ADOPTED RULES

Adopted rules include new rules, amendments to existing rules, and repeals of existing rules. A rule adopted by a state agency takes effect 20 days after the date on which it is filed with the Secretary of State unless a later date is required by statute or specified in the rule (Government Code, §2001.036). If a rule is adopted without change to the text of the proposed rule, then the *Texas Register* does not republish the rule text here. If a rule is adopted with change to the text of the proposed rule, then the final rule text is included here. The final rule text will appear in the Texas Administrative Code on the effective date.

TITLE 7. BANKING AND SECURITIES

PART 5. OFFICE OF CONSUMER CREDIT COMMISSIONER

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) adopts new §86.301 (relating to Purpose and Scope), §86.302 (relating to Definitions), §86.303 (relating of 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 and Commercial Sales-Based Financing.

The commission adopts new §§86.301 - 86.307 and 86.320 - 86.322, without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1355). These rules will not be republished.

The commission adopts new §§86.310 - 86.313 with changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1355). These rules will be republished.

Summary of Adopted Rules

In general, the purpose of the adopted 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.

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

Adopted 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."

Adopted new §86.303 describes the requirements for filing a new registration application. Registrants will 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 other financial services 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. These rules will enable the OCCC to provide a functional registration system that will minimize regulatory burden, particularly for companies operating in more than one state.

Adopted 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.

Adopted 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).

Adopted 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.

Adopted new §86.307 describes fees for registration. There will be a $1,000 fee for the initial registration and annual renewal. The rule authorizes the OCCC to annually adjust these dollar amounts based on the Consumer Price Index (CPI), but the rule also provides that the OCCC may discount or reduce a fee. This rule will help ensure that the OCCC is able to recover the costs of regulation.

Adopted 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. Since the proposal, in response to official comments, language has been added in §86.310(b) to clarify that the disclosure must accurately reflect the terms of the provider's specific offer, and the word "promptly" has been added in §86.310(c) to specify that the provider must promptly notify the recipient and provide revised disclosures in the event of an inaccuracy. New §86.310(c) requires a contract to include a notice explaining how the recipient may contact the OCCC regarding a complaint.

Adopted new §86.311 includes 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. Since the proposal, in response to an official comment, a change has been made in §86.311(c) to add the phrase "by the broker," to specify that a broker must maintain disclosures provided by the broker to the recipient.

Adopted new §86.312 implements the prohibition on unfair, deceptive, and abusive acts and practices under Texas Finance Code, §398.005. The 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; debiting amounts without authorization; 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. In general, adopted §86.312 will help ensure that providers and brokers do not engage in practices that cause substantial injury to recipients, mislead recipients, interfere with a recipient's ability to understand the terms of the transaction, or take unreasonable advantage of the recipient. Since the proposal, in response to official comments, changes have been made to §86.312(b)(10) to use the term "debiting" rather than "withdrawing," and to refer to both an account and a deposit account. Changes have also been made to §86.312(b)(12) to include instructions to "a recipient's customer" in a prohibition of certain instructions to redirect payment amounts, and to add exceptions where another person has consented to payment being redirected to the provider or where payment is for debt that has been validly assigned to the debtor. *See* Tex. Bus. & Comm. Code §9.406(a) (describing a notification to the debtor that an amount due has been assigned). Changes have also been made to §86.312(b)(13) to add the words "material" and "written" in the prohibition of violations of intercreditor agreements.

Adopted new §86.313 implements 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 priority 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. Since the proposal, in response to official comments, a change has been made in §86.313(b) to state that a "mechanism for automatically debiting a deposit account" includes a situation where the recipient provides more than one prewritten check. This change replaces language in the proposal stating that an "automatic debit" includes this situation. The change is intended to avoid the implication that the checks are themselves debits.

Adopted 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.

Adopted 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.

Adopted 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 implements 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.

Summary of Stakeholder Comments

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.

After publishing the proposed rules in the *Texas Register*, the commission received seven official comments on the proposal. One official comment is from Kram Law LLC (a law firm representing commercial sales-based financing providers), which opposes the adoption of proposed §86.313(b). One comment is from the Revenue Based Financing Coalition (an association of commercial sales-based financing providers), which recommends changes to proposed §86.312 and §86.313. One comment is from Texas Appleseed, the Responsible Business Lending Coalition, the Small Business Majority, the Texas Association of Community Development Corporations, and Business and Community Lenders, which support the proposed rules overall but recommend changes to proposed §86.310 and §86.312. One comment is from the Financial Technology Association (a network of fintech lenders), which recommends changes to proposed §86.307, §86.310, §86.311, §86.312, and

§86.313. One comment is from Hudson Cook LLP (a law firm representing commercial sales-based financing providers and commercial lenders), which recommends changes to proposed §86.312 and §86.313. One comment is from the Electronic Transactions Association (a trade association representing the payments industry), which recommends changes to proposed §86.310, §86.311, and §86.312. One comment is from DARE Capital, Palatine Hill Capital, and Momentum Capital Funding (factoring companies that provide working capital to small businesses in Texas), which recommend changes to proposed §86.312 and §86.313. In addition, at the commission's February 20, 2026, meeting, the commission heard spoken testimony of a witness from Texas Appleseed and a witness from Hudson Cook (who was representing the Revenue Based Financing Coalition). The commission and the OCCC appreciate the thoughtful input of stakeholders.

Regarding the scope of the rules, a trade association's official comment recommends that the rules reaffirm Chapter 398's exclusion for banks, credit unions, and certain other financial institutions. The commission declines to make this change, which is unnecessary because this exclusion is already located in the statute at Texas Finance Code, §398.003, and because the adopted rule at §86.301(b) acknowledges exemptions under Chapter 398. Repeating each of the statute's exemptions in the rule would make the rule unnecessarily lengthy.

Regarding the fee provisions in §86.307, an association's official comment makes three recommendations. First, the comment recommends adding language to the rule specifying that the OCCC will provide advance notice of renewal at least 60 days before the renewal window opens. The commission declines to include this language, which is unnecessary because the OCCC typically includes renewal instructions on its website, and because the NMLS system provides an extensive renewal period before expiration (typically two months). Second, the comment recommends a grace period for inadvertent lapses before late fees are applied. The commission declines to include this language, because the renewal information on the OCCC website and the extensive renewal period in NMLS will make a grace period unnecessary. Third, the comment recommends a percentage cap on CPI-based fee increases. The commission declines to include this change, because CPI itself provides a limitation on the amount of fee increases, and because this change would not achieve the objective of ensuring that the OCCC can recover the costs of regulating the industry.

Regarding the requirement in §86.310(a) to provide a disclosure at or before the time the specific offer is made, an association's official comment recommends that the rule exclude nonbinding estimated offers from the meaning of "specific offer." The commission believes this change is unnecessary and inappropriate because the statute at Texas Finance Code, §398.001(9) includes the following definition, which is sufficiently clear: "'Specific offer' means the specific terms of commercial sales-based financing. The term includes a price or amount quoted to a recipient by a person providing the financing based on information obtained from or about the recipient that, if accepted by the recipient, would be binding on the provider, subject to specific requirements in the financing terms."

One official comment of consumer and business advocates recommends adding a requirement in §86.310(a) to provide the disclosure at or before the time of the specific offer or when the recipient finalizes an application for the transaction, whichever is earlier. The commission declines to add this language, because the statute at Texas Finance Code, §398.051(a) specifically states that the disclosure is required if the provider extends a specific offer, and does not mention disclosure for an application that the recipient finalizes before a specific offer is made.

An official comment of factoring companies recommends requiring a cool-down period after disclosures are provided, so that the recipient has time to fully evaluate the proposed financing. The commission declines to add this language. The statute at Texas Finance Code, §398.052 specifically states that the provider must obtain the recipient's signature on the disclosure before finalizing the application, but does not specify any cool-down period before an application or contract is finalized.

Regarding the requirement in §86.310(c) to provide corrected disclosures in the event of an inaccuracy, an official comment of consumer and business advocates expresses concern that a corrected disclosure under §86.310(c) could enable a provider to modify a previously signed contract. The comment recommends replacing proposed §86.310(c) with a different provision stating that the provider must ensure that the disclosure form is true and accurately reflects the terms of the contract, and that the terms on the disclosure shall be considered part of the contract. Similarly, in spoken testimony at the commission's February 20, 2026, meeting, a witness expressed concern that the corrected disclosure in §86.310(c) could be a "do over" for providers that violate disclosure requirements. In response to the official comment, since the proposal, language has been added in §86.310(b) to clarify that the disclosure must accurately reflect the terms of the provider's specific offer. However, the commission declines to remove the text of §86.310(c) requiring corrected disclosures. To clarify, this provision is intended to ensure that recipients receive accurate information. If a provider violates disclosure requirements by providing a disclosure that does not accurately reflect the specific offer, and later provides a corrected disclosure, this ensures the recipient receives accurate information but does not eliminate the fact that the previous violation occurred. In addition, a corrected disclosure under §86.310(c) does not authorize a provider to change a previously executed contract. Rather, the provider must ensure that the disclosure is consistent with the specific offer reflected in the contract's terms. The commission also declines to add language stating that the disclosure is part of the contract, because Chapter 398 distinguishes between the disclosure and the contract for commercial sales-based financing, and seems to contemplate that the recipient can consider the disclosure before deciding to accept the specific offer and enter a contract.

Also regarding §86.310(c), an association's official comment recommends specifying a clear timeframe for providing corrected disclosures (e.g., two business days) and a "materiality threshold that limits the obligation to inaccuracies that meaningfully affect the transaction's economic terms, rather than minor clerical errors." In response to this comment, the word "promptly" has been added in §86.310(c) to specify that the provider must promptly notify the recipient and provide revised disclosures in the event of an inaccuracy. The commission declines to specify an exact timeframe in the rule, because what constitutes a prompt notification could depend on the facts of the transaction and the parties' course of dealing. The commission declines to adopt a materiality threshold, because the statute requires providers to disclose the specific terms as defined in Texas Finance Code, §398.001 and §398.051, and does not contain any materiality threshold. The commission and the OCCC strongly encourage providers to employ procedures that minimize the likelihood of any inaccuracies, which would help avoid the need for corrected disclosures.

Regarding the requirement in §86.310(d) for the provider's contract to include a notice with the OCCC's contact information, an association's official comment recommends removing this provision because the requirement "is not present in other state disclosure regimes and would create an unnecessary divergence from emerging standards." Another association's official comment also recommends removing this requirement so that providers can use consistent disclosures in different states. The commission declines to remove this requirement, because this requirement is necessary to ensure that recipients are aware that they can file complaints with the OCCC. If providers wish to use the same contract for multiple states, they might consider including the OCCC notice in a state-specific provision for Texas transactions. Also, §86.310(d) requires the OCCC notice in the "contract for services," which could be separate from the disclosure under Texas Finance Code, §398.051. Therefore, §86.310 does not in itself create a divergence with respect to a disclosure under Section 398.051.

One official comment of consumer and business advocates recommends that the rules include a model disclosure form for required disclosures. Similarly, an association's official comment recommends that the OCCC adopt a disclosure modeled after requirements in other states, in order to reduce administrative burdens and costs for companies operating in multiple states. The commission declines to include a model disclosure form in the adopted rules. 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, and does not specify that the commission or the OCCC will adopt a model disclosure. In the future, the OCCC may consider a model disclosure form, which could be posted as an optional form on the OCCC website.

An association's official comment asks: "Does a financing disclosure that follows the [Connecticut] financing disclosure template satisfy the disclosure requirements for Texas?" The Connecticut Commercial Sales-Based Financing Disclosure Form is available in guidance issued by the Connecticut Department of Banking on August 1, 2024. While the Connecticut form includes many of the elements required under Section 398.051, the form also contains specific references to Connecticut law that could misleadingly suggest to a Texas recipient that Connecticut law applies. Providers should carefully review their disclosure forms to ensure that they contain the information required by Section 398.051 and are not misleading.

Regarding recordkeeping requirements for brokers in §86.311(c), an association's official comment recommends adding the phrase "by the broker," to specify that a broker must maintain disclosures provided by the broker to the recipient. In response to this comment, §86.311(c) has been revised to include the phrase "by the broker." This change minimizes the burden on the broker by limiting disclosure recordkeeping to items that the broker has provided. A provider will remain responsible for maintaining disclosures that it provides to the recipient under §86.311(b)(2).

Regarding the requirements to maintain applications, adverse action notices, advertisements, and solicitations in §86.311(e) and (f), an association's official comment recommends removing these subsections. The association states that these requirements are "unduly burdensome" and that "[m]ost providers of online sales-based financing lack the procedures or functionality necessary to comply with these requirements." The commission declines to remove subsections (e) and (f) from §86.311. These provisions are necessary to ensure compliance with Texas Finance Code, Chapter 398. If a registrant fails to maintain these records, then it may be impossible to determine whether the registrant has engaged in unfair, deceptive, or abusive acts in underwriting, advertising, or solicitation. These are standard records for regulated financial institutions, including commercial financing providers, to maintain. *See, e.g.*, Regulation B, 12 C.F.R. §1002.12(b) (requiring business creditors to maintain credit applications and adverse action notices).

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. 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 §86.812(b)(4), which provides that failure to make accurate disclosures under the statute and rule is an unfair, deceptive, or abusive act or practice, an association's official comment recommends limiting this provision to failure "by providers," in order to clarify that a broker is not responsible for disclosures of a provider. The commission declines to make this change. There could be a fact question of whether a broker failed to make a required disclosure, such as the OCCC notice in a contract for brokering services, as required by §86.310(d).

As proposed, §86.312(b)(10) would have prohibited withdrawing amounts from a person's account without the person's authorization. Regarding this prohibition, the official comments of an association and a law firm recommend replacing "withdrawing" with "debiting," and replacing "account" with "deposit account," to be consistent with terminology used in Chapter 398. In response to this comment, changes have been made in §86.310(b)(10) to use the terms "debiting" and "deposit account." As adopted, §86.310(b)(10) prohibits debiting amounts from a person's account or deposit account without the person's authorization. Texas's Uniform Commercial Code includes a distinction between an account and a deposit account. *See* Tex. Bus. & Comm. Code §9.102(a)(2) (defining the term "account" and stating that it does not include a deposit account). Given this distinction, the commission and the OCCC believe that it is appropriate to prohibit unauthorized debits from both accounts and deposit accounts.

As proposed, §86.312(b)(12) would have prohibited instructing a recipient to redirect payment amounts to the provider, where the amounts were previously scheduled to be paid to another person. An official comment of factoring companies recommends adding the phrase "or a recipient's customers" to this provision, so that the prohibition would apply to instructions to a recipient's customers. In a previous informal comment provided to the OCCC in November 2025, the factoring companies described an abusive practice in which a commercial sales-based financing provider contacts account debtors on accounts receivable that a factoring company has purchased, and notifies them that payments should be redirected from the factoring company to the provider. In response to the official comment, adopted §86.312(b)(12) includes the phrase "or a recipient's customer."

Regarding §86.312(b)(12), the official comments of two associations recommend adding language to specify that the prohibition does not apply if the other party has consented to the redirection of payments. In response to these official comments, adopted §86.312(b)(12) includes the word "unless" and a new subparagraph (A) to explain that the prohibition does not apply if the other person has consented to the payment being redirected to the provider.

The official comments of an association and a law firm recommend removing §86.312(b)(12) altogether, because they state that the provision is unclear and could inadvertently prohibit routine conversations in collections. The commission disagrees with these comments. Adopted §86.312(b)(12) is necessary to prevent an abusive practice identified by stakeholders. Also, §86.312(b)(12) is reasonably clear as adopted. Providers can comply with adopted §86.312(b)(12) by managing their collections communications through standardized policies and procedures, as is customary for regulated financial institutions.

As proposed, §86.312(b)(13) would have prohibited a provider's violation of an intercreditor agreement to which the provider is a party. The official comments of an association and a law firm recommend removing §86.312(b)(13) altogether, because they state that this will discourage providers from entering intercreditor agreements, and because parties already have remedies under contract law. The commission disagrees with this suggestion and believes that this subsection is necessary to prevent abusive practices by providers. However, in order to clarify the scope of this subsection, the words "material" and "written" have been added to adopted §86.312(b)(13), so that the rule applies to a provider's material violation of a written intercreditor agreement.

Regarding the prohibition in proposed §86.312(b)(14) on characterizing a consumer transaction as "business" or "commercial," one official comment states that "it is imperative to maintain this language to ensure that consumers do not face adverse financial outcomes." The official comments of two associations recommend limiting this prohibition to apply only when the provider "has knowledge that the advanced funds will be used for individual, family, or household purposes." The commission declines to make this change. The language in §86.312(b)(14) is similar to language in the Texas Finance Code's consumer lending provisions. In describing the applicability of requirements for regulated consumer loans, Texas Finance Code, §342.005 uses the phrase "extended primarily for personal, family, or household use." Section 342.005 focuses on the primary use of the loan and does not mention the lender's knowledge or intent. In addition, Texas Finance Code, §342.008 prohibits a device, subterfuge, or pretense to evade Chapter 342's requirements. Based on these provisions in Chapter 342, the commission and the OCCC believe that adopted §86.312(b)(14) appropriately refers to transactions extended primarily for personal, family, or household use. The adopted rule will help prevent abuses and consumer harm resulting from a consumer loan regulated under Chapter 342 being presented as a commercial transaction. The rule will also be consistent with Chapter 342's provision prohibiting a device, subterfuge, or pretense to evade consumer lending requirements.

One official comment recommends adding a new provision in §86.312(b) that would prohibit "quoting pricing in misleading ways," including describing percentage rates other than an annual interest rate or APR, and describing nonannual rates as "simple interest." The commission declines to add this language to §86.312(b). These recommendations would require the rules to prescribe a standard methodology for calculating annual rates, which would go beyond the already detailed disclosure requirements of Chapter 398. The recommendations also appear to go beyond the examples of unfair, deceptive, and abusive practices listed in Texas Finance Code, §398.005.

An official comment of consumer and business advocates recommends adding a new provision in §86.312(b) that would prohibit "misleadingly marketing short-term products for long-term use." The comment states: "It is common for high-cost, short-term financing to be marketed and justified as being for an emergency purpose, when in fact the business model is to recruit the borrower into an ongoing cycle of renewing this financing over and over." The commission declines to add this language to §86.312(b), because the proposed language would be too vague. The commission and the OCCC do not have sufficient information to provide clear guidance distinguishing between "short-term" and "long-term" products, or explaining what would constitute marketing a product "for long-term use."

An official comment of factoring companies recommends adding language that would identify the following as unfair or abusive acts or practices: credit card fee splits, lockbox arrangements, and failure to conduct an ability-to-repay underwriting analysis. The commission declines to add these provisions to §86.312. These 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. 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.

The official comment of factoring companies also recommends adding a provision making the following practice an unfair and abusive act or practice: "Another unfair and deceptive practice that we have seen certain MCA companies engage in occurs when a creditor perfects a first lien security interest on collateral and provides notice in the UCC filing that the debtor has agreed not to grant future liens on the collateral (i.e. a negative pledge agreement). MCA companies frequently ignore this negative pledge notice in the senior creditor's UCC filing and take a subordinate security interest anyway. This has a negative impact on the small business as it triggers a default with the senior creditor." The commission declines to add the provision suggested by this comment. In this situation, it appears that the debtor has breached its previous agreement with the first creditor. It is not clear that the commercial sales-based financing provider is taking unfair or abusive advantage of the debtor in the manner described by Texas Finance Code, §398.005. This situation might be better addressed by creditors educating debtors, to make sure that debtors understand their obligations under existing credit agreements.

Adopted §86.313 implements the prohibition on certain automatic debits in Texas Finance Code, §398.056. In their joint precomment, the author and sponsor of HB 700 recommend that certain additional actions be considered automatic debits for purposes of Section 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 companies 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, §86.313 includes provisions clarifying that debits are automatic if they are authorized to occur more than one time or on a recurring basis, that a mechanism for automatically debiting a deposit account 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.

Adopted §86.313(b) explains that debits are automatic if they are authorized in advance to occur more than one time or on a recurring basis. The first sentence of §86.313(b) is consistent with an interpretation recommended by a law firm in an informal comment. The informal comment supports providing clear guidance by interpreting the term "automatic" to mean "preauthorized recurring debits from a customer's deposit account that occur without further customer action," explaining that this interpretation is consistent with Texas statutes and case law, as well as federal law. *See* Regulation E, 12 C.F.R. §1005.2(k) (defining "preauthorized electronic fund transfer" as "an electronic fund transfer authorized in advance to recur at substantially regular intervals").

The official comments of an association and a law firm recommend striking the second sentence of proposed §86.313(b), which would have stated that an automatic debit includes a situation in which a recipient provides more than one prewritten check in advance. The association and law firm explain that the term "check" is defined in Texas Business & Commerce Code, §3.104, and state that including the presentment of checks in the definition of "automatic debit" could unnecessarily complicate the rule. At the commission's February 20, 2026, meeting, a witness acknowledged that there was "no argument with the policy" but stated that including checks in this definition could cause confusion. In response to these comments, a change has been made since the proposal to specify in §86.313(b) that a mechanism for automatically debiting an account includes the situation where the recipient provides prewritten checks. This addresses the comments by removing the implication that the checks are themselves debits. However, the commission declines to strike this sentence altogether as suggested by the comments. The commission and OCCC believe that it is appropriate to maintain the adopted version of the sentence, because the checks ultimately result in debits to a deposit account. *See* "Bank debit," Merriam-Webster.com Dictionary (accessed June 8, 2026) (defining "bank debit" as "the charge against a bank-deposit account resulting from the drawing of checks or from cash withdrawals"). Also, this sentence minimizes the likelihood that a provider will circumvent the prohibition in §86.313 and Texas Finance Code, §398.056 by obtaining a series of prewritten checks from the recipient.

A law firm's official comment recommends striking the entire text of §86.313(b) and replacing it with the following: "For purposes of this section, a debit to a deposit account is automatic if it is initiated through a preprogrammed, self-executing, or recurring mechanism that transmits debit instructions without individualized human initiation at the time each debit is transmitted. A debit is not automatic solely because the recipient provided advance authorization for multiple future debits, provided that each debit is separately initiated by an individual human action at the time of transmission." According to the firm, the commission's proposed version of §86.313(b) is inconsistent with the plain meaning of the terms "automatic" and "mechanism," because the proposal mentions advance authorization rather than focusing on the process for completing the debit. The firm cites Texas case law, stating: "In *Woods MFI, LLC v. PlainsCapital Bank*, the court treated 'automatic debit' and manual payment processing as categorically different, consistent with the plain-meaning understanding that 'automatic' refers to the method of execution rather than the existence of a prior authorization. *See Woods MFI, LLC v. PlainsCapital Bank*, No. 14-15-00655-CV, 2016 WL 6465872, at *4 (Tex. App.--Houston [14th Dist.] Nov. 1, 2016)." The firm argues that the second sentence of §86.313(b), dealing with prewritten checks, does not involve an automatic debit, because the process of presenting and honoring checks involves intervention by humans, including the person presenting the check to the bank and the bank honoring the check. The firm also notes that "check" and "automatic bank draft" are listed as two items in Texas Penal Code, §1.07(46-a), which includes defines a "sight order" as "a written or electronic instruction to pay money that is authorized by the person giving the instruction and that is payable on demand or at a definite time by the person being instructed to pay," and explains that "[t]he term includes a check, an electronic debit, or an automatic bank draft." For these reasons, the firm argues that the meaning of "automatic debit" should be limited to situations without individual human initiation at the time of debit, and that the sentence on prewritten checks should be removed.

The OCCC and commission disagree with this law firm's comment, and believe that the adopted version of §86.313(b) is consistent with the plain meaning of Texas Finance Code, §398.056, and the objectives of the statute and rule.

First, adopted §86.313(b) is consistent with the plain meanings of the terms "automatic" and "mechanism." According to Merriam-Webster, the definition of "automatic" includes "largely or wholly involuntary," "acting or done spontaneously or unconsciously," "done or produced as if by machine," and "having a self-acting or self-regulating mechanism." "Automatic," Merriam-Webster.com Dictionary (accessed June 8, 2026). Preauthorized recurring debits are consistent with this definition. From the recipient's point of view, the preauthorized debits will likely occur with a self-regulating character as if by machine, and without further voluntary action by the recipient. A "mechanism" includes "a process, technique, or system for achieving a result." "Mechanism," Merriam-Webster.com Dictionary (accessed June 8, 2026). Adopted §86.313(b) is consistent with this definition, because a preauthorization for recurring debits is a process, technique, or system for achieving the result of debiting an account.

Second, adopted §86.313(b) is consistent with how the term "automatic" is used in Texas law. For example, the Texas Supreme Court used the phrase "automatic billing" to refer to an insurance product for which a customer would be billed at the end of a free period if the customer did not cancel. *See Stonebridge Life Ins. Co. v. Pitts*, 236 S.W.3d 201, 203-206 (Tex. 2007). The Supreme Court did not explicitly limit its use of the term "automatic" to situations without any human action at the time of billing. The law firm cites *Woods MFI, LLC v. PlainsCapital Bank* for the proposition that "'automatic' refers to the method of execution rather than the existence of a prior authorization," but this proposition is not part of the *Woods MFI* court's analysis. In *Woods MFI*, a borrower alleged that a lender's assignee breached an automatic-debit agreement by failing to debit a particular account. *Woods MFI, LLC v. PlainsCapital Bank*, No. 14-15-00655-CV, p. 7 (Tex. App.--Houston [14th Dist.] Nov. 1, 2016, pet. denied) (mem op.). The court of appeals found that the text of the loan agreement did not obligate the assignee to perform automatic debits. *Id.* at pp. 11-12. However, the court found that there was a fact question on whether a separate automatic-debit agreement was created, based on witness testimony of a separate agreement and the fact that the assignee debited the first two monthly payments from the relevant account after taking over the loan. *Id.* at pp. 18-19. Contrary to the firm's interpretation, the court did not analyze any distinction between a "prior authorization" and a "method of execution," and did not suggest that the term "automatic" is limited to non-human-initiated debits. In general, the court in *Woods MFI* seems to use the term "automatic" to refer to debits that recur regularly under an agreement, consistent with adopted §86.313(b). The use of "automatic" in §86.313(b) is also consistent with the definition of "sight order" in Texas Penal Code, §1.07(46-a), under which a sight order is "a written or electronic instruction to pay money" and "includes a check, an electronic debit, or an automatic bank draft." This section of the Penal Code suggests that the term "automatic" can apply to preauthorized instructions to pay money, consistent with §86.313(b). Contrary to the firm's interpretation, this definition does not state that the term "automatic" is limited to non-human-initiated debits. To the extent that the Penal Code might be read to distinguish between a "check" and a "debit," the commission has addressed this issue in the second sentence of adopted §86.313(b), as discussed earlier in this preamble.

Third, the firm's proposal would enable providers to circumvent §86.313 and Texas Finance Code, §398.056. Under the firm's proposal, if an individual human (such as an employee of the commercial sales-based financing provider) takes some action at the time of each debit, then the debit is not automatic. If adopted, this proposal would enable providers to circumvent the prohibition on certain automatic debits by having an individual employee take an action at the time of the debit. This proposal would fail to meet the objectives of §86.313 and Texas Finance Code, §398.056 and would fail to prevent abusive uses of automatic debits.

In its official comment, the firm requests a concise statement under Texas Government Code, §2001.030, of the principal reasons for and against adoption of §86.313(b). To summarize, the principal reasons for adoption of §86.313(b) are: (1) the rule provides clear guidance that is necessary to implement the prohibition of certain automatic debits in Texas Finance Code, §398.056; (2) the rule's reference to authorized recurring debits is consistent with the plain meaning of Texas Finance Code, §398.056, including the terms "automatic" and "mechanism"; (3) the rule is consistent with the use of the term "automatic" in Texas law; and (4) the rule would prevent methods of circumventing the prohibition in Texas Finance Code, §398.056, including abusive uses of automatic debits. The principal reason against adoption of §86.313(b), according to the firm, is that the rule is supposedly inconsistent with the plain meaning and legal usage of the term "automatic," and that the rule should be limited to debits that are not initiated by any human action at the time of the debit. As discussed earlier in this preamble, the commission disagrees with the firm's proposal because the rule is consistent with the plain meaning and legal usage of the relevant terms, and because the firm's proposal would enable providers to circumvent the prohibition in Texas Finance Code, §398.056.

The firm's official comment also asks the following question: "whether § 398.056 prohibits a single, non-recurring debit that is manually initiated by a human at the time of payment, when that debit is made under a broader standing authorization covering future payments." The comment states: "To avoid uncertainty for providers and recipients, the final rule or its accompanying preamble should expressly confirm that a single, manually initiated debit falls outside § 398.056's prohibition even when made under a broader standing authorization." The commission and the OCCC disagree with this suggestion and decline to add language on this issue in the rule. In order to comply with §86.313 and Texas Finance Code, §398.056, a provider should ensure that it has the appropriate security interest before obtaining an authorization for recurring debits. If a provider obtains an authorization to automatically debit a deposit account and does not have the required security interest, then this is a violation of §86.313 and Texas Finance Code, §398.056. It is not necessary for the rule to specify whether a violation would also occur at the time of a later, manually initiated debit, because the provider would already be in violation.

Seven 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.

Regarding §86.313(c), an association's official comment recommends limiting the scope of the rule to the specific stream of receivables for the covered transaction. The commission declines to limit §86.313(c) in this way, because this would enable a provider to circumvent the intended scope of the prohibition on automatic debits (e.g., by designating a new stream of receivables at the time of the transaction and obtaining a first-lien security interest in that stream).

Adopted §86.313(d) explains that Texas Business & Commerce Code, Chapter 9 governs perfection and priority of a security interest in accounts receivable, and that generally, a UCC-1 financing statement must be filed to perfect a security interest, as provided by Texas Business & Commerce Code, §9.310(a). The official comment of factoring companies recommends adding the phrase "in the State of Texas" to the second sentence of §86.313(d), so that the sentence would state that generally, a UCC-1 financing statement must be filed in the State of Texas to perfect a security interest. The commenters state that this is necessary to address an abuse where a provider files a UCC-1 in New York on a Texas-based small business and takes the position that this allows it to establish an automatic debit provision with respect to the recipient's deposit account. The commission declines to make the change suggested by the comment. Texas Business & Commerce Code, Chapter 9 includes several provisions on which jurisdiction's law governs perfection. A determination of which law governs perfection could be affected by several factors, including the location of the debtor, the organizational structure of the debtor, the location of the collateral, and the type of collateral. *See* Tex. Bus. & Comm. Code, §9.301, §9.305, §9.307. Under Chapter 9, whether a provider has filed in the correct jurisdiction would depend on the facts of the transaction. Adding the phrase "in the State of Texas" to the second sentence of §86.313(d) would not definitively resolve this complex issue.

Adopted §86.313(e) explains that a provider or broker may not accept payment of a debit in violation of §86.313 and may not direct a third party to complete a debit that violates §86.313. An official comment of consumer and business advocates supports this subsection, stating: "If the language in 7 TAC §86.313(e) is removed, a third party could bypass the bill's regulatory intent and fulfill disqualifying automatic debits on behalf of the commercial sales-based financing provider." The official comments of an association and a law firm recommend striking §86.313(e), because the subsection lacks an element of scienter (i.e., a mental state) and because §86.312(b)(15) already prohibits subterfuge to evade regulatory requirements. The commission disagrees with these comments and has maintained §86.313(e) in this adoption. It is not necessary for the rule to specify a mental state for the provider. To comply with §86.313 and Texas Finance Code, §398.056, whether or not a third party is involved, the provider should be aware of the relevant facts: whether the provider has established a mechanism for automatically debiting the recipient's deposit account, and whether the provider has the required security interest. This language is appropriate to maintain in §86.313 to ensure that providers do not circumvent the prohibition in Texas Finance Code, §398.056.

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, adopted §86.321(c) explains that there is a maximum administrative penalty of $10,000 per violation.

An official comment of consumer and business advocates recommends that Texas adopt the Responsible Business Lending Coalition's Small Business Borrowers' Bill of Rights. In general, this bill of rights appears to be a set of legislative proposals that goes beyond the current requirements of Texas Finance Code, Chapter 398. The commission and OCCC interpret this comment as a proposal for future legislative changes, rather than a specific set of recommendations for revising the proposed rules.

Statutory Authority and Affected Provisions

The new rules are adopted 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 adopted 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 adopted 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 adoption are contained in Texas Finance Code, Chapter 398.

§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 accurately reflect the terms of the provider's specific offer to the recipient.

(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 promptly notify the recipient of the inaccuracy and must promptly 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 by the broker 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) debiting amounts from a person's account or deposit account without the person's authorization;

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

(12) instructing a recipient or a recipient's customer 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), unless:

(A) the other person has consented to payment being redirected to the provider; or

(B) the payment is for debt that has been validly assigned to the provider.

(13) a provider's material violation of a written 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. A mechanism for automatically debiting a deposit account 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.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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Matthew Nance
General Counsel
Office of Consumer Credit Commissioner
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Proposal publication date: March 6, 2026
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TITLE 13. CULTURAL RESOURCES

PART 8. TEXAS FILM COMMISSION

CHAPTER 121. TEXAS MOVING IMAGE INDUSTRY INCENTIVE PROGRAM

13 TAC §§121.1 - 121.10, 121.14

The Office of the Governor ("OOG") adopts amendments to 13 Texas Administrative Code §121.1, concerning Background and Purpose, §121.2, concerning Definitions, §121.3, concerning Eligible Projects, §121.4, concerning Ineligible Projects, §121.5, concerning Eligible and Ineligible In-State Spending, §121.6, concerning Grant Awards, §121.7, concerning Additional Grant Awards, §121.8, concerning Grant Application, §121.9, concerning Processing and Review of Applications, §121.10, concerning Disqualification of an Application, and §121.14, concerning Revocation and Recapture of Incentives.

The amendments to §§121.1, 121.2, 121.4, 121.6, 121.9, 121.10, and 121.14 are adopted without changes to the proposed text as published in the February 13, 2026, issue of the *Texas Register* (51 TexReg 793). These rules will not be republished.

The amendments to §§121.3, 121.5, 121.7 and 121.8 are adopted with changes to the proposed text as published in the February 13, 2026, issue of the *Texas Register* (51 TexReg 793). These rules will be republished.

The OOG also adopts the repeal of §121.13, concerning Texas Heritage Project, elsewhere in this issue.

REASONED JUSTIFICATION

The Texas Moving Image Industry Incentive Program ("TMIIIP") was implemented to increase employment opportunities for Texas industry professionals, encourage tourism to the state, and boost economic activity in Texas cities and the overall Texas economy. The 89th Legislature passed Senate Bill 22, which created the Texas Moving Image Industry Incentive Fund appropriating to TMIIIP $300M each biennium until 2035. The new legislation also changed the residency threshold requirement for crew, actors, and extras from this state from 55% to 35% for the period of September 1, 2025, through August 31, 2027, to be increased by 5% each subsequent biennium until reaching 50% beginning on September 1, 2031. In addition, content requirements and additional grant awards were created for projects accepted into the program. The adopted amendments to §121.3 align the rule with section 485.023, Texas Government Code, as modified by the 89th Legislature. This rulemaking incorporates most of the changes made by Senate Bill 22, clarifies existing language, and makes other non-substantive updates for style and grammar.

The adopted amendments to §121.1 make non-substantive updates to style and grammar.

The adopted amendments to §121.2 add definitions related to changes made by Senate Bill 22, and modifies other definitions to better align them with the purpose of the program and to account for changes in the industry. The amendments also update outdated language and make non-substantive updates to style and grammar.

The adopted amendments to §121.3 clarify language related to activities that are eligible for TMIIIP grants and require applicants to follow all requirements and best practices set forth in the Texas Film Commission Program Guidelines. The amendments further update outdated language and make non-substantive updates to style and grammar. This adoption also removes additional grammatical errors present in the proposed rulemaking.

The adopted amendments to §121.4 make clarifying changes, align language with the OOG's current procedures, and insert non-substantive updates to style and grammar.

The adopted amendments to §121.5 clarify the lists of eligible and ineligible in-state expenditures under the program. The adopted amendments also make non-substantive updates to style and grammar. The adopted amendments also clarify that payroll company service fees are generally ineligible unless the payroll company that generates the service fee is a Texas-based company and correct additional grammatical errors present in the proposed rulemaking.

The adopted amendments to §121.6 revise the potential grant amounts and corresponding budget tiers for all eligible projects in accordance with changes made by Senate Bill 22. The adopted amendments also make non-substantive updates to style and grammar.

The adopted amendments to §121.7 add new grant categories to the existing options for Applicants to receive one or more additional grants, to the extent the total grant amounts do not exceed 31% of the total in-state spending. The additional options relate to: (1) the Rural Filming Grant; (2) the Texas Historic Site Grant; and (3) the Workforce Development Grant. Consistent with section 485.025 of the Texas Government Code, as amended by Senate Bill 22, the rules establish that an Applicant may qualify for multiple options, but may not receive additional grants in amounts that exceed 31% of the total in-state expenditures for the project. Senate Bill 22 also created the Texas Heritage Grant and Faith-Based Moving Image Project Grant; those additional incentives will be addressed in a future rulemaking by the OOG. The adopted amendments also make non-substantive updates to style and grammar.

The adopted amendments to §121.8 make non-substantive updates to style and grammar.

The adopted amendments to §121.9 remove unnecessary, redundant language and make other non-substantive updates to style and grammar.

The adopted amendments to §121.10 make non-substantive updates to style and grammar.

The adopted amendments to §121.14 make non-substantive updates to style and grammar.

SUMMARY OF COMMENTS

The public comment period for the proposed amendments opened on February 13, 2026, and closed on March 15, 2026. The OOG received comments from two film non-profits and a trade association. The film non-profits supported the rulemaking and the trade association did not express whether it supported the rulemaking or not. The comments are summarized below.

Comment: One commenter for a film non-profit strongly supports the changes made under Senate Bill 22 and the leadership the OOG has exhibited in supporting the future of filmmaking in Texas.

Response: The OOG appreciates the commenter's support and encourages the commenter to submit its suggestions for statutory changes to the Texas Legislature for its consideration in a future legislative session.

Comment: A commenter representing a film non-profit expressed support for the OOG's proposed changes.

Response: The OOG appreciates the commenter's support.

Comment: The trade association's comments noted the proposed rule §121.3 provided for "60% of actual locations used and paid for" as a basis for eligibility, as long as minimum spending requirements are satisfied. The commenter indicated the rule text was not clear whether that "60%" requirement could be met by ensuring at least six out of ten shooting locations were in the State.

Response: Each project is unique and circumstances may vary, but, generally, an applicant may be eligible for a grant if it fulfills all other eligibility requirements and locates at least six out of every ten filming locations in Texas, not including basecamps. However, a grantee may only be eligible under this option with authorization from the OOG. The OOG has determined the rule text is sufficiently clear and will not make changes in response to this comment.

Comment: The trade association recommended that the OOG modify the text of §121.5 as proposed to distill the varying standards for eligible in-state spending to a single standard that permits an expense to be eligible so long as the supply originates from a business, including a sole proprietor that has a physical location in Texas that is not a P.O. Box. Specifically, the commenter suggests that, under § 121.5(a)(4), payroll company service fees should be eligible using the same definition--a company operating a "physical business location in Texas"--rather than a "Texas-based payroll company." The commenter suggests a change to that provision would ensure consistency with §121.5(b)(12), as proposed to be amended, which provides that "[p]ayroll company or workers' compensation company service fees paid to a company that does not operate a physical business location in Texas" are not eligible expenses.

Response: Under §121.1(b), the purposes of TMIIIP are to increase employment opportunities for Texas industry professionals, encourage tourism to the state, and boost economic activity in Texas cities and the overall Texas economy. With this purpose in mind, the OOG proposed each of the qualifications at issue based on its extensive experience administering TMIIIP and the nature of businesses within the industries relevant to the respective expenditure categories. However, the OOG agrees that consistency regarding the contact a payroll company must have with Texas before its service fees are eligible for reimbursement would benefit stakeholders and the public. Accordingly, the OOG has updated §121.5(b)(12) to clarify that service fees charged by non-Texas-based payroll companies are generally not eligible expenditures.

Comment: The trade association recommended that, instead of solely evidencing the appropriate disposition of a capital asset, the OOG offer an option in §121.5(a)(12) that includes as part of the incentive calculation the cost of acquisition reduced in accordance with the asset's use in-state over the depreciable life of the asset.

Response: The commenter's suggestion creates a new category of eligible cost, and its inclusion would require a substantive change to the rules as proposed. Accordingly, the OOG declines to modify § 121.5(a)(12) in response to this commenter's suggestion but may address additional eligible cost categories in a future rulemaking.

Comment: The trade association suggested increasing the threshold above which an item is considered a capital asset from $1,000 to $10,000.

Response: Industry practice is that single items of equipment or other purchases of $1000 or more are still generally considered capital assets. Accordingly, to align with industry practice, the OOG declines to make any changes in response to the commenter's suggestions.

Comment: The trade association suggests that, under §121.7, applicants should be provided with the option to combine two or more additional grant awards to earn a 2.5% uplift. Specifically, the commenter suggests modifying the rule to allow an applicant to receive a 2.5% uplift if it partially, but not completely, satisfies the requirements of at least two additional grants offered under §121.7.

Response: Although several of the additional grant award categories authorized by statute provide for administration through administrative rule adopted by the OOG, each additional award carries statutorily prescribed minimum qualifications. The statute enabling additional grant award uplifts does not authorize the OOG to provide additional grant awards for only partial compliance with statutory minimums. The OOG appreciates the commenter's suggestion, but is prohibited from making the recommended change.

Comment: In relation to proposed §121.9, the trade association notes that some state programs provide applicants assurances that, while the agency reviews a grant, the potential grant funds are tentatively set aside for the applicant until the initial application process is completed. The commenter respectfully recommends that the OOG include a provision that specifies that, when the OOG deems an application complete, the OOG will send a letter or other form of notification to the applicant conveying an initial conditional approval as of a specified date.

Response: The OOG currently sends grant conditional award letters, and continues to refine its processes to ensure expeditious transmission of those letters. Because this practice is already established in its administrative practices, the OOG declines to make the change suggested by the commenter.

Comment: The trade association suggested that §121.14 be modified to establish that the OOG would only recapture or claw back funds paid as an incentive to a grantee if occur if the OOG determines that the grantee materially misrepresented facts or made a fraudulent statement or statements.

Response: The Texas Constitution requires the OOG implement proper controls for all grants to ensure the purposes of each grant the OOG provides are achieved, including the ability to recoup funds the OOG determines were used for ineligible purposes. Accordingly, the OOG may not make changes in response to the commenter's recommendation because the suggested reasons for recapture do not encompass all reasons the OOG may need to claw back funds.

STATUTORY AUTHORITY

The amendments are adopted under Section 485.022 of the Texas Government Code, which requires the Texas Film Commission to develop procedures for the administration and calculation of grant awards under TMIIIP. The amendments are also adopted in accordance with Senate Bill 22, which took effect on September 1, 2025.

CROSS REFERENCE TO STATUTE

Chapter 485 of Texas Government Code. No other statutes, articles, or codes are affected by the adopted amendments.

§121.3. Eligible Projects.

(a) A project may be eligible for a grant under the Texas Moving Image Industry Incentive Program if it meets the stated minimum requirements listed in subsections (b) - (h) of this section, is appropriate in content, and represents a potential economic impact in Texas, as assessed in §121.9(c)(3) of this chapter (related to Processing and Review of Applications), that is sufficient to justify acceptance in the program.

(b) Feature Films.

(1) Feature Film Applicants must expend a minimum of $250,000 in in-state spending.

(2) Feature Film Applicants must demonstrate at least 60% of a project is filmed in Texas. The Applicant must fulfill this requirement by either:

(A) completing at least 60% of Filming Days in Texas; or

(B) if the Texas Film Commission (Commission) provides prior written approval:

(i) completing at least 60% of the total project Man Hours in Texas; or

(ii) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Except as provided in paragraph (4) of this subsection, a Feature Film Applicant must demonstrate it has met the required residency percentage specified in Section 485.023(2), Texas Government Code. The required percentages of the Crew paid by the Applicant and of the Cast, including extras, paid by the Applicant must be verified Texas Residents, unless the Commission certifies in writing that a sufficient number of qualified Crew and Cast, including extras, are not available; and the Applicant has made every effort to meet the requirements and follow best practices prescribed by the Texas Film Commission Program Guidelines to obtain Crew and Cast who are Texas Residents.

(4) For animated or documentary Feature Films, a Feature Film Applicant must demonstrate it has met the required residency percentage specified in Section 485.023(2), Texas Government Code. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant must be verified Texas Residents unless it the Commission certifies in writing, that qualified Crew and Cast are not available; and the Applicant has made every effort to meet the requirements and follow best practices prescribed by the Texas Film Commission Program Guidelines to obtain Crew and Cast who are Texas Residents.

(c) Television Programs.

(1) Television Program Applicants must expend a minimum of $250,000 in in-state spending.

(2) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(A) completing at least 60% of the total Man Hours in Texas; or

(B) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Except as provided in paragraph (4) of this subsection, the percentage of the Crew paid by the Applicant and percentage of the Cast, including extras, paid by the Applicant must be Texas Residents, unless it is determined and certified by the Commission in writing that a sufficient number of qualified Crew and Cast, including extras, are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines. Applicants must demonstrate they meet residency requirements as outlined in subsection (b)(3) of this section.

(4) For animated or documentary Television Programs, applicants must demonstrate they meet the residency requirements as outlined in subsection (b)(3) of this section. The percentage combined total of Crew and Cast paid by the Applicant, including extras, must be Texas Residents, unless it is determined and certified by the Commission in writing that qualified Crew and Cast are not available, and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(d) Reality Television Projects.

(1) Reality Television Project Applicants must expend a minimum of $250,000 in in-state spending.

(2) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(A) completing at least 60% of the total Man Hours in Texas; or

(B) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Applicants must demonstrate that they meet the residency requirements outlined in subsection (b)(3) of this section. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant, must be Texas Residents, unless it is determined

and certified by the Commission, in writing, that a sufficient number of qualified Crew and Cast, including extras, are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(e) Commercials.

(1) Commercial Applicants must expend a minimum of $100,000 in in-state spending.

(2) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(A) completing at least 60% of the total Man Hours in Texas; or

(B) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Applicants must demonstrate the residency requirements as outlined in subsection (b)(3) of this section. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant must be Texas Residents, unless it is determined and certified by the Commission in writing that a sufficient number of qualified Crew and Cast, including extras, are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(f) Digital Interactive Media Productions.

(1) Digital Interactive Media Production Applicants must expend a minimum of $100,000 in in-state spending.

(2) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(A) completing at least 60% of the total Man Hours in Texas; or

(B) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Applicants must demonstrate they meet the residency requirements as outlined in subsection (b)(3) of this section. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant must be Texas Residents, unless it is determined and certified by the Commission in writing that qualified Crew and Cast are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(g) Educational or Instructional Videos.

(1) Educational or Instructional Video Applicants must expend a minimum of $100,000 in in-state spending.

(2) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(A) completing at least 60% of the total Man Hours in Texas; or

(B) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(3) Applicants must demonstrate that they meet the residency requirements as outlined in subsection (b)(3) of this section. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant, must be Texas Residents, unless it is determined and certified by the Commission in writing that qualified Crew and Cast are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(h) Visual Effects Projects.

(1) Visual Effect Project for a Feature Film or Television Program:

(A) Applicants must expend a minimum of $250,000 in in-state spending.

(B) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(i) completing at least 60% of the total Man Hours in Texas; or

(ii) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(C) The Applicant must demonstrate they have met the residency requirements outlined in subsection (b)(3) of this section. The percentage of the Crew paid by the Applicant and percentage of the Cast, including extras, paid by the Applicant must be Texas Residents, unless it is determined and certified by the Commission in writing that a sufficient number of qualified Crew and Cast, including extras, are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

(2) Visual Effect Project for an Educational or Instruction Video or Commercial:

(A) Applicants must expend a minimum of $100,000 in in-state spending.

(B) 60% of the project must be filmed in Texas. This must be fulfilled by completing at least 60% of the Filming Days in Texas, or, if permitted by the Commission in its sole discretion:

(i) completing at least 60% of the total Man Hours in Texas; or

(ii) locating in Texas at least 60% of the actual locations used and paid for, not including basecamps.

(C) The Applicant must demonstrate that they have met the residency requirements outlined in subsection (b)(3) of this section. The percentage of the combined total of Crew and Cast, including extras, paid by the Applicant must be Texas Residents, unless it is determined and certified by the Commission in writing that a sufficient number of qualified Crew and Cast, including extras, are not available and every effort has been made by the production to meet the requirements and best practices as prescribed by the Texas Film Commission Program Guidelines.

§121.5. Eligible and Ineligible In-State Spending.

(a) The following are eligible expenditures:

(1) Wages paid to Texas Residents for work performed in Texas, including additional compensation paid as part of a contractual or collective bargaining agreement.

(2) Additional compensation or reimbursements paid to Texas Residents, including, but not limited to:

(A) mileage or car allowance;

(B) housing allowance; and

(C) box or kit rentals for use of personal equipment.

(3) Workers compensation insurance premiums for Texas Residents, but only if the premiums are paid to a company operating a physical business location in Texas.

(4) Payroll company service fees for Texas Residents, but only if paid to a Texas-based payroll company that processes payroll within Texas.

(5) Payments made to Texas Domiciled Entities, sole proprietorships, or individuals for goods and services used in Texas that are directly attributable to the Physical Production of the project. In the case of Digital Interactive Media Productions, Visual Effects Projects, and animated projects, the amount attributable to Pre-Production and research and development costs shall be limited to an amount not to exceed 30% of the project's overall in-state spending.

(6) Payments for shipping on shipments originating in Texas.

(7) Air travel to and from Texas on a Texas-based airline or on a Texas-based air charter service, provided that an itemized receipt showing an itinerary and passenger name from the airline is provided confirming payment.

(8) Rentals of vehicles registered and licensed in the State of Texas or rented from a Texas Domiciled Entity or sole proprietorship, including, but not limited to, national rental car companies operating one or more physical business locations at verifiable Texas addresses that are not P.O. Boxes.

(9) Fees paid to Texas Residents to compose, orchestrate, and perform music that is specifically created for the project.

(10) Legal fees directly attributable to the Physical Production of the project that are paid to Texas-based lawyers or law firms.

(11) Internet purchases, but only if purchased from an entity or sole proprietorship or a retailer with a physical store or outlet in Texas. Items purchased must be shipped directly to Texas.

(12) Capital expenditures for purchases from a business or sole proprietorship physically located in Texas that are:

(A) less than $1,000 for an individual item; or

(B) equal to or greater than $1,000 for an individual item purchased that is not exhausted during the course of Production, so long as such item is sold or appropriately disposed of at the end of Production and evidence of such sale or disposition is furnished to the Texas Film Commission (Commission). Evidence of sale or disposition must show that only the difference between the purchase price and the sale price is submitted as an eligible expenditure and a copy of the check or receipt for the sale must be included as back up with the original purchase documentation.

(13) Location fees, if an executed location agreement by and between the Applicant and the location owner or owner's representative is provided to the Commission with the Applicant's Expended Budget.

(b) The following are ineligible expenditures:

(1) Payments made to entities, to include a sole proprietorship or individual, not having a physical location in Texas, and to non-Texas Residents.

(2) Payments made for goods and services not used in Texas.

(3) Payments made for goods and services that are not directly attributable to the Physical Production of the project.

(4) Payments made by Digital Interactive Media Productions, Visual Effects Projects, and animated projects for Pre-Production costs that exceed 30% of the project's overall in-state spending.

(5) Expenses related to distribution, publicity, marketing, or promotion of the project, including, but not limited to, promotional stills.

(6) Payments, other than properly allowable location fees, for facilities and automobiles that are part of a permanent/continuous business operation including, but not limited to, rental, lease or mortgage payments, utilities, software, and insurance.

(7) Wages paid to non-Texas Residents, including additional compensation paid as part of a contractual or collective bargaining agreement.

(8) Payments made to a company, entity, association, or person that acts as an agent or broker for companies, entities, associations, or persons outside of Texas to provide goods, services, or labor for the purpose of utilizing the Texas Moving Image Industry Incentive Program to their benefit (also known as "pass-through" entities).

(9) Fees for story rights, music rights, or clearance rights and licensing fees.

(10) Additional compensation or reimbursements paid to non-Texas Residents, including, but not limited to:

(A) mileage or car allowance;

(B) housing allowance; and

(C) box or kit rentals for use of personal equipment.

(11) Workers' compensation insurance payments for non-Texas Residents.

(12) Payroll company services fees paid to a company that is not based in Texas, or workers' compensation company service fees paid to a company that does not operate a physical business location in Texas.

(13) Payments for shipments originating outside of Texas.

(14) Payments for mobile and landline telephone service if the service address is not in Texas.

(15) Payments for alcoholic beverages, cigarettes, and tobacco products.

(16) Payments to adult-oriented businesses or for adult-oriented material.

(17) Payments for entertainment, including, but not limited to, parties, event tickets, movies, hotel mini-bar items, meals unrelated to the Physical Production of the project, and personal gifts.

(18) Payments for tips and gratuities.

(19) Capital expenditures for an individual item over $1,000 which item is not exhausted during the course of Production, unless purchased in Texas, the item is sold at the end of the Production and evidence of such sale is furnished to the Commission. The documentation provided to the Commission must show that only the difference between the purchase price and the sale price is submitted as an eligible expenditure and a copy of the check or receipt for the sale should be included as back up with the original purchase documentation.

(20) Payments to any business that sells alcohol or tobacco products reflected on receipts which are not itemized, even if the submitted item itself is otherwise eligible.

(21) Any "talent handling fees," "overage fees," and "production fees" for a Commercial where the Applicant is a Production Company rather than the client or advertisement agency, other than the following items which must have been budgeted on the original, awarded bid to be eligible expenditures: the Applicant's insurance fees from the actual column of the actual Association of Independent Commercial Producers (AICP) budget (if it does not exceed the original, awarded bid and if a Texas-based insurance company or broker is used); editorial or Postproduction fees from the actual column of the AICP budget (if such fees do not exceed the Postproduction fees on the original, awarded bid); and any bona fide internal billing items which do not exceed the usual and customary cost of the goods or services, such as when Production Company employees work directly on the production using equipment and/or studio space owned by the Applicant that is "rented" to the production in lieu of using an outside vendor.

(22) Any payments made other than by the Applicant, including, but not limited to, payments made on behalf of the Applicant by a third party, unless a production services agreement or similar documentation is provided to show sufficient proof, as determined by the Commission in its sole discretion, of the relationship between the Applicant and the third party.

(c) The Commission has the sole and exclusive authority to determine which expenses are eligible or ineligible.

§121.7. Additional Grant Awards.

An applicant may be eligible for one or more additional grants. The total grant amount a project may receive will be equal to an amount no greater than 31% of total in-state spending by meeting one or more of the following:

(1) Rural Filming Grant--Projects that complete at least 35% of total Filming Days or Man Hours in a county in this state with a population of 300,000 or less may receive an additional 2.5% of total in-state spending.

(2) Texas Veterans Grant--Projects demonstrating that 5% of the combined total of paid Crew and paid Cast, including extras, who are paid by the Applicant are Texas Resident Veterans may receive an additional 2.5% of total in-state spending.

(A) For purposes of this section, a Veteran is a person who served in and has been honorably discharged from the United States Army, Navy, Marine Corps, Air Force, or Coast Guard; the National or Air National Guard of the United States; the Texas Army National Guard; the Texas Air National Guard; a Reserve component of any of the aforementioned military organizations; or any other military service that the Texas Film Commission (Commission) determines to be allowable.

(B) The Applicant shall submit sufficient information confirming the Veteran's status, including military-issued discharge documentation and other information requested by the Commission to support a determination that the person qualifies as a Veteran.

(3) Texas Historic Site Grant--Projects utilizing historic sites in this state as filming locations for 5% or more of total production days may receive an additional 2.5% of total in-state spending. To qualify for a grant under this section, filming locations must:

(A) be used for filming and not basecamps; and

(B) have either a Historic Designation from the Texas Historical Commission or be listed on the National Historic Places Register as administered by the Texas Historical Commission in conjunction with the National Parks Service.

(4) Workforce Development Grant--Projects partnering with a Texas Institution of Higher Education to provide moving image industry workforce development opportunities during the production of the project may receive an additional 2.5% of total in-state spending. To qualify for a grant under this section, a project must satisfy workforce development training criteria as determined by the Commission.

(5) Postproduction Grant--Projects expending 25% of the total eligible in-state spending on eligible expenditures during Postproduction, including labor, vendors, and music costs. Costs associated with utilizing Texas music may receive an additional 1% of total in-state spending.

§121.8. Grant Application.

(a) Initial Submission.

(1) A Qualifying Application includes:

(A) A completed Qualifying Application form for the Texas Moving Image Industry Incentive Program;

(B) An itemized budget detailing only estimated Texas expenditures; and

(C) A Content Document:

(i) for Feature Films, Television Programs (except Episodic Television Series) and Visual Effects Projects for Feature Films and Television Programs: the full script;

(ii) for Episodic Television Series: the full script of the first episode in the series to be filmed in Texas and, if requested, full scripts for subsequent episodes to be filmed in Texas;

(iii) for Commercials, Educational or Instructional Videos, and Visual Effects Projects for Commercials or Educational or Instructional Videos: the scripts, storyboards, or detailed outlines/summaries of content;

(iv) for Digital Interactive Media Productions: a summary of game content providing sufficient detail concerning the platform, themes, settings, story, characters, and events; or

(v) for Reality Television Projects: a detailed treatment or outline of program content.

(2) Application forms for each type of project are available by request to the Commission via telephone, Internet, or other means if additional special needs facilitation is required.

(3) Applications shall not be accepted earlier than 180 calendar days prior to a project's Principal Start Date.

(4) Applications must be received no later than 5:00 p.m. Central Time on the fifth Business Day prior to the Principal Start Date.

(5) Only one application by a single Applicant is allowed for a project.

(6) Within 5 Business Days of the Principal Start Date indicated on the Qualifying Application form, an Applicant for a Feature Film, Television Program, Reality Television Project, Digital Interactive Media Production, Visual Effects Project or Educational or Instructional Video must confirm with the Texas Film Commission (Commission) in writing, to include e-mail, that the production began on time. If the start of the project is delayed for more than 30 days, an application may be disqualified, and the Applicant may be required to reapply. If an Applicant fails to confirm that the production began on time within such 5 Business Day period, the Commission may, at its sole election but with no obligation to do so, disqualify the application.

(b) The Office of the Governor, as a state agency, must comply with the Texas Public Information Act (the "Act"). In the event that a public information request related to the Applicant and/or the application is submitted to the agency, the Office of the Governor shall notify the Applicant within a reasonable amount of time using the Applicant's most current contact information provided to the Commission.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 22, 2026.

TRD-202602549
Stephanie Whallon
Director, Texas Film Commission
Texas Film Commission
Effective date: July 12, 2026
Proposal publication date: February 13, 2026
For further information, please call: (512) 463-9200

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13 TAC §121.13

The Office of the Governor ("OOG") adopts the repeal of 13 TAC §121.13, concerning Texas Heritage Project. The repeal is adopted without changes to the proposed text as published in the February 13, 2026 issue of the *Texas Register* (51 TexReg 805) and will not be republished. The OOG identified the necessity of the adopted repeal while reviewing the rule in response to the passage of Senate Bill 22 (89-R), which significantly modified provisions of the Texas Moving Image Industry Incentive Program ("TMIIIP") statutes.

REASONED JUSTIFICATION

TMIIIP was implemented to increase employment opportunities for Texas industry professionals, encourage tourism to the state, and boost economic activity in Texas cities and the overall Texas economy. The 89th Legislature passed Senate Bill 22, which among other actions, significantly modified the Texas Heritage Grant. In a future rulemaking, the OOG will propose a new rule regarding the Texas Heritage Grant, as well as another incentive created by Senate Bill 22, the Texas Faith-Based Moving Image Project grant.

SUMMARY OF COMMENTS AND RESPONSES:

The public comment period on the proposal began February 13, 2026, and ended at 5:00 p.m. on March 15, 2026. No public comments were received.

STATUTORY AUTHORITY.

The repeal is adopted under Section 485.022 of the Texas Government Code, which requires the Texas Film Commission to develop procedures for the administration and calculation of grant awards under TMIIIP. The repeal is also adopted in accordance with Senate Bill 22, which took effect on September 1, 2025.

CROSS REFERENCE TO STATUTE

No other statutes, articles, or codes are affected by the adopted repeal.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 22, 2026.

TRD-202602550
Stephanie Whallon
Director, Texas Film Commission
Texas Film Commission
Effective date: July 12, 2026
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For further information, please call: (512) 463-9200

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TITLE 22. EXAMINING BOARDS

PART 10. TEXAS FUNERAL SERVICE COMMISSION

CHAPTER 203. LICENSING AND ENFORCEMENT--SPECIFIC SUBSTANTIVE RULES

SUBCHAPTER C. ENFORCEMENT

22 TAC §203.36

The Texas Funeral Service Commission (Commission) adopts new §203.36 of Title 22, Part 10, Chapter 203 of the Texas Administrative Code (TAC), titled Inspection of Solid Waste Disposal and Sanitation Facilities. The adopted rule establishes procedures, as required by Texas Occupations Code §651.158(b), for the inspection of a funeral establishment's solid waste disposal and sanitation facilities when those facilities have not been inspected by the Texas Department of State Health Services (DSHS). The new section is adopted as published in the May 15, 2026, issue of the *Texas Register* (51 TexReg 3301) without changes to the proposed text and will not be republished.

EXPLANATION OF AND JUSTIFICATION FOR THE RULE

The adopted rule under 22 TAC, Chapter 203, implements Texas Occupations Code §651.158, Inspection of Certain Facilities.

Section 651.158(a) authorizes the Commission to require a funeral establishment that has solid waste disposal and sanitation facilities that have not been inspected by the Texas Department of Health to be inspected by Commission inspectors. (The Texas Department of Health was abolished and its functions transferred to DSHS under House Bill 2292, 78th Legislature, Regular Session, 2003, effective September 1, 2004; references in §651.158 to the Texas Department of Health should be read as references to DSHS.) Section 651.158(b) requires the Commission, by rule, to establish procedures for any inspection required under that section. This rule satisfies that statutory directive.

Specifically, §203.36 authorizes a funeral establishment whose solid waste disposal and sanitation facilities have not been inspected by DSHS to be inspected for compliance with the standards specified by DSHS by Commission inspectors.

The adopted rule does not establish new substantive sanitation standards; rather, it creates a procedural pathway for demonstrating compliance with existing DSHS-equivalent standards in circumstances in which DSHS has not itself performed an inspection. The adopted rule preserves the Commission's authority to require additional or independent inspection under §651.158 or other applicable law.

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

The Texas Funeral Service Commission requested public comments on the proposed rule and information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. No comments were received.

STATUTORY AUTHORITY

The rule is adopted under Texas Occupations Code §651.152, which authorizes the Commission to adopt rules necessary to administer and enforce Chapter 651 of the Occupations Code.

The rule is also adopted pursuant to the authority set out in Texas Occupations Code §651.158(b), which requires the Commission, by rule, to establish procedures for an inspection of a funeral establishment's solid waste disposal and sanitation facilities required under §651.158(a) when those facilities have not been inspected by the Texas Department of Health (now the Texas Department of State Health Services).

Cross Reference. The new section implements Texas Occupations Code §651.158.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 22, 2026.

TRD-202602542
Maria Haynes
Interim Executive Director
Texas Funeral Service Commission
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Proposal publication date: May 15, 2026
For further information, please call: (512) 936-2488

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CHAPTER 206. ANATOMICAL FACILITIES, NON-TRANSPLANT ANATOMICAL DONATION ORGANIZATIONS, AND WILLED BODY PROGRAMS

22 TAC §206.9

The Texas Funeral Service Commission (Commission) adopts a new rule in Texas Administrative Code (TAC), Title 22, Part 10, Chapter 206, Anatomical Facilities, Non-Transplant Anatomical Donation Organizations, and Willed Body Programs, §206.9, regarding the implementation of a donor acknowledgement form to be used by an adult of sound mind in Texas who is donating his or her body by will or other instrument to willed body programs and non-transplant anatomical donation organizations to be used for the advancement of medical or forensic science. The new section is adopted as published in the May 15, 2026, issue of the *Texas Register* (51 TexReg 3302) without changes to the proposed text and will not be republished.

EXPLANATION OF AND JUSTIFICATION FOR THE RULE

The adopted rule under 22 TAC, Chapter 206, implements Texas Health and Safety Code Section 691.028, Donation of Body by Written Instrument.

The Texas Legislature amended Texas Health and Safety Code Section 691.028 to include a donor acknowledgment form as part of the informed consent requirements in order to make effective an adult's donation of his or her whole body to a university willed body program or a non-transplant anatomical donation organization to be used for the advancement of medical or forensic science. Section 691.028(b)(2) sets forth the elements that must be in the donor acknowledgment, and Section 691.028(b-1) requires the Commission, by rule, to design and adopt a form that complies with Section 691.028(b) that willed body programs and non-transplant anatomical donation organizations must use. This rule satisfies this statutory directive.

Specifically, the new §206.9 adopts the Commission prescribed Donor Acknowledgement Form that must be used by willed body programs and NADOs in order to use the decedent donor's body or body parts for the advancement of medical or forensic science if the decedent donated his or her body in a willed or written instrument. The adopted rule further requires the elements that the donor acknowledgement form must include that are applicable to the particular willed body program and non-transplant anatomical donation organization.

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

The Texas Funeral Service Commission requested public comments on the proposed rule and information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. No comments were received.

STATUTORY AUTHORITY

The adopted rule is adopted under Texas Health and Safety Code §691.022(c), which authorizes the Texas Funeral Service Commission to adopt rules, establish procedures, and prescribe forms necessary to administer and enforce Texas Health and Safety Code Chapter 691.

The adopted rule is also adopted pursuant to the authority set out in Texas Health and Safety Code §691.028(b-1) which mandates the Commission "by rule" to "design and adopt a form" that complies with the statutory requirements in Texas Health and Safety Code §691.028(b)(2) and (b-1) regarding the donor acknowledgment form content and design that willed body programs and non-transplant anatomical donation organizations must use before an adult donor may give informed consent for his or her whole body donation to be used for the advancement of medical or forensic science under Texas Health and Safety Code §691.028.

Cross Reference. The new section implements Texas Health and Safety Code, §691.028(b)(2) and (b-1), as amended by Senate Bill 2040, 88th Texas Legislature, Regular Session, 2023.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 22, 2026.

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Maria Haynes
Interim Executive Director
Texas Funeral Service Commission
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Proposal publication date: May 15, 2026
For further information, please call: (512) 936-2488

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22 TAC §206.31, §206.33

The Texas Funeral Service Commission (Commission) adopts new rules in Texas Administrative Code (TAC), Title 22, Part 10, in new Chapter 206, Non-Transplant Anatomical Donations: Inspections, §206.31 and §206.33, regarding the inspection procedures for individuals and entities applying for authorization or registration or currently authorized or registered to receive, use, distribute or transport non-transplant whole body donations for the advancement of medical and forensic science. The new sections are adopted as published in the April 24, 2026, issue of the *Texas Register* (51 TexReg 2582) without changes to the proposed text and will not be republished.

These sections establish the regulatory framework governing inspections conducted by the Commission for entities involved with non-transplant anatomical specimens. They outline when inspections are required, including initial authorization, renewals, ownership changes, and routine compliance reviews, as well as the Commission's authority to perform unannounced inspections. The rules further define the responsibilities of inspected entities, including cooperation, access to records and personnel, and participation in entrance and exit conferences. They also detail the process for addressing deficiencies through formal notification and submission of a Plan of Correction, ensuring ongoing compliance with applicable statutes and regulations.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The adopted rules under 22 TAC, Chapter 206, implement Texas Health and Safety Code §§ 691.012(a)(2)-(3), 691.022(b)-(c), and 691.034 which authorizes the Commission by rule to administer its duties to regulate the receipt, use, transport, and distribution of decedent non-transplant whole human body or body part donations for medical or forensic science.

Each adopted rule described below is in regard to the receipt, use, transport and distribution of non-transplant donations of whole human bodies or body parts for advancing medical or forensic science for purposes allowed under Texas Health and Safety Code chapter 691, unless stated otherwise.

SECTION-BY-SECTION SUMMARY

New 22 TAC §206.31 requires the Commission to conduct an inspection of an individual or entity applying for initial authorization or registration to operate in Texas, undergoing an ownership change, relocating to a new facility or undergoing major renovations to pass the onsite inspection prior to receiving approval from the Commission. The Commission will conduct onsite inspections, which may be unannounced, of authorized entities once every three years, unless the entity is expressly exempted by statute. The inspections may be conducted at reasonable times, including when a lab or event using human bodies or body parts is occurring. Unannounced inspections may also occur to inspect, investigate or evaluate an entity's compliance with or to prevent a violation of the law; a Plan of Correction; order by the Commissioners, executive director or executive director's designee; court order for injunctive relief; or other regulatory purpose. The adopted rule establishes the scenarios in which the commission's inspections are for evaluating the individual's or entity's compliance.

The adopted rule further requires the individual or entity being inspected to cooperate with the Commission, including allowing entry to grounds and records, opportunity to interview and request a written statement from certain individuals, make copies of requested records, and if necessary, opportunity to remove records. The Commission must make reasonable effort to return any removed records in a timely manner. If the inspection purpose is to ensure compliance, the Commission must give the individual or entity opportunity to submit relevant information. Any records considered confidential or proprietary subject to the inspection will be maintained as consistent with applicable law, and released in accordance with statute.

The Commission will hold an entrance and exit conference to discuss the inspection nature, scope, time frame, findings, and possible deficiencies or violations. If deficiencies or violations are found, the individual or entity will be given an opportunity to provide information to show compliance. A report will be sent to the individual or entity seven days after the exit conference ended.

New 22 TAC §206.33 establishes procedures for a Plan of Correction should the Commission find deficiencies when inspecting an individual or entity. The plan must be sent to the individual/entity within 15 business days after the exit conference by physical or electronic mail. The recipient has 15 calendar days to respond to each cited deficiencies, propose timeframes for compliance and provide evidence of compliance. The Commission may or may not accept the recipient's Plan of Correction. If it does not accept, the recipient is given an additional 15 business days to submit a modified Plan of Correction. Even with a Plan of Correction, at any time, the Commission may take enforcement action against the individual or entity.

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

The Texas Funeral Service Commission requested 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. No comments were received.

STATUTORY AUTHORITY: The amendments were adopted pursuant to Texas Health and Safety Code §691.022(b)-(c), which gives the Commission authority to adopt rules necessary to administer and enforce the receipt, use, distribution, and transport of a decedent's non-transplant whole body or body part donation and other activities under Texas Health and Safety Code chapter 691.

Statutes affected by the adopted rules are Texas Health and Safety Code §§ 691.022, 691.031, 691.033, and 691.034.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 22, 2026.

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TITLE 30. ENVIRONMENTAL QUALITY

PART 1. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 293. WATER DISTRICTS
SUBCHAPTER C. SPECIAL REQUIREMENTS FOR GROUNDWATER CONSERVATION DISTRICTS

30 TAC §293.23

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) adopts amendments to 30 Texas Administrative Code (TAC) §293.23.

Amended §293.23 is adopted without changes to the proposed text as published in the January 30, 2026, issue of the *Texas Register* (51 TexReg 521) and, therefore, will not be republished.

Background and Summary of the Factual Basis for the Adopted Rules

The purpose of this rule adoption is to implement the provisions of House Bill (HB) 2080, passed during the 89th Legislature's Regular Session in 2025. This bill provides additional information and requirements regarding TCEQ's process for reviewing a petition for inquiry filed by an affected person pertaining to the actions of a groundwater conservation district (GCD).

HB 2080 amended Texas Water Code (TWC) §36.3011(d) and added §36.3011 (d-1), (d-2), (d-3), (e-1), (e-2), (e-3), and (e-4). Specifically, amended TWC §36.3011(d) requires the recording secretary of a review panel to be an employee of the commission. TWC §36.3011(d-1) clarifies that the review panel is an advisory board and not a governmental body. TWC §36.3011(d-2) requires TCEQ to reimburse a member appointed to the review panel for actual expenses incurred. TWC §36.3011(d-3) requires the records and documents of the recording secretary to be provided to the executive director and specifies that these records are public information. TWC §36.3011(e-1) requires the executive director to provide notice of review panel public meetings and public hearings. TWC §36.3011(e-2) states that the review panel may request technical assistance related to the petition from the Texas Water Development Board (TWDB) and that if assistance is requested, the deadline for the review is extended. TWC §36.3011(e-3) states that a member of the review panel can request legal advice and assistance on a matter pertaining to the petition from the TCEQ's Office of Public Interest Counsel (OPIC). Lastly, TWC §36.3011(e-4) states that subsections (e-2) and (e-3) do not prohibit members of the review panel from using their own technical consultants or legal counsel.

Section by Section Discussion

The adopted amendment to §293.23, Petition Requesting Commission Inquiry, updates subsection (g) to implement HB 2080. Specifically, the rulemaking adoption amends §293.23(g) to clarify that the panel is an advisory board and not a governmental body. It also amends §293.23(g)(2) to require that the recording secretary be a TCEQ employee and to specify that records maintained by the recording secretary must be provided to the executive director and are public documents. Section 293.23(g)(3) is amended to include notice requirements for meetings or hearings held by the review panel. The adoption also adds §293.23(g)(5) to require the commission to reimburse review panel members for actual expenses incurred while engaging in activities on behalf of the panel. Once the commission appoints a panel, information about reimbursable expenses and the process for getting reimbursed will be provided and will generally follow agency procedures. Reimbursable expenses will be limited to those associated with meals, travel, and lodging.

The amendment adoption also adds §293.23(g)(6), which allows the review panel to request technical assistance from TWDB and extends the timeframe for the commission's review of the petition following such a request. The amendment adoption also adds §293.23(g)(7) to specify that the review panel may request legal assistance from the commission's OPIC. Lastly, the adopted amendment adds §293.23(g)(8) which clarifies that the review panel is not prohibited from seeking technical assistance or legal advice from entities other than TWDB and OPIC.

Final Regulatory Impact Determination

The commission reviewed the rulemaking adoption in light of the regulatory analysis requirements of Texas Government Code (TGC), §2001.0225 and determined that the rulemaking is not subject to TGC, §2001.0225. TGC, §2001.0225 applies to a "Major environmental rule" which is defined in Texas TGC, §2001.0225(g)(3) as a rule with a specific intent "to protect the environment or reduce risks to human health from environmental exposure and that may adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state."

First, the rulemaking adoption does not meet the statutory definition of a "Major environmental rule" because its specific intent is not to protect the environment or reduce risks to human health from environmental exposure. The purpose of this rulemaking is to amend existing rules to implement HB 2080, 89th Texas Legislature (2025), which provided revised requirements for TCEQ's review of a petition filed by an affected person pertaining to the actions of a GCD.

Second, the rulemaking adoption does not meet the statutory definition of a "Major environmental rule" because the adopted rule will not adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. It is not anticipated that the cost of complying with the rule adoption will be significant with respect to the economy as a whole or with respect to a sector of the economy; therefore, the rule adoption will not adversely affect in a material way the economy, a sector of the economy, competition, or jobs.

Finally, the rulemaking adoption does not meet any of the four applicability requirements for a "Major environmental rule" listed in TGC, §2001.0225(a). TGC, §2001.0225 only applies to a major environmental rule, the result of which is to: "1) exceed a standard set by federal law, unless the rule is specifically required by state law; 2) exceed an express requirement of state law, unless the rule is specifically required by federal law; 3) exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or 4) adopt a rule solely under the general powers of the agency instead of under a specific state law. This rulemaking adoption does not meet any of the four preceding applicability requirements because this rulemaking: 1) does not exceed any standard set by federal law for the regulation of groundwater conservation districts; 2) does not exceed any express requirements of state law related to the regulation of groundwater conservation districts; 3) does not exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; and 4) is not adopted solely under the general powers of the agency.

Since this rulemaking adoption does not meet the statutory definition of a "Major environmental rule" nor does it meet any of the four applicability requirements for a "Major environmental rule," this rulemaking is not subject to Texas Government Code, §2001.0225.

The commission invited public comments regarding the Draft Regulatory Impact Analysis Determination during the public comment period, and no comments were received on that determination.

Takings Impact Assessment

The commission evaluated this rulemaking and performed an analysis of whether the adopted rule will constitute a taking. Texas Government Code, §2007.002(5), defines a taking as either: 1) a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the United States Constitution or Sections 17 or 19, Article I, Texas Constitution; or 2) a governmental action that affects an owner's private real property that is the subject of the governmental action, in whole or in part or temporarily or permanently, in a manner that restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action; and is the producing cause of a reduction of at least 25% in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. The commission determined that the rule adoption will not constitute a taking as that term is defined under TGC, §2007.002(5). Specifically, the rule adoption will not affect any landowner's rights in private real property, and there are no burdens that would be imposed on private real property by the adopted amendments to 30 TAC §293.23. The adopted amendments solely address the review of the duties of a groundwater conservation district.

Consistency with the Coastal Management Program

The commission reviewed the amended rules and found that they are neither identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(b)(2) or (4), nor will they affect any action/authorization identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(a)(6). Therefore, the adopted rules are not subject to the Texas Coastal Management Program (CMP).

The commission invited public comments regarding the consistency with the CMP during the public comment period, and no comments were received regarding the CMP.

Public Comment

The commission held a public hearing virtually and in person on February 24, 2026. The comment period closed on March 3, 2026. The commission received comments from Warren Bernhardt, Brian Sledge, and Prairielands Groundwater Conservation District (GCD). Three commentors were in support of the rulemaking and none were against. One commentor suggested changes to the proposal.

Response to Comments

Comment

Warren Bernhardt commented that the proposed rule amendment would provide greater clarity and structure to the process for handling petitions filed by affected persons regarding the actions of a GCD. The commenter also asked the commission to ensure the final rule provides clear guidance to petitioners and districts while maintaining due process and administrative efficiency.

Response

The commission acknowledges this comment. In addition, the commission notes that the rulemaking adoption is limited to the requirements established in HB 2080 related to review panels, and additional changes are outside of the scope of this rulemaking. No changes were made in response to this comment.

Comment

Prairielands GCD commented that the proposed rulemaking provides clarity regarding timelines, evidentiary standards, and the scope of commission review while balancing state oversight and local control under TWC, Ch. 36.

Response

The commission acknowledges the comment.

Comment

Brian Sledge commented that he supported the rulemaking and thanked commission staff for their work.

Response

The commission acknowledges the comment.

Statutory Authority

These amendments are adopted under the authority granted to the commission in Texas Water Code (TWC), §5.012, which provides that the commission is the agency responsible for implementing the constitution and laws of the state relating to conservation of natural resources and protection of the environment; §5.013, which establishes the commission's authority over groundwater; §5.103 and §5.105, which establish the commission's general authority to adopt rules; and §36.3011, which establishes the commission's authority to, upon petition by an affected person, select a review panel to review activities regarding the management planning or rules of a groundwater conservation district.

These adopted amendments implement House Bill 2080, 89th Texas Legislature (2025).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 19, 2026.

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CHAPTER 328. WASTE MINIMIZATION AND RECYCLING

SUBCHAPTER L. THIRD-PARTY CERTIFICATION SYSTEMS FOR MASS BALANCE ATTRIBUTION

30 TAC §§328.301, 328.302, 328.304

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) adopts the amendment to §§328.301, 328.302, and 328.304.

Amended §328.302 and §328.304 are adopted without change to the proposed text as published in the January 2, 2026, issue of the *Texas Register* (51 TexReg 33) and, therefore, will not be republished. Amended §328.301 is adopted with change to the proposed text and will be republished.

Background and Summary of the Factual Basis for the Adopted Rules

The commission adopts this rulemaking to implement House Bill (HB) 4413, 89th Texas Legislature, 2025. HB 4413 amended Texas Health and Safety Code (THSC), §361.421 (Definitions) by adding definitions for "renewable biomass" and "renewable chemical," and §361.4215 (Mass Balance Attribution) by requiring TCEQ to adopt rules to identify third-party mass balance attribution certification systems for the purpose of identifying a renewable chemical.

Although renewable biomass feedstocks may be used to produce a renewable chemical, HB 4413 does not exempt renewable biomass from regulation as a solid waste or any other applicable statutes or rules.

Section by Section Discussion

§328.301, Purpose and Applicability

The commission adopts amended §328.301(a)(3) by including recycled plastics and a renewable chemical as recycled material in subparagraph (A) and replacing subparagraph (B) with the content of subparagraph (C). This amendment will expand the purpose of the subchapter to include the identification of a renewable chemical and clarify that the term recycled material includes both recycled plastics and a renewable chemical.

§328.302, Definitions

The commission adopts amended §328.302(1), the definition of "mass balance attribution," by applying the term to a renewable chemical.

The commission adopts amended §328.302(2), to expand the definition of "recycled material," to include a renewable chemical.

The commission adopts new §328.302(5) to add the definition of "renewable biomass or renewable biomass feedstocks."

The commission adopts new §328.302(6) to add the definition of "renewable chemical."

The commission adopts amended renumbered §328.302(7), the definition of "third-party certification system", by including recycled plastics and a renewable chemical as recycled material for the purpose of third-party certification.

§328.304, Recycled Products

The commission adopts amended §328.304(b) by adding a renewable chemical to the materials that may be included when determining the minimum content of a recycled product using mass balance attribution certified by a third-party certification system.

Final Regulatory Impact Determination

The commission reviewed the adopted rulemaking considering the regulatory analysis requirements of Texas Government Code (TGC), §2001.0225 and determined that the rulemaking is not subject to TGC, §2001.0225. TGC, §2001.0225 applies to a "Major environmental rule," which is defined in TGC, §2001.0225(g)(3) as a rule with a specific intent "to protect the environment or reduce risks to human health from environmental exposure and that may adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state."

The rulemaking does not meet the statutory definition of a "Major environmental rule" because its specific intent is not to protect the environment or reduce risks to human health from environmental exposure. The specific intent of the adopted rulemaking is to promulgate rules that: (1) establish a renewable chemical as eligible to be considered part of a recycled product in accordance with THSC, §361.4215 and §361.427; and (2) identify third-party certification systems for mass balance attribution in THSC, §361.421.

Additionally, the rulemaking does not meet the statutory definition of a "Major environmental rule" because the adopted rules will not adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. The cost of complying with the adopted rules is not anticipated to be significant with respect to the economy as a whole or with respect to a sector of the economy, and therefore the rulemaking will not adversely affect the economy in a material way.

Finally, the rulemaking adoption does not meet any of the four applicability requirements for a "Major environmental rule" listed in TGC, §2001.0225(a). TGC, §2001.0225 only applies to a major environmental rule, the result of which is to: 1) exceed a standard set by federal law, unless the rule is specifically required by state law; 2) exceed an express requirement of state law, unless the rule is specifically required by federal law; 3) exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or 4) adopt a rule solely under the general powers of the agency instead of under a specific state law. This rulemaking adoption does not meet any of the four preceding applicability requirements.

This rulemaking adoption does not meet the statutory definition of a "Major environmental rule," nor does it meet any of the four applicability requirements for a "Major environmental rule." Therefore, this rulemaking is not subject to TGC, §2001.0225.

The commission invited public comment regarding the Draft Regulatory Impact Analysis Determination during the public comment period. No comments were received regarding the regulatory impact analysis determination.

Takings Impact Assessment

The commission has prepared a takings impact assessment for these adopted rules in accordance with TGC, §2007.043. The commission's preliminary assessment is that implementation of these adopted rules would not constitute a taking of real property. The commission adopts this rulemaking for the purpose of promulgating rules that: (1) establish a renewable chemical as eligible to be considered part of a recycled product in accordance with THSC, §361.4215 and §361.427; and (2) identify third-party certification systems for mass balance attribution in THSC, §361.421.

The commission's analysis indicates that TGC, Chapter 2007, does not apply to these adopted rules because this is an action that is reasonably taken to fulfill an obligation mandated by state law, which is exempt under TGC, §2007.003(b)(4). HB 4413 amended THSC, §361.421 (Definitions) and §361.4215 (Mass Balance Attribution). These statutory enactments require the commission to promulgate rules to: (1) establish a renewable chemical as eligible to be considered part of a recycled product in accordance with THSC, §361.4215 and §361.427; and (2) identify third-party certification systems for mass balance attribution in THSC, §361.421, which provides a unilateral expectation that does not rise to the level of a recognized interest in private real property. Therefore, TGC, Chapter 2007 does not apply to these adopted rule changes because the adopted rulemaking falls within the exception under TGC, §2007.003(b)(4).

Consistency with the Coastal Management Program

The commission reviewed the adopted rules and found that they are neither identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(b)(2) or (4), nor will they affect any action/authorization identified in Coastal Coordination Act Implementation Rules, 31 TAC §29.11(a)(6). Therefore, the adopted rules are not subject to the Texas Coastal Management Program.

The commission invited public comment regarding the consistency with the coastal management program (CMP) during the public comment period. No comments were received regarding the CMP.

Public Comment

The commission held a public hearing on January 27, 2026. The comment period closed on February 3, 2026. The commission received comments from Air Alliance Houston (AAH), Environment Texas (ET), and one individual.

Response to Comments

Comment

AAH commented that the adoption of the specific third-party mass balance systems proposed in the rulemaking would result in less public transparency, less effective recycling, and more wasteful emissions.

Response

The commission has not selected or proposed specific third-party mass balance systems as part of this rulemaking. Per legislation, the rulemaking identifies third-party certification systems for mass balance capable of identifying renewable chemical content without advocating for any specific mass balance attribution methodology. No changes were made in response to this comment.

Comment

AAH encouraged TCEQ to research mass balance attribution certification systems to choose transparent and accurate systems known to accurately account for the amount of post-consumer waste in recycled products. AAH gave examples of preferred supply chain management systems, including segregation and controlled blending. AAH and ET recommended the rolling average allocation method.

Response

The commission is not selecting or advocating for specific mass balance attribution certification systems as part of this rulemaking. No changes were made in response to this comment.

Comment

AAH and ET commented in opposition to chemical recycling.

Response

This comment is outside the scope of this rulemaking. No changes were made in response to this comment.

Comment

AAH commented in opposition to credit-based mass balance systems such as free allocation, fuel-exempt free allocation, polymer only, and non-fuel exempt proportional allocation. ET also expressed opposition to a free credit allocation mass balance system.

Response

The commission is not selecting or advocating for specific third-party mass balance certification systems as part of this rulemaking. No changes were made in response to this comment.

Comment

AAH discouraged the commission from selecting mass balance systems that allow materials converted to fuel to count toward the total percentage of recycled plastic content.

Response

The commission is not selecting or advocating for specific third-party mass balance certification systems as part of this rulemaking. No changes were made in response to this comment.

Comment

AAH commented in opposition to any mass balance systems that allow chemicals, plastics, products, or chemical substances produced from fossil-fuel based virgin plastic or plastic waste to be counted as a renewable chemical.

Response

The commission is not selecting or advocating for specific third-party mass balance certification systems as part of this rulemaking. No changes were made in response to this comment.

Comment

An individual commented opposing wastewater effluent to Salado Creek.

Response

This rulemaking does not pertain to wastewater effluent. No changes were made in response to this comment.

Statutory Authority

The amendments are adopted under the authority of Texas Water Code (TWC), §5.013, which establishes the general jurisdiction of the commission; TWC, §5.102, which provides the commission with the authority to carry out its duties and general powers under its jurisdictional authority as provided by TWC; TWC, §5.103, which requires the commission to adopt any rule necessary to carry out its powers and duties under TWC and other laws of the state; §5.105, which authorizes the commission to establish and approve all general policy of the commission by rule; the Administrative Procedures Act under Texas Government Code, Chapter 2001, which authorizes the commission as a state agency to adopt rules pursuant to the rulemaking process; Texas Health and Safety Code (THSC), §361.011, which grants the commission authority over municipal solid waste; THSC, §361.017, which grants the commission jurisdiction over industrial solid waste and hazardous municipal waste; THSC, §361.024, which authorizes the commission to adopt rules consistent with the general purposes of the Solid Waste Disposal Act; THSC, §361.0151, which requires the commission to base its goals or requirements for recycling or the use of recycled materials on the definitions and principles established by Subchapter N, THSC, §§361.421 through 361.431; THSC, §361.022 and §361.023, which set public policy in the management of municipal solid waste and hazardous waste to include reuse or recycling of waste; THSC, §361.041, which conditionally excludes post-use polymers and recoverable feedstock from classification as solid waste when are converted using pyrolysis, gasification, solvolysis, or depolymerization into valuable raw materials, valuable intermediate products or valuable final products, that include plastic monomers, chemicals, waxes, lubricants, and chemical feedstocks; THSC, §361.078 which identifies that THSC Chapter 361 Subchapter B does not abridge, modify or restrict the commission's authority to adopt rules issue permits and enforce the terms of permits as necessary to maintain state authorization of Texas' hazardous waste program; THSC, §361.119, which requires the commission to adopt rules and to adopt rules consistent with THSC Chapter 361 to ensure that solid waste processing facilities are regulated as solid waste facilities and not allowed to operate unregulated as recycling facilities; THSC, §361.4215 which authorizes the commission to identify third-party certification systems for mass balance attribution that may be used for the purposes of THSC, §361.421(6) and (6-a); THSC, §361.425 which provides that the commission shall adopt rules for administering governmental entity recycling programs; THSC, §361.426, which provides that the commission shall adopt rules for administering governmental entity preferences for recycled products; and THSC, §361.427 which authorizes the commission to promulgate rules to establish guidelines by which a product is eligible to be considered a recycled product.

The adopted amendments to §§328.301- 328.302, 328.304, will implement House Bill (HB) 4413, 89th Texas Legislature, 2025, by adding the definitions of "Renewable biomass" and "Renewable chemical" so that they are consistent with the definitions under THSC, §361.421. The adopted amendments to §§328.302, 328.304 will also implement HB 4413 by amending the definition of "Mass balance attribution" so that it is consistent with the definitions under THSC, §361.4215.

§328.301. Purpose and Applicability.

(a) Purpose. The purpose of this subchapter is to:

(1) establish guidelines by which a product is eligible to be considered a recycled product;

(2) identify what is not eligible to be considered a recycled product; and

(3) identify third-party certification systems for mass balance attribution to certify:

(A) "Recycled material," including "Recycled plastics" and a "Renewable chemical"; and

(B) the portion of the total content of a product that consists of recycled material.

(b) Applicability. This subchapter is applicable to determining that a product is eligible to be considered a recycled product and third-party certification systems for mass balance attribution.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 19, 2026.

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TITLE 31. NATURAL RESOURCES AND CONSERVATION

PART 2. TEXAS PARKS AND WILDLIFE DEPARTMENT

CHAPTER 55. LAW ENFORCEMENT

SUBCHAPTER A. PROOF OF RESIDENCY REQUIREMENTS

31 TAC §55.1

The Texas Parks and Wildlife Commission in a duly noticed meeting on March 26, 2026, adopted an amendment to 31 Texas Administrative Code §55.1, concerning Proof of Residency Requirements, with change to the proposed text as published in the January 23, 2026, issue of the *Texas Register* (51 TexReg 404). The rule will be republished.

The change reorganizes the contents of proposed subsection (a)(1) to create a more straightforward delineation of the various options available to the public for proving eligibility for the purchase, possession, and use of licenses and permits restricted to residents of Texas. The rule as proposed bifurcated license purchasers into two broad categories that required complex legal language and repetition. The rule as adopted modifies that approach and implements four categories of compliance options: presentation of REAL ID documentation; presentation of non-REAL ID compliant driver's license or state-issued documentation from specific states including Texas; presentation of a combination of non-REAL ID compliant identification documents; and presentation of a foreign passport. The department believes this is a more effective delineation of documentation requirements for purposes of compliance and enforcement.

Additionally, the change alters subsection (a) to clarify that the section applies only to persons age 17 or older, which is necessary because most minors, because of their youth, are not or probably are not able to furnish many of the types of documentation required by the rule as adopted.

The change also adds "personal identification card" as an acceptable identification mechanism in lieu of a valid driver's license, which acknowledges an additional form of acceptable governmentally issued personal identification.

The change also eliminates references to driver's licenses with respect to acceptable forms of identification for foreign residents, which is superfluous because a valid passport is sufficient identification for the purposes of the section.

The change also replaces the word "valid" with the word "unexpired" when referencing documentation other than passports, which is a more accurate descriptor of documentation status.

The change also adds two license types to the list of licenses and permits in subsection (d) to which the provisions of the section apply. Finally, the changes implement recommendations of the Texas Regulatory Efficiency Office within the Office of the Governor, to wit: allowing required documentation to be presented in electronic as well as paper format and eliminating the requirement in current rule for notarized documentation, which is replaced by a requirement for signed self-declaration.

The amendment prescribes identification requirements for the acquisition and use of certain licenses and permits issued by the department and retitles the section accordingly.

The amendment requires persons who seek to obtain certain licenses and permits issued by the department to present, at the time of application or purchase, a driver's license or personal identification certificate issued by a state or territory of the United States of which the person is a resident that complies with the federal REAL ID Act of 2005, unless otherwise provided; or a valid foreign passport and immigration-related documents for foreign residents. Additional documentation options are provided for residents of a state or territory of the United States including a United States passport or passport card, United States military identification card, certified birth certificate, and Texas concealed handgun license.

The amendment is necessary to provide an administrative process to verify that persons engaged in certain activities permitted or licensed by the department are capable of compliance with statutory personal identification requirements as a condition of permit or license issuance and use and that such personal identification documents are valid.

The department received 45 comments opposing adoption of the rule as proposed. Of the 45 comments, 43 provided a reason or rationale for opposing adoption. Those comments, accompanied by the department's response to each, follow. The department notes that because several comments were lengthy and consisted of several components, the number of department responses is greater than the total number of commenters.

Thirty-one commenters opposed adoption of the rule as proposed and stated that it would result in decreased tourism and participation, loss of revenue to the state, and increased administrative costs due to enforcement challenges and that bureaucratic hurdles complicate or negate the enjoyment of parks and recreational opportunities, which bring many benefits. The commenters request that the department delay implementation until after the next legislative session to allow time for the legislature to develop a policy. The department disagrees with the comments and responds that the rules as adopted are intended to ensure that specific recreational licenses and permits (such as hunting licenses) intended for Texas residents are not obtained, possessed, or used by persons not entitled to them. No changes were made as a result of the comments.

One commenter opposed adoption of the rule as proposed and stated, "[I]f those who still are able to pay for the Texas license benefit the state why change to real ID even those without state ids should be able to participate if they are able to pay for the Texas hunting and fishing license." The department disagrees with the comment and responds the rule is a mechanism to ensure that licenses intended for Texas residents are not obtained by persons who are not entitled to them. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that the rule as proposed will cause a loss of funding and "forward the costs onto the resident taxpayers." The department disagrees with the comment and responds that the rule as adopted is not expected to result in revenue loss, nor will it result in fiscal impacts to taxpayers or Texas residents who purchase the affected licenses and permits. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that extra steps are being added to the process of license acquisition, which is undesirable. The department disagrees with the comment and responds that although the rule as adopted adds the additional step of providing identification at the time of purchase, current law requires a person to have a driver's license or personal identification certificate in the person's immediate possession while hunting or fishing, and the rule is intended to ensure that licenses and permits intended for Texas residents are not obtained or used by persons not entitled to them. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that it will result in people not being able to hunt or fish under a Mexican passport. The department disagrees with the comment and responds that it has never been legal to hunt or fish in Texas without a valid hunting or fishing license (with or without a Mexican passport), and that the rule is intended to prevent persons who are not residents of Texas from obtaining or using licenses and permits that are limited to Texas residents. The department further responds that the rule as adopted lists a valid foreign passport as acceptable identification for the purchase of non-resident hunting and fishing licenses so long as the passport is accompanied by documentation showing proof of legal immigration status. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that the rule as amended is an unnecessary expansion of government oversight, a significant burden on both the state and its citizens, and represents federal overreach. The commenter stated that enjoyment of the natural resources of Texas should not be contingent upon compliance with federal identification standards that many citizens view as an infringement on privacy and an expansion of the surveillance state. The department disagrees with the comment and responds that the rule as adopted does not impose any burden on the state or its citizens that does not already exist, because the Department of Public Safety has been issuing REAL ID-compliant identification documents since 2016 and eventually all Texas residents will possess such documentation. The department further states that the rule as adopted is not a component of a surveillance program. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as a proposed and stated that because the fiscal note accompanying the proposal did not quantify the costs to the department for programming and system modifications, the department is being fiscally irresponsible by implementing "a project of this scale" without a clear understanding of the total cost to taxpayers and license-holders. The commenter further stated that "[S]pending significant public funds simply to increase "assurance" that a small number of people are not obtaining the wrong license type is a poor use of resources, especially when the current system functions without such a high administrative price tag." The department disagrees with the comment and responds that the rule is not intended to prevent anyone from obtaining the wrong license, it is intended to ensure that licenses and permits intended exclusively for Texas residents are obtained and used only by persons entitled to them. The department further responds that any administrative costs incurred with respect to system administration and programming costs will be additive to a system that already exists for that purpose (i.e., the rule will not require new systems from scratch) and will be absorbed under the current budget without affecting any current license or permit fee. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that the new requirements create an unnecessary barrier to participation in hunting and angling because individuals who do not currently possess a REAL ID-compliant document would face the financial and administrative burden of compliance with "a state-imposed hurdle to enjoying Texas's land and water." The commenter continued, stating, "[I]ndividual liberty and limited government are essential to the prosperity of our state. This proposal moves in the opposite direction by increasing state surveillance, imposing unquantified fiscal burdens, and complicating a simple recreational process." The department disagrees with the comment and responds that the rule as adopted is intended to ensure that only Texas residents are able to acquire and use licenses and permits intended exclusively for Texas residents, that most if not all Texas residents will be able to continue purchasing licenses and permits as usual, that the rule creates options for those who for whatever lawful reason cannot do so, that the rule as adopted does not infringe on anyone's personal liberty whatsoever or impose financial burdens, and, finally, is most assuredly not a component of any state surveillance effort. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that there should be fewer hurdles, more privacy, and no more money grabs. The department disagrees that rule as adopted creates hurdles, curtails privacy, or is intended to increase or will result in increased revenue to the state. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that the rule will prevent people who don't have legal immigration status from getting any type of hunting or fishing license, but won't stop them from fishing or hunting, which will result in reduced revenue for the department, and that "a hearing should be held." The department disagrees with the comment and responds that the rule is intended to ensure that persons who are not residents of Texas cannot purchase or use licenses and permits intended exclusively for Texas residents. The department further responds that it is and has always been a criminal offense for anyone, resident or nonresident, to engage in activities regulated by the department without obtaining the proper license or permit to do so, which is still the case and is not altered by the rule as adopted, and current law requires a person to have a driver's license or personal identification certificate in the person's immediate possession while hunting or fishing. Finally, the department responds that the rule was adopted in a duly noticed meeting open to the public at which the opportunity to directly address the commission was provided (in addition to all other channels of comment available to the public). No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated, "the hassle of having to present a certified copy of my birth certificate and six months worth of utility bills is probably more than I would want to deal with to get a super combo license." The department disagrees with the comment and responds that the rule provides a variety of ways for persons to prove Texas residency for purposes of obtaining and using licenses and permits intended exclusively for Texas residents, including anyone with a valid Texas driver's license or personal identification card. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that there should be an exemption for minors, who might not be able to provide many of the documents referenced in the rule. The department agrees with the comment and responds that a fishing license is not required for anyone under the age of 17 and that the rule as adopted does not apply to youth hunting licenses.

One commenter opposed adoption of the rule as proposed and stated that "making licenses more difficult to obtain is a money loss and more should be spent on enforcement." The department disagrees that the rule as adopted will result in revenue loss for the department and responds that a critical component of enforcement is the existence of regulations that allow the department to determine that persons engaged in activities regulated by the department are entitled to do so. No changes were made as a result of the comment.

One commenter opposed adoption of the rule as proposed and stated that having to provide a variety of redundant documentation simply to purchase a hunting and/or fishing license is unreasonable. The department disagrees with the comment and responds that a Texas driver's license or personal identification card by itself is sufficient documentation in most instances to obtain a Texas resident license or permit. No changes were made as a result of the comment.

One commenter opposed adoption of the rule and stated that it did not contain provisions to protect the data being collected by the agency. The department disagrees that it is necessary for the rule to contain provisions addressing data security, which are addressed by other elements of state law. No changes were made as a result of the comment.

The department received 56 comments supporting adoption of the rule as proposed.

The Honorable Gene Wu, the Honorable Donna Howard, the Honorable Ramón Romero, Jr., the Honorable Joe Moody, the Honorable Suleman Lalani, the Honorable Jessica González, the Honorable Mihaela Plesa, the Honorable Ron Reynolds, the Honorable Senfronia Thompson, the Honorable Ray Lopez, the Honorable Lulu Flores, the Honorable Erin Zwiener, the Honorable Josey Garcia, the Honorable Christina Morales, the Honorable Vikki Goodwin, the Honorable Jolanda Jones, the Honorable Armando Martinez, the Honorable Armando Walle, the Honorable Jon Rosenthal, the Honorable Diego Bernal, the Honorable John Bucy III, the Honorable Toni Rose, the Honorable Alma Allen, the Honorable Rafael Anchía, the Honorable Ana Hernandez, the Honorable Chris Turner, the Honorable Cassandra Garcia Hernandez, the Honorable Salman Bhojani, the Honorable Linda Garcia, the Honorable Barbara Gervin-Hawkins, and the Honorable John Bryant commented in opposition to adoption of the rule as proposed.

The amendment is adopted under Parks and Wildlife Code, §11.004, which gives the commission the authority to prescribe by rule the proof required to demonstrate residency in this state for the purpose of obtaining a license or permit issued by the department.

§55.1. Proof of Residency and Identification Requirements.

(a) The requirements of this section are in addition to any requirements of Parks and Wildlife Code, Chapters 42 and 46.

(1) A person 17 years of age or older who seeks to purchase or obtain a permit or license listed in subsection (d) of this section must present:

(A) an unexpired driver's license or personal identification certificate issued by a state or territory of the United States or the District of Columbia of which the person is a resident that complies with the minimum document requirements and issuance standards for federal recognition under the REAL ID Act of 2005, Public Law 109-13, unless the driver's license or personal identification certificate is marked "Limited Term" or "Temporary";

(B) an unexpired driver's license or personal identification certificate that does not comply with REAL ID issued by the Texas Department of Public Safety or one of the following states of which the person is a resident, unless the driver's license or personal identification certificate is marked "Limited Term" or "Temporary": Alabama, Alaska, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, West Virginia, Wisconsin, or Wyoming;

(C) an unexpired driver's license or personal identification certificate issued by a state or territory of the United States or the District of Columbia (regardless of whether it is marked "Limited Term" or "Temporary"), accompanied by one of the following documents:

(i) an original birth certificate issued by the appropriate vital statistics agency of a state or territory of the United States or the District of Columbia, indicating birth in the United States;

(ii) an original United States government-issued document indicating birth of a child born abroad to a United States citizen, including a Consular Report of Birth Abroad (form FS-240), Certification of Report of Birth (form DS-1350), or Certificate of Birth Abroad (from FS-545);

(iii) an unexpired United States passport or passport card;

(iv) an unexpired United States military identification card; or

(v) an unexpired license to carry a handgun issued by the Texas Department of Public Safety; or

(D) if the person is a resident of another country, a valid, unexpired passport issued by the government of another country accompanied by, if required for entry into the United States from the person's country of residency, a current permanent resident card or unexpired immigrant visa issued by the United States Department of Homeland Security.

(2) Proof that a person has resided continuously in Texas for more than six months immediately before applying for a resident license or permit issued by the department shall consist of an unexpired driver's license or personal identification certificate originally issued by the Texas Department of Public Safety not less than six months prior to the application to the department for a resident license or permit and any two of the following in physical or electronic format:

(A) a current property tax statement indicating that the person is the owner of homestead property in Texas;

(B) an unexpired license to carry a handgun issued by the Texas Department of Public Safety;

(C) the most recent six months of utility bills showing the person's name and a physical address in Texas;

(D) the most recent six months of paycheck receipts showing the person's name and a physical address in Texas;

(E) a current Texas voter registration certificate showing the person's name and a physical address in Texas, issued not less than six months prior to an application to the department for a license or permit;

(F) the person's most recent tax return statement from the Internal Revenue Service showing the person's name and a physical address in Texas;

(G) a current vehicle registration showing the person's name and a physical address in Texas, issued not less than six months prior to an application to the department for a license or permit; or

(H) a statement from the person's parole board or probation officer attesting to the fact that the person has continuously resided in Texas for the six months immediately preceding the application for a license or permit.

(3) For persons on active duty in the armed forces of the United States, proof of continuous residency in Texas for more than six months immediately before applying for a resident license or permit issued by the department shall consist of one of the following in physical or electronic format:

(A) military service record(s) indicating that the person's home of record is in Texas at the time of application; or

(B) military service record(s) indicating that the person has been assigned to a duty station in Texas for the six months immediately prior to the time of application.

(4) If a person is under the age of 25 and living in another state for educational purposes, proof that the person has resided continuously in Texas for more than six months immediately before applying for a license or permit issued by the department shall consist of the following in physical or electronic format:

(A) a signed self-declaration under penalty of perjury to the effect that the person is a dependent of a Texas resident; and

(B) a tuition receipt or other official evidence that the person is currently enrolled as a non-resident in an educational institution located in another state.

(5) Except for active-duty members of the armed forces of the United States and nonresidents described in paragraph (8) of this subsection, §53.3(b) of this title (relating to Combination Hunting and Fishing License Packages), and §53.4(b) of this title (relating to Lifetime Licenses), the department will not issue a resident license or permit to any person if any proof of residency presented to the department indicates residency anywhere other than Texas.

(6) Except for active-duty members of the armed forces of the United States and nonresidents described in paragraph (8) of this subsection, §53.3(b) of this title, and §53.4(b) of this title, a person who claims residency in any other state for any purpose is not a Texas

resident for the purposes of obtaining a resident license or permit from the department.

(7) Upon determination by the department that a person who obtained a resident license or permit was not eligible to obtain the license or permit, the department shall notify the person that the license is void and shall be surrendered to the department. A person that the department determines has obtained a resident license or permit unlawfully is subject to criminal prosecution.

(8) The executive director may authorize the issuance of a resident hunting license to a nonresident who is terminally ill and participating in an event sponsored by a charitable organization.

(b) It is an offense for any person who does not meet the residency requirements of this section to possess a license in that person's name that is required by law for conduct governed by Parks and Wildlife Code, Chapter 42 or Chapter 46, if the acquisition and use of the license is restricted by law to Texas residents.

(c) For purposes of this section, a person who utilizes the provisions of §53.2(g) of this title (relating to License Issuance Procedures, Fees, Possession, and Exemption Rules) to satisfy proof of licensure requirements is considered to be in possession of the license the person purports to have obtained.

(d) The provisions of subsection (a)(1) of this section apply to the following permits and licenses:

(1) resident hunting;

(2) senior resident hunting;

(3) nonresident general hunting;

(4) nonresident five-day hunting;

(5) Texas resident active-duty military hunting package;

(6) special resident fishing license;

(7) "year-from-purchase" resident fishing license;

(8) Texas resident active-duty military "all water" fishing package;

(9) resident freshwater fishing package;

(10) resident saltwater fishing package;

(11) resident "all water" fishing package;

(12) senior resident freshwater fishing package;

(13) senior resident saltwater fishing package;

(14) senior resident "all water" fishing package;

(15) resident one-day "all water" fishing license;

(16) nonresident freshwater fishing package;

(17) nonresident saltwater fishing package;

(18) nonresident "all water" fishing package;

(19) nonresident one-day "all water" fishing package;

(20) resident combination hunting and freshwater fishing package;

(21) resident combination hunting and saltwater fishing package;

(22) resident combination hunting and "all water" fishing package;

(23) resident senior combination hunting and freshwater fishing package;

(24) resident senior combination hunting and saltwater fishing package;

(25) resident senior combination hunting and "all water" fishing package;

(26) resident super combination hunting and "all water" fishing package:

(27) resident senior super combination hunting and "all water" fishing package;

(28) disabled veteran super combination hunting and "all water" fishing package;

(29) Texas resident active-duty military super combination hunting and "all water" fishing package;

(30) lifetime resident super combination hunting and "all water" fishing package;

(31) lifetime resident hunting;

(32) lifetime resident fishing;

(33) lifetime hunting to combination upgrade;

(34) lifetime fishing to combination upgrade; and

(35) Lake Texoma Fishing License.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 18, 2026.

TRD-202602494
James Murphy
General Counsel
Texas Parks and Wildlife Department
Effective date: August 3, 2026
Proposal publication date: January 23, 2026
For further information, please call: (512) 389-4775

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TITLE 34. PUBLIC FINANCE

PART 1. COMPTROLLER OF PUBLIC ACCOUNTS

CHAPTER 20. STATEWIDE PROCUREMENT AND SUPPORT SERVICES
SUBCHAPTER C. PROCUREMENT METHODS AND CONTRACT FORMATION
DIVISION 3. SPECIAL CONTRACTING METHODS

34 TAC §20.235

The Comptroller of Public Accounts adopts the repeal of §20.235, concerning purchase of motor vehicles, without changes to the proposed text as published in the May 15, 2026, issue of the *Texas Register* (51 TexReg 3358). The rule will not be republished.

The comptroller repeals subsection (a) because it is a restatement of statute that was repealed by Senate Bill 1364, 89th Legislature, 2025, effective September 1, 2025.

The comptroller repeals subsections (b) - (d) because they are out-of-date and simply restatements of statute that can now be found in Government Code, Chapter 2158.

The comptroller repeals subsection (e) because the comptroller intends to include this provision in a new rule that will consolidate all rules regarding purchasing preferences.

The comptroller did not receive any comments regarding adoption of the repeal.

This repeal is adopted under Government Code, §2158.0012, which authorizes the comptroller to adopt rules to efficiently and effectively administer Government Code, Chapter 2158.

This repeal implements Government Code, Chapter 2158.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 18, 2026.

TRD-202602493

Don Neal

General Counsel, Operations and Support Legal Services

Comptroller of Public Accounts

Effective date: July 8, 2026

Proposal publication date: May 15, 2026

For further information, please call: (512) 475-2220

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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) adopts amendments to §151.3, concerning Texas Board of Criminal Justice Operating Procedures without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1369). The rule will not be republished. The adopted amendments make minor grammatical updates.

No public comments were received regarding the amendments.

The amendments are adopted under Texas Government Code §§492.005-492.007, 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.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 19, 2026.

TRD-202602505

Stephanie Greger

General Counsel

Texas Department of Criminal Justice

Effective date: July 9, 2026

Proposal publication date: March 6, 2026

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

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37 TAC §151.55

The Texas Board of Criminal Justice (board) adopts amendments to §151.55, concerning Disposal of Surplus Agricultural Goods and Agricultural Personal Property without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1370). The rule will not be republished. The adopted amendments make minor grammatical updates.

No public comments were received regarding the amendments.

The amendments are adopted 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.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 19, 2026.

TRD-202602504

Stephanie Greger

General Counsel

Texas Department of Criminal Justice

Effective date: July 9, 2026

Proposal publication date: March 6, 2026

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

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CHAPTER 152. CORRECTIONAL INSTITUTIONS DIVISION

SUBCHAPTER D. OTHER RULES

37 TAC §152.81

The Texas Board of Criminal Justice (board) adopts new rule §152.81, concerning Housing of Inmates without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1372). The rule will not be republished. The adopted 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.

No public comments were received regarding the new rule.

The new rule is adopted 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.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 19, 2026.

TRD-202602503
Stephanie Greger
General Counsel
Texas Department of Criminal Justice
Effective date: July 9, 2026
Proposal publication date: March 6, 2026
For further information, please call: (936) 437-6700

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TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 19. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

CHAPTER 700. CHILD PROTECTIVE SERVICES

SUBCHAPTER P. SERVICES AND BENEFITS FOR TRANSITION PLANNING TO A SUCCESSFUL ADULTHOOD

DIVISION 3. TEXAS TUITION AND FEE WAIVER FOR YOUTH RETURNING TO A PARENT

40 TAC §700.1630

The Department of Family and Protective Services (DFPS) adopts the amended rule in Title 40, Texas Administrative Code (TAC), Chapter 700, Subchapter P, Division 3, §700.1630, relating to the Texas Tuition and Fee Waiver. The proposal was published on May 15, 2026, issue of the *Texas Register* (51 TexReg 3358). The amended rule is adopted without changes to the proposed text and will not be republished.

BACKGROUND AND JUSTIFICATION

House Bill (HB) 1211 passed during the 89th Texas Legislature (Regular Session, 2025) amends Texas Education Code Section 54.366, which allows certain youth who have been in foster care to receive free tuition and fees at Texas public institutions of higher education. The bill extends the age of enrollment to the student's 27th birthday, and therefore, the time a student is allowed to qualify for free tuition and fees. The adopted rule amendment will modify 40 TAC §700.1630 to align with the statute.

COMMENTS

The 30-day comment period ended June 14, 2026. During this period, DFPS did not receive any comments regarding the amended rule.

STATUTORY AUTHORITY

The amendments are adopted under Human Resources Code §40.027, which provides that the Department of Family and Protective Services commissioner shall oversee the development of rules relating to the matter within the department's jurisdiction and notwithstanding any other law, shall adopt rules for the operation and provision of services by the department.

Additionally, during the 84th Texas Legislature (Regular Session, 2015), SB 206 passed which required the executive commissioner of the Health and Human Services Commission to develop rules, in consultation with the Texas Higher Education Coordinating Board, that would allow a foster care youth who is returned to their parent to receive a waiver of tuition and fees under Texas Education Code Section 54.366.

HB 1211 modifies Section 54.366 to extend the time for foster care youth to enroll in an institute of higher education, therefore implementation of this provision of the statute is not dependent on implementation of the adopted rule amendment.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on June 15, 2026.

TRD-202602450
Sanjuanita Maltos
Rules Coordinator
Department of Family and Protective Services
Effective date: July 5, 2026
Proposal publication date: May 15, 2026
For further information, please call: (512) 945-5978

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