours from a nationally accredited institution whose hours are transferrable to the University of Texas at Austin, not including courses included in a doctor of chiropractic degree program.

(c) An individual applying for a license must present proof of graduation from a chiropractic college accredited by an educational accrediting body that is a member of the Council [~~Councils~~] on Chiropractic Education [~~International~~] (CCE) or the Councils [~~Council~~] on Chiropractic Education International (CCEI).

(d) A chiropractic college shall inform each student when admitted the possible limitations of practice location and licensing.

(e) A chiropractic college shall document in each student's file how the student was judged qualified for admission.

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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Rudy Calderon
General Counsel
Texas Board of Chiropractic Examiners
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For further information, please call: (512) 305-6706

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CHAPTER 75. BUSINESS PRACTICES

22 TAC §75.5

The Texas Board of Chiropractic Examiners (Board) proposes amendments to 22 TAC §75.5 (Prepaid Treatment Plans). This

rulemaking action will expand the scope of the current rule to incorporate prepaid care packages, wellness plans, payment plans, membership models, and concierge care models. The amended rule also prescribes the manner in which such financial arrangements and prepaid treatment plans must be documented and communicated to the patient, as well as the ability for the patient to cancel the financial arrangement at any time without penalty.

FISCAL NOTE ON STATE AND LOCAL GOVERNMENTS: The Board's Executive Director, Dr. Boyd Bush, Ed.D., has determined that for the first five-year period the proposed amendments are in effect, there will be no fiscal impact to state or local governments as a result of enforcing or administering these amendments as proposed under Texas Government Code §2001.024(a)(4) because the amendments do not impose a cost on state or local governments.

LOCAL EMPLOYMENT IMPACT: Dr. Bush has determined that the proposed rule does not affect local economies and employment. Therefore, a local employment impact statement is not required under Texas Government Code §2001.022 and §2001.024(a)(6).

PUBLIC BENEFIT-COST NOTE: Dr. Bush has determined that, for each year of the first five years the amended rule will be in effect, the public benefit is to provide clarity as to what financial arrangements and prepaid treatment plans are available to consumers and to provide consumers the ability to cancel such arrangements at any time with no penalty.

SMALL AND MICRO-BUSINESS, RURAL COMMUNITY IMPACT STATEMENT: Dr. Bush 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: Dr. Bush has determined that no private real property interests are affected by these proposed amendments and that these amendments do not restrict, limit, or impose a burden on an owner's rights to his or her private real property that would otherwise exist in the absence of government action. As a result, these amendments do not constitute a taking under Texas Government Code §2007.043.

GOVERNMENT GROWTH IMPACT STATEMENT: Dr. Bush has determined under Texas Government Code §2001.0221 that during the first five years the rules would be in effect:

(1) The amended rule does not create or eliminate a government program.

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

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

(4) The proposed amended rule does not require a decrease or increase in fees paid to the Board.

(5) The proposed amended rule does not create a new regulation.

(6) The proposed amended rule does not repeal existing Board rules for an administrative process.

(7) The proposed amended rule does not decrease the number of individuals subject to the rule's applicability.

(8) The proposed amended rule does not positively or adversely affect the state economy.

COSTS TO REGULATED PERSONS: Dr. Bush has determined that the rules are not subject to Texas Government Code §2001.0045 as the rules do not impose a cost on regulated persons. In addition, the rules do not impose a cost on another state agency, a special district, or a local government.

ENVIRONMENTAL IMPACT STATEMENT: Dr. Bush has determined that the proposed amendments do not require an environmental impact analysis because the amendments are not major environmental rules under Texas Government Code §2001.0225.

PUBLIC COMMENT: Comments on the proposed amendments or a request for a public hearing may be submitted to Rudy Calderon, General Counsel, Texas Board of Chiropractic Examiners, 1801 North Congress Avenue, Suite 10.500, Austin, Texas 78701-1319, via email: rules@tbce.state.tx.us; or fax: (512) 305-6705, no later than 30 days from the date that these proposed amendments is published in the *Texas Register.* Please include the rule name and number in the subject line of any comments submitted by email.

STATUTORY AUTHORITY: The amended rule is proposed under Texas Occupations Code §201.152, which authorizes the Board to adopt rules necessary to perform the Board's duties and to regulate the practice of chiropractic.

CROSS REFERENCE TO STATUTE: No other statutes or rules are affected by this proposed amended rule.

§75.5. Financial Arrangements and Prepayment for Services [~~Prepaid Treatment~~ Plans].

(a) [~~A licensee may accept prepayment for services planned but not yet delivered, but must provide the following:~~]

[~~(1) The plan must be cancellable by either party at any time for any reason without penalty of any kind to the patient.~~]

[~~(2) Upon cancellation of the plan the patient shall receive a complete refund of all fees paid on a pro rata basis of the number of treatments provided compared to total treatments contracted.~~]

[~~(3) The plan must provide for a limited, defined number of visits.~~]

[~~(4) The patient's file must contain the proposed treatment plan, including enumeration of all aspects of evaluation, management, and treatment planned to therapeutically benefit the patient relative to the condition determined to be present and necessitating treatment.~~]

[~~(A) The patient's financial file must contain documents outlining any necessary procedures for refunding unused payment amounts in the event that either the patient or the doctor discharge the other's services or therapeutic association.~~]

[~~(B) The treatment plan in such cases where prepayment is contracted must contain beginning and ending dates and a breakdown of the proposed treatment frequency.~~]

[~~(5) A contract for services and consent of treatment document must be maintained in the patient's file that specifies the condition for which the treatment plan is formulated.~~]

[~~(6)~~] A licensee or other person may offer patients financial arrangements for chiropractic services, including but not limited to prepaid care packages, wellness plans, payment plans, membership

models, or concierge care models, so long as the arrangement complies with all applicable laws and the provisions of this section [~~If nutritional products or other hard goods including braces, supports, or patient aids are to be used during the proposed treatment plan, the patient documents must state whether these items are included in the gross treatment costs or if they constitute a separate and distinct service or fee~~].

(b) All financial arrangements must be voluntary, clearly disclosed, and ethically administered. A licensee or other person may not engage in any deceptive, misleading, or coercive practices related to such arrangements [~~This rule does not create any exemptions from any requirements applicable under the Texas Insurance Code~~].

(c) Each arrangement must be documented in writing and retained in the patient's records. The documentation must clearly include:

(1) A general description of the services offered and terms of the agreement;

(2) The total cost, including payment terms and any discounts applied;

(3) A cancellation policy allowing the patient to cancel at any time, for any reason, without penalty;

(4) Disclosure of whether any tangible goods (e.g., supplements, braces, supports) are included or billed separately.

(d) This rule does not exempt a licensee or other person from compliance with any applicable state or federal laws regarding fraud, abuse, or inducements.

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 July 9, 2026.

TRD-202602821
Rudy Calderon
General Counsel
Texas Board of Chiropractic Examiners
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 305-6706

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PART 22. TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

CHAPTER 511. ELIGIBILITY

SUBCHAPTER C. EDUCATIONAL REQUIREMENTS

22 TAC §511.57

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

Background, Justification and Summary

A typographical error misnamed the reference as a subparagraph when it should have been identified as a paragraph.

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 public understanding and locating the material referenced in the rule.

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 August 24, 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).

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.

§511.57. 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 paragraphs [~~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 July 9, 2026.

TRD-202602809
J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 305-7848

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CHAPTER 523. CONTINUING PROFESSIONAL EDUCATION

SUBCHAPTER D. STANDARDS FOR CONTINUING PROFESSIONAL EDUCATION PROGRAMS AND RULES FOR SPONSORS

22 TAC §523.147

The Texas State Board of Public Accountancy (Board) proposes an amendment to §523.147 concerning Sponsor Review Program.

Background, Justification and Summary

To maintain the competence of Texas licensees offering accounting services, the Board's Presiding Officer currently appoints three committee members responsible for monitoring Board approved Sponsors offering continuing education to licensees. The Board staff has been administratively monitoring the Sponsor Review Program. By the staff working directly with the sponsors, concerns are addressed immediately and more efficiently. The Sponsor Review Program Committee is no longer necessary.

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 a more efficiently and timely run monitoring program.

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 August 24, 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).

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.

§523.147. Sponsor Review Program.

(a) A sponsor review program is established for the purpose of monitoring the compliance by board registered CPE sponsors and the courses they offer with the registration requirements, CPE standards and/or applicable board rules. The program shall emphasize high quality education and compliance with professional standards. In the event a sponsor does not comply with the registration requirements, CPE standards, or applicable board rules, the board shall take appropriate action.

~~[(b) The presiding officer shall appoint three members who shall be either board members or advisory members to the Sponsor Review Program Committee (SRPC). The SRPC's duties are to:]~~

~~[(1) monitor the sponsor review program to provide assurance to the CPE committee that the CPE sponsors are being reviewed~~

and that the reviews are conducted and reported in accordance with established CPE program standards;]

[(2) serve as mediators between the reviewers and sponsors whose courses are being reviewed; and]

[(3) report to the CPE committee as requested and make recommendations as appropriate.]

(b) [(c)] The board shall contract with qualified persons selected by the CPE committee to review the courses of sponsors ("reviewers"). The board will compensate reviewers from revenue received from sponsors' registration fees.

(1) If the reviewer is a CPA, the reviewer must be in good standing with the licensing board.

(2) A reviewer must recuse himself from service if the reviewer has an interest in the sponsoring organization under review or if the reviewer believes he cannot be impartial or objective.

(3) A reviewer may not concurrently serve as a member of the board or one of its committees.

(c) [(d)] The reviewers shall:

(1) assess board-registered sponsors of CPE to provide reasonable assurance that quality CPE is being offered in accordance with registration requirement, CPE standards, or applicable board rules;

(2) review the policies and procedures of board registered CPE sponsors as to their conformity with the rules;

(3) when necessary, prescribe actions designed to assure correction of the deficiencies in the program or CPE.[;]

[(4) report to the SRPC as required:]

[(A) problems experienced with sponsor compliance; and]

[(B) problems experienced in the implementation of the review program.]

(d) [(e)] The procedures used by the reviewers in monitoring of sponsors of CPE may include, but not be limited to:

(1) random visits of sponsors as deemed appropriate, and review of course materials;

(2) meetings with the sponsor;

(3) reviewing educational materials and record keeping documents;

(4) reviewing the sponsor's educational philosophy;

(5) reviewing, on the basis of a random selection, the course evaluations from licensees to determine whether the materials have received adverse comments;

(6) expanding the review of records if significant deficiencies, problems, or inconsistencies are encountered during the review of the materials; and

(7) determining that courses offered by board-registered CPE sponsors comply with all applicable board rules including §523.102 of this chapter (relating to CPE Purpose and Definitions) and this subchapter and provide that:

(A) educational content meets the course objectives;

(B) course material is up-to-date and relevant; and

(C) adequate documentation procedures are in place;

(8) other procedures as deemed necessary by the board so that the CPE sponsor is in compliance with the registration requirements, CPE standards and applicable board rules.

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 July 9, 2026.

TRD-202602810
J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 305-7848

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TITLE 25. HEALTH SERVICES

PART 1. DEPARTMENT OF STATE HEALTH SERVICES

CHAPTER 13. HEALTH PLANNING AND RESOURCE DEVELOPMENT

The executive commissioner of the Texas Health and Human Services Commission (HHSC), on behalf of the Texas Department of State Health Services (DSHS), proposes amendments to §13.11, concerning Purpose and Scope; §13.13, concerning Definitions; §13.18, concerning Noncompliance with Reporting Requirements; §13.19, concerning Confidential Data; §13.51, concerning Purpose and Scope; and §13.85, concerning Award Criteria and Selection for Funding.

BACKGROUND AND PURPOSE

The purpose of the proposal is to implement part of House Bill (HB) 3801, 89th Legislature, Regular Session, 2025, that repealed Texas Health and Safety Code (HSC) Chapter 104 and abolished the Statewide Health Coordinating Council (SHCC) and the nursing advisory committee (NAC) of that council effective September 1, 2025. The proposed amendments remove references to those topics from 25 Texas Administrative Code (TAC) Chapter 13.

SECTION-BY-SECTION SUMMARY

The proposed amendment to §13.11, Purpose and Scope, removes references to HSC Chapter 104 and incorporates plain language to improve readability.

The proposed amendment to §13.13, Definitions, removes references to HSC Chapter 104 and incorporates plain language to improve readability where applicable without changing definitions set in statute.

The proposed amendment to §13.18, Noncompliance with Reporting Requirements, removes references to HSC Chapter 104 and incorporates plain language to improve readability and clarity of the process to notify entities of noncompliance with reporting requirements.

The proposed amendment to §13.19, Confidential Data, removes references to HSC Chapter 104 and incorporates plain language to improve readability.

The proposed amendment to §13.51, Purpose and Scope, removes references to HSC Chapter 104 and incorporates plain language to improve readability.

The proposed amendment to §13.85, Award Criteria and Selection for Funding, removes references to the NAC and HSC §104.0155, and incorporates plain language to improve readability.

FISCAL NOTE

Christy Havel Burton, 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

DSHS 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 DSHS employee positions;

(3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;

(4) the proposed rules will not affect fees paid to DSHS;

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

(6) the proposed rules will not expand, limit, or repeal existing regulations;

(7) the proposed rules will not change the number of individuals subject to the rules; and

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

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

Christy Havel Burton has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities. The rules do not apply to small or micro-businesses, or rural communities.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

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

PUBLIC BENEFIT AND COSTS

Dr. Varun Shetty, Chief State Epidemiologist, has determined that for each year of the first five years the rules are in effect, the public benefit will be an improved consistency between legislative changes brought forth by the passing of HB 3801 89th Legislature, Regular Session, 2025, and the TAC.

Christy Havel Burton 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 amendments to the rules are merely removing references to HSC Chapter 104, the SHCC, and the NAC of the SHCC.

TAKINGS IMPACT ASSESSMENT

DSHS 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 26R042" in the subject line.

SUBCHAPTER B. DATA COLLECTION

25 TAC §§13.11, 13.13, 13.18, 13.19

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151 and Texas Health and Safety Code §1001.075 which provide that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001, HSC §105.005, and Acts 2025, 89th Leg., AS, Oh. 636 (HA 3801), Sect. 11(2), 11(3) off. September 1, 2025.

The amendments affect Texas Government Code §524.0151 and Texas Health and Safety Code Chapters 1001, 105, and §105.011.

§13.11. Purpose and Scope.

(a) The purpose of [~~the sections in~~] this subchapter is to implement the requirements of Texas [~~Health and Safety Code, Chapter 104, Subchapter D, which requires the department to adopt rules covering the collection of data from health care facilities, such as hospitals, and the dissemination of data to facilitate health planning and resource development;~~] Health and Safety Code (HSC)[~~,~~] Chapter 311, Subchapters C and D. The statutes address [~~concerning~~] the collection and reporting of hospital financial and utilization data and also include requirements for reporting [~~including data regarding the provision of~~] levels of charity care provided by certain nonprofit hospitals[~~,~~] and the submission of an annual report of a community benefits plan by certain nonprofit hospitals.

(b) The scope of this subchapter is to describe the criteria and procedures [~~which~~] the department uses to collect, distribute, and report required data [~~will use in implementing data collection, dissemination, and reporting requirements~~]. This subchapter applies to [~~will cover the collection and dissemination of data from the~~] public or private hospitals that are licensed as [~~included in the definition of the~~

~~term "health care facilities" in the Health and Safety Code, Chapter 104, Subchapter A. The remaining entities included in the definition of the term "health care facilities" are not covered by this subchapter. If data covered by this subchapter will be collected from a public or private hospital that is~~] a general or special hospital [~~licensed~~] under HSC [~~the Health and Safety Code,~~] Chapter 241; a private mental hospital [~~licensed~~] under HSC [~~the Health and Safety Code,~~] Chapter 577; or a treatment facility [~~licensed~~] under HSC [~~the Health and Safety Code,~~] Chapter 464. The [~~, the~~] data is [~~will be~~] collected under authority of, and in compliance with, HSC Chapter [~~the requirements of the Health and Safety Code, Chapters 104 and~~] 311.

§13.13. Definitions.

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

[~~(1) Chapter 104--Provisions relating to the data collection responsibilities of the Department of State Health Services as the state health planning and development agency found within the Health and Safety Code, Title 2.~~]

(1) [~~(2)~~] Chapter 311--Relates [~~Provisions relating~~] to the powers and duties of hospitals found within Texas [~~the~~] Health and Safety Code (HSC)[~~,~~] Title 4.

(2) [~~(3)~~] Charity care--The unreimbursed cost to a hospital of:

(A) providing, funding, or otherwise financially supporting health care services on an inpatient or outpatient basis to a person classified by the hospital as financially or medically indigent; and/or

(B) providing, funding, or otherwise financially supporting health care services provided to financially indigent persons through other nonprofit or public outpatient clinics, hospitals, or health care organizations.

(3) [~~(4)~~] Community benefits--The unreimbursed cost to a hospital of providing charity care, government-sponsored indigent health care, donations, education, government-sponsored program services, research, and subsidized health services. Community benefits do not include the cost to the hospital of paying any taxes or other governmental assessments.

(4) [~~(5)~~] Department--The Texas Department of State Health Services.

(5) [~~(6)~~] Donations--The unreimbursed costs of providing cash and in-kind services and gifts, including facilities, equipment, personnel, and programs, to other nonprofit or public outpatient clinics, hospitals, or health care organizations.

(6) [~~(7)~~] Education-related cost--The unreimbursed cost to a hospital of providing, funding, or otherwise financially supporting educational benefits, services, and programs, including:

(A) education of medical professionals and health care providers;

(B) scholarships and funding to medical schools, colleges, and universities for health professions education;

(C) education of patients concerning diseases and home care in response to community needs; and

(D) community health education through informational programs, publications, and outreach activities in response to community needs.

(7) [~~(8)~~] Financially indigent--An uninsured or underinsured person who is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the hospital's eligibility system.

(8) [~~(9)~~] Government-sponsored [~~Government sponsored~~] indigent health care--The unreimbursed cost to a hospital of providing health care services to recipients of Medicaid and other federal, state, or local indigent health care programs, eligibility for which is based on financial need.

(9) [~~(10)~~] Government-sponsored program unreimbursed costs--The unreimbursed cost to the hospital of providing health care services to the beneficiaries of Medicare, the Civilian Health and Medical Program of the Uniformed Services, and other federal, state, or local government health care programs.

(10) [~~(11)~~] Health care facility--Regardless of ownership, a public or private hospital, skilled nursing facility, intermediate care facility, ambulatory surgical facility, family planning clinic that [~~which~~] performs ambulatory surgical procedures, rural health initiative clinic, urban health initiative clinic, kidney disease treatment facility, inpatient rehabilitation facility, and other facilities as defined by federal law. This definition[~~, but~~] does not include an [~~the~~] office of physicians or practitioners of the healing arts, singly or in groups, in the conduct of their profession.

(11) [~~(12)~~] Health care organization--A nonprofit or public organization that provides, funds, or otherwise financially supports health care services provided to financially indigent persons.

(12) [~~(13)~~] Hospital--A general or special hospital licensed under HSC [~~the Health and Safety Code,~~] Chapter 241; a private mental hospital licensed under HSC [~~the Health and Safety Code,~~] Chapter 577; and a treatment facility licensed under HSC [~~the Health and Safety Code,~~] Chapter 464.

(13) [~~(14)~~] Hospital eligibility system--The financial criteria and procedure used by a hospital to determine if a patient is eligible for charity care. The system shall include income levels and means testing indexed to the federal poverty guidelines; provided, however, that a hospital may not establish an eligibility system that [~~which~~] sets the income level eligible for charity care lower than that required by counties under HSC §61.023 or higher, in the case of the financially indigent, than 200% of the federal poverty guidelines. A hospital may determine that a person is financially or medically indigent pursuant to the hospital's eligibility system after health care services are provided.

(14) [~~(15)~~] Hospital system--A system of local nonprofit hospitals under the common governance of a single corporate parent that are located within a radius of not more than 125 linear miles of the corporate parent.

(15) [~~(16)~~] Medically indigent--A person whose medical or hospital bills after payment by third-party payors exceed a specified percentage of the patient's annual gross income, determined in accordance with the hospital's eligibility system, and the person is financially unable to pay the remaining bill.

(16) [~~(17)~~] Net patient revenue--An accounting term [~~that shall be~~] calculated in accordance with generally accepted accounting principles for hospitals.

(17) [~~(18)~~] Nonprofit hospital--

(A) A hospital that is organized as a nonprofit corporation or a charitable trust under the laws of this state or any other state or country and is:

(i) eligible for tax-exempt bond financing; or

(ii) exempt from state franchise, sales, ad valorem, or other state or local taxes. [~~For purposes of determining whether a hospital is "organized" as a nonprofit corporation or charitable trust, the department will look at the entity which holds the hospital license issued by the department; that is the entity which must be organized as a nonprofit corporation or charitable trust.~~]

(B) A "nonprofit hospital" shall not include a hospital that:

(i) is exempt from state franchise, sales, ad valorem, or other state or local taxes;

(ii) does not receive payment for providing health care services to any inpatients or outpatients from any source, including[~~, but not limited to,~~] the patient or any person legally obligated to support the patient, third-party payers, Medicare, Medicaid, or any other federal, state, or local indigent care program; payment for providing health care services does not include charitable donations, legacies, bequests, or grants or payments for research; and

(iii) does not discriminate on the basis of inability to pay, race, color, creed, religion, or sex [~~gender~~] in its provision of services.

(C) A "nonprofit hospital" does not include a hospital that is located in a county with a population under 50,000 where the entire county or the population of the entire county has been designated as a health professional shortage area. A "nonprofit hospital" includes a hospital that is located in a county with a population under 50,000 population where only a subpopulation, partial geographic area or a facility is designated as a health professional shortage area.

(18) [~~(19)~~] Patient data--Information derived from individual, acute care, inpatient, and outpatient discharge abstract records.

(19) [~~(20)~~] Subsidized health services--Services provided by a hospital in response to community needs for which the reimbursement is less than the hospital's cost for providing the services and which must be subsidized by other hospital or nonprofit supporting entity revenue sources. Subsidized health services include[~~, but are not limited to,~~] emergency and trauma care, neonatal intensive care, freestanding community clinics, and collaborative efforts with local government or private agencies in preventive medicine.

(20) [~~(21)~~] Survey--The annual data collection [~~effort~~] conducted by the department to implement the provisions of Texas Health and Safety Code Chapter[~~, Chapters 104 and~~] 311.

(21) [~~(22)~~] Tax-exempt [~~Tax exempt~~] benefits--All of the following, calculated in accordance with standard accounting principles for hospitals for tax purposes using the applicable statutes, rules, and regulations regarding the calculation of these taxes:

(A) the dollar amount of federal, state, and local taxes, including income, franchise, ad valorem, and sales taxes, foregone by a nonprofit hospital and its nonprofit supporting entities[~~. For purposes of this definition federal, state, and local taxes include income, franchise, ad valorem, and sales taxes~~];

(B) the dollar amount of contributions received by a nonprofit hospital and its nonprofit supporting entities; and

(C) the value of tax-exempt bond financing received by a nonprofit hospital and its nonprofit supporting entities.

(22) [~~(23)~~] Unreimbursed costs--The costs a hospital incurs for providing services after subtracting payments received from any source for such services, including [~~but not limited to the following~~]: third-party insurance payments; Medicare payments; Medicaid payments; Medicare education reimbursements; state reimbursements for education; payments from drug companies to pursue research; grant funds for research; and disproportionate share payments. For purposes of this definition, the term "costs" shall be calculated by applying the cost to charge ratios derived in accordance with generally accepted accounting principles for hospitals to billed charges. The calculation of the cost to charge ratios shall be based on the most recently completed and audited prior fiscal year of the hospital or hospital system. For purposes of this definition, charitable contributions and grants to a hospital, including transfers from endowment or other funds controlled by the hospital or its nonprofit supporting entities, shall not be subtracted from the costs of providing services for purposes of determining the unreimbursed costs of charity care and government-sponsored indigent health care.

§13.18. Noncompliance with Reporting Requirements.

(a) Reporting of data through [~~on~~] the online survey form for the Annual Survey of Hospitals (ASH).

(1) A hospital that does not complete and submit the online survey form to the department within the 60-day reporting period and according to §13.15 of this subchapter (relating to Survey Forms and Methods of Reporting Data), will be notified of non-compliance in writing by certified mail with return receipt.

[~~(1) If a hospital does not submit the completed online survey form to the Department of State Health Services (department) within the 60-day reporting period and in accordance with §13.15 of this title (relating to Survey Forms and Methods of Reporting Data), the department may institute the following procedures.~~]

[~~(A) The department will notify the entity in writing by certified mail, with return receipt requested, that the entity is in noncompliance with department reporting requirements and may be in violation of the Health and Safety Code, Chapter 104. The written notification will also state that the commissioner may request that the attorney general institute and conduct a suit in the name of the state to recover civil penalties if the hospital fails to submit the requested data to the department within 30 days of the date the entity received the notification letter.~~]

(2) [~~(B)~~] If the entity [~~department~~] does not send [~~receive~~] the requested data [~~from the non-responding hospital~~] within 30 days of receiving the certified mail [~~the specified time frame~~], the commissioner may notify the attorney general in writing that [~~of~~] the entity is in [~~entity's~~] noncompliance, providing[~~. The department will send~~] a copy of the [~~written~~] notification to the entity [~~hospital~~].

[~~(2) A hospital that does not timely submit requested data to the department according to the requirements and procedures established in these sections is subject to a civil penalty of not more than $500 for each day of noncompliance, under the provisions of Health and Safety Code, Chapter 104.~~]

(b) Report of the Community Benefit Plan (CBP) [~~and the online Annual Statement of Community Benefits Standard (ASCBS)~~].

[~~(1)~~] A nonprofit hospital or hospital system that does not [~~timely~~] submit a CBP report, as described in Texas Health and Safety Code §311.046, to the department by April 30 of each year, may be assessed a civil penalty up to $1,000 each day for which the report is delinquent. The department notifies the entity of noncompliance by certified mail, with return receipt. No penalty may be assessed against a hospital until 10 business days after the written notification to the hospital of its failure to file a report. The commissioner notifies the attorney general in writing of noncompliant entities, providing a copy of the notification to the entity [~~to the Department of State Health Services (department) according to the requirements and procedures established in these sections is subject to a civil penalty of not more than $1,000 for~~

each day of noncompliance, under the provisions of Health and Safety Code, Chapter 311].

[(2) If a nonprofit hospital or hospital system does not submit a CBP report to the department within the reporting period established in §13.17 of this title (relating to Duties of Nonprofit Hospitals under Health and Safety Code, Chapter 311), the department may institute the following procedures.]

[(A) The department will notify the entity in writing by certified mail, return receipt requested, that the entity is in noncompliance with department reporting requirements and may be in violation of the Health and Safety Code, Chapter 311. The written notification will also state that the commissioner may request that the attorney general institute and conduct a suit in the name of the state to recover civil penalties if the hospital or hospital system fails to submit the report to the department within ten days after receipt of the written notification letter.]

[(B) If the department does not receive the CBP report from the non-responding hospital or hospital system within the specified time frame, the commissioner may notify the attorney general in writing of the entity's noncompliance. The department will send a copy of the written notification to the hospital or hospital system.]

§13.19. Confidential Data.

[(a)] The following data received by the department [Department of State Health Services (department)] from a hospital is confidential under authority of Texas [the] Health and Safety Code Chapter[, Chapters 104 and] 311:

(1) information relating to a specific patient; and

(2) financial information about [relating to] a provider or hospital that was submitted before [prior to] September 1, 1987. Financial information about [All financial data regarding] a provider or facility submitted on or after September 1, 1987, is not [are no longer] confidential.

[(b) The department will establish appropriate internal controls to maintain confidentiality of patient level data.]

[(c) The department will disclose confidential patient information to a third party only upon receipt of appropriate written consent of the patient.]

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 July 10, 2026.

TRD-202602831
Cynthia Hernandez
General Counsel
Department of State Health Services
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 696-3881

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SUBCHAPTER E. DATA COLLECTION

25 TAC §13.51

STATUTORY AUTHORITY

The amendment is authorized by Texas Government Code §524.0151 and Texas Health and Safety Code §1001.075 which provide that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001, HSC §105.005, and Acts 2025, 89th Leg., R.S., Ch. 636 (H.B. 3801), Secs. 11(2), 11(3) eff. September 1, 2025.

The amendment affects Texas Government Code §524.0151 and Texas Health and Safety Code Chapters 1001, 105, and §105.011.

§13.51. Purpose and Scope.

(a) The purpose of [the sections in] this subchapter is to implement Texas Health and Safety Code Chapter[, Chapters 104 and] 105, that provides rulemaking authority to the department[,] through the executive commissioner of the Health and Human Services Commission. This authority applies to[, rulemaking authority covering] the collection of data by [the Statewide Health Coordinating Council and] the Health Professions Resource Center.

(b) The scope of this subchapter is to describe the criteria and procedures for [which the department uses in implementing] data collection requirements of the relevant members of the Health Professions Council.

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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Cynthia Hernandez
General Counsel
Department of State Health Services
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SUBCHAPTER G. WORKPLACE VIOLENCE AGAINST NURSES PREVENTION GRANT PROGRAM

25 TAC §13.85

STATUTORY AUTHORITY

The amendment is authorized by Texas Government Code §524.0151 and Texas Health and Safety Code §1001.075 which provide that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001, HSC §105.005, and Acts 2025, 89th Leg., R.S., Ch. 636 (H.B. 3801), Secs. 11(2), 11(3) eff. September 1, 2025.

The amendment affects Texas Government Code §524.0151 and Texas Health and Safety Code Chapters 1001, 105, and §105.011.

§13.85. Award Criteria and Selection for Funding.

(a) The department selects [will select] applicants for funding on a competitive basis.

(b) The department [will] only considers [consider] applicants that meet all requirements of the solicitation.

(c) A workgroup determined by the nursing resource section established under Texas Health and Safety Code §105.002, reviews and scores [taskforce assigned by the Nursing Advisory Committee, defined by Texas Health and Safety Code §104.0155, will review and

~~score~~] proposals. The workgroup provides [~~taskforce will provide~~] recommendations for grant awards to the department.

(d) Each application must:

(1) provide a detailed explanation of the applicant's workplace violence prevention program, including:

(A) a development and implementation timeline;

(B) a description of the population identified to participate in the program;

(C) a detailed budget; and

(D) a description of the program's administration and support;

(2) describe how the workplace violence prevention program will reduce verbal and physical violence against nurses in the applicant's health care facility; and

(3) propose performance metrics to measure program outcomes, including changes in the severity and frequency of verbal and physical violence against nurses.

(e) Each solicitation defines [~~will define~~] the priority criteria for selection.

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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Cynthia Hernandez
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Department of State Health Services
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PART 6. STATEWIDE HEALTH COORDINATING COUNCIL

CHAPTER 571. HEALTH PLANNING AND RESOURCE DEVELOPMENT
SUBCHAPTER A. STATEWIDE HEALTH COORDINATING COUNCIL

25 TAC §571.1, §571.2

The executive commissioner of the Texas Health and Human Services Commission (HHSC), on behalf of the Texas Department of State Health Services (DSHS), proposes the repeal of §571.1, concerning General Provisions, and §571.2, concerning State Health Plan and Plan Implementation.

BACKGROUND AND PURPOSE

The purpose of the proposal is to implement part of House Bill (HB) 3801, 89th Legislature, Regular Session, 2025, that repealed Texas Health and Safety Code (HSC) Chapter 104 and abolished the Statewide Health Coordinating Council (SHCC) effective September 1, 2025. This proposal removes unnecessary rules from 25 Texas Administrative Code (TAC) Part 6, Statewide Health Coordinating Council, consisting of Chapter 571, Subchapter A, §571.1 and §571.2.

SECTION-BY-SECTION SUMMARY

The proposed repeal of §571.1 and §571.2 deletes the rules as they are no longer necessary.

FISCAL NOTE

Christy Havel Burton, 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

DSHS 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 DSHS employee positions;

(3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;

(4) the proposed rules will not affect fees paid to DSHS;

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

(6) the proposed rules will not expand, limit, or repeal existing regulations;

(7) the proposed rules will not change the number of individuals subject to the rules; and

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

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

Christy Havel Burton has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities. The rules do not apply to small or micro-businesses, or rural communities.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

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

PUBLIC BENEFIT AND COSTS

Dr. Varun Shetty, Chief State Epidemiologist, has determined that for each year of the first five years the rules are in effect, the public benefit will be removal of unnecessary rules from the TAC brought forth by the passing of HB 3801 89th Legislature, Regular Session, 2025.

Christy Havel Burton has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because the rules are being repealed.

TAKINGS IMPACT ASSESSMENT

DSHS has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise ex-

ist 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 26R042" in the subject line.

STATUTORY AUTHORITY

The repeals are authorized by Texas Government Code §524.0151 and Texas Health and Safety Code §1001.075 which provide that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by DSHS and for the administration of Texas Health and Safety Code Chapter 1001 and Acts 2025, 89th Leg., R.S., Ch. 636 (H.B. 3801), Sec. 11(1), eff. September 1, 2025.

The repeals affect Texas Government Code §524.0151 and Texas Health and Safety Code Chapters 1001, 105, and §105.011.

§571.1. General Provisions.

§571.2. State Health Plan and Plan Implementation.

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 July 10, 2026.

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Cynthia Hernandez
General Counsel
Statewide Health Coordinating Council
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TITLE 26. HEALTH AND HUMAN SERVICES

PART 1. HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 505. HOSPITAL LICENSING

SUBCHAPTER B. HOSPITAL LICENSE

26 TAC §505.27

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes new §505.27, concerning Mobile Stroke Units.

BACKGROUND AND PURPOSE

The proposal is necessary to comply with House Bill (HB) 4743, 89th Legislature, Regular Session, 2025. HB 4743 amended Texas Health and Safety Code (THSC) §241.023 to allow a general or special hospital license to include a mobile stroke unit (MSU).

The proposed rule outlines requirements for MSUs to exist as a part of a licensed hospital and specifies which existing licensing rules do not apply to MSUs. The proposed rule improves consistency between hospital licensing rules and THSC §241.023.

SECTION-BY-SECTION SUMMARY

Proposed new §505.27 outlines requirements for MSUs that: (1) allows HHSC to include an MSU in a hospital's license; (2) specifies the guidelines for a hospital to apply to add an MSU to its license; (3) provides requirements to apply for a renewal license; (4) outlines necessary actions if a hospital or MSU no longer meet the requirements; (5) exempts MSUs from certain existing licensing rules; and (6) allows HHSC to conduct inspections for MSUs.

FISCAL NOTE

Victoria Grady, Deputy Chief, Finance, has determined that for each year of the first five years that the rule will be in effect, enforcing or administering the rule 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 rule will be in effect:

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

(2) implementation of the proposed rule will not affect the number of HHSC employee positions;

(3) implementation of the proposed rule will result in no assumed change in future legislative appropriations;

(4) the proposed rule will not affect fees paid to HHSC;

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

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

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

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

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

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

The rule does not impose any additional costs on small businesses, micro-businesses, or rural communities that are required to comply with the rule.

LOCAL EMPLOYMENT IMPACT

The proposed rule will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to this rule because the rule is necessary to protect the health, safety, and welfare of the residents of Texas, is necessary to implement legislation that does not specifically state that §2001.0045 applies to the rule, and the rule does not impose a cost on regulated persons.

PUBLIC BENEFIT AND COSTS

David Kostroun, Chief Regulatory Services Officer, has determined that for each year of the first five years the rule is in effect, the public benefit will be increased access to care for the public because of allowing a general or special hospital license to include a mobile stroke unit.

Victoria Grady 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 the rule is codifying current practices as required by statute.

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 26R049" in the subject line.

STATUTORY AUTHORITY

The authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, and THSC §241.026, which requires HHSC to develop, establish, and enforce standards for the construction, maintenance, and operation of licensed hospitals.

The new section implements Texas Government Code §524.0151 and THSC §241.026.

§505.27. Mobile Stroke Units.

(a) In this section, a mobile stroke unit (MSU) means a specialized vehicle authorized by the Texas Department of State Health Services (DSHS) for an emergency medical services (EMS) provider licensed under Title 25 Texas Administrative Code (TAC) §157.11 (relating to Requirements for an Emergency Medical Services (EMS) Provider License), that is:

(1) equipped with a computed tomography (CT) scanner; and

(2) staffed by personnel capable of diagnosing and treating a stroke patient on-site as authorized by the EMS provider's medical director.

(b) The Texas Health and Human Services Commission (HHSC) includes an MSU in a hospital's license under Texas Health and Safety Code §241.023(c-1)(2) if:

(1) the hospital has a Level I, II, or III stroke designation from DSHS under 25 TAC §157.133 (relating to Requirements for Stroke Facility Designation);

(2) the MSU is accredited by a health care accreditation organization approved by the Centers for Medicare & Medicaid Services; and

(3) the hospital submits an application as specified in subsection (c) of this section.

(c) To apply to include an MSU in its license, a hospital shall submit the following to HHSC:

(1) a completed application form for adding an MSU to a hospital license as provided on the HHSC website;

(2) a current copy of the EMS provider license for the MSU the hospital is seeking to add to its hospital license;

(3) a current copy of the hospital's stroke designation certificate;

(4) a current copy of the MSU's letter or certificate of accreditation from an approved health care accreditation organization; and

(5) any additional information requested by HHSC.

(d) For renewal of a hospital license that includes an MSU, a hospital shall submit a license renewal application to HHSC and include:

(1) a current copy of the EMS provider license for the MSU the hospital is seeking to keep under its hospital license;

(2) a current copy of the hospital's stroke designation certificate;

(3) a current copy of the MSU's letter or certificate of accreditation from an approved healthcare accreditation organization; and

(4) any additional information requested by HHSC.

(e) The hospital shall immediately notify HHSC in writing if:

(1) the hospital loses its Level I, II, or III stroke designation from DSHS under 25 TAC §157.133; or

(2) the MSU is no longer accredited by a health care accreditation organization approved by the Centers for Medicare & Medicaid Services.

(f) If the hospital or MSU no longer meets a requirement in paragraph (b)(1) or (b)(2) of this section, or both:

(1) the hospital shall provide documentation of unmet requirements to DSHS and HHSC within 30 days and include:

(A) a plan for selling, transferring, or decommissioning the MSU; or

(B) a statement of intent to reapply for licensure of the MSU and a plan to remedy noncompliance;

(2) HHSC removes the MSU from the hospital's license; and

(3) the MSU may not operate under the hospital's license.

(g) The MSU is exempt from the following requirements:

(1) hospital license display under §505.21(d) of this chapter (relating to General); and

(2) CT room requirements under §505.163(l) of this chapter (relating to Spatial Requirements for New Construction).

(h) HHSC may inspect an MSU as specified in §505.102 of this chapter (relating to Inspections), including before adding an MSU to a hospital license.

(i) To the extent this section may conflict with a requirement in §505.21(c) of this subchapter, this section prevails.

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 July 8, 2026.

TRD-202602791
Karen Ray
Chief Counsel
Health and Human Services Commission
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For further information, please call: (512) 834-4591

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CHAPTER 509. FREESTANDING EMERGENCY MEDICAL CARE FACILITIES SUBCHAPTER C. OPERATIONAL REQUIREMENTS

26 TAC §509.45

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes an amendment to §509.45, concerning Medical Staff.

BACKGROUND AND PURPOSE

In a freestanding emergency medical care (FEMC) facility licensed by HHSC, a physician must have at least one year of experience in emergency services, and current certification in advanced cardiac life support (ACLS), pediatric advanced life support (PALS), and advanced trauma life support (ATLS) to have medical staff privileges in the facility.

HHSC proposes to amend §509.45 to allow an FEMC facility to give medical staff privileges to physicians who are currently board certified in emergency medicine from the American Board of Emergency Medicine (ABEM) or the American Osteopathic Board of Emergency Medicine (AOBEM) with the required experience and without requiring current certification in ACLS, PALS, and ATLS. The proposal is in response to requests from providers, and because HHSC determined that emergency medicine board certification from the ABEM or AOBEM ensures a physician has the required knowledge and skills related to emergency life support without having additional life support certifications.

The proposed amendment addresses concerns from providers and physicians that additional certifications for board certified emergency room physicians creates an additional regulatory hardship for FEMC facilities.

Additionally, the proposed amendment contains requirements for a physician with an expired ABEM or AOBEM board certification to be granted medical staff privileges in an FEMC facility.

SECTION-BY-SECTION SUMMARY

The proposed amendment to §509.45 adds new subsection (e) to move the current requirements in subsection (d)(5) for a physician to have medical staff privileges in an FEMC facility.

The proposed amendment adds new subsection (f) to allow an FEMC facility to grant medical staff privileges to a physician with at least one year of experience in emergency services and current board certified in emergency medicine from the ABEM or AOBEM without having the certifications required in proposed subsection (e).

The proposed amendment adds new subsection (g) that contains the requirements for a physician with an expired ABEM or AOBEM board certification and at least one year of experience in emergency services to be granted medical staff privileges in an FEMC facility.

The proposed amendment in subsection (a), subsection (c)(4) and (5), and subsection (d) makes minor edits to improve the clarity and meaning of these rules.

FISCAL NOTE

Victoria Grady, HHSC Deputy Chief, Finance, has determined that for each year of the first five years that the rule will be in effect, enforcing or administering the rule 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 rule will be in effect

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

(2) implementation of the proposed rule will not affect the number of HHSC employee positions;

(3) implementation of the proposed rule will result in no assumed change in future legislative appropriations;

(4) the proposed rule will not affect fees paid to HHSC;

(5) the proposed rule will create new regulations;

(6) the proposed rule will limit existing regulations;

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

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

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

Victoria Grady has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities. The rule does not impose any additional costs on small businesses, micro-businesses, or rural communities that are required to comply with the rule.

LOCAL EMPLOYMENT IMPACT

The proposed rule will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to this rule because the rule is necessary to protect the health, safety, and welfare of the residents of Texas; does not impose a cost on regulated persons; and is amended to reduce the burden or responsibilities imposed on regulated persons by the rule.

PUBLIC BENEFIT AND COSTS

David Kostroun, Chief Regulatory Services Officer, has determined that for each year of the first five years the rule is in effect, the public will benefit from a rule that allows more physicians with the requisite knowledge and skills to be granted privileges in a FEMC facility. The FEMC facilities will benefit from a rule that increases the number of physicians who qualify for medical staff privileges.

Victoria Grady 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 there are no requirements to alter current business practices and there are no new fees or costs.

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 26R056" in the subject line.

STATUTORY AUTHORITY

The amendment is authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of health and human services by the health and human services system, and Texas Health and Safety Code (HSC) §254.101, which authorizes HHSC to adopt rules regarding freestanding emergency medical care facilities.

The amendment implements Texas Government Code §524.0151 and HSC §254.101.

§509.45. Medical Staff.

(a) The medical staff shall periodically conduct appraisals of its medical staff members according to medical staff bylaws.

(b) The medical staff shall examine credentials of candidates for medical staff membership and make recommendations to the governing body on the appointment of the candidate.

(c) The medical staff shall be well-organized and accountable to the governing body for the quality of the medical care provided to patients.

(1) The medical staff shall be organized in a manner approved by the governing body.

(2) If the medical staff has an executive committee, the members of the committee shall be doctors of medicine or osteopathy.

(3) The facility shall maintain records of medical staff meetings.

(4) The governing body shall assign responsibility for the organization and conduct of the medical staff only to an individual physician.

(5) Each medical staff member shall sign a statement signifying the member [~~they~~] will abide by medical staff and facility policies.

(d) The medical staff shall adopt, implement, and enforce written bylaws, rules, and regulations that outline the responsibilities of the medical staff [~~to carry out its responsibilities~~]. The bylaws shall:

(1) be approved by the governing body;

(2) include a statement of the duties and privileges of each category of medical staff (e.g., active, courtesy, consultant);

(3) describe the organization of the medical staff;

(4) describe the qualifications a candidate must meet for the medical staff to recommend the governing body appoint the candidate; and

(5) include criteria for determining the privileges to be granted and a procedure for applying the criteria to individuals requesting privileges. [~~To be privileged, a physician must have at least one year of experience in emergency services, and current certification in advanced cardiac life support, pediatric advanced life support, and advanced trauma life support.~~]

(e) To have medical staff privileges, a physician must have at least one year of experience in emergency services, and current certification in:

(1) advanced cardiac life support;

(2) pediatric advanced life support; and

(3) advanced trauma life support.

(f) A physician with at least one year of experience in emergency services and current board certification in emergency medicine from the American Board of Emergency Medicine (ABEM) or the American Osteopathic Board of Emergency Medicine (AOBEM) may be granted privileges without having the certifications required in subsection (e) of this section.

(g) If a physician with at least one year of experience in emergency services has an expired board certification in emergency medicine from the ABEM or AOBEM, the physician shall not be granted privileges until the physician has:

(1) current board certification in emergency medicine from the ABEM or AOBEM; or

(2) the current certifications listed in subsection (e) of 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 July 8, 2026.

TRD-202602790
Karen Ray
Chief Counsel
Health and Human Services Commission
Earliest possible date of adoption: August 23, 2026
For further information, please call: (512) 834-4591

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TITLE 34. PUBLIC FINANCE

PART 4. EMPLOYEES RETIREMENT SYSTEM OF TEXAS

CHAPTER 63. BOARD OF TRUSTEES

34 TAC §63.9, §63.13

The Employees Retirement System of Texas (ERS) proposes amendments to 34 Texas Administrative Code (TAC) Chapter 63, concerning Board of Trustees, by amending §63.9 (Officers) and §63.13 (Committees).

ERS administers a constitutional trust fund and was established by the Texas Constitution, as currently set forth in Tex. Const. art. XVI, §67, and further organized pursuant to Title 8, Tex. Gov't Code, as well as 34 Texas Administrative Code, §§61.1 *et seq.*

Amendments are proposed for §63.9 and §63.13 in order to reduce the number of officer positions for the ERS Board of Trustees. Currently, three of the Board's six members serve as officers, and one of the officers (the Vice Chair) rarely performs any duties. If the amendments are adopted, the Chair of the Board and the Chair of the Internal Audit Committee will be the only officer positions, with the Chair of the Internal Audit Committee acting as the presiding member in the Board Chair's absence.

GOVERNMENT GROWTH IMPACT STATEMENT

ERS has determined that during the first five-year period the amended rules will be in effect:

(1) the proposed amendments will not create or eliminate a government program;

(2) implementation of the proposed amendments will not require the creation of new employee positions or eliminate existing employee positions;

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

(4) the proposed amendments will not require an increase or decrease in fees paid to the agency;

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

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

(7) the proposed amendments will not increase or decrease the number of individuals subject to the rules' applicability; and

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

Ms. Jennifer Chambers, Deputy Executive Director, has determined that for the first five-year period the amended rules are in effect, there will be no fiscal implication for state or local government or local economies as a result of enforcing or administering the rules; and small businesses, micro-businesses, and rural communities will not be affected.

The proposed amendments do not constitute a taking. Ms. Chambers has also determined that, to her knowledge, there are no known anticipated economic effects for persons who are required to comply with the amendments as proposed, and the proposed amendments do not impose a cost on regulated persons.

Ms. Chambers also determined that for each year of the first five years the amended rules are in effect, the public benefit anticipated as a result of adopting and complying with the rules would be that the organizational structure of the Board would better reflect the Board's small size. Because agency staff are responsible for the duties typically assigned to a board's secretary and treasurer, the Board does not need more than two officers.

Comments on the proposed amendments may be submitted to Cynthia C. Hamilton, General Counsel, Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas 78711-3207, or you may email Ms. Hamilton at *General.Counsel@ers.texas.gov*. The deadline for receiving comments is Monday, August 24, 2026, at 10:00 a.m.

The amendments are proposed under Tex. Gov't Code §815.102, which provides authorization for the ERS Board of Trustees to adopt rules necessary for the administration of the funds of the retirement system and regarding the transaction of any other business of the Board.

No other statutes are affected by the proposed amendments.

§63.9. Officers.

At the last regularly scheduled board meeting each year, the board shall elect a chair [~~and vice chair~~] who shall take office the following September 1. The chair or the internal audit committee [~~vice~~] chair, in the chair's absence, shall preside at meetings of the board.

§63.13. Committees.

The internal audit committee shall be considered a standing committee, and members, including a committee chair, shall be appointed by the board chair at the beginning of each year. The board chair shall designate additional ad hoc committees as necessary. The term of an ad hoc committee shall be for the year in which the ad hoc committee is appointed or until the work of the ad hoc committee is completed if within the year.

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 July 13, 2026.

TRD-202602861

Cynthia C. Hamilton
General Counsel and Chief Compliance Officer
Employees Retirement System of Texas
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For further information, please call: (877) 275-4377

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