

PROPOSED RULES

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

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

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

TITLE 7. BANKING AND SECURITIES

PART 5. OFFICE OF CONSUMER CREDIT COMMISSIONER

CHAPTER 83. REGULATED LENDERS AND CREDIT ACCESS BUSINESSES

SUBCHAPTER A. RULES FOR REGULATED LENDERS

DIVISION 10. DUTIES AND AUTHORITY OF AUTHORIZED LENDERS

7 TAC §83.828, §83.829

The Finance Commission of Texas (commission) proposes amendments to §83.828 (relating to Files and Records Required (Subchapter E and F Lenders)) and §83.829 (relating to Files and Records Required (Subchapter G Lenders)) in 7 TAC Chapter 83, Subchapter A, concerning Rules for Regulated Lenders.

The rules in 7 TAC Chapter 83, Subchapter A govern regulated lenders. In general, the purpose of the proposed rule changes to 7 Chapter 83, Subchapter A is to implement changes resulting from the commission's review of the subchapter under Texas Government Code, §2001.039.

Proposed amendments to §83.828 would update recordkeeping requirements for regulated lenders making consumer loans that are not secured by real property under Texas Finance Code, Chapter 342, Subchapter E or Subchapter F. Regulated lenders are required to maintain transaction records under Texas Finance Code, §342.558, and are required to allow the OCCC to access records under Texas Finance Code, §342.552. Currently, provisions throughout §83.828 refer to both paper and electronic recordkeeping systems. Proposed amendments throughout §83.828 would simplify and rearrange this language to refer to electronic recordkeeping systems before referring to paper systems, based on licensees' increasing use of electronic systems rather than paper systems. Additional proposed amendments to §83.828 relate to data security recordkeeping. A proposed amendment at §83.828(14)(A) specifies that licensees must maintain written policies and procedures for an information security program to protect consumers' customer information, as required by the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314. Another proposed amendment at §83.828(14)(B) specifies that if a licensee maintains customer information concerning 5,000 or more consumers, then the licensee must maintain a written incident response plan and written risk assessments, as required by 16 C.F.R. §314.4. A proposed amendment at §83.828(15) specifies that

licensees must maintain data breach notifications to consumers and to the Office of the Attorney General under Texas Business & Commerce Code, §521.053. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The proposed data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

Proposed amendments to §83.829 would update recordkeeping requirements for regulated lenders making secondary mortgage loans under Texas Finance Code, Chapter 342, Subchapter G. Similarly to the amendments described in the previous paragraph of this preamble, the proposed amendments to §83.829 would simplify and rearrange language to refer to electronic recordkeeping before paper systems, specify that licensees must maintain records for an information security program, and specify that licensees must maintain data breach notifications.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will be more easily understood by licensees required to comply with the rules, and will better enable licensees to comply with Texas Finance Code, Chapter 342 and related legal requirements.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed. If there are economic costs, then the OCCC anticipates that these will be minimal. Regarding the proposed amendments related to information security programs and data breach notifications in §83.828 and §83.829, licensees are required to develop this information by existing statutes and regulations outside of the proposed amendments, so any costs do not result from the proposed amendments.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the pro-

posal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would both expand and limit current §83.828 and §83.829 by adding references to certain cybersecurity-related information and removing unnecessary rule text. The proposal would not repeal a current regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

In November 2025, the OCCC issued an advance notice of rule review, seeking informal feedback on the rule review. Notice of the review of 7 TAC Chapter 83, Subchapter A was published in the *Texas Register* on December 5, 2025 (50 TexReg 7925). The OCCC and the commission did not receive any comments in response to these notices.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule changes are proposed under Texas Finance Code, §342.551, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 342. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 342.

§83.828. *Files and Records Required (Subchapter E and F Lenders)*. Each licensee must maintain records with respect to each loan made under Texas Finance Code, Chapter 342, Subchapters E and F, and make those records available for examination. The records required by this section may be maintained by using either an electronic recordkeeping system, a paper or manual recordkeeping system, [electronic recordkeeping system, optically imaged recordkeeping system,] or a combination of the preceding types of systems, unless otherwise specified by statute or regulation. If federal law requirements for record retention are different from the provisions contained in this section, the federal law requirements prevail only to the extent of the conflict with the provisions of this section.

(1) Loan register. Each licensee must maintain a loan register, containing the information required by subparagraphs (A) - (D) of this paragraph, for each Texas Finance Code, Chapter 342, Subchapter E and F loan made by the licensee. The loan register can be maintained either as an electronic record or a paper [or an electronic] record. If the loan register is maintained as an electronic record, the licensee must be able to sort, generate, and print, as a separate record, the loan register for each day the licensee originated or acquired Chapter 342, Subchapter E and F loans. A licensee may incorporate the loan register as part of the record of daily transactions required by paragraph (7) of this section if the loan register is a separate and distinct section of the daily report. If the loan register is maintained as a paper record, the loan register must be currently maintained. A licensee may file, in chronological order, copies of any loan document or form prepared at the time a loan is made reflecting the information provided in subparagraphs (A) - (D) of this paragraph to serve as a loan register. A loan register must contain the following information:

(A) - (D) (No change.)

(2) Alphabetical index of current borrowers. A current alphabetical index or report of outstanding loans showing the full name of each borrower, co-borrower, or other obligor on the loan and the loan number assigned each loan must be maintained. A licensee may maintain the alphabetical index of current borrowers either as an electronic record or a paper [or an electronic] record. If the alphabetical index of current borrowers is maintained as an electronic record, the licensee must be able to sort, generate, and print, as a separate record, the alphabetical index of current borrowers in strict alphabetical order. A licensee may maintain the alphabetical index of current borrowers by creating a rolodex of current borrowers. In lieu of creating a rolodex of current borrowers, a licensee may maintain the alphabetical index of current borrowers by filing the loan files of the borrowers or individual borrower's account records in strict alphabetical order. The manual recordkeeping system for maintaining the alphabetical index of current borrowers must be currently maintained and include a card, file, or record for each co-borrower or other obligor.

(3) Borrower's account record (including payment and collection contact history). A separate electronic or paper [or electronic] record must be maintained for the account of each borrower. The paper or electronic borrower's account record must be readily available by reference to either a name or loan number. The borrower's account record must contain at least the following information on each loan:

(A) - (O) (No change.)

(4) Transfer records. A licensee must maintain transfer records, whether electronic or paper [or electronic], when any Texas Finance Code, Chapter 342 loan accounts made by or acquired by the licensee are transferred from its licensed location. The records must show the name of the borrower, the account number, the date of transfer, and the location to which the accounts are transferred.

(5) - (6) (No change.)

(7) Record of daily transactions. Each licensee must maintain sufficient records, electronic or paper [or electronic], to adequately reflect, on an individual account basis, the business occurring during each day. The records must reflect the date on which each transaction occurred.

(8) (No change.)

(9) Insurance loss registers. Each licensee must maintain a register, electronic or paper [or electronic], reflecting information on credit life, credit accident and health, personal property, credit involuntary unemployment, and collateral protection insurance claims whether paid or denied by the insurance carrier.

(A) - (E) (No change.)

(10) - (13) (No change.)

(14) Information security program. A licensee must maintain the following for an information security program:

(A) written policies and procedures for an information security program to protect consumers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(B) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(15) Data breach notifications. A licensee must maintain the following for data breach notifications:

(A) the text of any data breach notification provided to consumers, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(B) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

(16) [(14)] Retention and availability of records. All required books and records must be available for inspection at any time by OCCC staff, and must be retained for a period of four years from the date of the loan, or two years from the date of the final entry made thereon, whichever is later. All obligations authenticated by the borrower, including promissory notes and security agreements, must be kept at an office in the state designated by the licensee or made available in the state, except when transferred under an agreement that gives the OCCC access to the documents. Copies of loan documents, financing statements, loan applications, records of insurance policies issued by or through the licensee in connection with the loan, and books and records required by this section must be maintained at the licensed location or be made available at some location in the state designated by the licensee in writing to the OCCC. Documents may be maintained out of state if the licensee has in writing acknowledged responsibility for either making the records available within the state for examination or by acknowledging responsibility for additional examination costs associated with examinations conducted out of state.

§83.829. Files and Records Required (Subchapter G Lenders).

Each licensee must maintain records with respect to each loan made under Texas Finance Code, Chapter 342, Subchapter G and each home equity loan made under Texas Constitution, Article XVI, Section 50, and make those records available for examination. The records required by this section may be maintained by using either an electronic recordkeeping system, a paper or manual recordkeeping system, [~~electronic recordkeeping system, optically imaged recordkeeping system,~~] or a combination of the preceding types of systems, unless otherwise specified by statute or regulation. If federal law requirements for record retention are different from the provisions contained in this section, the federal law requirements prevail only to the extent of the conflict with the provisions of this section. The records required by this section must be retained and made available for inspection in the same manner as that specified in §83.828(16) [§83.828(14)] of this title (relating to Files and Records Required (Subchapter E and F Lenders)).

(1) - (5) (No change.)

(6) Information security program. A licensee must maintain the following for an information security program:

(A) written policies and procedures for an information security program to protect consumers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(B) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(7) Data breach notifications. A licensee must maintain the following for data breach notifications:

(A) the text of any data breach notification provided to consumers, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(B) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

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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Matthew Nance

General Counsel

Office of Consumer Credit Commissioner

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For further information, please call: (512) 936-7660



CHAPTER 84. MOTOR VEHICLE INSTALLMENT SALES

SUBCHAPTER F. LICENSING

7 TAC §84.617

The Finance Commission of Texas (commission) proposes amendments to §84.617 (relating to License Term, Renewal, and Expiration) in 7 TAC Chapter 84, concerning Motor Vehicle Installment Sales.

In general, the purpose of the proposed rule changes is to adjust the license term for motor vehicle sales finance licensees under Texas Finance Code, Chapter 348, and commercial vehicle sales finance licensees under Texas Finance Code, Chapter 353, in anticipation of a transition to the Nationwide Multistate Licensing System (NMLS).

NMLS is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

The OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, property tax lenders and regulated lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. The OCCC anticipates that licensees under Chapters 348 and 353 of the Finance Code will be required to transition to NMLS during calendar year 2026.

Proposed amendments to §84.617 would adjust the license term for motor vehicle sales finance licensees and commercial vehicle sales finance licensees. Currently, these licenses have a term that runs from November 1 of a calendar year to October 31 of the next calendar year. These rule amendments would adjust the license term to run from January 1 to December 31, to align with the dates in the NMLS system. License fees paid in 2026 may be prorated to account for the extended term of licensure.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will be more consistent with the transition to NMLS as a licensing system, resulting in an improved user experience, efficiency for multistate entities, and an improved ability for consumers to access data about business licenses. Transitioning to NMLS will help minimize the costs of updating the OCCC's legacy technological systems.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would not expand, limit, or repeal a current regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule changes are proposed under Texas Finance Code, §14.112, §348.5055, and §353.5055, which authorize the commission to prescribe the term for a motor vehicle sales finance license under Texas Finance Code, Chapter 348, and the term for a commercial vehicle sales finance license under Texas Finance Code, Chapter 353. Also, Texas Finance Code, §348.513 and §353.513 authorize the commission to adopt rules to enforce Texas Finance Code, Chapters 348 and 353. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapters 348 and 353.

§84.617. License Term, Renewal, and Expiration.

(a) License term and renewal. A new license is effective from the date of its issuance until December [~~October~~] 31. A license must be renewed annually to remain effective. After renewal, a license is effective for a term of one year, from January 1 to December 31 [~~November 1 of a calendar year to October 31 of the next calendar year~~].

(b) Due date for annual assessment fee. The annual assessment fee is due by December [~~October~~] 1 of each year.

(c) Notice of delinquency. If a licensee does not pay the annual assessment fee, the OCCC will send a notice of delinquency. Notice of delinquency is given when the OCCC sends the notice:

(1) by mail to the address on file with the OCCC as a master file address; or

(2) by e-mail to the address on file with the OCCC as a master file e-mail address, if the licensee has provided a master file e-mail address.

(d) Expiration. If a licensee does not pay the annual assessment fee, the license will expire on the later of:

(1) December [~~October~~] 31 of each year; or

(2) the 16th day after notice of delinquency is given under subsection (c) of this section.

(e) Reinstatement. As provided by Texas Finance Code, §349.301 and §349.303(a), if a license was in good standing when it expired, a person may reinstate the expired license not later than the 180th day after its expiration date by paying the annual assessment fee and a \$1,000 late filing fee. The late filing fee for a registered office is \$250 under Texas Finance Code, §349.302.

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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Matthew Nance

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For further information, please call: (512) 936-7660



CHAPTER 86. RETAIL CREDITORS AND COMMERCIAL SALES-BASED FINANCING

SUBCHAPTER C. COMMERCIAL SALES-BASED FINANCING

7 TAC §§86.301 - 86.307, 86.310 - 86.313, 86.320 - 86.322

The Finance Commission of Texas (commission) proposes new §86.301 (relating to Purpose and Scope), §86.302 (relating to Definitions), §86.303 (relating to Filing of New Application), §86.304 (relating to Processing of Registration Application), §86.305 (relating to Required Notifications), §86.306 (relating to Registration Term, Renewal, and Expiration), §86.307 (relating to Fees), §86.310 (relating to Disclosures), §86.311 (relating to Recordkeeping), §86.312 (relating to Prohibition of Unfair, Deceptive, and Abusive Acts), §86.313 (relating to Prohibition of Certain Automatic Debits), §86.320 (relating to Complaints and Investigations), §86.321 (relating to Enforcement), and §86.322 (relating to Suspension or Revocation Based on Criminal History) in 7 TAC Chapter 86, concerning Retail Creditors.

In general, the purpose of the proposed rules is to implement requirements for commercial sales-based financing providers and brokers under Texas Finance Code, Chapter 398, as added by HB 700 (2025).

Chapter 398 describes requirements for commercial sales-based financing providers and brokers. The Texas Legislature created Chapter 398 by enacting HB 700 (2025). HB 700 went into effect on September 1, 2025, and includes requirements for registration and disclosures, as well as prohibitions of certain practices. HB 700 requires the commission to adopt implementing rules by September 1, 2026, and requires providers and brokers to register with the OCCC by December 31, 2026.

Proposed new §86.301 explains the purpose and scope of the new rules, which apply to providers and brokers under Chapter 398.

Proposed new §86.302 contains definitions of terms that are used throughout the rules but are not otherwise defined in Chapter 398: "key individual," "NMLS," "OCCC" and "registrant."

Proposed new §86.303 describes the requirements for filing a new registration application. Registrants would be required to submit information through the Nationwide Multistate Licensing System (NMLS). NMLS is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing certain individuals, and states are increasingly using the system

to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements. New §86.303 describes the requirement to submit a registration application through NMLS, the information for a company application, and amendments for information that changes in a pending application.

Proposed new §86.304 describes the processing of a registration application, explaining that an application is complete when it conforms to rules and published instructions and all fees have been paid, and that a registration is effective on receipt of a completed application and required fees.

Proposed new §86.305 describes notifications that registrants are required to provide to the OCCC. The rule distinguishes between advance change notices (a term used in NMLS for changes that a registrant must provide in advance), and other required notifications to be reported within 30 days after the registrant has knowledge of the change (e.g., civil or regulatory actions, criminal history, bankruptcy, data breaches).

Proposed new §86.306 describes the term of registration. Registrations must be renewed annually during a specified renewal period. After renewal, a registration will have a one-year term.

Proposed new §86.307 describes fees for registration. There would be a \$1,000 fee for the initial registration and annual renewal. The rule would authorize the OCCC to annually adjust these dollar amounts based on the Consumer Price Index (CPI), but the rule would also provide that the OCCC may discount or reduce a fee.

Proposed new §86.310 describes disclosure requirements, explaining that the disclosures required by Texas Finance Code, §398.051 must be provided before the recipient signs an agreement for commercial sales-based financing, and that all terms in the disclosure must be accurate. In addition, proposed new §86.310(c) would require a contract to include a notice explaining how the recipient may contact the OCCC regarding a complaint.

Proposed new §86.311 would include recordkeeping requirements for providers and brokers. This includes a transaction file with any written agreement, each disclosure, and an account history, to be maintained for the later of four years from the date of the transaction or two years from the date of the final entry. The rule would also require maintaining third-party agreements and information related to data security and data breaches.

Proposed new §86.312 would implement the prohibition on unfair, deceptive, and abusive acts and practices under Texas Finance Code, §398.005. The proposed rule describes prohibited acts and practices including false, misleading, or inaccurate statements in advertisements, disclosures, or contracts; failure to perform contracted-for services; charging fees that were not specifically disclosed or contracted for; certain waivers of statutory rights; certain violations of Chapter 398; failure to maintain records; improperly characterizing a consumer transaction as a "business" or "commercial" transaction; a device or subterfuge to evade regulatory requirements; and other listed acts and practices.

Proposed new §86.313 would implement the prohibition of certain automatic debits under Texas Finance Code, §398.056. The rule explains that in order to automatically debit a deposit account, a provider or broker must hold a validly perfected, first-priority security interest in all accounts receivable of the recipient, and describes the requirements that govern perfection and pri-

ority under Texas Business & Commerce Code, Chapter 9. The rule's language aligns with a distinction in the definitions of the terms "account" and "deposit account" under Texas Business & Commerce Code, §9.102.

Proposed new §86.320 describes the OCCC's authority to take complaints, the authority to request information and conduct investigations, and the requirement for a business to allow the OCCC to investigate transactions and records.

Proposed new §86.321 describes the OCCC's enforcement authority to issue injunctions (which may include restitution), to impose administrative penalties, and to suspend or revoke a registration. The OCCC generally tries to resolve compliance issues informally without enforcement (e.g., through instructions resulting from complaints or investigations). When enforcement is necessary, the OCCC typically follows an approach of escalating sanctions, starting with an injunction to correct violations, and then progressing to administrative penalties (and ultimately revocation) if violations are not corrected.

Proposed new §86.322 describes authority for the OCCC to suspend or revoke a registration based on the criminal history of a registrant or its key individuals. An applicant is required to disclose this information to the OCCC under Texas Finance Code, §398.053(d). The rule would implement Texas Occupations Code, Chapter 53 by describing criminal offenses that relate to the occupation and explaining the factors that the OCCC considers in determining whether to suspend or revoke a registration.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be fiscal implications for state government as a result of administering the rules. The OCCC anticipates a change in revenue due to the fees collected for registering commercial sales-based providers and administering the new regulatory program. While the OCCC has not yet received specific information about the number of companies that will register, the OCCC estimates a total number of approximately 65 registrants. The OCCC projects a change of revenue of approximately \$65,000 per year, based on an estimate of 65 registrants paying a \$1,000 fee each year. The OCCC anticipates that the agency's costs to administer the new regulatory program will result from the new statutory requirements in Texas Finance Code, Chapter 398, rather than resulting from the proposed rules. There are no anticipated fiscal implications for local government as a result of the proposed rules.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the new rules will be that the commission's rules will specify requirements for commercial sales-based financing providers and brokers, will enable registered businesses to comply with Texas Finance Code, Chapter 398, and will enable the OCCC to effectively administer and enforce Chapter 398, resulting in improved compliance and a healthier credit environment for commercial sales-based finance.

The OCCC anticipates some costs for businesses required to comply with the new rules due to the fees for registration. The new rule at §86.307 describes a \$1,000 initial and annual registration fee. Other than the annual fee, any other compliance costs are anticipated to be minimal, and are anticipated to result primarily from requirements in Chapter 398 rather than requirements in the proposed rules.

The OCCC estimates that, for each year of the first five years during which the amended sections will be in effect, there will be some economic costs applicable to small businesses and micro-businesses required to comply with the new rules due to the fees for registration. While the OCCC has not yet received specific information about the number of companies that will register, the OCCC estimates that approximately 50 companies have fewer than 100 employees and would therefore be considered small businesses.

The OCCC has attempted to minimize the impact on small businesses and micro-businesses by allowing for discounts to fee amounts. The OCCC considered alternatives that included different amounts or different tiered structures, but found that these alternatives would be unnecessarily complex to administer or would fail to ensure that assessment amounts cover the cost of regulation, as required by Texas Finance Code, §16.003.

The OCCC is not aware of any adverse effect on rural communities resulting from this proposal. The OCCC is not aware of significant operational differences for regulated businesses in rural communities as opposed to urban locations. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on rural communities, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal requires an increase in fees paid to the OCCC in order to implement a new regulatory program. The proposal creates new regulations. The proposal would not expand, limit, or repeal a current regulation. The proposed rules would increase the number of individuals subject to the rules' applicability because there are not currently administrative rules applying to this industry, although the scope of affected businesses is limited to providers and brokers as defined by Texas Finance Code, §398.001. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received nine informal written precomments from stakeholders. These included a joint precomment from the representative and senator who authored and sponsored HB 700, as well as precomments from an association representing the payments industry, an attorney with a practice dedicated primarily to commercial lending, an association of fintech lenders, an association of finance companies providing capital to small and medium-sized businesses, a group of three factoring businesses that provide working capital to Texas small businesses, a consumer advocacy group, an association of small-business lenders and investors, and a law firm that represents commercial lenders and sales-based financing providers.

Regarding the disclosure provisions in proposed §86.310, two precomments recommend specifying that required disclosures

must be made when the provider makes a specific offer to the recipient. In response to these precomments, proposed §86.310 specifies that required disclosures must be made at or before the time the provider extends a specific offer to the recipient. This is consistent with the disclosure requirement of Texas Finance Code, §398.051(a). The term "specific offer" is defined in Texas Finance Code, §398.001(9). Two precomments also recommend adopting a model disclosure form for required disclosures. The OCCC may consider a model disclosure form in the future, but a model disclosure form does not appear to be immediately necessary in the current rulemaking, considering that Chapter 398 contains detailed disclosure provisions and detailed definitions of the information that must be disclosed.

Regarding the prohibition on unfair, deceptive, or abusive acts or practices in proposed §86.312, in their joint precomment, the author and sponsor of HB 700 recommend including prohibitions on certain practices, including failure to conduct an ability-to-repay analysis taking into account existing or concurrent advances, failure to provide a cool-down period after an application is approved, abusive "stacking" practices (which occur when a business takes out multiple advances at the same time, often from different providers, without paying off the original advance), violations of intercreditor agreements, and taking money from a deposit account without a first-priority perfected security interest in the deposit account through a deposit account control agreement or a legally enforceable court order. The precomment from a group of factoring businesses also recommends requiring an ability-to-repay analysis (to address abuses in stacking), prohibiting violations of intercreditor agreements, and a prohibition on notifying a recipient to redirect payments from a factoring company to a provider.

In response to these precomments, proposed §86.312 includes prohibitions on claiming legal rights to take actions that a person does not have the authority to take, filing a lien on a debtor's property without a security agreement authenticated by the debtor, withdrawing amounts from a person's account without the person's authorization, a provider's violation of an intercreditor agreement to which the provider is a party, and instructing a recipient to redirect payment amounts to the provider, where the amounts were previously scheduled to be paid to another person (e.g., a creditor or factor). The issue of stacking is also partially addressed by the requirement in proposed §86.313 to have a perfected security interest in accounts receivable in order to take an automatic debit of a deposit account. However, several of the other recommendations appear to go beyond the prohibited acts and practices listed in Texas Finance Code, §398.005, which focus primarily on harm to the recipient of funds, and would likely require additional clarifying language in Chapter 398 to be implemented. Some of the issues involving harm to third parties (such as a business's other creditors) may involve remedies that are outside the current scope of Chapter 398, such as creditor remedies under Texas Business & Commerce Code, Chapter 9, or a cause of action for tortious interference with contract.

Regarding the prohibition in proposed §86.812(b)(14) on characterizing a consumer transaction as "business" or "commercial," two precomments recommend limiting this prohibition, with one precomment recommending that the prohibition apply where funds "are intended primarily for personal, family, or household purposes," and another precomment recommending that the prohibition apply when the provider "has knowledge that the advanced funds will be used for individual, family, or household purposes." The commission and the OCCC believe that

proposed §86.812(b)(14) appropriately refers to transactions extended primarily for personal, family, or household use. This is similar to the language in Texas Finance Code, §342.005, regarding the applicability of requirements for regulated consumer loans.

Regarding the prohibition of certain automatic debits in §86.313, seven of the precomments express general support for the proposed text of §86.313(c), under which a provider or broker must hold a validly perfected, first-priority security interest in all accounts receivable of the recipient in order to automatically debit a deposit account. Several precomments note that this interpretation aligns with a distinction in the definitions of the terms "account" and "deposit account" under Texas Business & Commerce Code, §9.102. The precomment from an association representing the payments industry recommends further limiting the scope of the rule to accounts receivable for the covered transaction. However, this would appear to enable a provider to circumvent the intended scope of the prohibition on automatic debits. In their joint precomment, the author and sponsor of HB 700 recommend that certain additional actions be considered automatic debits for purposes of Texas Finance Code, §398.056, including manual debits, debits that are entered daily, prewritten checks that are deposited on a periodic basis, credit card split arrangements, mechanisms to remit payment to providers before money is deposited in a bank account, and use of a third-party vendor to debit an account. The precomment from a group of factoring businesses also recommends that daily manual debits, prewritten checks, a portal for daily ACH entries, instructions to redirect funds, and use of third-party service providers to handle automatic debits should be considered automatic debits under §86.313. In response to these precomments, proposed §86.313 includes provisions clarifying that an automatic debit includes prewritten checks and that a provider may not direct a third party to complete a debit that violates §86.313. However, several of the other recommendations appear to go beyond the scope of automatic debits described by Texas Finance Code, §398.056, either because they are manually initiated (rather than automatic) or because they do not involve a deposit account being debited.

Regarding the administrative penalty provisions in §86.321, two precomments recommend aligning the rule with Texas Finance Code, §398.101, which describes a penalty of \$10,000 for each violation. In response to these precomments, proposed §86.321(c) explains that there is a maximum administrative penalty of \$10,000 per violation.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The new rules are proposed under Texas Finance Code, §398.005, which authorizes the commission to adopt rules applicable to commercial sales-based financing providers and brokers, and under Section 2(b) of HB 700 (2025), which

authorizes rules regarding registration fees and the form of registration. The rule provisions related to fees in §86.307 are also proposed under Texas Finance Code, §16.003, which authorizes the OCCC to set the amounts of fees as necessary for carrying out its functions. The provisions relating to suspension or revocation based on criminal history in §86.322 are also proposed under Texas Occupations Code, §53.025, which authorizes state licensing agencies to issue guidelines describing criminal offenses related to a particular occupation.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 398.

§86.301. Purpose and Scope.

(a) Purpose. The purposes of this subchapter are to implement Texas Finance Code, Chapter 398, and to assist in the administration and enforcement of Chapter 398.

(b) Scope. This subchapter applies to any person who engages in business as a provider or broker of commercial sales-based financing, unless specifically exempted by Texas Finance Code, Chapter 398.

§86.302. Definitions.

Words and terms used in this subchapter that are defined in Texas Finance Code, Chapter 398, have the same meanings as defined in Chapter 398. The following words and terms, when used in this subchapter, will have the following meanings, unless the context clearly indicates otherwise.

(1) Key individual--An individual owner, officer, director, or employee with a substantial relationship to the business of an applicant or registrant. The following are key individuals:

(A) any individual who is a direct owner of 10% or more of an applicant or registrant; and

(B) any individual who is a control person or executive officer of an applicant or registrant, including individual who has the power to direct management or policies of a company (e.g., president, chief executive officer, general partner, managing member, vice president, treasurer, secretary, chief operating officer, chief financial officer); and

(C) an individual designated as a key individual where necessary to show that the business will be operated lawfully and fairly.

(2) NMLS--The Nationwide Multistate Licensing System.

(3) OCCC--The Office of Consumer Credit Commissioner of the State of Texas.

(4) Registrant--A person who has been issued a commercial sales-based financing registration under Texas Finance Code, Chapter 398.

§86.303. Filing of New Application.

(a) NMLS. To submit a commercial sales-based financing registration application, an applicant must submit a complete, accurate, and truthful registration application through NMLS (or a successor system designated by the OCCC). An application is complete when it conforms to the written instructions and necessary fees have been paid.

(b) Company registration application. A company registration application will include the following information and any other information listed in the written instructions:

(1) A company form including the name of the applicant entity, contact information, registered agent, location of books and records, legal status, and responses to disclosure questions.

(2) An individual form for each key individual, including name, contact information, and responses to disclosure questions.

(3) A business operating plan describing the source of customers, purpose of transactions, anticipated size of transactions, and source of working capital.

(4) A certificate of formation or other formation document.

(5) Any assumed names or other trade names that the applicant will use, and an assumed name certificate for each assumed name or other trade name.

(6) Franchise tax account information showing that the applicant entity is authorized to do business in Texas.

(7) An explanation and supporting documents for any judgment, memorandum of understanding, enforcement order, or conviction against the applicant or a key individual, related to a violation of law, act of fraud, breach of trust, or money laundering.

(c) Amendments to pending application. An applicant must immediately amend a pending application if any information changes requiring a materially different response from information provided in the original application.

§86.304. Processing of Registration Application.

(a) Complete application. A registration application is complete when:

(1) the application conforms to the rules and published instructions; and

(2) all fees have been paid.

(b) Effectiveness. A registration is effective on receipt of a completed registration application and required fees.

§86.305. Required Notifications.

(a) Advance change notice. No later than the date of the change (or an earlier date specified in the written instructions), a registrant must notify the OCCC of a change to any of the following information provided in the original registration application:

(1) legal name of entity;

(2) any assumed names of entity;

(3) legal status of entity;

(4) names of direct owners or indirect owners;

(5) names of affiliates or subsidiaries;

(6) names of any key individuals; or

(7) main address.

(b) Other required notifications. No later than 30 days after the registrant has knowledge of the information, a registrant must report the following information to the OCCC:

(1) any civil or regulatory actions against the registrant or key individuals that were not disclosed in the original application and would require a different answer than that given in the original registration application;

(2) criminal history of the registrant or key individuals that was not disclosed in the original application;

(3) any bankruptcy of the registrant or a direct owner; or

(4) any breach of system security under Texas Business & Commerce Code, §521.053, affecting at least 250 residents of this state.

(c) Contact information. Each applicant or registrant is responsible for ensuring that all contact information on file with the OCCC is current and correct, including all mailing addresses, all phone numbers, and all email addresses. The OCCC may send notices

to the mailing address or email address on file. It is a best practice for registrants to regularly review contact information on file to ensure that it is current and correct.

§86.306. Registration Term, Renewal, and Expiration.

(a) Registration term and renewal. A registration must be renewed annually during a specified renewal period to remain effective. After renewal, a registration is effective for a term of one year.

(b) NMLS. To maintain and renew a registration, a registrant must maintain an active account in NMLS (or a successor system designated by the OCCC). The OCCC may make renewal unavailable to a registrant that fails to maintain an active account.

(c) Expiration. If a registrant does not pay the annual fee during the renewal period, the registration will expire.

§86.307. Fees.

(a) Initial registration. For an initial registration, an applicant must pay a \$1,000 initial registration fee.

(b) Annual renewal. To renew a registration, a registrant must pay a \$1,000 annual fee.

(c) Registration amendment. The OCCC may require a registrant to pay a fee up to \$75 to amend registration information.

(d) Late renewal. The OCCC may allow late renewal of a registration for a specified period. To renew a registration late, a person must pay a late renewal fee up to \$1,000 in addition to the annual fee.

(e) Periodic adjustment. Starting July 1, 2027, and each July 1 thereafter, the OCCC may revise the dollar amounts in subsections (a) and (b) of this section based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (or an equivalent measure of inflation if this measure is unavailable). The OCCC will use December 2025 as a base year and adjust fee amounts based on the percentage change from December 31, 2025, to the December 31 preceding the year of adjustment, rounding to the nearest \$5 increment. No later than May 1, the OCCC will publish the amount of any periodic adjustment.

(f) Discount. The OCCC may discount or reduce the amount of a fee described by this section. The commissioner is authorized to determine the amount of a discount.

(g) Fees nonrefundable and nontransferable. Fees described by this section are nonrefundable and nontransferable.

§86.310. Disclosures.

(a) Timing. A provider must provide a recipient with any disclosures required by Texas Finance Code, §398.051, in writing at or before the time the provider extends a specific offer to the recipient.

(b) Accuracy. All terms and dollar amounts disclosed under Texas Finance Code, §398.051, must be accurate.

(c) Revised disclosures in case of inaccuracy. At any time after providing required disclosures under Texas Finance Code, §398.051, if the provider learns that any information on the disclosures was inaccurate or did not correctly reflect the terms of the transaction at closing, then the provider must notify the recipient of the inaccuracy and must provide revised, accurate disclosures to the recipient.

(d) OCCC notice. A contract for services under Texas Finance Code, Chapter 398 must contain the following statement as a separate section or otherwise conspicuously set out from surrounding written material: "The Office of Consumer Credit Commissioner (OCCC) is a state agency that enforces certain laws that apply to this contract. If a complaint cannot be resolved by contacting the provider, a commercial

sales-based financing recipient can contact the OCCC to file a complaint. OCCC address: 2601 N. Lamar Blvd., Austin, Texas 78705. Phone: (800) 538-1579. Website: occc.texas.gov."

§86.311. Recordkeeping.

(a) Generally. A provider or broker must maintain records for each transaction entered or brokered under Texas Finance Code, Chapter 398, and must make those records available for investigation. Records may be maintained using an electronic system, a paper or manual system, or a combination of these types of systems, unless otherwise specified by statute or rule.

(b) Provider's transaction file. A provider must maintain a transaction file for each recipient of a transaction under Texas Finance Code, Chapter 398. The transaction file must include the following:

(1) a complete copy of the written agreement between the provider and the recipient;

(2) each disclosure made to the recipient, including disclosures under Texas Finance Code, §398.051;

(3) each additional document, addendum, or authorization signed by the recipient;

(4) any documentation showing attachment, perfection, or release of a lien;

(5) an account history showing the application of each payment made by the recipient; and

(6) any written documentation of collection, repossession, foreclosure, or litigation against the recipient.

(c) Broker's transaction file. A broker must maintain a transaction file for each recipient of brokering services under Texas Finance Code, Chapter 398. The transaction file must include any disclosures provided to the recipient and any agreement that the broker entered with the recipient.

(d) Time to maintain transaction file. A registrant must maintain the transaction file under subsection (b) or (c) of this section until the later of:

(1) four years from the date of the transaction; or

(2) two years from the date of the final entry on the account.

(e) Application and adverse action records. If a prospective recipient applies for commercial sales-based financing and does not enter a commercial sales-based financing transaction, then a registrant must maintain the application and any written adverse action notice for one year from the date of the application, or one year from the date of the adverse action notice, whichever is later.

(f) Advertising and solicitation. A registrant must maintain each advertisement or solicitation for one year from the date of the advertisement or solicitation.

(g) Third-party agreements. A registrant must maintain any written agreements with third parties that relate to services under Texas Finance Code, Chapter 398, including any agreement between a provider and a broker, until one year after the date the agreement terminates.

(h) Data security policies and procedures. A registrant must maintain policies and procedures to maintain the security of customer information and protect information from unauthorized access.

(i) Data breach notifications. A registrant must maintain the following for data breach notifications:

(1) the text of any data breach notification provided to recipients, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(2) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

§86.312. Prohibition of Unfair, Deceptive, and Abusive Acts.

(a) Generally. A provider or broker may not engage in an unlawful, unfair, deceptive, or abusive act or practice related to a transaction under Texas Finance Code, Chapter 398.

(b) Acts and practices identified. The following are unlawful, unfair, deceptive, or abusive acts or practices:

(1) false, misleading, or inaccurate statements in advertisements, solicitations, disclosures, contracts, or communications with the recipient or other parties, including:

(A) inaccurate descriptions of contracted-for services;

(B) claiming a legal right to take an action that the person does not have the authority to take; and

(C) a statement that there is no personal guarantee, if this is inaccurate;

(2) failure to perform contracted-for services;

(3) charging fees or other amounts that were not specifically disclosed and contracted for;

(4) failure to make accurate disclosures under Texas Finance Code, Chapter 398 and this subchapter;

(5) a confession of judgment in violation of Texas Finance Code, §398.055;

(6) an automatic debit in violation of Texas Finance Code, §398.056 and this subchapter;

(7) a waiver of a recipient's statutory rights under Texas Finance Code, Chapter 398;

(8) filing a lien on a debtor's property without first obtaining a security agreement authenticated by the debtor under Texas Business & Commerce Code, §9.203;

(9) foreclosure of collateral without complying with applicable requirements (e.g., Texas Business & Commerce Code, Chapter 9);

(10) withdrawing amounts from a person's account without the person's authorization;

(11) failure to maintain records required by this subchapter;

(12) instructing a recipient to redirect payment amounts to the provider, where the amounts were previously scheduled to be paid to another person (e.g., a creditor or factor);

(13) a provider's violation of an intercreditor agreement, if the provider is a party to the agreement;

(14) improperly characterizing a transaction as a "business" or "commercial" transaction when the advanced funds are extended primarily for individual, family, or household use; and

(15) a device or subterfuge to evade statutory or regulatory requirements.

§86.313. Prohibition of Certain Automatic Debits.

(a) Generally. As provided by Texas Finance Code, §398.056, a provider or broker may not establish a mechanism for automatically debiting a recipient's deposit account unless the provider or broker holds a validly perfected security interest in the recipient's account under Chapter 9, Business & Commerce Code, with a first priority against the claims of all other persons.

(b) Automatic debit. For purposes of this section, debits are automatic if they are authorized in advance to occur more than one time or on a recurring basis. An automatic debit includes a situation in which a recipient provides more than one prewritten check to a provider in advance for payments under a commercial sales-based financing transaction.

(c) Security interest in accounts receivable. For purposes of this section, in order to automatically debit a deposit account, a provider or broker must hold a validly perfected, first-priority security interest in all accounts receivable of the recipient.

(d) Perfection and priority of security interest. Texas Business & Commerce Code, Chapter 9 governs perfection and priority of a security interest in accounts receivable. Generally, a UCC-1 financing statement must be filed in order to perfect a security interest, as provided by Texas Business & Commerce Code, §9.310(a). Priority is generally determined by the time of filing or perfection, as provided by Texas Business & Commerce Code, §9.322(a)(1).

(e) Violation by third party. A provider or broker may not accept payment of a debit in violation of this section and may not direct a third party to complete a debit that violates this section.

§86.320. Complaints and Investigations.

(a) Complaints. The OCCC may accept complaints regarding transactions under Texas Finance Code, Chapter 398 and this subchapter.

(b) Request for information and investigation. On receipt of a written complaint or other reasonable cause to believe that a person is violating Texas Finance Code, Chapter 398 or this subchapter, the OCCC may:

(1) require the person to furnish information regarding a specific transaction to which the violation relates; and

(2) conduct an investigation to determine whether a violation exists.

(c) Access to records. In an investigation under subsection (b) of this section, a person subject to investigation must allow the OCCC to:

(1) access the person's place of business;

(2) investigate the person's transactions and records relating to business under Texas Finance Code, Chapter 398; and

(3) make a copy of transactions and records relating to business under Texas Finance Code, Chapter 398.

§86.321. Enforcement.

(a) Informal resolution. The OCCC may agree to an informal resolution of a complaint, investigation, enforcement case, or other matter with a provider or broker.

(b) Injunction. If the OCCC has reasonable cause to believe that a person is violating Texas Finance Code, Chapter 398 or this subchapter, then the OCCC may issue an injunction to enforce compliance.

(1) An injunction may include an order to cease and desist from a violation, an order to take affirmative action, or both.

(2) An injunction may include an order to provide restitution to an identifiable person.

(3) If a person against whom an injunction is issued under this section requests a hearing not later than the 30th day after the injunction is served, the OCCC will set a hearing under Texas Government Code, Chapter 2001. If a hearing is not timely requested, the injunction is considered final and enforceable.

(c) Administrative penalty. After notice and an opportunity for hearing, the OCCC may impose an administrative penalty up to \$1,000 for each day of violation, with a maximum of \$10,000 per violation, against a person who:

(1) violates an injunction under subsection (a) of this section; or

(2) knowingly and willfully violates Texas Finance Code, Chapter 398 or this subchapter.

(d) Suspension or revocation. After notice and an opportunity for hearing, the OCCC may suspend or revoke a registration if the OCCC finds that:

(1) the registrant, knowingly or without exercise of due care, violated Texas Finance Code, Chapter 398, this subchapter, or an order issued under this section; or

(2) a fact or condition warrants the belief that the business will not be operated lawfully and fairly.

(e) Administrative Procedure Act. An enforcement order under this section is subject to Texas Government Code, Chapter 2001 (the Texas Administrative Procedure Act).

§86.322. Suspension or Revocation Based on Criminal History.

(a) Disclosure of criminal history. An applicant must disclose all criminal history information required to file a complete application. Failure to provide information described in the disclosure questions or written instructions is a violation of this subchapter and is grounds for suspending or revoking a registration.

(b) Crimes directly related to registered occupation. The OCCC may suspend or revoke a registration if the registrant or a key individual has been convicted of an offense that directly relates to the duties and responsibilities of a registrant under Texas Finance Code, Chapter 398, as provided by Texas Occupations Code, §53.021(a)(1).

(1) Originating or servicing transactions under Texas Finance Code, Chapter 398 involves or may involve making representations to a recipient regarding transaction terms, receiving money from recipients, remitting money to third parties, maintaining accounts, repossessing property without a breach of the peace, maintaining repossessed property, collecting due amounts in a legal manner, and foreclosing on property in compliance with state and federal law. Consequently, the following crimes are directly related to the duties and responsibilities of a registrant and may be grounds for suspension or revocation:

(A) theft;

(B) assault;

(C) any offense that involves misrepresentation, deceptive practices, or making a false or misleading statement (including fraud or forgery);

(D) money laundering;

(E) any offense that involves breach of trust or other fiduciary duty;

(F) any criminal violation of a statute governing credit transactions or debt collection;

(G) failure to file a government report, filing a false government report, or tampering with a government record;

(H) any greater offense that includes an offense described in subparagraphs (A) - (G) of this paragraph as a lesser included offense;

(I) any offense that involves intent, attempt, aiding, solicitation, or conspiracy to commit an offense described in subparagraphs (A) - (H) of this paragraph.

(2) In determining whether a criminal offense directly relates to the duties and responsibilities of holding a registration, the OCCC will consider the following factors, as specified in Texas Occupations Code, §53.022:

(A) the nature and seriousness of the crime;

(B) the relationship of the crime to the purposes for requiring a registration to engage in the occupation;

(C) the extent to which a registration might offer an opportunity to engage in further criminal activity of the same type as that in which the person previously had been involved;

(D) the relationship of the crime to the ability or capacity required to perform the duties and discharge the responsibilities of a registrant; and

(E) any correlation between the elements of the crime and the duties and responsibilities of the registered occupation.

(3) In determining whether a conviction for a crime renders a registrant unfit to hold a registration, the OCCC will consider the following factors, as specified in Texas Occupations Code, §53.023:

(A) the extent and nature of the person's past criminal activity;

(B) the age of the person when the crime was committed;

(C) the amount of time that has elapsed since the person's last criminal activity;

(D) the conduct and work activity of the person before and after the criminal activity;

(E) evidence of the person's rehabilitation or rehabilitative effort while incarcerated or after release, or following the criminal activity if no time was served;

(F) evidence of the person's compliance with any conditions of community supervision, parole, or mandatory supervision; and

(G) evidence of the person's current circumstances relating to fitness to hold a registration, which may include letters of recommendation.

(c) Revocation on imprisonment. A registration will be revoked on the registrant's imprisonment following a felony conviction, felony community supervision revocation, revocation of parole, or revocation of mandatory supervision, as provided by Texas Occupations Code, §53.021(b).

(d) Other grounds for suspension or revocation. The OCCC may suspend or revoke a registration based on any other ground authorized by law, including a registrant's or key individual's conviction for an offense listed in Texas Code of Criminal Procedure, art. 42A.054, or art. 62.001(6), as provided by Texas Occupations Code, §53.021(a)(2) - (3).

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 February 20, 2026.

TRD-202600817

Matthew Nance

General Counsel

Office of Consumer Credit Commissioner

Earliest possible date of adoption: April 5, 2026

For further information, please call: (512) 936-7660



TITLE 13. CULTURAL RESOURCES

PART 1. TEXAS STATE LIBRARY AND ARCHIVES COMMISSION

CHAPTER 7. LOCAL RECORDS

SUBCHAPTER D. RECORDS RETENTION SCHEDULES

13 TAC §7.127

(Editor's note: In accordance with Texas Government Code, §2002.014, which permits the omission of material which is "cumbersome, expensive, or otherwise inexpedient," the figure in 13 TAC §7.127 is not included in the print version of the Texas Register. The figure is available in the on-line version of the March 6, 2026, issue of the Texas Register.)

The Texas State Library and Archives Commission (commission) proposes amendments to 13 TAC Chapter 7, Local Government Records, §7.127, Local Schedule PW: Records of Public Works and Other Government Services which establishes minimum records retention requirements for certain types of records for local governments.

The proposed amendments are necessary to improve retention of public records and ensure that the local records retention schedules remain aligned with current statutory requirements, recordkeeping practices, and administrative needs of local governments.

Government Code, §441.006 directs the commission to aid and encourage, by adoption of policies and programs, the development of effective records management and preservation programs in state agencies and local governments of the state. Texas Government Code, §441.158 directs the commission to adopt records retention schedules for each type of local government, including a schedule for records common to all types of local government. In adopting these schedules, the commission must prescribe by rule minimum retention periods for local government records unless a minimum retention period is otherwise established by federal or state law, rule of court, or regulation. Pursuant to this authority, the commission has established 12 local records retention schedules, including Local Schedule PW: Records of Public Works and Other Government Services. This schedule establishes the minimum length of time certain records must be retained by local governments before destruction or archival preservation. The retention periods set forth in the schedule are required minimums; however, the commission

also recommends these periods as appropriate for maximum retention.

In developing the proposed amendments to §7.127, the commission reviewed previously identified issues, questions, and suggested changes collected over time for future incorporation. The commission also considered changes in law, administrative practices, and recordkeeping technologies. As part of this process, the commission consulted informally with various local government records management officers and other stakeholders, who were given an opportunity to review draft revisions and provide informal comments and feedback. The proposed amendments to the schedules reflect the commission's consideration of the information received and are intended to clarify retention requirements, improve usability of the schedules, and support consistent records management practices across local governments.

The commission plans to make available a version of the schedule showing tracked changes to aid the public in reviewing the proposed revisions.

SUMMARY. In addition to the specific record series amendments listed below, general amendments are proposed to §7.127 (Schedule PW) to update non-substantive formatting and structural elements of the schedule. These amendments include revisions to effective dates, headings, pagination, table formatting, internal references, and similar clerical or organizational matters to improve readability and consistency.

Amendments are also proposed in the introductory section to improve the readability of the introduction, to encapsulate the substantive changes made to the schedule in the summary of important points, and to reformat and reorder the retention codes and abbreviations used to promote consistency with the other schedules.

Proposed amendments to 13 Texas Administrative Code §7.127 (Local Schedule PW) include the following changes:

Proposed amendments include the addition of five new record series: Public Works and Services Planning Studies and Reports- Eminent Domain (PW5200-01c), Zoning Permit Records - Withdrawn Applications (PW5225-03c), Blueprints and Specifications (PW5250-01e), Archives Collection Control Records (PW5500-07), and Reference Request Records (PW5500-08). These new series address gaps in the schedule created by statutory requirements, operational changes, and the need to distinguish records with differing administrative and legal value.

Proposed amendments also include the withdrawal or consolidation of twenty-three record series. Many withdrawn record series were header-only series that were removed and incorporated into subseries to improve organization and usability (e.g., PW5200-01, Public Works and Services Planning Studies and Reports). Other record series were withdrawn due to redundancy with newly revised or consolidated subseries of like function or type (e.g., PW5300-07a, Traffic Signs and Signals Inventory Records, consolidated into revised permitting subseries). Additional record series were withdrawn due to obsolescence resulting from changes in regulatory requirements or recordkeeping practices (e.g., PW5450-04b, Pest Control Records, withdrawn due to the repeal of 25 TAC §267.11).

Additional proposed changes include restructuring and simplifying record series within multiple sections of Schedule PW to better delineate between the different kinds of records. These changes include consolidating duplicative subseries, clarifying

the scope of retained records, and relocating explanatory language from standalone header rows into applicable subseries. Overall, the proposed changes aim to simplify, condense, and improve the usability of Schedule PW while maintaining compliance with applicable statutory and regulatory requirements.

Proposed amendments to §7.127, Schedule PW would change specific retention periods as follows:

PW5200-01c, Public Works and Services Planning Studies and Reports: The proposed amendment would establish a retention period of ten years for records related to eminent domain cases. This change is proposed to align with Texas Property Code §21.0111(a), which requires entities with eminent domain power to disclose all relevant appraisal reports for the ten years preceding an offer.

PW5250-11a, Reports of Building Permits Issued: The proposed amendment does not substantively change the retention period, which remains Permanent. Instead, the retention requirement is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal)- Annual Reports, on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed to minimize duplication and improve efficiency.

PW5250-11b, Reports of Building Permits Issued: The proposed amendment does not substantively change the retention period, which remains Permanent. Instead, the retention requirement is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal), on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed for efficiency and to maintain consistency with PW5250-11a.

PW5300-07, Traffic Signs and Signals Inventory Records: The proposed amendment would establish a retention period of US (until superseded). This retention period is proposed to reflect the ongoing administrative and operational value of traffic inventory records and to consolidate previously separate subseries into a single series with a clear retention requirement.

PW5325-02, Parking Device Inventory Records: The proposed amendment would establish a retention period of US. This change is proposed to combine subseries for clarity and consistency yet still provide consistency with other inventory records and reflect their administrative value.

PW5375-11b, Operations Reports: The proposed amendment does not substantively change the retention period, which remains Permanent. Instead, the retention requirement is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal), on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed for consistency and efficiency.

PW5375-12a, Reports to Regulatory Agencies: The proposed amendment does not substantively change the retention period, which remains Permanent. Instead, the retention requirement is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal), on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed for consistency and efficiency.

PW5375-12b, Reports to Regulatory Agencies: The proposed amendment does not substantively change the retention period, which remains Permanent. Instead, the retention requirement

is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal), on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed to improve consistency, reduce duplication, and enhance efficiency.

PW5525-01, Attendance Reports: The proposed amendment does not substantively change the retention period. Instead, the retention requirement is revised to reference the retention period prescribed for GR1000-41(a)(1), Reports and Studies (non-fiscal), on the general records schedule, so that any future changes to that retention period will apply automatically. This change is proposed to improve consistency, reduce duplication, and enhance efficiency.

PW5600-05, Volunteer Service Files: The proposed amendment does not substantively change the retention period. Instead, the retention requirement is revised to reference the retention period prescribed for GR1050-39, Volunteer Service Files, on the general records schedule, which is US (until superseded) or date of separation plus three years. This change is proposed to improve consistency, reduce duplication, and enhance efficiency.

PW5650-01b, Bingo Applications and Licenses: The proposed amendment would revise the retention period from US (until superseded) to US or date of issuance plus two years, whichever sooner, to ensure consistency with related series and incorporate retention guidance previously contained in remarks.

PW5650-02a, Reports of Proceeds: The proposed amendment revises the retention requirement to reference the retention period prescribed for GR1025-27a, Accounts Receivable Records, on the general records schedule, which is FE (fiscal year end) of date of receipt plus five years for school districts and FE of date of receipt plus three years for other governments. This change is proposed to improve consistency, reduce duplication, and enhance efficiency.

FISCAL IMPACT. Craig Kelso, Director, State and Local Records Management, has determined that for each of the first five years the proposed amendments are in effect, there are no foreseeable fiscal implications for state or local governments as a result of enforcing or administering the rule as proposed.

PUBLIC BENEFIT AND COSTS. Mr. Kelso has determined that for each of the first five years the proposed amendments are in effect, the anticipated public benefit will be clarity and consistency in local government entities' records management retention, leading to better access to public records. There are no anticipated economic costs to persons required to comply with the proposed amendments.

LOCAL EMPLOYMENT IMPACT STATEMENT. The proposal has no impact on local economies; therefore, no local employment impact statement under Government Code §2001.022 is required.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT STATEMENT. The proposed amendments will have no adverse economic effect on small businesses, micro-businesses, or rural communities; therefore, a regulatory flexibility analysis under Government Code §2006.002 is not required.

COST INCREASE TO REGULATED PERSONS. The proposed amendments do not impose or increase a cost on regulated persons, including another state agency, a special district, or a local government. Therefore, the commission is not required to take any further action under Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Government Code §2001.0221, the commission provides the following government growth impact statement. For each year of the first five years the proposed amendments will be in effect, the commission has determined that:

1. The amendments will not create or eliminate a government program.
2. Implementation will not require the creation or elimination of any employee positions.
3. Implementation will not require an increase or decrease in future legislative appropriations.
4. The amendments will not require an increase or decrease in fees paid to the commission.
5. The amendments will not create new regulations.
6. The amendments will modify an existing regulation.
7. The amendments will not increase the number of individuals subject to the rule's applicability.
8. The amendments will not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal. Therefore, the proposed amendments do not constitute a taking under Government Code §2007.043.

REQUEST FOR IMPACT INFORMATION. The commission requests, from any person required to comply with the proposed rules or any other interested person, information related to the cost, benefit, or effect of the proposed amendments, including any applicable data, research, or analysis. Requested information may be submitted to Megan Carey, Manager, Records Management Assistance, Texas State Library and Archives Commission, P.O. Box 12927, Austin, Texas 78711, or via email at rules@tsl.texas.gov. Requested information must be received no later than 30 days from the date of publication in the *Texas Register*.

REQUEST FOR PUBLIC COMMENT. Written comments on the proposed amendments may be directed to Megan Carey, Manager, Records Management Assistance, Texas State Library and Archives Commission, P.O. Box 12927, Austin, Texas 78711, or via email at rules@tsl.texas.gov. Comments will be accepted for 30 days after publication in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed under Government Code, §441.158, which authorizes the commission to prescribe by rule a minimum retention period for any local record unless a minimum retention period for the record is prescribed by another federal or state law, rule of court, or regulation. In addition, the amendments are proposed under Government Code, §441.160, which authorizes the commission to revise retention schedules.

CROSS REFERENCE TO STATUTE. Government Code, Chapter 441; Local Government Code, Subtitle C.

§7.127. *Local Schedule PW: Records of Public Works and Other Government Services.*

Local Schedule PW: Records of Public Works and Other Government Services.

Figure: 13 TAC §7.127
[Figure: 13 TAC §7.127]

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 February 20, 2026.

TRD-202600813
Sarah Swanson
General Counsel
Texas State Library and Archives Commission
Earliest possible date of adoption: April 5, 2026
For further information, please call: (512) 463-5460

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TITLE 16. ECONOMIC REGULATION

PART 4. TEXAS DEPARTMENT OF LICENSING AND REGULATION

CHAPTER 118. LASER HAIR REMOVAL

The Texas Department of Licensing and Regulation (Department) proposes amendments to existing rules at 16 Texas Administrative Code (TAC), Chapter 118, Subchapter A, §118.3; Subchapter B, §118.12 and §118.13; Subchapter C, §§118.26, 118.28, and 118.29; Subchapter F, §118.50; and Subchapter H, §118.70, regarding the Laser Hair Removal program. These proposed changes are referred to as "proposed rules."

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The rules under 16 TAC, Chapter 118, implement Health and Safety Code Chapter 401.

The proposed rules are necessary to implement Senate Bill (SB) 748, 89th Legislature, Regular Session (2025), specifically, Section 2. These proposed rules also include grammatical changes and other changes recommended by Department staff during the Department's four-year rule review of Chapter 118.

The proposed rules remove size and font size requirements from the warning signs required to be posted at laser hair removal facilities and remove the requirement that the signage include verbiage about the hazards of electromagnetic radiation.

The proposed rules also clarify that an applicant for an apprentice-in-training certification must submit proof of successful completion of a training program approved by the department covering the topics listed in §118.26(a)(3) in addition to §118.26(a)(2).

Finally, the proposed rules amend a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

SECTION-BY-SECTION SUMMARY

Subchapter A. General Provisions

The proposed rules amend §118.3, Definitions. The proposed rules correct a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

Subchapter B. Laser Hair Removal Facility

The proposed rules amend §118.12, LHR Facility--Responsibilities; and §118.13, LHR Facility--Consulting Physician. The proposed rules amend §118.12(k) by removing size and font size requirements from the warning signs required to be posted at laser

hair removal facilities. The proposed rules also remove the requirement that the signage include verbiage about the hazards of electromagnetic radiation and update the Department's current contact phone number for complaints.

The proposed rules also correct a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

Subchapter C. Laser Hair Removal Individual Certification

The proposed rules amend §118.26, LHR Individual Certification--Apprentice-in-Training; §118.28, LHR Individual Certification--Senior LHR Technician; and §118.29, LHR Individual Certification--LHR Professional. The proposed rules amend §118.26(b) by clarifying that an applicant for an apprentice-in-training certification must submit proof of successful completion of a training program approved by the department covering the topics listed in §118.26(a)(3) in addition to §118.26(a)(2).

The proposed rules also correct a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

Subchapter F. Laser Hair Removal Devices

The proposed rules amend §118.50, LHR Devices--General and Operating Requirements. The proposed rules correct a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

Subchapter H. Fees

The proposed rules amend §118.70, Fees. The proposed rules correct a consistent grammatical error in Chapter 118 by changing all references from "a LHR facility" to "an LHR facility."

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENT

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

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

LOCAL EMPLOYMENT IMPACT STATEMENT

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

PUBLIC BENEFITS

Mr. Couvillon also has determined that for each year of the first five-year period the proposed rules are in effect, the public benefit will be safety standards that are clear and easy to understand for their laser care providers. The changes are intended to make it easier for applicants for an apprentice-in-training certification, licensees, and the general public to understand and comply with the rules.

PROBABLE ECONOMIC COSTS TO PERSONS REQUIRED TO COMPLY WITH PROPOSAL

Mr. Couvillon has determined that for each year of the first five-year period the proposed rules are in effect, there are no antic-

ipated economic costs to persons who are required to comply with the proposed rules.

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

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

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

The proposed rules do not have a fiscal note that imposes a cost on regulated persons, including another state agency, a special district, or a local government. Therefore, the agency is not required to take any further action under Texas Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT

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

1. The proposed rules do not create or eliminate a government program.
2. Implementation of the proposed rules does not require the creation of new employee positions or the elimination of existing employee positions.
3. Implementation of the proposed rules does not require an increase or decrease in future legislative appropriations to the agency.
4. The proposed rules do not require an increase or decrease in fees paid to the agency.
5. The proposed rules do not create a new regulation.
6. The proposed rules expand, limit, or repeal an existing regulation.

Specifically, the proposed rules expand an existing regulation by now requiring an applicant for an apprentice-in-training certification to submit proof of successful completion of the 16 additional hours required in a training program approved by the department. The proposed rules also limit existing regulations by removing certain specifications for the warning sign required at a laser hair removal facility.

7. The proposed rules do not increase or decrease the number of individuals subject to the rules' applicability.
8. The proposed rules do not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

The Department has determined that no private real property interests are affected by the proposed rules and the proposed rules do not restrict, limit, or impose a burden on an owner's rights to his or her private real property that would otherwise exist in the absence of government action. As a result, the proposed rules

do not constitute a taking or require a takings impact assessment under Texas Government Code §2007.043.

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

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

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

SUBCHAPTER A. GENERAL PROVISIONS

16 TAC §118.3

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapter 51, which authorizes the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement that chapter and any other law establishing a program regulated by the Department. The proposed rules are also proposed under 16 TAC, Chapter 118. The statutory provisions affected by the proposed rules are those set forth in Health and Safety Code, Chapter 401. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 748, 89th Legislature, Regular Session (2025).

§118.3. Definitions.

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

(1) - (6) (No change.)

(7) Consulting physician--A physician, licensed in Texas, who has a written contract with an [a] LHR facility for the purpose of meeting the requirements under Section 401.519 of the Act.

(8) - (12) (No change.)

(13) Individual LHR certification--A certification issued by the department to an individual who has met the requirements for individual LHR licensure. The term includes certifications issued by the department for an [a] LHR apprentice-in-training, an [a] LHR technician, a senior LHR technician, and an [a] LHR professional.

(14) - (19) (No change.)

(20) Nonablative hair removal procedure--A hair removal procedure using an [a] LHR device that does not remove the epidermis.

(21) - (27) (No change.)

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 February 19, 2026.

TRD-202600800

Doug Jennings

General Counsel

Texas Department of Licensing and Regulation

Earliest possible date of adoption: April 5, 2026

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



SUBCHAPTER B. LASER HAIR REMOVAL FACILITY

16 TAC §118.12, §118.13

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapter 51, which authorizes the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement that chapter and any other law establishing a program regulated by the Department. The proposed rules are also proposed under 16 TAC, Chapter 118. The statutory provisions affected by the proposed rules are those set forth in Health and Safety Code, Chapter 401. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 748, 89th Legislature, Regular Session (2025).

§118.12. LHR Facility--Responsibilities.

(a) An LHR device used for laser hair removal in an [a] LHR facility must follow all applicable federal and state laws and regulations.

(b) - (j) (No change.)

(k) A warning sign must be posted in a conspicuous location that is readily visible to a person entering the LHR facility. The warning sign must state "To make a complaint, contact the Texas Department of Licensing and Regulation, Laser Hair Removal Program, at P.O. Box 12157, Austin, Texas 78711, (800) 803-9202, or via www.tdlr.texas.gov." [meet the following requirements:]

[(1) be of a size with dimensions at least 8 and 1/2 inches by 11 inches;]

[(2) contain wording with a font size no smaller than size 26;]

[(3) contain at least the following wording:]

[(A) Laser hair removal devices emit electromagnetic radiation that is considered to be an acute hazard to the skin and eyes from direct and scattered radiation. Laser hair removal procedures provide no medical benefit and may result in adverse effects.]

[(B) To make a complaint, contact the Texas Department of Licensing and Regulation, Laser Hair Removal Program at P.O. Box 12157, Austin, Texas 78711, (512) 539-5600, or www.tdlr.texas.gov.]

(l) - (o) (No change.)

§118.13. LHR Facility--Consulting Physician.

(a) An [A] LHR facility must have a written contract with a consulting physician. The LHR facility's contract with its consulting physician must provide the following:

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

(b) (No change.)

(c) The protocols required in accordance with §118.10, must include at least the following:

(1) - (5) (No change.)

(6) list of medications taken by the client that must be reported to the consulting physician before LHR services are provided or that, if taken by the client, preclude an [a] LHR procedure from being performed.

(d) (No change.)

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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Doug Jennings

General Counsel

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SUBCHAPTER C. LASER HAIR REMOVAL INDIVIDUAL CERTIFICATION

16 TAC §§118.26, 118.28, 118.29

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapter 51, which authorizes the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement that chapter and any other law establishing a program regulated by the Department. The proposed rules are also proposed under 16 TAC, Chapter 118. The statutory provisions affected by the proposed rules are those set forth in Health and Safety Code, Chapter 401. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 748, 89th Legislature, Regular Session (2025).

§118.26. *LHR Individual Certification--Apprentice-in-Training.*

(a) (No change.)

(b) LHR Apprentice-In-Training Certification Submission Requirement. An applicant for an LHR apprentice-in-training certification must submit proof of successful completion of a training program approved by the department covering the topics listed in §118.26(a)(2) and §118.26(a)(3). An individual must not perform LHR procedures unless under the direct supervision of a senior LHR technician or an LHR professional.

§118.28. *LHR Individual Certification--Senior LHR Technician.*

(a) (No change.)

(b) Verification requirements. A physician or other licensed health professional must not verify the LHR procedures directly supervised by an applicant for a senior LHR technician certificate in accordance with this section unless that individual meets the requirements for an [a] LHR professional specified in §118.29.

§118.29. *LHR Individual Certification--LHR Professional.*

(a) - (b) (No change.)

(c) Supervisor requirements. An LHR professional must ensure that there was direct supervision of the 100 LHR procedures performed by an [a] LHR technician under §118.27 while obtaining the requirements of a senior LHR technician under §118.28.

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 February 19, 2026.

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Doug Jennings

General Counsel

Texas Department of Licensing and Regulation

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



SUBCHAPTER F. LASER HAIR REMOVAL DEVICES

16 TAC §118.50

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapter 51, which authorizes the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement that chapter and any other law establishing a program regulated by the Department. The proposed rules are also proposed under 16 TAC, Chapter 118. The statutory provisions affected by the proposed rules are those set forth in Health and Safety Code, Chapter 401. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 748, 89th Legislature, Regular Session (2025).

§118.50. *LHR Devices--General and Operating Requirements.*

(a) - (j) (No change.)

(k) Compliance with the written statement requirement specified in subsection (j), does not affect the liability of the LHR facility operator or a manufacturer of an [a] LHR device.

(l) - (o) (No change.)

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 February 19, 2026.

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Doug Jennings
General Counsel
Texas Department of Licensing and Regulation
Earliest possible date of adoption: April 5, 2026
For further information, please call: (512) 475-4879



SUBCHAPTER H. FEES

16 TAC §118.70

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapter 51, which authorizes the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement that chapter and any other law establishing a program regulated by the Department. The proposed rules are also proposed under 16 TAC, Chapter 118. The statutory provisions affected by the proposed rules are those set forth in Health and Safety Code, Chapter 401. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 748, 89th Legislature, Regular Session (2025).

§118.70. *Fees.*

- (a) (No change.)
- (b) The two-year initial licensing fee for an [a] LHR facility license is \$900.
- (c) - (h) (No change.)

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 February 19, 2026.

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Doug Jennings
General Counsel
Texas Department of Licensing and Regulation
Earliest possible date of adoption: April 5, 2026
For further information, please call: (512) 475-4879



TITLE 22. EXAMINING BOARDS

PART 16. TEXAS BOARD OF PHYSICAL THERAPY EXAMINERS

CHAPTER 341. LICENSE RENEWAL

22 TAC §341.2

The Texas Board of Physical Therapy Examiners (Board) proposes amending 22 TAC §341.2 relating to the components of the jurisprudence assessment module that must be completed as part of a licensee's total continuing competence requirement.

The following amendment is necessary to implement changes made by the American Physical Therapy Association's adoption

of a new Code of Ethics for the Physical Therapy Profession that combines the Code of Ethics for the Physical Therapist and the Standards of Ethical Conduct for the Physical Therapist Assistant into one comprehensive document. The new Code of Ethics for the Physical Therapy Profession went into effect on January 1, 2026. The proposal utilizes generic language to describe professional physical therapy code of ethics and standards to avoid the need for additional amendments if documents are changed and renamed in the future.

Fiscal Note

Ralph A. Harper, Executive Director of the Executive Council of Physical Therapy & Occupational Therapy Examiners, has determined that for the first five-year period the amendment is in effect there would be no loss of revenue, and there would be no fiscal implication to units of local government as a result of enforcing or administering the rules.

Public Benefits and Costs

Mr. Harper has determined that for the first five-year period the amendment is in effect, the amendment will have no direct or indirect impact on the public.

Local Employment Economic Impact Statement

The amendment is not anticipated to impact a local economy, so a local employment economic impact statement is not required.

Small and Micro-Businesses and Rural Communities Impact

Mr. Harper has determined that there will be no costs or adverse economic effects to small or micro-businesses or rural communities as the result of the amendment; therefore, an economic impact statement or regulatory flexibility analysis is not required.

Government Growth Impact Statement

During the first five-year period the amendment is in effect, the impact on government growth is as follows:

- (1) The proposed rule amendment will neither create nor eliminate a government program.
- (2) The proposed rule amendment will neither create new employee positions nor eliminate existing employee positions.
- (3) The proposed rule amendment will neither increase nor decrease future legislative appropriations to the agency.
- (4) The proposed rule amendment will require neither an increase nor a decrease in fees paid to the agency.
- (5) The proposed rule amendment does not create a new regulation.
- (6) The proposed rule amendment will neither repeal nor limit an existing regulation.
- (7) The proposed rule amendment will not increase individuals subject to the rule's applicability.
- (8) The proposed rule amendment will neither positively nor adversely affect this state's economy.

Takings Impact Assessment

The proposed rule amendment will not impact private real property as defined by Tex. Gov't Code §2007.003, so a takings impact assessment under Tex. Gov't Code §2001.043 is not required.

Requirement for Rule Increasing Costs to Regulated Persons

Tex. Gov't Code §2001.0045, Requirement for Rule Increasing Costs to Regulated Persons, does not apply to this because the proposed rule amendment will not increase costs to regulated persons.

Public Comment

Comments on the proposed amendment may be submitted to Karen Gordon, PT Coordinator, Texas Board of Physical Therapy Examiners, 1801 Congress Ave, Suite 10.900, Austin, Texas 78701; email: karen@ptot.texas.gov. Comments must be received no later than 30 days from the date this proposed amendment is published in the *Texas Register*.

Statutory Authority

The Board proposes the amendment to §341.2, pursuant to Texas Occupations Code §453.102, which authorizes the Board to adopt rules necessary to implement chapter 453, Occupations Code.

Cross-reference to Statute

The Board proposes the amendment to §341.2 under Texas Occupations Code §453.205, which authorizes the Board to require an applicant for a physical therapist or physical therapist assistant license to pass a jurisprudence examination.

§341.2. Continuing Competence Requirements.

(a) - (e) (No change.)

(f) All licensees must complete a board-approved jurisprudence assessment module as part of their total continuing competence requirement. The jurisprudence assessment module shall be assigned a CCU value and standard approval number by the board and shall include at a minimum the following components.

(1) The theoretical basis for ethical decision-making;

(2) Professional code of ethics and standards pertaining to the practice of physical therapy; [APTA's Code of Ethics for the Physical Therapist and Guide for Professional Conduct, and the Guide for Conduct of the Physical Therapist Assistant and Standards of Ethical Conduct for the Physical Therapist Assistant;]

(3) Legal standards of behavior (including but not limited to the Act and Rules of the board); and

(4) Application of content to real and/or hypothetical situations.

(g) - (h) (No change.)

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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Ralph Harper

Executive Director

Texas Board of Physical Therapy Examiners

Earliest possible date of adoption: April 5, 2026

For further information, please call: (512) 305-6900



TITLE 37. PUBLIC SAFETY AND CORRECTIONS

PART 6. TEXAS DEPARTMENT OF CRIMINAL JUSTICE

CHAPTER 151. GENERAL PROVISIONS

37 TAC §151.3

The Texas Board of Criminal Justice (board) proposes amendments to §151.3, concerning Texas Board of Criminal Justice Operating Procedures. The proposed amendments make minor grammatical updates.

Ron Steffa, Chief Financial Officer for the Texas Department of Criminal Justice (TDCJ), has determined that for each year of the first five years the proposed amendments will be in effect, enforcing or administering the proposed amendments will not have foreseeable implications related to costs or revenues for state or local government because the proposed amendments merely make minor grammatical updates.

Mr. Steffa has also determined that for each year of the first five-year period, there will not be an economic impact on persons required to comply with the rules because the proposed amendments merely make minor grammatical updates. There will not be an adverse economic impact on small or micro businesses or on rural communities. Therefore, no regulatory flexibility analysis is required.

The anticipated public benefit, as a result of enforcing the proposed amendments, will be to enhance clarity and public understanding. No cost will be imposed on regulated persons.

The proposed amendments will have no impact on government growth; no impact on local employment; no creation or elimination of a government program; no creation or elimination of employee positions; no increase or decrease in future legislative appropriations to the TDCJ; no increase or decrease in fees paid to the TDCJ; no new regulation and no effect on an existing regulation; no increase or decrease in the number of individuals subject to the rule; and no effect upon the economy. The proposed amendments will not constitute a taking.

Comments and information such as applicable data, research, or analysis related to the cost, benefit, or effect of the proposed amendments should be directed to the Office of the General Counsel, Texas Department of Criminal Justice, P.O. Box 4004, Huntsville, Texas 77342, ogcomments@tdcj.texas.gov. Written comments and informational submissions from the general public must be received within 30 days of the publication of this rule in the *Texas Register*.

The amendments are proposed under Texas Government Code §§492.005-.007, which establishes general duties for the board, §492.013, which authorizes the board to adopt rules; and Chapter 551, which establishes general provisions for open meetings.

Cross Reference to Statutes: None.

§151.3. Texas Board of Criminal Justice Operating Procedures.

(a) General. This section establishes operating procedures for the Texas Board of Criminal Justice (TBCJ) to conduct business.

(b) Organization.

(1) The TBCJ is a ~~nine-member~~ [nine member] body appointed by the governor to oversee the Texas Department of Criminal Justice (TDCJ). The TBCJ chairman is designated by and serves at the request of the governor pursuant to Texas Government Code §492.005.

(2) The TBCJ shall elect a vice-chairman and a secretary each odd-numbered year. The vice-chairman shall preside over meetings in the chairman's absence, and either the chairman or the secretary shall execute any necessary documents.

(3) The chairman, on behalf of the TBCJ, is empowered to appoint members of the TBCJ to be members or chairs of standing or limited-purpose committees, or to serve as liaisons to the TBCJ on particular subject areas or divisions within the TDCJ's jurisdiction, or both. The purpose of a committee, if appointed, is to have certain members become particularly familiar with various issues and to facilitate discussion and recommend potential strategies as appropriate.

(4) The TBCJ chairman may appoint non-members to sit on a committee in an advisory capacity; however, advisory members are non-voting members and cannot be reimbursed for expenses incurred in this capacity.

(c) Meetings.

(1) The TBCJ shall attempt to hold a regular meeting at least every other month of the year^[5] but shall meet at least once each quarter of the calendar year pursuant to Texas Government Code §492.006. Special called meetings can be held at the discretion of the TBCJ chairman.

(2) TBCJ meetings shall be held at a location in Texas as determined by the TBCJ chairman. If the TBCJ uses video conference technology to convene a meeting, at least one conference site must be located in Huntsville or Austin, Texas. To convene a video conference meeting, a quorum of the TBCJ must be present at one of the video conference sites. The other members may convene using the technology from remote sites.

(A) During a TBCJ meeting convened as a video conference meeting, any member shall be considered absent from any portion of the meeting during which audio or video communication with the member is lost or disconnected.

(B) The TBCJ may continue the meeting only if a quorum remains present at the meeting location.

(3) The agenda and date for the TBCJ meetings shall be set by the TBCJ chairman in consultation with the TDCJ executive director.

(4) The agenda for committee meetings shall be set by the TBCJ chairman in consultation with the committee's chairman and the TDCJ executive director. If the TBCJ committee uses video conference technology to convene a meeting, at least one conference site must be located in Huntsville or Austin. To convene a video conference meeting, a quorum of the committee must be present at one of the video conference sites. The other member(s) may convene using the technology from remote sites.

(5) A majority of the TBCJ, or of a committee of the TBCJ, constitutes a quorum for the convening of and transaction of business at any meeting. A quorum of a committee with two members consists of both members.

(6) A quorum of a committee does not include its advisory member.

(7) Meetings of the TBCJ and its committees shall be conducted according to standard parliamentary procedures.

(8) TBCJ meetings are governed by the *Texas Open Meetings Act*, Texas Government Code §§551.001-.146.

(9) The TDCJ executive director shall ensure members are provided the materials necessary to conduct the business of the TBCJ and its committees well in advance of the meetings.

(10) The TDCJ executive director shall ensure the minutes of each meeting are prepared, retained, and filed with the Legislative Reference Library, and made available to the public. The minutes shall state the subject matter of each deliberation and shall indicate each vote, order, decision, or other action taken by the TBCJ.

(11) Requests by the public to make presentations or comments to the TBCJ are governed by 37 Texas Administrative Code §151.4, pursuant to Texas Government Code §§492.007 and 551.042.

(12) The TBCJ shall approve meeting minutes for any committees deleted, renamed, or for which their limited purpose [~~limited purpose~~] has concluded.

(13) Prior to each regularly scheduled meeting, the TBCJ shall offer the opportunity for:

(A) The presiding officer of the Board of Pardons and Paroles or a designee of the presiding officer to present any item relating to the operation of the parole system and other matters of mutual interest determined by the presiding officer to require the TBCJ's consideration, pursuant to Texas Government Code §492.006;

(B) The chairman of the Judicial Advisory Council (JAC) to the Community Justice Assistance Division and the TBCJ to present any item relating to the operation of the community justice system and other matters of mutual interest determined by the JAC chairman to require the TBCJ's consideration, pursuant to Texas Government Code §492.006;

(C) The TDCJ executive director to present any item relating to the TDCJ as determined by the executive director or the TBCJ chairman;

(D) The TBCJ chairman to present any item relating to the TBCJ or the TDCJ as determined by the TBCJ chairman in consultation with the TDCJ executive director;

(E) The chairman or designee of the Correctional Managed Health Care Committee (CMHCC) to present on the CMHCC's policy decisions, the financial status of the correctional health care system, and corrective actions taken by or required of the TDCJ or the health care providers; and

(F) The chairman of the Advisory Committee on Offenders with Medical or Mental Impairments (ACOOMMI) or a designee of the ACOOMMI chairman to present any item related to offenders with medical or mental impairments.

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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Stephanie Greger
General Counsel
Texas Department of Criminal Justice
Earliest possible date of adoption: April 5, 2026
For further information, please call: (936) 437-6700



37 TAC §151.55

The Texas Board of Criminal Justice (board) proposes amendments to §151.55, concerning Disposal of Surplus Agricultural Goods and Agricultural Personal Property. The proposed amendments make minor grammatical updates.

Ron Steffa, Chief Financial Officer for the Texas Department of Criminal Justice (TDCJ), has determined that for each year of the first five years the proposed amendments will be in effect, enforcing or administering the proposed amendments will not have foreseeable implications related to costs or revenues for state or local government because the proposed amendments merely make minor grammatical updates.

Mr. Steffa has also determined that for each year of the first five-year period, there will not be an economic impact on persons required to comply with the rules because the proposed amendments merely make minor grammatical updates. There will not be an adverse economic impact on small or micro businesses or on rural communities. Therefore, no regulatory flexibility analysis is required.

The anticipated public benefit, as a result of enforcing the proposed amendments, will be to enhance clarity and public understanding. No cost will be imposed on regulated persons.

The proposed amendments will have no impact on government growth; no impact on local employment; no creation or elimination of a government program; no creation or elimination of employee positions; no increase or decrease in future legislative appropriations to the TDCJ; no increase or decrease in fees paid to the TDCJ; no new regulation and no effect on an existing regulation; no increase or decrease in the number of individuals subject to the rule; and no effect upon the economy. The proposed amendments will not constitute a taking.

Comments and information such as applicable data, research, or analysis related to the cost, benefit, or effect of the proposed amendments should be directed to the Office of the General Counsel, Texas Department of Criminal Justice, P.O. Box 4004, Huntsville, Texas 77342, ogccomments@tdcj.texas.gov. Written comments and informational submissions from the general public must be received within 30 days of the publication of this rule in the *Texas Register*.

The amendments are proposed under Texas Government Code §492.013, which authorizes the board to adopt rules; and §497.113, which establishes guidelines for surplus agricultural property and products.

Cross Reference to Statutes: None.

§151.55. *Disposal of Surplus Agricultural Goods and Agricultural Personal Property.*

(a) Policy. It is the policy of the Texas Board of Criminal Justice (TBCJ) that surplus agricultural goods produced by the Texas Department of Criminal Justice (TDCJ) and surplus agricultural personal property used in the TDCJ's agricultural operations be disposed in the most efficient manner possible for the goods or personal property being disposed.

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

(1) "Surplus agricultural goods" are those agricultural commodities grown, produced, purchased, or acquired by the TDCJ for use within the TDCJ or other state or local agency or non-profit organization, which:

(A) exceed the needs of TDCJ operations;

(B) are not required for the TDCJ's foreseeable needs; and

(C) have been determined to be surplus by the TDCJ chief financial officer in coordination with the Manufacturing, Agribusiness and Logistics Division director.

(2) "Surplus agricultural personal property" is personal property related to the agricultural operations of the TDCJ and grown, produced, purchased, or acquired by the TDCJ, including livestock and farming equipment and implements, which:

(A) exceeds the needs of TDCJ operations;

(B) is not required for the TDCJ's foreseeable needs; and

(C) has been determined to be surplus by the chief financial officer in coordination with the Manufacturing, Agribusiness and Logistics Division director.

(c) Procedures.

(1) The TBCJ hereby authorizes the chief financial officer or designee to sell or dispose of surplus agricultural goods and surplus agricultural personal property. Sale or disposal shall be accomplished in such a manner so as to provide, if possible, reasonable consideration for the sale or disposal of such surplus items.

(2) When items of agricultural goods or agricultural personal property are considered surplus, the Manufacturing, Agribusiness and Logistics Division director shall provide a written report to the chief financial officer setting forth those items of agricultural goods and agricultural personal property considered to be surplus. In those instances requiring immediate action due to the perishable nature of such items, the report may be transmitted via email. The chief financial officer shall review the report and determine if such items shall be sold or disposed as surplus agricultural goods or personal property.

(3) The chief financial officer shall review the report submitted as required herein and shall determine if such reported items are surplus to the needs of the TDCJ, and the terms and method of sale or disposal of such items. Sale or disposal of surplus agricultural goods or agricultural personal property includes:

(A) sale in the usual market for such items;

(B) direct sale by bid or negotiated sale;

(C) exchange for other agricultural products and finished goods; and

(D) donation of food commodities to state, local, or non-profit organizations.

(4) Proceeds from the sale of surplus agricultural goods and surplus agricultural personal property shall be deposited in the appropriate TDCJ fund to be used for purchase of agricultural goods and agricultural personal property necessary for the operation of the TDCJ.

(5) Prices of sales shall be at prevailing market prices or better.

(6) After TDCJ staff takes action on the disposition of surplus agricultural goods and agricultural personal property, a report detailing the actions shall be submitted for inclusion in the materials provided to the TBCJ at each meeting.

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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TRD-202600850

Stephanie Greger

General Counsel

Texas Department of Criminal Justice

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For further information, please call: (936) 437-6700



CHAPTER 152. CORRECTIONAL INSTITUTIONS DIVISION

SUBCHAPTER D. OTHER RULES

37 TAC §152.81

The Texas Board of Criminal Justice (board) proposes new rule §152.81, concerning Housing of Inmates. The proposed new rule states inmates shall be housed in compliance with state and federal law in accordance with Senate Bill 8, which was passed during the 89th Second Special Session and established Texas Government Code §3002.054.

Ron Steffa, Chief Financial Officer for the Texas Department of Criminal Justice (TDCJ), has determined that for each year of the first five years the proposed new rule will be in effect, enforcing or administering the proposed new rule will not have foreseeable implications related to costs or revenues for state or local government because the proposed new rule merely clarify existing procedures.

Mr. Steffa has also determined that for each year of the first five-year period, there will not be an economic impact on persons required to comply with the rules because the proposed new rule merely clarify existing procedures. There will not be an adverse economic impact on small or micro businesses or on rural communities. Therefore, no regulatory flexibility analysis is required.

The anticipated public benefit, as a result of enforcing the proposed new rule, will be to enhance clarity and public understanding. No cost will be imposed on regulated persons.

The proposed new rule will have no impact on government growth; no impact on local employment; no creation or elimination of a government program; no creation or elimination of employee positions; no increase or decrease in future legislative appropriations to the TDCJ; no increase or decrease in fees paid to the TDCJ; no new regulation and no effect on an existing regulation; no increase or decrease in the number of individuals subject to the rule; and no effect upon the economy. The proposed new rule will not constitute a taking.

Comments and information such as applicable data, research, or analysis related to the cost, benefit, or effect of the proposed new rule should be directed to the Office of the General Counsel, Texas Department of Criminal Justice, P.O. Box 4004, Huntsville, Texas 77342, ogccomments@tdcj.texas.gov. Written comments and informational submissions from the general public must be received within 30 days of the publication of this rule in the *Texas Register*.

The new rule is proposed under Texas Government Code §3002.054, which establishes the requirement for inmates to

be housed according to sex; and 28 C.F.R. Part 115, which establishes the Prison Rape Elimination Act.

Cross Reference to Statutes: None.

§152.81. Housing of Inmates.

Inmates shall be housed in compliance with state and federal law.

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 February 23, 2026.

TRD-202600851

Stephanie Greger

General Counsel

Texas Department of Criminal Justice

Earliest possible date of adoption: April 5, 2026

For further information, please call: (936) 437-6700



TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 5. TEXAS VETERANS LAND BOARD

CHAPTER 175. GENERAL RULES OF THE VETERANS LAND BOARD

SUBCHAPTER A. GENERAL RULES OF CONTRACT FOR DEED AND FINANCING FOR LAND

40 TAC §175.3, §175.4

The Texas Veterans Land Board (Board) proposes amendments to Texas Administrative Code, Title 40, Part 5, Chapter 175, Subchapter A, §175.3, concerning Land Selection, and §175.4, concerning Land Description.

The proposed amendments update the rules' provisions and facilitate transactions under the Board's Veterans Land Program (Program).

At its special called meeting on February 3, 2026, the Board unanimously approved a recommendation from its staff to incorporate the proposed amendments with the aim of enhancing the effectiveness of the Program.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENT: Pursuant to Texas Government Code, §2001.024(a)(4), Mr. Raul Gonzales, Director of the Board's Land and Housing Division, has determined that for the first five-year period the proposed amendments are in effect, there may be minimal fiscal implications for state, but not local, government as a result of the proposed amendments. Specifically, the proposed amendments removing the requirement that surveys of properties under the Program include a license from the surveyor may lead to the Board having to perform updated surveys for any properties on which it forecloses and sells. However, this event occurs for approximately one percent of Program properties. Furthermore, the costs of performing such surveys on staff resources would be minimal.

PUBLIC BENEFITS AND PROBABLE ECONOMIC COSTS: Pursuant to Texas Government Code, §2001.024(a)(5), Mr. Gonzales has determined that for each year of the first five years the proposed amendments are in effect, there will be no economic effects on businesses or individuals. The public benefit will be increased access in the benefit the Program offers to the state's veterans.

TAKINGS IMPACT ASSESSMENT: The amended section does not contemplate or authorize a taking by the Board; therefore, no Takings Impact Assessment is required under Texas Government Code, §2007.043.

LOCAL EMPLOYMENT IMPACT STATEMENT: Mr. Gonzales has determined that the proposed amendments will not affect a local economy, so the Board is not required to prepare a local employment impact statement under Texas Government Code, §2001.022.

FISCAL IMPACT ON SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES: The Board has determined there will be no adverse economic effect on small businesses, micro-businesses, or rural communities due to the proposed amendments, therefore preparation of an economic impact statement and a regulatory flexibility analysis under Texas Government Code, §2006.002, is not required.

GOVERNMENT GROWTH IMPACT STATEMENT: Pursuant to Texas Government Code, §2001.0221, Mr. Gonzales provides the following Government Growth Impact Statement for the proposed amendments. For each of the first five years the proposed amendments will be in effect:

the proposed amendments will not create or eliminate a government program;

implementation of the proposed amendments will not require the creation or elimination of existing employee positions;

implementation of the proposed amendments will not require an increase or decrease in future legislative appropriations to the Board;

the proposed amendments will not require an increase or decrease in fees paid to the Board;

the proposed amendments do not create a new regulation;

the proposed amendments will not expand, limit, or repeal an existing regulation;

the proposed amendments will not increase or decrease the number of individuals subject to the rules; and

the proposed amendments will not affect the state's economy.

PUBLIC COMMENT REQUEST: Written comment on the proposed amendments may be submitted by mail to Mr. Walter Talley, Texas Register Liaison, Texas General Land Office, P.O. Box 12873, Austin, Texas 78711, facsimile number (512) 463-6311 or email to walter.talley@glotexas.gov. Written comments must be received no later than thirty (30) days from the date of publication of the proposed amendments in the *Texas Register*.

The amendments are proposed under Section 161.063 of the Texas Natural Resources Code, which allows the Board to adopt rules it considers necessary to ensure the integrity of the Program. The Code affected by this proposal is Chapter 161 of the Texas Natural Resources Code.

§175.3. *Land Selection.*

(a) Land selected by a veteran for purchase or financing through the program must:

(1) (No change.)

(2) contain at least one (1) net acre (excluding, as determined [defined] by the board, inundated or submerged land, or otherwise unusable land);

(3) (No change.)

(4) if more than one tract of land is selected the tracts must be contiguous [as defined by the board]; or, if not contiguous, then one tract must meet the minimum acreage requirement, and the use, location, and value of the tracts would permit the board, in its sole discretion, to consider the combination of the tracts as one tract; [and]

(5) have direct access to a publicly maintained [public] road. If the tract does not directly abut a publicly maintained [public] road; [a perpetual access easement appurtenant must be conveyed to the board, or other board approved access must be provided. This easement must meet the county width requirement for publicly maintained roads and, in any event, must be at least 60 feet wide. The easement must be conveyed to the board by general warranty deed or dedicated to the public or subdivision owners. If the easement is conveyed to the board by deed, it must be described by metes and bounds. This description must contain specific tie calls to both the tract and a public road. If the easement is dedicated, the deed to the board must refer to the recording information of the subdivision plat or other dedication instrument. If the board finances the transaction the tract must have similar easement rights. Easements and roads must be usable by standard automobiles during inclement weather.]

(A) access may be provided by way of a public or private perpetual access and easement either conveyed to the borrower or board or dedicated to the public or subdivision owners;

(B) all roadway easements must be at least sixty (60) feet wide or meet the county's minimum width requirement for a publicly maintained road, whichever is greater. The width requirement may be waived by the chairman, but in no event can an easement be less than thirty (30) feet in width;

(C) easements being conveyed to the borrower or board must be described by metes and bounds. The description must contain specific tie calls to both the tract and publicly maintained road;

(D) if the easement is dedicated to the public or subdivision owners, it must refer to the recording information of the subdivision plat or other dedication instrument and a copy of the instrument must be provided to the board; and

(E) easement and roads must be usable by two (2)-wheel drive automobiles during inclement weather, including snow, rain, and freezing temperatures.

(6) in the case of flagpole tracts, or tracts with a similar configuration, where the pole portion of the tract provides access to the main body (flag portion) of the tract, the pole portion of the tract must meet the width and drivability requirements for an access easement, and the main body of the tract must meet the requirement of one (1) net acre, as determined by the board.

(b) The board will not purchase or finance a tract of land that was wholly owned by the veteran or his spouse, separately or jointly, within three (3) [3] years of the date of application.

(c) - (g) (No change.)

§175.4. *Land Description.*

(a) Land selected to be purchased by the board must be described by a legally sufficient metes and bounds description. The property description must:

(1) contain a general description of the land, specifying the acreage contained, the original survey(s) or grant(s) with abstract number(s), survey number(s) and block designation, if applicable, and the county in which the tract is located. If the tract is divided by a county line, the appropriate abstract numbers and acreage on each side of the county line will be shown. The general description shall also contain the deed reference to the parent tract including grantor, grantee, date of instrument, and [volume and page of] recording information. Additional references to other instruments in the chain of title may be referred to if appropriate;

(2) - (4) (No change.)

(b) (No change.)

~~[(e) All metes and bounds descriptions and survey plats shall bear the seal and signature of the surveyor preparing the same. Any field notes or survey plat prepared for and used in any board transaction includes a license from the surveyor to the board and the veteran purchaser to copy and use the field notes in that transaction and in any future transactions involving the surveyed property.]~~

~~[(c) [(d)] Metes and bounds descriptions must be prepared from a survey of the property made on the ground. The survey should be made in such manner to be generally acceptable to title companies in the State of Texas for the purpose of deleting the survey exception clause.~~

~~[(e) Each corner of the tract of land shall be marked by concrete or metal monuments or other durable monuments generally used in the area. A description of each monument set or found and its location, with witnesses as available, shall be incorporated into the metes and bounds description of the property.]~~

~~[(f) When a roadway or easement crosses a tract, it shall be described sufficiently to enable its location throughout the tract and its area to be determined.]~~

~~[(g)] Property descriptions and subdivision plats will be examined by the board for access and acreage, and may be examined by the board for closure and sufficiency [acreage, closure, and sufficiency]. The board's determination of these items will control.~~

~~[(h)] The surveyor should be instructed to do a proper boundary survey of the land to be conveyed according to the record boundaries of the tracts involved. Any encroachments by existing perimeter fences into the subject tract or into adjacent tracts should be shown together with the area of any lands lying between the record boundaries and the existing occupation. Any occupation on the ground not conforming to the record boundaries should be shown on a plat of survey and fully explained in an accompanying surveyor's report.~~

~~[(i)] The chairman may waive any of the foregoing requirements and accept a survey deemed sufficient by the title company to permit deletion of the survey exception clause.~~

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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TRD-202600818

Jennifer Jones

Chief Clerk and Deputy Land Commissioner

Texas Veterans Land Board

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For further information, please call: (512) 475-1859

