SENATE JOURNAL

EIGHTY-SIXTH LEGISLATURE — REGULAR SESSION

AUSTIN, TEXAS

PROCEEDINGS

FIFTY-NINTH DAY

(Friday, May 24, 2019)

The Senate met at 11:00 a.m. pursuant to adjournment and was called to order by President Pro Tempore Watson.

The roll was called and the following Senators were present: Alvarado, Bettencourt, Birdwell, Buckingham, Campbell, Creighton, Fallon, Flores, Hall, Hancock, Hinojosa, Huffman, Hughes, Johnson, Kolkhorst, Lucio, Menéndez, Miles, Nelson, Nichols, Paxton, Perry, Powell, Rodríguez, Schwertner, Seliger, Taylor, Watson, West, Whitmire, Zaffirini.

The President Pro Tempore announced that a quorum of the Senate was present.

Father Pat Garrett, Saints Simon & Jude Catholic Church, The Woodlands, was introduced by Senator Creighton and offered the invocation as follows:

> Almighty God, we thank You for the many blessings You have bestowed upon us. As this legislative session comes to an end, we are especially thankful for the service of our legislators and their staffs and all of those who served in support of the deliberation of this esteemed body. We pray that we may continue to be instruments of Your love as we go forth serving the great State of Texas. Today, as we begin this Memorial Day weekend, we are mindful of the words of our Lord, No one has greater love than this, to lay down one's life for one's friends. We pray for the souls of all who lost their lives in the defense of our country and the protection of its citizens. I ask this in our Lord's name. Amen.

Senator Whitmire moved that the reading of the Journal of the proceedings of the previous day be dispensed with and the Journal be approved as printed.

The motion prevailed without objection.

PHYSICIAN OF THE DAY

Senator Campbell, joined by Senator Menéndez, was recognized and presented Dr. Christian Fernandez-Falcon of San Antonio, accompanied by Carla Caroline Acosta, as the Physician of the Day.

The Senate welcomed Dr. Fernandez-Falcon and thanked him for his participation in the Physician of the Day program sponsored by the Texas Academy of Family Physicians.

GUEST PRESENTED

Senator Hall, joined by Senator Hughes, was recognized and introduced to the Senate Graham Sweeney of Quinlan and congratulated him on his retirement as superintendent of the Boles Independent School District.

The Senate welcomed its guest.

SENATE RESOLUTION 825

Senator Zaffirini offered the following resolution:

SR 825, In memory of Augie Garrido.

On motion of Senator Zaffirini, the resolution was read and was adopted by a rising vote of the Senate.

In honor of the memory of Augie Garrido, the text of the resolution is printed at the end of today's *Senate Journal*.

Senator Zaffirini was recognized and introduced to the Senate former baseball players from The University of Texas honoring Coach Augie Garrido, James Barton, Grant Martin, Curtis Thigpen, Drew Stubbs, Drew Bishop, and Collin Shaw.

The Senate welcomed its guests and extended its sympathy.

SENATE RESOLUTION 830

Senator Hughes offered the following resolution:

SR 830, Recognizing Region VII of the Texas Department of Public Safety for its service to the Capitol Complex.

The resolution was read.

On motion of Senator Menéndez and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Hughes, the resolution was adopted without objection.

GUESTS PRESENTED

Senator Hughes was recognized and introduced to the Senate a Region VII of the Texas Department of Public Safety delegation including Chris Jones, Mike Black, Richard Juarez, Mike Tellez, and Diane Martinez.

The Senate welcomed its guests.

CONFERENCE COMMITTEE ON HOUSE BILL 766
(Motion In Writing)

Senator Watson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 766** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 766** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Watson, Chair; Creighton, Flores, Powell, and Menéndez.

CONFERENCE COMMITTEE ON HOUSE BILL 1735
(Motion In Writing)

Senator Watson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1735** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 1735** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Watson, Chair; Creighton, Taylor, Powell, and Huffman.

SENATE BILL 1214 WITH HOUSE AMENDMENT

Senator Schwertner called **SB 1214** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 1214** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the sales and use tax exemption for certain aircraft.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 151.328(h), Tax Code, is amended to read as follows:

(h) For purposes of the exemption under Subsection (a)(5), an aircraft is considered to be for use exclusively in connection with an agricultural use if 95 percent of the use of the aircraft is for a purpose described by Subsections (a)(5)(A)-(F). Travel [~~of less than 30 miles each way~~] to a location to perform a service described by Subsections (a)(5)(A)-(F) does not disqualify an aircraft from the exemption under Subsection (a)(5). A person who claims an exemption under Subsection (a)(5) must maintain and make available to the comptroller flight records for all uses of the aircraft.

SECTION 2. The change in law made by this Act does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. This Act takes effect September 1, 2019.

The amendment was read.

Senator Schwertner moved to concur in the House amendment to **SB 1214**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 1

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS PASSED THE FOLLOWING MEASURES:

HCR 181 Oliverson
Instructing the enrolling clerk of the house to make corrections in House Bill No. 4686.

SCR 64 Hughes Sponsor: Leach
Commending the work of the Texas State History Museum Foundation.

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 996 (133 Yeas, 7 Nays, 2 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

SENATE BILL 16 WITH HOUSE AMENDMENT

Senator Hancock called **SB 16** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 16** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to a student loan repayment assistance program for certain full-time peace officers in this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 61, Education Code, is amended by adding Subchapter NN to read as follows:

SUBCHAPTER NN. PEACE OFFICER LOAN REPAYMENT ASSISTANCE PROGRAM

Sec. 61.9951. DEFINITION. In this subchapter, "peace officer" has the meaning assigned by Article 2.12, Code of Criminal Procedure.

Sec. 61.9952. LOAN REPAYMENT ASSISTANCE AUTHORIZED; PURPOSE. The board shall establish and administer a program to provide, in accordance with this subchapter and board rules, loan repayment assistance in the repayment of eligible loans for eligible persons who agree to continued employment as full-time peace officers in this state for a specified period.

Sec. 61.9953. INITIAL ELIGIBILITY. To be eligible to receive loan repayment assistance under this subchapter for the first year for which the person seeks loan repayment assistance, a person must:

(1) be initially employed as a peace officer on or after September 1, 2019;

(2) submit to the board an initial application for the loan repayment assistance, in the manner and on a form prescribed by board rule, that requires:

(A) employer verification of the person's employment as a full-time peace officer in this state for at least one year and the person's current employment as a peace officer in this state as of the date of the application;

(B) a transcript of the person's postsecondary course work; and

(C) a statement of the total amount of principal, accrued interest, fees, and other charges due on all outstanding eligible loans for which the person is applying for repayment assistance;

(3) have earned at least 60 semester credit hours or the equivalent at an institution of higher education or a private or independent institution of higher education before the person's initial employment as a peace officer;

(4) be currently employed, and have completed at least one year of employment, as a full-time peace officer in this state; and

(5) comply with any other requirement adopted by the board under this subchapter.

Sec. 61.9954. CONTINUING ELIGIBILITY. (a) Except as provided by Subsection (b), after initially qualifying for loan repayment assistance under Section 61.9953, a person may continue to receive loan repayment assistance in a subsequent year only if the person annually submits an application, in the manner and on a form prescribed by board rule, that requires employer verification of the person's continuous employment as a full-time peace officer in this state for the year ending immediately before the date the application is submitted under this section.

(b) A person may not receive loan repayment assistance under this subchapter for more than five years.

Sec. 61.9955. AWARD. (a) Except as provided by this section, an eligible person is entitled to receive an annual amount of loan repayment assistance payments under this subchapter payable to the holders of the eligible person's eligible loans for each year of eligibility approved by the board under Section 61.9953 or 61.9954 in an amount equal to the lesser of $4,000 or 20 percent of the total amount stated in the person's application under Section 61.9953, subject to the amount of available funding.

(b) If at the time an eligible person submits an initial application under Section 61.9953 the payoff period for the person's total outstanding balance of eligible loans is less than five years, the board shall make annual payments under this subchapter to the holders of the person's eligible loans in the amounts of the payments and accrued interest due for the applicable year.

(c) The total amount of repayment assistance provided under this subchapter to an eligible person may not exceed $20,000.

(d) If in any year the amount of money available for loan repayment assistance under this subchapter is insufficient to provide loan repayment assistance to cover all the payments for the year for all eligible loans of all eligible persons, the board shall establish criteria to determine the amount of available money to allocate to the holders of student loans of eligible persons as the board determines appropriate to further the purpose of this subchapter.

(e) An eligible person whose annual loan repayment assistance under this section is less than the amount necessary to cover the amount of principal and interest due on the person's eligible loans for that year is responsible for the payment of the remainder of the amount due and for otherwise preventing a default on the loan.

Sec. 61.9956. ELIGIBLE LOANS. (a) The board may provide loan repayment assistance under this subchapter for the repayment of any student loan received by an eligible person through any lender for the cost of attendance at an institution of higher education or a private or independent institution of higher education for a semester or other term that ended in the five years immediately preceding the person's initial employment as a peace officer.

(b) If the loan is not a state or federal guaranteed student loan, the promissory note or other loan agreement document governing the terms of the loan must require all the loan proceeds to be used for expenses incurred by a person in attending an institution of higher education or a private or independent institution of higher education.

(c) The board may not provide loan repayment assistance under this subchapter for an eligible loan that is in default on the date the person's application for loan repayment assistance is submitted under Section 61.9953 or 61.9954.

Sec. 61.9957. PAYMENT OF LOAN REPAYMENT ASSISTANCE. (a) The board shall pay any loan repayment assistance under this subchapter in a lump sum delivered on the eligible person's behalf directly to the holder of the loan.

(b) Loan repayment assistance provided under this subchapter may be applied to any amount due on the loan.

(c) Each state fiscal biennium, the board shall attempt to allocate all money available to the board for the purpose of providing loan repayment assistance under this subchapter.

Sec. 61.9958. GIFTS, GRANTS, AND DONATIONS. The board may solicit and accept gifts, grants, and other donations from any public or private source for the purposes of this subchapter.

Sec. 61.9959. RULES; POSTING REQUIRED. (a) The board shall adopt rules necessary for the administration of this subchapter.

(b) The board shall post on the board's Internet website a copy of the rules adopted under this subchapter and information regarding the program established under this subchapter.

SECTION 2. The Texas Higher Education Coordinating Board shall adopt rules for the peace officer loan repayment assistance program under Subchapter NN, Chapter 61, Education Code, as added by this Act, not later than December 1, 2019.

SECTION 3. This Act takes effect September 1, 2019.

The amendment was read.

Senator Hancock moved to concur in the House amendment to **SB 16**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 1876 WITH HOUSE AMENDMENT

Senator Fallon called **SB 1876** from the President's table for consideration of the House amendment to the bill.

The Presiding Officer laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 1876** (house committee report) as follows:

(1) On page 1, strike lines 8 through 16 and substitute the following:

(a-1) If a property owner requests binding arbitration under this chapter to appeal appraisal review board orders involving two or more contiguous tracts of land that are owned by the property owner [~~contiguous to one another~~], a single arbitration deposit in the amount provided by Subsection (a)(2) is sufficient to satisfy the requirement of Subsection (a)(2). For purposes of this subsection, "contiguous tracts of land" means improved or unimproved tracts of land that are touching or that share a common boundary, as determined using appraisal district records or legal descriptions of the tracts.

(2) On page 1, strike line 24 and substitute the following:

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

The amendment was read.

Senator Fallon moved to concur in the House amendment to **SB 1876**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

CONFERENCE COMMITTEE ON HOUSE JOINT RESOLUTION 34 (Motion In Writing)

Senator Bettencourt called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HJR 34** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HJR 34** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Bettencourt, Chair; Creighton, Hancock, Hinojosa, and Paxton.

SENATE BILL 1621 WITH HOUSE AMENDMENTS

Senator Kolkhorst called **SB 1621** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Committee Amendment No. 1

Amend **SB 1621** by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____. Chapter 1061, Special District Local Laws Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. SALES AND USE TAX

Sec. 1061.301. TAX AUTHORIZED. (a) The district may adopt, change the rate of, or abolish a sales and use tax at an election held in the district.

(b) The district may not adopt a tax under this subchapter or increase the rate of the tax if as a result of the adoption of the tax or the tax increase the combined rate of all sales and use taxes imposed by the district and all other political subdivisions of this state having territory in the district would exceed two percent in any location in the district.

Sec. 1061.302. APPLICABILITY OF OTHER LAW. Except to the extent that a provision of this subchapter applies, Chapter 323, Tax Code, applies to a tax authorized by this subchapter in the same manner as that chapter applies to the tax authorized by that chapter.

Sec. 1061.303. TAX RATE; CHANGE IN RATE. (a) The district may impose a tax authorized by this subchapter in increments of one-eighth of one percent, with a minimum rate of one-eighth of one percent and a maximum rate of two percent.

(b) The district may increase the rate of a tax authorized by this subchapter to a maximum of two percent or decrease the rate of the tax to a minimum of one-eighth of one percent if the change is approved by a majority of the voters of the district at an election called for that purpose.

Sec. 1061.304. ELECTION PROCEDURE. An election to adopt, change the rate of, or abolish a tax authorized by this subchapter is called by the adoption of an order of the board. The board may call an election on its own motion and shall call an election if a number of qualified voters in the district equal to at least five percent of the number of registered voters in the district petitions the board to call the election.

Sec. 1061.305. ELECTION IN OTHER TAXING AUTHORITY. (a) In this section, "taxing authority" means any entity authorized to impose a local sales and use tax.

(b) If the district is included within the boundaries of another taxing authority and the adoption or increase in the rate of a tax under this subchapter would result in a combined tax rate by the district and other political subdivisions of this state of more than two percent at any location in the district, an election to approve or increase the rate of the tax has no effect unless:

(1) one or more of the other taxing authorities holds an election in accordance with the law governing that authority on the same date as the election under this subchapter to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the district and other political subdivisions of not more than two percent at any location in the district; and

(2) the combined tax rate is reduced to not more than two percent as a result of that election.

(c) This section does not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

Sec. 1061.306. TAX EFFECTIVE DATE. (a) The adoption, change in the rate of, or abolition of a tax under this subchapter takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller receives notice of the results of an election to adopt, change the rate of, or abolish the tax.

(b) If the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax or to implement the change in the rate of the tax or the abolition of the tax, the effective date may be extended by the comptroller until the first day of the next calendar quarter.

Sec. 1061.307. USE OF TAX REVENUE. Revenue from a tax imposed under this subchapter may be used by the district for any purpose of the district authorized by law.

SECTION ____. Section 1061.151(b), Special District Local Laws Code, is amended to read as follows:

(b) The proposed budget must contain a complete financial statement of:

(1) the outstanding obligations of the district;

(2) the cash on hand in each district fund;

(3) the money received by the district from all sources during the previous year;

(4) the money available to the district from all sources during the ensuing year;

(5) the balances expected at the end of the year in which the budget is being prepared;

(6) the estimated revenue and balances available to cover the proposed budget;

(7) the estimated ad valorem tax rate required; and

(8) the proposed expenditures and disbursements and the estimated receipts and collections for the following fiscal year.

SECTION ____. The heading to Subchapter F, Chapter 1061, Special District Local Laws Code, is amended to read as follows:

SUBCHAPTER F. AD VALOREM TAXES

SECTION ____. Section 26.012(1), Tax Code, is amended to read as follows:

(1) "Additional sales and use tax" means an additional sales and use tax imposed by:

(A) a city under Section 321.101(b);

(B) a county under Chapter 323; or

(C) a hospital district, other than a hospital district:

(i) created on or after September 1, 2001, that:

(a) [~~(i)~~] imposes the sales and use tax under Subchapter I, Chapter 286, Health and Safety Code; or

(b) [~~(ii)~~] imposes the sales and use tax under Subchapter L, Chapter 285, Health and Safety Code; or

(ii) that imposes the sales and use tax under Subchapter G, Chapter 1061, Special District Local Laws Code.

Floor Amendment No. 2

Amend **SB 1621** (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering the SECTIONS of the bill accordingly:

SECTION ___. Chapter 531, Government Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. RURAL HOSPITALS

Sec. 531.201. STRATEGIC PLAN; REPORT. (a) The commission shall develop and implement a strategic plan to ensure that the citizens of this state residing in rural areas have access to hospital services.

(b) The strategic plan must include:

(1) a proposal for using at least one of the following methods to ensure access to hospital services in the rural areas of this state:

(A) an enhanced cost reimbursement methodology for the payment of rural hospitals participating in the Medicaid managed care program in conjunction with a supplemental payment program for rural hospitals to cover costs incurred in providing services to recipients;

(B) a hospital rate enhancement program that applies only to rural hospitals;

(C) a reduction of punitive actions under the Medicaid program that require reimbursement for Medicaid payments made to the provider, if the provider is a rural hospital, a reduction of the frequency of payment reductions under the Medicaid program made to rural hospitals, and an enhancement of payments made under merit-based programs or similar programs for rural hospitals;

(D) a reduction of state regulatory-related costs related to the commission's review of rural hospitals; or

(E) in accordance with rules adopted by the Centers for Medicare and Medicaid Services, the establishment of a minimum fee schedule that applies to payments made by managed care organizations to rural hospitals; and

(2) target dates for achieving goals related to the proposal described by Subdivision (1).

(c) Not later than January 1, 2020, the commission shall submit the strategic plan developed under Subsection (b) to the Legislative Budget Board for review and comment. The commission may not begin implementation of the proposal contained in the strategic plan until the strategic plan is approved by the Legislative Budget Board.

(d) Not later than November 1 of each even-numbered year, the commission shall submit a report regarding the commission's development and implementation of the strategic plan described by Subsection (b) to:

(1) the legislature;

(2) the governor; and

(3) the Legislative Budget Board.

Sec. 531.202. ADVISORY COMMITTEE ON RURAL HOSPITALS. (a) The commission shall establish the Rural Hospital Advisory Committee, either as another advisory committee or as a subcommittee of the Hospital Payment Advisory Committee, to advise the commission on issues relating specifically to rural hospitals.

(b) The Rural Hospital Advisory Committee is composed of interested persons appointed by the executive commissioner. Section 2110.002 does not apply to the advisory committee.

(c) A member of the advisory committee serves without compensation.

Sec. 531.203. COLLABORATION WITH OFFICE OF RURAL AFFAIRS. The commission shall collaborate with the Office of Rural Affairs to ensure that this state is pursuing to the fullest extent possible federal grants, funding opportunities, and support programs available to rural hospitals as administered by the Health Resources and Services Administration and the Office of Minority Health in the United States Department of Health and Human Services.

Floor Amendment No. 1 on Third Reading

Amend **SB 1621** on third reading by adding the following appropriately numbered SECTION to the bill and renumbering subsequent the SECTIONS of the bill accordingly:

SECTION ____. Section 1088.104, Special District Local Laws Code, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

(c) The hospital system may include:

(1) facilities for domiciliary care of the sick, injured, or geriatric;

(2) outpatient clinics;

(3) dispensaries;

(4) convalescent home facilities;

(5) necessary nurses;

(6) domiciliaries and training centers;

(7) blood banks;

(8) community mental health centers;

(9) research centers or laboratories; and

(10) any other facilities the board considers necessary for medical care, [~~and~~] hospital care, and public safety and health.

(d) A facility for public safety and health described by Subsection (c)(10) may only be:

(1) constructed by the district using private money; and

(2) used by the district, or any governmental entity to which the district leases the facility, for public safety and health purposes.

The amendments were read.

Senator Kolkhorst moved to concur in the House amendments to **SB 1621**.

The motion prevailed by the following vote: Yeas 28, Nays 3.

Yeas: Alvarado, Birdwell, Buckingham, Campbell, Creighton, Flores, Hancock, Hinojosa, Huffman, Hughes, Johnson, Kolkhorst, Lucio, Menéndez, Miles, Nelson, Nichols, Paxton, Perry, Powell, Rodríguez, Schwertner, Seliger, Taylor, Watson, West, Whitmire, Zaffirini.

Nays: Bettencourt, Fallon, Hall.

BILLS AND RESOLUTIONS SIGNED

The Presiding Officer announced the signing of the following enrolled bills and resolutions in the presence of the Senate after the captions had been read:

SB 7, **SB 41**, **SB 54**, **SB 71**, **SB 212**, **SB 230**, **SB 237**, **SB 384**, **SB 405**, **SB 511**, **SB 563**, **SB 569**, **SB 662**, **SB 706**, **SB 741**, **SB 819**, **SB 869**, **SB 1056**, **SB 1177**, **SB 1184**, **SB 1219**, **SB 1231**, **SB 1303**, **SB 1311**, **SB 1404**, **SB 1636**, **SB 1702**, **SB 1754**, **SB 1755**, **SB 2409**, **SCR 7**, **SCR 58**, **SCR 59**.

(President in Chair)

SENATE BILL 22 WITH HOUSE AMENDMENT

Senator Campbell called **SB 22** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 23

Amend **SB 22** (house committee report) as follows:

(1) On page 4, between lines 13 and 14, insert the following:

Sec. 2272.005. CONSTRUCTION OF CHAPTER. This chapter may not be construed to restrict a municipality or county from prohibiting abortion.

(2) Add the following appropriately numbered SECTION to the bill and renumber the SECTIONS of the bill accordingly:

SECTION ____. It is the intent of the legislature that every provision, section, subsection, sentence, clause, phrase, or word in this Act, and every application of the provisions in this Act to each person or entity, are serverable from each other. If any application of any provision in this Act to any person, group of persons, or circumstances is found by a court to be invalid for any reason, the remaining applications of that provision to all other persons and circumstances shall be severed and may not be affected.

The amendment was read.

Senator Campbell moved to concur in the House amendment to **SB 22**.

The motion prevailed by the following vote: Yeas 20, Nays 11.

Yeas: Bettencourt, Birdwell, Buckingham, Campbell, Creighton, Fallon, Flores, Hall, Hancock, Huffman, Hughes, Kolkhorst, Lucio, Nelson, Nichols, Paxton, Perry, Schwertner, Seliger, Taylor.

Nays: Alvarado, Hinojosa, Johnson, Menéndez, Miles, Powell, Rodríguez, Watson, West, Whitmire, Zaffirini.

REASON FOR VOTE

Senator Rodríguez submitted the following reason for vote on **SB 22**:

Senate Bill 22 is the latest in a long line of bills that place women and the LGBTQ community at risk by limiting access to health care. The bill serves no medical purpose, undermines personal freedom, reduces community access to necessary health services and further diminishes local control – once a cherished, respected value in Texas government.

As state legislators, we are responsible for protecting every person's constitutional rights and helping local communities meet the needs of their constituents. The collateral damage from this bill will be felt most acutely by low-income women and members of the LGBTQ community – people who are already the most vulnerable and marginalized in our state. These populations are the most in need of affordable health care.

This bill targets organizations like Planned Parenthood who have partnered with local governments to provide Zika prevention kits and HIV testing, resources during Hurricane Harvey and access to basic care that some in our community could never access without Planned Parenthood.

The El Paso community welcomed Planned Parenthood back in 2018 after the previous clinic closed a decade ago. The impact of Planned Parenthood on our community can be felt just months after its doors reopened. In 2017, 22.6 percent of the El Paso border community was uninsured. Planned Parenthood offers same day and online appointments to patients who are insured or uninsured, and regardless of income level or documentation status, and with medical staff who specialize in serving teens and LGBTQ patients. Across Texas, "Pop Up" clinics are currently staffed by Planned Parenthood clinicians on community college campuses to provide timely access to birth control and health screenings, effectively reducing barriers to health care for uninsured students.

Free condoms are currently provided by the local health department to Planned Parenthood patients to reduce STDs in El Paso where 15.1 per 100,000 people are diagnosed with syphilis compared to the national rate of 8.7 per 100,000. Additionally, in El Paso, 38.3 per 1,000 teens gave birth compared to 20.3 per 1,000 nationally. Through its partnerships with local health care providers Planned Parenthood delivers reproductive health tools and facilitates much needed education events that raise awareness of the importance of STD testing and treatment to destigmatize STDs.

Historically, the El Paso community is medically underserved. The State of Texas' uninsured rates are 1.75 times the national average, making Texas the most uninsured state in the country. The Texas Medical Association confirms the significant problems this lack of access to health care creates in financing and delivering health care to all

Texans. Put simply, because we fail to provide a solution that will help insure more Texans, the state's health depends on the collaboration of health care providers to fill the gaps.

The state dropped Planned Parenthood from its women's health program in 2013 and, according to the state's own numbers, nearly 30,000 fewer women received birth control, cancer screenings, and other care in the following two years. Meanwhile, according to an HHSC report, nearly half of all Healthy Texas Women "certified providers" served no women in the program in 2017. This bill is an attempt to put a medical provider that also offers abortion (a constitutionally protected right) out of business, even when that provider has a direct impact on a community's ability to access other necessary reproductive health care services. Organizations like Planned Parenthood, who solve the problems this body fails to solve, should be embraced, not shut down.

All of these policy points have been made repeatedly by multiple members of this body, whether in committee or on the floor. Yet, the Senate insists on imposing draconian, anti-health, anti-women, anti-LGBTQ, and anti-local restrictions on an already inadequate health care safety net. In targeting an organization and those like it that fill so many gaps in El Paso and throughout the State of Texas, this bill goes directly against my duty to my constituents and our purpose as legislators. For these reasons and in defense of my constituents' constitutional right to health care, I continue to strongly oppose S.B. 22 and voted against the motion to concur.

RODRÍGUEZ

BILLS AND RESOLUTIONS SIGNED

The President announced the signing of the following enrolled bills and resolutions in the presence of the Senate after the captions had been read:

HB 7, **HB 23**, **HB 51**, **HB 93**, **HB 137**, **HB 162**, **HB 165**, **HB 273**, **HB 277**, **HB 300**, **HB 304**, **HB 310**, **HB 330**, **HB 345**, **HB 369**, **HB 387**, **HB 449**, **HB 455**, **HB 519**, **HB 541**, **HB 554**, **HB 587**, **HB 635**, **HB 643**, **HB 653**, **HB 667**, **HB 678**, **HB 770**, **HB 807**, **HB 819**, **HB 837**, **HB 881**, **HB 882**, **HB 884**, **HB 902**, **HB 1060**, **HB 1136**, **HB 1143**, **HB 1191**, **HB 1225**, **HB 1306**, **HB 1307**, **HB 1379**, **HB 1505**, **HB 1542**, **HB 1605**, **HB 1607**, **HB 1652**, **HB 1661**, **HB 1674**, **HB 1676**, **HB 1678**, **HB 1693**, **HB 1717**, **HB 1791**, **HB 1810**, **HB 1815**, **HB 1888**, **HB 1891**, **HB 1896**, **HB 1901**, **HB 1940**, **HB 2075**, **HB 2092**, **HB 2111**, **HB 2167**, **HB 2214**, **HB 2229**, **HB 2245**, **HB 2256**, **HB 2290**, **HB 2331**, **HB 2358**, **HB 2461**, **HB 2475**, **HB 2504**, **HB 2571**, **HB 2577**, **HB 2594**, **HB 2617**, **HB 2643**, **HB 2660**, **HB 2677**, **HB 2698**, **HB 2709**, **HB 2734**, **HB 2780**, **HB 2789**, **HB 2791**, **HB 2792**, **HB 2809**, **HB 2812**, **HB 2826**, **HB 2830**, **HB 2914**, **HB 2950**, **HB 3006**, **HB 3007**, **HB 3011**, **HB 3022**, **HB 3040**, **HB 3044**, **HB 3068**, **HB 3116**, **HB 3165**, **HB 3167**, **HB 3175**, **HB 3209**, **HB 3211**, **HB 3214**, **HB 3228**, **HB 3300**, **HB 3339**, **HB 3366**, **HB 3386**, **HB 3394**, **HB 3405**, **HB 3440**, **HB 3463**, **HB 3471**, **HB 3475**, **HB 3503**, **HB 3529**, **HB 3601**, **HB 3656**, **HB 3663**, **HB 3671**, **HB 3688**, **HB 3689**, **HB 3754**, **HB 3760**, **HB 3768**, **HB 3780**, **HB 3910**, **HB 3934**, **HB 4130**, **HB 4170**, **HB 4171**, **HB 4172**, **HB 4173**, **HB 4179**, **HB 4195**, **HB 4236**, **HB 4520**, **HB 4636**, **HB 4646**, **HB 4656**, **HB 4659**,

HB 4663, **HB 4666**, **HB 4669**, **HB 4671**, **HB 4675**, **HB 4680**, **HB 4684**, **HB 4691**, **HB 4692**, **HB 4694**, **HB 4695**, **HB 4696**, **HB 4705**, **HB 4718**, **HB 4724**, **HB 4726**, **HB 4727**, **HB 4733**, **HCR 35**, **HCR 120**, **HJR 38**, **HJR 95**.

CONFERENCE COMMITTEE ON HOUSE BILL 2747
(Motion In Writing)

Senator Rodríguez called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2747** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2747** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Rodríguez, Chair; Hancock, Huffman, Zaffirini, and Nichols.

GUESTS PRESENTED

Senator Fallon was recognized and introduced to the Senate his legislative intern Marco Fuentes and his family and congratulated him on graduating from The University of Texas at Austin.

Senator Fallon also introduced to the Senate Asher Kniering, his high school legislative intern.

The Senate welcomed its guests.

RECESS

On motion of Senator Whitmire, the Senate at 1:19 p.m. recessed until 4:00 p.m. today, pending the receipt of House messages.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 2

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS REFUSED TO CONCUR IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES AND REQUESTS THE APPOINTMENT OF A CONFERENCE COMMITTEE TO ADJUST THE DIFFERENCES BETWEEN THE TWO HOUSES:

HB 510
House Conferees: Wilson - Chair/Bucy/Cyrier/Johnson, Jarvis/Morrison

HB 722
House Conferees: Larson - Chair/Dominguez/Farrar/Metcalf/Price

HB 1139
House Conferees: Thompson, Senfronia - Chair/Krause/Leach/Moody/White

HB 1355
House Conferees: Button - Chair/Bowers/Cain/Holland/Paul

HB 1634
House Conferees: Kuempel - Chair/Guillen/Kacal/King, Ken/Rodriguez

HB 2143
House Conferees: Turner, John - Chair/Cole/Darby/Patterson/Wray

HB 2287
House Conferees: Moody - Chair/Blanco/Button/González, Mary/Ortega

HB 2327
House Conferees: Bonnen, Greg - Chair/Lucio III/Oliverson/Turner, Chris/Zerwas

HB 2764
House Conferees: Frank - Chair/Klick/Minjarez/Moody/Noble

HB 2831
House Conferees: Canales - Chair/Craddick/Leman/Minjarez/Nevárez

HB 2909
House Conferees: Klick - Chair/Bucy/Burrows/Geren/Israel

HB 3284
House Conferees: Sheffield - Chair/Howard/Moody/Stucky/Zerwas

HB 3388
House Conferees: Sheffield - Chair/Lucio III/Price/Raymond/Zerwas

HB 3636
House Conferees: Morrison - Chair/Cyrier/Gervin-Hawkins/Kacal/Leman

HB 3800
House Conferees: Thompson, Senfronia - Chair/Collier/Lang/Nevárez/Paul

HB 3842
House Conferees: King, Tracy O. - Chair/Canales/Geren/Goldman/Harless

HB 3906
House Conferees: Huberty - Chair/Bell, Keith/Bernal/González, Mary/VanDeaver

THE HOUSE HAS GRANTED THE REQUEST OF THE SENATE FOR THE APPOINTMENT OF A CONFERENCE COMMITTEE ON THE FOLLOWING MEASURES:

SB 2150 (non-record vote)
House Conferees: Thierry - Chair/Neave/Oliverson/Walle/Zerwas

THE HOUSE HAS DISCHARGED ITS CONFEREES AND CONCURRED IN SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 2984 (144 Yeas, 0 Nays, 1 Present, not voting)

HB 4673 (133 Yeas, 5 Nays, 1 Present, not voting)

HB 4674 (129 Yeas, 11 Nays, 1 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

AFTER RECESS

The Senate met at 4:32 p.m. and was called to order by the President.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 3

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 475 (139 Yeas, 0 Nays, 2 Present, not voting)

HB 680 (91 Yeas, 49 Nays, 2 Present, not voting)

HB 1051 (135 Yeas, 6 Nays, 2 Present, not voting)

HB 1140 (125 Yeas, 17 Nays, 2 Present, not voting)

HB 1941 (141 Yeas, 1 Nays, 2 Present, not voting)

HB 2155 (107 Yeas, 35 Nays, 2 Present, not voting)

HB 2174 (131 Yeas, 9 Nays, 3 Present, not voting)

HB 2363 (85 Yeas, 56 Nays, 2 Present, not voting)

HB 2463 (99 Yeas, 42 Nays, 2 Present, not voting)

HB 2587 (111 Yeas, 29 Nays, 2 Present, not voting)

HB 2944 (124 Yeas, 17 Nays, 2 Present, not voting)

HB 3082 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 3301 (134 Yeas, 6 Nays, 2 Present, not voting)

HB 3420 (130 Yeas, 11 Nays, 2 Present, not voting)

HB 3704 (136 Yeas, 3 Nays, 2 Present, not voting)

HB 3803 (141 Yeas, 0 Nays, 2 Present, not voting)

HB 3809 (141 Yeas, 0 Nays, 2 Present, not voting)

HB 4372 (138 Yeas, 1 Nays, 2 Present, not voting)

HB 4429 (138 Yeas, 1 Nays, 2 Present, not voting)

HB 4533 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 4703 (97 Yeas, 45 Nays, 2 Present, not voting)

HB 4706 (113 Yeas, 28 Nays, 2 Present, not voting)

HB 4730 (108 Yeas, 30 Nays, 2 Present, not voting)

THE HOUSE HAS DISCHARGED ITS CONFEREES AND CONCURRED IN SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 1397

THE HOUSE HAS TAKEN THE FOLLOWING OTHER ACTION:

HB 3750
Pursuant to a sustained point of order due to non-germane amendments, the house returns HB 3750 to the senate for further consideration.

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

GUESTS PRESENTED

Senator Miles was recognized and introduced to the Senate his legislative interns Pooja Iyer, Nick Rudd, and Sara Alhalabi and thanked them for their work.

The Senate welcomed its guests.

SENATE BILL 64 WITH HOUSE AMENDMENTS

Senator Nelson called **SB 64** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Floor Amendment No. 1

Amend **SB 64** (house committee printing), on page 10, by striking lines 17-19 and substituting the following:

(3) a municipally owned electric utility; or

(4) a transmission and distribution utility.

Floor Amendment No. 2

Amend **SB 64** (house committee report) as follows:

(1) On page 1, line 5, strike "Section 61.09091" and substitute "Sections 61.09091 and 61.09092".

(2) On page 1, between lines 20 and 21, insert the following:

Sec. 61.09092. COORDINATION OF CYBERSECURITY COURSEWORK DEVELOPMENT. (a) In this section, "lower-division institution of higher education" means a public junior college, public state college, or public technical institute.

(b) The board, in consultation with the Department of Information Resources, shall coordinate with lower-division institutions of higher education and entities that administer or award postsecondary industry certifications or other workforce credentials in cybersecurity to develop certificate programs or other courses of instruction leading toward those certifications or credentials that may be offered by lower-division institutions of higher education.

(c) The board may adopt rules as necessary for the administration of this section.

(3) On page 12, line 1, strike "2054.119" and substitute "2054.119, 2054.513,".

(4) Add the following appropriately numbered SECTIONS to the bill and renumber the SECTIONS of the bill accordingly:

SECTION ____. Subchapter F, Chapter 437, Government Code, is amended by adding Section 437.255 to read as follows:

Sec. 437.255. ASSISTING TEXAS STATE GUARD WITH CYBER OPERATIONS. To serve the state and safeguard the public from malicious cyber activity, the governor may command the Texas National Guard to assist the Texas State Guard with defending the state's cyber operations.

SECTION ____. The heading to Section 656.047, Government Code, is amended to read as follows:

Sec. 656.047. PAYMENT OF PROGRAM AND CERTIFICATION EXAMINATION EXPENSES.

SECTION ____. Section 656.047, Government Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) A state agency may spend public funds as appropriate to reimburse a state agency employee or administrator who serves in an information technology, cybersecurity, or other cyber-related position for fees associated with industry-recognized certification examinations.

SECTION ____. Subchapter N-1, Chapter 2054, Government Code, is amended by adding Section 2054.519 to read as follows:

Sec. 2054.519. CYBERSTAR PROGRAM; CERTIFICATE OF APPROVAL. (a) The state cybersecurity coordinator, in collaboration with the cybersecurity council and public and private entities in this state, shall develop best practices for cybersecurity that include:

(1) measureable, flexible, and voluntary cybersecurity risk management programs for public and private entities to adopt to prepare for and respond to cyber incidents that compromise the confidentiality, integrity, and availability of the entities' information systems;

(2) appropriate training and information for employees or other individuals who are most responsible for maintaining security of the entities' information systems;

(3) consistency with the National Institute of Standards and Technology standards for cybersecurity;

(4) public service announcements to encourage cybersecurity awareness; and

(5) coordination with local and state governmental entities.

(b) The state cybersecurity coordinator shall establish a cyberstar certificate program to recognize public and private entities that implement the best practices for cybersecurity developed in accordance with Subsection (a). The program must allow a public or private entity to submit to the department a form certifying that the entity has complied with the best practices and the department to issue a certificate of approval to the entity. The entity may include the certificate of approval in advertisements and other public communications.

SECTION ____. Chapter 2054, Government Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. INFORMATION RESOURCES OF GOVERNMENTAL ENTITIES

Sec. 2054.601. USE OF NEXT GENERATION TECHNOLOGY. Each state agency and local government shall, in the administration of the agency or local government, consider using next generation technologies, including cryptocurrency, blockchain technology, and artificial intelligence.

Sec. 2054.602. LIABILITY EXEMPTION. A person who in good faith discloses to a state agency or other governmental entity information regarding a potential security issue with respect to the agency's or entity's information resources technologies is not liable for any civil damages resulting from disclosing the information unless the person stole, retained, or sold any data obtained as a result of the security issue.

The amendments were read.

Senator Nelson moved to concur in the House amendments to **SB 64**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 69 WITH HOUSE AMENDMENTS

Senator Nelson called **SB 69** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 69** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the allocations of money for transfer to the state highway fund and the economic stabilization fund and the investment of money in the economic stabilization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter H, Chapter 316, Government Code, is amended to read as follows:

SUBCHAPTER H. ALLOCATION OF TRANSFERS TO [~~PRESERVATION OF SUFFICIENT BALANCE IN~~] ECONOMIC STABILIZATION FUND AND STATE HIGHWAY FUND

SECTION 2. Sections 316.092 and 316.093, Government Code, are amended to read as follows:

Sec. 316.092. DETERMINATION OF THRESHOLD FOR CONSTITUTIONAL TRANSFER TO STATE HIGHWAY [~~SUFFICIENT~~] FUND [~~BALANCE~~]. (a) [~~Not later than September 1 of each even-numbered year preceding the year in which this section expires as provided by Subsection (e), the speaker of the house of representatives and the lieutenant governor shall appoint a select committee as follows:~~

[~~(1) the speaker of the house of representatives shall appoint five members of the house of representatives as members of the committee; and~~

[~~(2) the lieutenant governor shall appoint five members of the senate as members of the committee.~~

[~~(b)~~] For the purposes of adjusting the allocations of transfers in accordance with Section 49-g(c-2), Article III, Texas Constitution, and Section 316.093 for a state fiscal biennium [~~not later than December 1 of each even-numbered year preceding the year in which this section expires as provided by Subsection (e)~~], the comptroller [~~select committee~~] shall determine and adopt for the [~~next~~] state fiscal biennium an amount equal to seven percent of the certified general revenue-related appropriations made for that state fiscal biennium [~~a sufficient balance of the fund in an amount that the committee estimates will ensure an appropriate amount of revenue available in the fund. In determining the sufficient balance for that fiscal biennium, the committee shall consider:~~

[~~(1) the history of fund balances;~~

[~~(2) the history of transfers to the fund;~~

[~~(3) estimated fund balances during that fiscal biennium;~~

[~~(4) estimated transfers to the fund to occur during that fiscal biennium;~~

[~~(5) information available to the committee regarding state highway congestion and funding demands; and~~

[~~(6) any other information requested by the committee regarding the state's financial condition~~].

[~~(c) On or before October 1 of each even-numbered year preceding the year in which this section expires as provided by Subsection (e), the comptroller shall provide to the select committee the comptroller's projection of the amounts to be transferred to the fund during the next state fiscal biennium.~~

[~~(d) When the select committee has adopted under Subsection (b) the amount of the sufficient balance of the fund for a state fiscal biennium, the matter of approving that amount shall be presented to each house of the legislature in a concurrent resolution during the next succeeding regular legislative session. The resolution must be presented for a vote in each house of the legislature not later than the 30th day of that legislative session, must be approved by a vote of a majority of the members of~~

~~each house, and must be finally approved by each house not later than the 45th day of that legislative session. If a resolution finally approved under this subsection is amended during the legislative process to provide for a different sufficient balance of the fund than that adopted under Subsection (b), that different balance is the sufficient balance adopted under this section for purposes of Section 316.093. If a resolution finally approved under this subsection does not provide for a different sufficient balance of the fund or if a resolution is not finally approved as provided by this subsection, the sufficient balance adopted under Subsection (b) is the sufficient balance adopted under this section for purposes of Section 316.093.~~]

(b) [~~(e)~~] This section expires December 31, 2024.

Sec. 316.093. ADJUSTMENT OF CONSTITUTIONAL ALLOCATIONS TO FUND AND STATE HIGHWAY FUND. (a) Before the comptroller makes transfers for a state fiscal year in accordance with Section 49-g(c), Article III, Texas Constitution, the comptroller shall determine whether the sum of the unappropriated balance of the fund on the preceding August 31, any projected transfer to the fund under Section 49-g(b) of that article, and any projected transfer to the fund under Section 49-g(c) of that article in accordance with the allocations for the transfer as provided by Section 49-g(c-1) of that article is less than the amount determined under [~~sufficient balance adopted under~~] Section 316.092 for that state fiscal biennium.

(b) If the sum described by Subsection (a) is less than the amount determined under [~~sufficient balance adopted under~~] Section 316.092 for that state fiscal biennium, the comptroller shall reduce the allocation to the state highway fund provided by Section 49-g(c), Article III, Texas Constitution, and increase the allocation to the economic stabilization fund, in an equal amount, until the amount determined under [~~sufficient balance adopted under~~] Section 316.092 for that state fiscal biennium would be [~~is~~] achieved by the transfer to the fund or the total amount of the sum described by Section 49-g(c), Article III, Texas Constitution, is allocated to the fund, whichever occurs first.

(c) [~~If under Section 316.092 a sufficient balance has not been adopted for the comptroller to consider under this section, the comptroller shall adjust the allocation of amounts to be transferred to the fund and to the state highway fund provided by Section 49-g(c), Article III, Texas Constitution, so that the total of those amounts is transferred to the economic stabilization fund, except that the comptroller shall reduce a transfer made under this subsection as necessary to prevent the amount in the fund from exceeding the limit in effect for that biennium under Section 49-g(g) of that article.~~]

[~~(e)~~] For the purposes of Section 49-g(c-2), Article III, Texas Constitution, the comptroller shall adjust the allocation provided by Section 49-g(c-1) of that article of amounts to be transferred to the fund and to the state highway fund under Section 49-g(c) of that article in a state fiscal year beginning on or after September 1, 2025, so that the total of those amounts is transferred to the economic stabilization fund, except that the comptroller shall reduce a transfer made under this subsection as necessary to prevent the amount in the fund from exceeding the limit in effect for that biennium under Section 49-g(g) of that article.

(d) [~~(f)~~] Subsections (a) and[~~,~~] (b)[~~, and (c)~~] and this subsection expire December 31, 2024.

SECTION 3. Section 404.0241, Government Code, is amended to read as follows:

Sec. 404.0241. INVESTMENT OF CERTAIN ECONOMIC STABILIZATION FUND BALANCES. (a) Subject to Subsection (b) and notwithstanding Section 404.024, for the purpose of investing the assets of the economic stabilization fund, the [~~The~~] comptroller may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor exercising reasonable care, skill, and caution would acquire, exchange, sell, supervise, manage, or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing for the fund, taking into consideration the investment of all the assets of the fund rather than a single investment [~~shall invest a percentage of the economic stabilization fund balance in a state fiscal biennium that exceeds the amount of the sufficient balance of the fund adopted under Section 316.092 for that biennium in accordance with the investment standard described by Section 404.024(j). The comptroller's investment of that percentage of the excess balance is not subject to any other limitation or other requirement provided by Section 404.024~~].

(b) At least one-quarter of the economic stabilization fund balance must be invested in a manner that ensures the liquidity of that amount.

(c) The comptroller may pool assets of the economic stabilization fund with other state assets for purposes of investment under Section 404.024(b).

(d) The comptroller shall adjust the investment [~~portfolio~~] of economic stabilization fund money periodically as necessary to ensure that:

(1) at all times at least one-quarter of the balance of the economic stabilization fund is invested in a manner that ensures the liquidity of that amount; and

(2) the balance of the economic stabilization fund is sufficient to meet the cash flow requirements of the fund.

(e) [~~(c)~~] The comptroller shall include the fair market value of the investments [~~investment portfolio~~] of the economic stabilization fund in calculating the amount in the fund for purposes of Section 49-g(g), Article III, Texas Constitution, and Section 316.093 of this code.

[~~(d) This section expires on the date Section 316.092 expires.~~]

SECTION 4. Sections 316.093(a) and (b), Government Code, as amended by this Act, apply only to the allocation of money to the economic stabilization fund and the state highway fund under Section 49-g(c-1), Article III, Texas Constitution, beginning with the state fiscal year beginning September 1, 2021. The allocation of money to the economic stabilization fund and the state highway fund under Section 49-g(c-1), Article III, Texas Constitution, for the state fiscal years beginning September 1, 2019, and September 1, 2020, is governed by Sections 316.093(a) and (b), Government Code, as those sections existed immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2019.

Floor Amendment No. 1

Amend **CSSB 69** (house committee printing) on page 3, line 25, of the bill by striking "unappropriated".

Floor Amendment No. 2

Amend **CSSB 69** (house committee report) as follows:

(1) On page 3, line 20, strike "December 31, 2024." and substitute "December 31, 2034 [~~2024~~].".

(2) On page 5, line 5, strike "September 1, 2025," and substitute "September 1, 2035 [~~2025~~],".

(3) On page 5, line 11, strike "December 31, 2024." and substitute "December 31, 2034 [~~2024~~].".

The amendments were read.

Senator Nelson moved to concur in the House amendments to **SB 69**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 322 WITH HOUSE AMENDMENT

Senator Huffman called **SB 322** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 322** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the evaluation and reporting of investment practices and performance of certain public retirement systems.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 801.209(a), Government Code, is amended to read as follows:

(a) For each public retirement system, the board shall post on the board's Internet website, or on a publicly available website that is linked to the board's website, the most recent data from reports received under Sections 802.101, 802.103, 802.104, 802.105, 802.108, 802.109, 802.2015, and 802.2016.

SECTION 2. Section 802.103, Government Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) The [~~Except as provided by Subsection (e), the~~] governing body of a public retirement system shall publish an annual financial report showing the financial condition of the system as of the last day of the fiscal year covered in the report. The report must include:

(1) the financial statements and schedules examined in the most recent audit performed as required by Section 802.102;

(2) [~~and must include~~] a statement of opinion by the certified public accountant as to whether or not the financial statements and schedules are presented fairly and in accordance with generally accepted accounting principles;

(3) a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system during the system's previous fiscal year for the sale, purchase, or management of system assets; and

(4) the names of investment managers engaged by the retirement system.

(e) The board may adopt rules necessary to implement this section.

SECTION 3. Subchapter B, Chapter 802, Government Code, is amended by adding Section 802.109 to read as follows:

Sec. 802.109. INVESTMENT PRACTICES AND PERFORMANCE REPORTS. (a) Except as provided by Subsection (e) and subject to Subsections (c) and (k), a public retirement system shall select an independent firm with substantial experience in evaluating institutional investment practices and performance to evaluate the appropriateness, adequacy, and effectiveness of the retirement system's investment practices and performance and to make recommendations for improving the retirement system's investment policies, procedures, and practices. Each evaluation must include:

(1) an analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system's compliance with that policy or plan;

(2) a detailed review of the retirement system's investment asset allocation, including:

(A) the process for determining target allocations;

(B) the expected risk and expected rate of return, categorized by asset class;

(C) the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and

(D) future cash flow and liquidity needs;

(3) a review of the appropriateness of investment fees and commissions paid by the retirement system;

(4) a review of the retirement system's governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education; and

(5) a review of the retirement system's investment manager selection and monitoring process.

(b) The governing body of a public retirement system may determine additional specific areas to be evaluated under Subsection (a) and may select particular asset classes on which to focus, but the first evaluation must be a comprehensive analysis of the retirement system's investment program that covers all asset classes.

(c) In selecting an independent firm to conduct the evaluation described by Subsection (a), a public retirement system:

(1) subject to Subdivision (2), may select a firm regardless of whether the firm has an existing relationship with the retirement system; and

(2) may not select a firm that directly or indirectly manages investments of the retirement system.

(d) A public retirement system shall conduct the evaluation described by Subsection (a):

(1) once every three years, if the retirement system has total assets the book value of which, as of the last day of the last fiscal year considered in an evaluation under this section, was at least $100 million; or

(2) once every six years, if the retirement system has total assets the book value of which, as of the last day of the last fiscal year considered in an evaluation under this section, was at least $30 million and less than $100 million.

(e) A public retirement system is not required to conduct the evaluation described by Subsection (a) if the retirement system has total assets the book value of which, as of the last day of the preceding fiscal year, was less than $30 million.

(f) A report of an evaluation under this section must be filed with the governing body of the public retirement system not later than May 1 of each year following the year in which the system is evaluated under Subsection (d).

(g) Not later than the 31st day after the date the governing body of a public retirement system receives a report of an evaluation under this section, the governing body shall submit the report to the board.

(h) A public retirement system shall pay the costs of each evaluation of the system under this section.

(i) The board shall submit an investment performance report to the governor, the lieutenant governor, the speaker of the house of representatives, and the legislative committees having principal jurisdiction over legislation governing public retirement systems in the biennial report required by Section 801.203. The report must compile and summarize the information received under this section by the board during the preceding two fiscal years.

(j) A report of an evaluation by the Teacher Retirement System of Texas and an investment report that includes the Teacher Retirement System of Texas under this section satisfies the requirements of Section 825.512.

(k) The following reports may be used by the applicable public retirement systems to satisfy the requirement for a report of an evaluation under this section:

(1) an investment report under Section 10A, Article 6243g-4, Revised Statutes;

(2) an investment report under Section 2D, Chapter 88 (H.B. 1573), Acts of the 77th Legislature, Regular Session, 2001 (Article 6243h, Vernon's Texas Civil Statutes); and

(3) a report on a review conducted on the retirement system's investments under Section 2B, Article 6243e.2(1), Revised Statutes.

(l) The board may adopt rules necessary to implement this section.

SECTION 4. Notwithstanding Section 802.109(d), Government Code, as added by this Act, a report of the first evaluation of a public retirement system, as required by Section 802.109, Government Code, as added by this Act, must be filed with the governing body of the system not later than May 1, 2020.

SECTION 5. The State Pension Review Board is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the State Pension Review Board may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

The amendment was read.

Senator Huffman moved to concur in the House amendment to **SB 322**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 1264 WITH HOUSE AMENDMENTS

Senator Hancock called **SB 1264** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 1264** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to consumer protections against certain medical and health care billing by certain out-of-network providers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. ELIMINATION OF SURPRISE BILLING FOR CERTAIN HEALTH BENEFIT PLANS

SECTION 1.01. Subtitle F, Title 8, Insurance Code, is amended by adding Chapter 1466 to read as follows:

CHAPTER 1466. OUT-OF-NETWORK COVERAGES AND BALANCE BILLING PROHIBITIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1466.0001. APPLICABILITY OF DEFINITIONS. In this chapter, terms defined by Section 1467.001 have the meanings assigned by that section.

Sec. 1466.0002. APPLICABILITY OF CHAPTER. This chapter applies only to:

(1) a health benefit plan offered by a health maintenance organization operating under Chapter 843;

(2) a preferred provider benefit plan, including an exclusive provider benefit plan, offered by an insurer under Chapter 1301; and

(3) a health benefit plan, other than a health maintenance organization plan, under Chapter 1551, 1575, or 1579.

SUBCHAPTER B. REQUIRED COVERAGES

Sec. 1466.0051. USUAL AND CUSTOMARY RATE FOR CERTAIN GOVERNMENTAL PLANS. For purposes of this subchapter, the usual and customary rate for a health benefit plan under Chapter 1551, 1575, or 1579 is the relevant allowable amount as described by the applicable master benefit plan document or policy.

Sec. 1466.0052. EMERGENCY CARE COVERAGE. A health benefit plan that provides coverage for emergency care performed for or a supply related to that care provided to an enrollee by an out-of-network provider must provide the coverage at the usual and customary rate or at an agreed rate.

Sec. 1466.0053. FACILITY-BASED PROVIDER COVERAGE; EXCEPTION. (a) Except as provided by Subsection (b), a health benefit plan that provides coverage for a health care or medical service performed for or a supply related to that service provided to an enrollee by an out-of-network provider who is a facility-based provider must provide the coverage at the usual and customary rate or at an agreed rate if the provider performed the service at a health care facility that is a participating provider.

(b) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's health benefit plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

Sec. 1466.0054. DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER COVERAGE; EXCEPTION. (a) Except as provided by Subsection (b), a health benefit plan that provides coverage for a health care or medical service performed for or a supply related to that service provided to an enrollee by an out-of-network provider who is a diagnostic imaging provider or laboratory service provider must provide the coverage at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a health care service performed by a participating provider.

(b) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's health benefit plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

Sec. 1466.0055. ACTION ON CLEAN CLAIMS FOR REQUIRED COVERAGES. (a) A health maintenance organization shall act on a clean claim as defined by Section 843.336 related to a health care or medical service or supply required to be covered under this subchapter in accordance with Section 843.338 as if the out-of-network provider is a participating physician or provider.

(b) An insurer shall act on a clean claim as defined by Section 1301.101 related to a health care or medical service or supply required to be covered under this subchapter in accordance with Section 1301.103 as if the out-of-network provider is a preferred provider.

(c) An administrator shall act on a clean claim as defined by Section 1301.101 related to a health care or medical service or supply required to be covered under this subchapter in accordance with Section 1301.103 as if:

(1) the out-of-network provider is a preferred provider; and

(2) the administrator is an insurer.

SUBCHAPTER C. BALANCE BILLING PROHIBITIONS

Sec. 1466.0101. BALANCE BILLING PROHIBITION NOTICE. A health benefit plan issuer or administrator shall provide written notice in accordance with this section in an explanation of benefits provided to the enrollee and the out-of-network provider in connection with a health care service or supply that is subject to Subchapter B. The notice must include:

(1) a statement of the billing prohibition under Section 1466.0102;

(2) the total amount the provider may bill the enrollee under the enrollee's health benefit plan and an itemization of copayments, deductibles, coinsurance, or other amounts included in that total; and

(3) for an explanation of benefits provided to the provider, information required by commissioner rule advising the provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

Sec. 1466.0102. CERTAIN BALANCE BILLING PROHIBITED. For a health care service or supply required to be covered under Subchapter B, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, or deductible under the enrollee's health benefit plan that:

(1) is based on:

(A) the amount initially determined payable by the health benefit plan issuer or administrator; or

(B) if applicable, a modified amount as determined under the issuer's or administrator's internal dispute resolution process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

SUBCHAPTER D. ENFORCEMENT

Sec. 1466.0151. INJUNCTION RELATED TO BALANCE BILLING VIOLATION. (a) If the attorney general receives a referral from the appropriate regulatory agency indicating that an individual or entity, including a health benefit plan issuer or administrator, has exhibited a pattern of intentionally violating Subchapter C, the attorney general may bring a civil action in the name of the state to enjoin the individual or entity from the violation.

(b) If the attorney general prevails in an action brought under Subsection (a), the attorney general may recover reasonable attorney's fees, costs, and expenses, including court costs and witness fees, incurred in bringing the action.

Sec. 1466.0152. ENFORCEMENT BY REGULATORY AGENCY. (a) An appropriate regulatory agency that licenses, certifies, or otherwise authorizes a physician, health care practitioner, health care facility, or other health care provider to practice or operate in this state shall take disciplinary action against the physician, practitioner, facility, or provider if the physician, practitioner, facility, or provider violates Section 1466.0102.

(b) A regulatory agency described by Subsection (a) may adopt rules as necessary to implement this section. Section 2001.0045, Government Code, does not apply to rules adopted under this subsection.

ARTICLE 2. OUT-OF-NETWORK CLAIM DISPUTE RESOLUTION

SECTION 2.01. Section 1467.001, Insurance Code, is amended by adding Subdivisions (1-a), (2-c), (2-d), (4-b), and (6-a) and amending Subdivisions (2-a), (2-b), (3), (5), and (7) to read as follows:

(1-a) "Arbitration" means a process in which an impartial arbiter issues a binding determination in a dispute between a health benefit plan issuer or administrator and an out-of-network provider or the provider's representative to settle a health benefit claim.

(2-a) "Diagnostic imaging provider" means a health care provider who performs a diagnostic imaging service on a patient for a fee or interprets imaging produced by a diagnostic imaging service.

(2-b) "Diagnostic imaging service" means magnetic resonance imaging, computed tomography, positron emission tomography, or any hybrid technology that combines any of those imaging modalities.

(2-c) "Emergency care" has the meaning assigned by Section 1301.155.

(2-d) [~~(2-b)~~] "Emergency care provider" means a physician, health care practitioner, facility, or other health care provider who provides and bills an enrollee, administrator, or health benefit plan for emergency care.

(3) "Enrollee" means an individual who is eligible to receive benefits through a [~~preferred provider benefit plan or a~~] health benefit plan subject to this chapter [~~under Chapter 1551, 1575, or 1579~~].

(4-b) "Laboratory service provider" means an accredited facility in which a specimen taken from a human body is interpreted and pathological diagnoses are made or a person who makes an interpretation of or diagnosis based on a specimen or information provided by a laboratory based on a specimen.

(5) "Mediation" means a process in which an impartial mediator facilitates and promotes agreement between the health [~~insurer offering a preferred provider~~] benefit plan issuer or the administrator and an out-of-network [~~a facility-based~~] provider [~~or emergency care provider~~] or the provider's representative to settle a health benefit claim of an enrollee.

(6-a) "Out-of-network provider" means a diagnostic imaging provider, emergency care provider, facility-based provider, or laboratory service provider that is not a participating provider for a health benefit plan.

(7) "Party" means a health benefit plan issuer [~~an insurer~~] offering a health [~~a preferred provider~~] benefit plan, an administrator, or an out-of-network [~~a facility-based provider or emergency care~~] provider or the provider's representative who participates in a mediation or arbitration conducted under this chapter. [~~The enrollee is also considered a party to the mediation.~~]

SECTION 2.02. Sections 1467.002, 1467.003, and 1467.005, Insurance Code, are amended to read as follows:

Sec. 1467.002. APPLICABILITY OF CHAPTER. This chapter applies to:

(1) a health benefit plan offered by a health maintenance organization operating under Chapter 843;

(2) a preferred provider benefit plan, including an exclusive provider benefit plan, offered by an insurer under Chapter 1301; and

(3) [~~(2)~~] an administrator of a health benefit plan, other than a health maintenance organization plan, under Chapter 1551, 1575, or 1579.

Sec. 1467.003. RULES. (a) The commissioner, the Texas Medical Board, and any other appropriate regulatory agency[~~, and the chief administrative law judge~~] shall adopt rules as necessary to implement their respective powers and duties under this chapter.

(b) Section 2001.0045, Government Code, does not apply to a rule adopted under this chapter.

Sec. 1467.005. REFORM. This chapter may not be construed to prohibit:

(1) a health [~~an insurer offering a preferred provider~~] benefit plan issuer or administrator from, at any time, offering a reformed claim settlement; or

(2) an out-of-network [~~a facility-based provider or emergency care~~] provider from, at any time, offering a reformed charge for health care or medical services or supplies.

SECTION 2.03. Subchapter A, Chapter 1467, Insurance Code, is amended by adding Section 1467.006 to read as follows:

Sec. 1467.006. BENCHMARKING DATABASE. (a) The commissioner shall select an organization to maintain a benchmarking database that contains information necessary to calculate, with respect to a health care or medical service or supply, for each geographical area in this state:

(1) the 80th percentile of billed charges of all physicians or health care providers who are not facilities; and

(2) the 50th percentile of rates paid to participating providers who are not facilities.

(b) The commissioner may not select under Subsection (a) an organization that is financially affiliated with a health benefit plan issuer.

SECTION 2.04. The heading to Subchapter B, Chapter 1467, Insurance Code, is amended to read as follows:

SUBCHAPTER B. MANDATORY MEDIATION FOR OUT-OF-NETWORK FACILITIES

SECTION 2.05. Subchapter B, Chapter 1467, Insurance Code, is amended by adding Sections 1467.050 and 1467.0505 to read as follows:

Sec. 1467.050. APPLICABILITY OF SUBCHAPTER. This subchapter applies only with respect to a health benefit claim submitted by an out-of-network provider that is a facility.

Sec. 1467.0505. ESTABLISHMENT AND ADMINISTRATION OF MEDIATION PROGRAM. (a) The commissioner shall establish and administer a mediation program to resolve disputes over out-of-network provider charges in accordance with this subchapter.

(b) The commissioner:

(1) shall adopt rules, forms, and procedures necessary for the implementation and administration of the mediation program, including the establishment of a portal on the department's Internet website through which a request for mediation under Section 1467.051 may be submitted; and

(2) shall maintain a list of qualified mediators for the program.

SECTION 2.06. The heading to Section 1467.051, Insurance Code, is amended to read as follows:

Sec. 1467.051. AVAILABILITY OF MANDATORY MEDIATION[~~; EXCEPTION~~].

SECTION 2.07. Sections 1467.051(a) and (b), Insurance Code, are amended to read as follows:

(a) An out-of-network provider, health benefit plan issuer, or administrator [~~An enrollee~~] may request mediation of a settlement of an out-of-network health benefit claim through a portal on the department's Internet website if:

(1) there is an [~~the~~] amount billed by the provider and unpaid by the issuer or administrator [~~for which the enrollee is responsible to a facility based provider or emergency care provider,~~] after copayments, deductibles, and coinsurance for which an enrollee may not be billed [~~, including the amount unpaid by the administrator or insurer, is greater than $500~~]; and

(2) the health benefit claim is for:

(A) emergency care; [~~or~~]

(B) an out-of-network laboratory service; or

(C) an out-of-network diagnostic imaging service [~~a health care or medical service or supply provided by a facility based provider in a facility that is a preferred provider or that has a contract with the administrator~~].

(b) If a person [~~Except as provided by Subsections (c) and (d), if an enrollee~~] requests mediation under this subchapter, the out-of-network [~~facility based~~] provider [~~or emergency care provider,~~] or the provider's representative, and the health benefit plan issuer [~~insurer~~] or the administrator, as appropriate, shall participate in the mediation.

SECTION 2.08. Section 1467.052, Insurance Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) Except as provided by Subsection (b), to qualify for an appointment as a mediator under this subchapter [~~chapter~~] a person must have completed at least 40 classroom hours of training in dispute resolution techniques in a course conducted by an alternative dispute resolution organization or other dispute resolution organization approved by the commissioner [~~chief administrative law judge~~].

(c) A person may not act as mediator for a claim settlement dispute if the person has been employed by, consulted for, or otherwise had a business relationship with a health [~~an insurer offering the preferred provider~~] benefit plan issuer or administrator or a facility [~~physician, health care practitioner, or other health care provider~~] during the three years immediately preceding the request for mediation.

(d) The commissioner shall immediately terminate the approval of a mediator who no longer meets the requirements under this subchapter and rules adopted under this subchapter to serve as a mediator.

SECTION 2.09. Section 1467.053, Insurance Code, is amended by adding Subsection (b-1) and amending Subsection (d) to read as follows:

(b-1) If the parties do not select a mediator by mutual agreement on or before the 30th day after the date the mediation is requested, the party requesting the mediation shall notify the commissioner, and the commissioner shall select a mediator from the commissioner's list of approved mediators.

(d) The mediator's fees shall be split evenly and paid by the health benefit plan issuer [~~insurer~~] or administrator and the out-of-network [~~facility-based provider or emergency care~~] provider.

SECTION 2.10. Section 1467.054, Insurance Code, is amended by amending Subsections (a) and (d) and adding Subsection (b-1) to read as follows:

(a) An out-of-network provider, health benefit plan issuer, or administrator [~~enrollee~~] may request mandatory mediation under this subchapter [~~chapter~~].

(b-1) The person who requests the mediation shall provide written notice on the date the mediation is requested in the form and manner provided by commissioner rule to:

(1) the department; and

(2) each other party.

(d) In an effort to settle the claim before mediation, all parties must participate in an informal settlement teleconference not later than the 30th day after the date on which a person [~~the enrollee~~] submits a request for mediation under this subchapter [~~section~~].

SECTION 2.11. Sections 1467.055(g) and (i), Insurance Code, are amended to read as follows:

(g) A [~~Except at the request of an enrollee, a~~] mediation shall be held not later than the 180th day after the date of the request for mediation.

(i) A health care or medical service or supply provided by an out-of-network [~~a facility-based~~] provider [~~or emergency care provider~~] may not be summarily disallowed. This subsection does not require a health benefit plan issuer [~~an insurer~~] or administrator to pay for an uncovered service or supply.

SECTION 2.12. Sections 1467.056(a), (b), and (d), Insurance Code, are amended to read as follows:

(a) In a mediation under this subchapter [~~chapter~~], the parties shall[~~:~~

[~~(1)~~] evaluate whether:

(1) [~~(A)~~] the amount charged by the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] for the health care or medical service or supply is excessive; and

(2) [~~(B)~~] the amount paid by the health benefit plan issuer [~~insurer~~] or administrator represents the usual and customary rate for the health care or medical service or supply or is unreasonably low[~~; and~~

[~~(2) as a result of the amounts described by Subdivision (1), determine the amount, after copayments, deductibles, and coinsurance are applied, for which an enrollee is responsible to the facility-based provider or emergency care provider~~].

(b) The out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] may present information regarding the amount charged for the health care or medical service or supply. The health benefit plan issuer [~~insurer~~] or administrator may present information regarding the amount paid by the issuer [~~insurer~~] or administrator.

(d) The goal of the mediation is to reach an agreement between [~~among the enrollee,~~] the out-of-network [~~facility-based~~] provider [~~or emergency care provider,~~] and the health benefit plan issuer [~~insurer~~] or administrator, as applicable, as to the amount paid by the issuer [~~insurer~~] or administrator to the out-of-network [~~facility-based~~] provider and [~~or emergency care provider,~~] the amount charged by the out-of-network [~~facility-based~~] provider [~~or emergency care provider, and the amount paid to the facility-based provider or emergency care provider by the enrollee~~].

SECTION 2.13. Subchapter B, Chapter 1467, Insurance Code, is amended by adding Section 1467.0575 to read as follows:

Sec. 1467.0575. RIGHT TO RECEIVE PAYMENT; RIGHT TO FILE ACTION. (a) An out-of-network provider has a right to a reasonable payment from an enrollee's health benefit plan for covered services and supplies provided to the enrollee that are subject to this subchapter and for which the provider has not been fully reimbursed.

(b) Not later than the 45th day after the date that the mediator's report is provided to the department under Section 1467.060, either party to a mediation for which there was no agreement may file a civil action to determine the amount due to an out-of-network provider. A party may not bring a civil action before the conclusion of the mediation process under this subchapter.

SECTION 2.14. Section 1467.060, Insurance Code, is amended to read as follows:

Sec. 1467.060. REPORT OF MEDIATOR. Not later than the 45th day after the date the mediation concludes, the [~~The~~] mediator shall report to the commissioner and the Texas Medical Board or other appropriate regulatory agency:

(1) the names of the parties to the mediation; and

(2) whether the parties reached an agreement [~~or the mediator made a referral under Section 1467.057~~].

SECTION 2.15. Chapter 1467, Insurance Code, is amended by adding Subchapter B-1 to read as follows:

SUBCHAPTER B-1. MANDATORY BINDING ARBITRATION FOR OTHER PROVIDERS

Sec. 1467.081. APPLICABILITY OF SUBCHAPTER. This subchapter applies only with respect to a health benefit claim submitted by an out-of-network provider who is not a facility.

Sec. 1467.082. ESTABLISHMENT AND ADMINISTRATION OF ARBITRATION PROGRAM. (a) The commissioner shall establish and administer an arbitration program to resolve disputes over out-of-network provider charges in accordance with this subchapter.

(b) The commissioner:

(1) shall adopt rules, forms, and procedures necessary for the implementation and administration of the arbitration program, including the establishment of a portal on the department's Internet website through which a request for arbitration under Section 1467.084 may be submitted; and

(2) shall maintain a list of qualified arbitrators for the program.

Sec. 1467.083. ISSUE TO BE ADDRESSED; BASIS FOR DETERMINATION. (a) The only issue that an arbitrator may determine under this subchapter is the reasonable amount for the health care or medical services or supplies provided to the enrollee by an out-of-network provider.

(b) The determination must take into account:

(1) whether there is a gross disparity between the fee billed by the out-of-network provider and:

(A) fees paid to the out-of-network provider for the same services or supplies rendered by the provider to other enrollees for which the provider is an out-of-network provider; and

(B) fees paid by the health benefit plan issuer to reimburse similarly qualified out-of-network providers for the same services or supplies in the same region;

(2) the level of training, education, and experience of the out-of-network provider;

(3) the out-of-network provider's usual billed charge for comparable services or supplies with regard to other enrollees for which the provider is an out-of-network provider;

(4) the circumstances and complexity of the enrollee's particular case, including the time and place of the provision of the service or supply;

(5) individual enrollee characteristics;

(6) the 80th percentile of all billed charges for the service or supply performed by a health care provider in the same or similar specialty and provided in the same geographical area as reported in a benchmarking database described by Section 1467.006;

(7) the 50th percentile of rates for the service or supply paid to participating providers in the same or similar specialty and provided in the same geographical area as reported in a benchmarking database described by Section 1467.006;

(8) historical rates paid to participating providers; and

(9) historical data for the percentiles described by Subdivisions (6) and (7).

Sec. 1467.084. AVAILABILITY OF MANDATORY ARBITRATION. (a) Not later than the 90th day after the date an out-of-network provider receives the initial payment for a health care or medical service or supply, the out-of-network provider or the health benefit plan issuer or administrator may request arbitration of a settlement of an out-of-network health benefit claim through a portal on the department's Internet website if:

(1) there is a charge billed by the provider and unpaid by the issuer or administrator after copayments, deductibles, and coinsurance for which an enrollee may not be billed; and

(2) the health benefit claim is for:

(A) emergency care;

(B) a health care or medical service or supply provided by a facility-based provider in a facility that is a participating provider;

(C) an out-of-network laboratory service; or

(D) an out-of-network diagnostic imaging service.

(b) If a person requests arbitration under this subchapter, the out-of-network provider or the provider's representative, and the health benefit plan issuer or the administrator, as appropriate, shall participate in the arbitration.

(c) The person who requests the arbitration shall provide written notice on the date the arbitration is requested in the form and manner prescribed by commissioner rule to:

(1) the department; and

(2) each other party.

(d) In an effort to settle the claim before arbitration, all parties must participate in an informal settlement teleconference not later than the 30th day after the date on which the arbitration is requested. A health benefit plan issuer or administrator, as applicable, shall make a reasonable effort to arrange the teleconference.

(e) The commissioner shall adopt rules providing requirements for submitting arbitration in one proceeding. The rules must provide that:

(1) a claim for a billed charge of $1,500 or more may not be combined with another claim;

(2) the total amount in controversy for multiple claims in one arbitration may not exceed $5,000; and

(3) the multiple claims in one arbitration must be limited to the same out-of-network provider.

Sec. 1467.085. EFFECT OF ARBITRATION AND APPLICABILITY OF OTHER LAW. (a) Notwithstanding Section 1467.004, an out-of-network provider, health benefit plan issuer, or administrator may not file suit for an out-of-network claim subject to this chapter until the conclusion of the arbitration on the issue of the amount to be paid in the out-of-network claim dispute.

(b) An arbitration conducted under this subchapter is not subject to Title 7, Civil Practice and Remedies Code.

Sec. 1467.086. SELECTION AND APPROVAL OF ARBITRATOR. (a) If the parties do not select an arbitrator by mutual agreement on or before the 30th day after the date the arbitration is requested, the party requesting the arbitration shall notify the commissioner, and the commissioner shall select an arbitrator from the commissioner's list of approved arbitrators.

(b) In selecting an arbitrator under this section, the commissioner shall give preference to an arbitrator who is knowledgeable and experienced in applicable principles of contract and insurance law and the health care industry generally.

(c) In approving an individual as an arbitrator, the commissioner shall ensure that the individual does not have a conflict of interest that would adversely impact the individual's independence and impartiality in rendering a decision in an arbitration. A conflict of interest includes current or recent ownership or employment of the individual or a close family member in a health benefit plan issuer or out-of-network provider that may be involved in the arbitration.

(d) The commissioner shall immediately terminate the approval of an arbitrator who no longer meets the requirements under this subchapter and rules adopted under this subchapter to serve as an arbitrator.

Sec. 1467.087. PROCEDURES. (a) The arbitrator shall set a date for submission of all information to be considered by the arbitrator.

(b) A party may not engage in discovery in connection with the arbitration.

(c) On agreement of all parties, any deadline under this subchapter may be extended.

(d) Unless otherwise agreed to by the parties, an arbitrator may not determine whether a health benefit plan covers a particular health care or medical service or supply.

(e) The parties shall evenly split and pay the arbitrator's fees and expenses.

Sec. 1467.088. DECISION. (a) Not later than the 75th day after the date the arbitration is requested, an arbitrator shall provide the parties with a written decision in which the arbitrator:

(1) determines whether the billed charge or the initial payment made by the health benefit plan issuer or administrator is the closest to the reasonable amount for the services or supplies determined in accordance with Section 1467.083(b), provided that if the out-of-network provider elects to participate in the issuer's or administrator's internal appeal process before arbitration:

(A) the provider may revise the billed charge to correct a billing error before the completion of the appeal process; and

(B) the health benefit plan issuer or administrator may increase the initial payment under the appeal process; and

(2) selects the billed charge or initial payment described by Subdivision (1) as the binding award amount.

(b) An arbitrator may not modify the binding award amount selected under Subsection (a).

(c) An arbitrator shall provide written notice in the form and manner prescribed by commissioner rule of the reasonable amount for the services or supplies and the binding award amount. If the parties settle before a decision, the parties shall provide written notice in the form and manner prescribed by commissioner rule of the amount of the settlement. The department shall maintain a record of notices provided under this subsection.

Sec. 1467.089. EFFECT OF DECISION. (a) An arbitrator's decision under Section 1467.088 is binding.

(b) Not later than the 45th day after the date of an arbitrator's decision under Section 1467.088, a party not satisfied with the decision may file an action to determine the payment due to an out-of-network provider.

(c) In an action filed under Subsection (b), the court shall determine whether the arbitrator's decision is proper based on a substantial evidence standard of review.

(d) Not later than the 10th day after the date of an arbitrator's decision under Section 1467.088 or a court's determination in an action filed under Subsection (b), a health benefit plan issuer or administrator shall pay to an out-of-network provider any additional amount necessary to satisfy the binding award or the court's determination, as applicable.

SECTION 2.16. Subchapter C, Chapter 1467, Insurance Code, is amended to read as follows:

SUBCHAPTER C. BAD FAITH PARTICIPATION [~~MEDIATION~~]

Sec. 1467.101. BAD FAITH. (a) The following conduct constitutes bad faith participation [~~mediation~~] for purposes of this chapter:

(1) failing to participate in the informal settlement teleconference under Section 1467.084(d) or an arbitration or mediation under this chapter;

(2) failing to provide information the arbitrator or mediator believes is necessary to facilitate a decision or [~~an~~] agreement; or

(3) failing to designate a representative participating in the arbitration or mediation with full authority to enter into any [~~mediated~~] agreement.

(b) Failure to reach an agreement under Subchapter B is not conclusive proof of bad faith participation [~~mediation~~].

Sec. 1467.102. PENALTIES. (a) Bad faith participation or otherwise failing to comply with Subchapter B-1 [~~mediation, by a party other than the enrollee,~~] is grounds for imposition of an administrative penalty by the regulatory agency that issued a license or certificate of authority to the party who committed the violation.

(b) Except for good cause shown, on a report of a mediator and appropriate proof of bad faith participation under Subchapter B [~~mediation~~], the regulatory agency that issued the license or certificate of authority shall impose an administrative penalty.

SECTION 2.17. Sections 1467.151(a), (b), and (c), Insurance Code, are amended to read as follows:

(a) The commissioner and the Texas Medical Board or other regulatory agency, as appropriate, shall adopt rules regulating the investigation and review of a complaint filed that relates to the settlement of an out-of-network health benefit claim that is subject to this chapter. The rules adopted under this section must:

(1) distinguish among complaints for out-of-network coverage or payment and give priority to investigating allegations of delayed health care or medical care;

(2) develop a form for filing a complaint [~~and establish an outreach effort to inform enrollees of the availability of the claims dispute resolution process under this chapter~~]; and

(3) ensure that a complaint is not dismissed without appropriate consideration[~~;~~

[~~(4) ensure that enrollees are informed of the availability of mandatory mediation; and~~

[~~(5) require the administrator to include a notice of the claims dispute resolution process available under this chapter with the explanation of benefits sent to an enrollee~~].

(b) The department and the Texas Medical Board or other appropriate regulatory agency shall maintain information[~~:~~

[~~(1)~~] on each complaint filed that concerns a claim, arbitration, or mediation subject to this chapter[~~; and~~

[~~(2) related to a claim that is the basis of an enrollee complaint~~], including:

(1) [~~(A)~~] the type of services or supplies that gave rise to the dispute;

(2) [~~(B)~~] the type and specialty, if any, of the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] who provided the out-of-network service or supply;

(3) [~~(C)~~] the county and metropolitan area in which the health care or medical service or supply was provided;

(4) [~~(D)~~] whether the health care or medical service or supply was for emergency care; and

(5) [~~(E)~~] any other information about:

(A) [~~(i)~~] the health benefit plan issuer [~~insurer~~] or administrator that the commissioner by rule requires; or

(B) [~~(ii)~~] the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] that the Texas Medical Board or other appropriate regulatory agency by rule requires.

(c) The information collected and maintained [~~by the department and the Texas Medical Board and other appropriate regulatory agencies~~] under Subsection (b) [~~(b)(2)~~] is public information as defined by Section 552.002, Government Code, and may not include personally identifiable information or health care or medical information.

ARTICLE 3. CONFORMING AMENDMENTS

SECTION 3.01. Section 1456.001(6), Insurance Code, is amended to read as follows:

(6) "Provider network" means a health benefit plan under which health care services are provided to enrollees through contracts with health care providers and that requires those enrollees to use health care providers participating in the plan and procedures covered by the plan. [~~The term includes a network operated by:~~

[~~(A) a health maintenance organization;~~

[~~(B) a preferred provider benefit plan issuer; or~~

[~~(C) another entity that issues a health benefit plan, including an insurance company.~~]

SECTION 3.02. Sections 1456.002(a) and (c), Insurance Code, are amended to read as follows:

(a) This chapter applies to any health benefit plan that:

(1) provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an individual or group evidence of coverage that is offered by:

(A) an insurance company;

(B) a group hospital service corporation operating under Chapter 842;

(C) a fraternal benefit society operating under Chapter 885;

(D) a stipulated premium company operating under Chapter 884;

(E) [~~a health maintenance organization operating under Chapter 843;~~

[~~(F)~~] a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846;

(F) [~~(G)~~] an approved nonprofit health corporation that holds a certificate of authority under Chapter 844; or

(G) [~~(H)~~] an entity not authorized under this code or another insurance law of this state that contracts directly for health care services on a risk-sharing basis, including a capitation basis; or

(2) provides health and accident coverage through a risk pool created under Chapter 172, Local Government Code, notwithstanding Section 172.014, Local Government Code, or any other law.

(c) This chapter does not apply to:

(1) Medicaid managed care programs operated under Chapter 533, Government Code;

(2) Medicaid programs operated under Chapter 32, Human Resources Code; [~~or~~]

(3) the state child health plan operated under Chapter 62 or 63, Health and Safety Code; or

(4) a health benefit plan subject to Section 1466.0053.

SECTION 3.03. The following provisions of the Insurance Code are repealed:

(1) Section 1456.004(c);
(2) Section 1467.001(2);
(3) Sections 1467.051(c) and (d);
(4) Section 1467.0511;
(5) Sections 1467.053(b) and (c);
(6) Sections 1467.054(b), (c), (f), and (g);
(7) Sections 1467.055(d) and (h);
(8) Section 1467.057;
(9) Section 1467.058;
(10) Section 1467.059; and
(11) Section 1467.151(d).

ARTICLE 4. STUDY

SECTION 4.01. Subchapter A, Chapter 38, Insurance Code, is amended by adding Section 38.004 to read as follows:

Sec. 38.004. BALANCE BILLING PROHIBITION REPORT. (a) The department shall, each biennium, conduct a study on the impacts of S.B. No. 1264, Acts of the 86th Legislature, Regular Session, 2019, on Texas consumers and health coverage in this state, including:

(1) trends in billed amounts for health care or medical services or supplies, especially emergency services, laboratory services, diagnostic imaging services, and facility-based services;

(2) comparison of the total amount spent on out-of-network emergency services, laboratory services, diagnostic imaging services, and facility-based services by calendar year and provider type or physician specialty;

(3) trends and changes in network participation by providers of emergency services, laboratory services, diagnostic imaging services, and facility-based services by provider type or physician specialty, including whether any terminations were initiated by a health benefit plan issuer, administrator, or provider;

(4) trends and changes in the amounts paid to participating providers;

(5) the number of complaints, completed investigations, and disciplinary sanctions for billing by providers of emergency services, laboratory services, diagnostic imaging services, or facility-based services of enrollees for amounts greater than the enrollee's responsibility under an applicable health benefit plan, including an applicable copayment, coinsurance, or deductible;

(6) trends in amounts paid to out-of-network providers;

(7) trends in the usual and customary rate for health care or medical services or supplies, especially emergency services, laboratory services, diagnostic imaging services, and facility-based services; and

(8) the effectiveness of the claim dispute resolution process under Chapter 1467.

(b) In conducting the study described by Subsection (a), the department shall collect settlement data and verdicts or arbitration awards, as applicable, from parties to mediation or arbitration under Chapter 1467.

(c) The department:

(1) shall collect data quarterly from a health benefit plan issuer or administrator subject to Chapter 1467 to conduct the study required by this section; and

(2) may utilize any reliable external resource or entity to acquire information reasonably necessary to prepare the report required by Subsection (d).

(d) Not later than December 1 of each even-numbered year, the department shall prepare and submit a written report on the results of the study under this section, including the department's findings, to the legislature.

ARTICLE 5. TRANSITION AND EFFECTIVE DATE

SECTION 5.01. The changes in law made by this Act apply only to a health care or medical service or supply provided on or after January 1, 2020. A health care or medical service or supply provided before January 1, 2020, is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 5.02. The Texas Department of Insurance, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, and any other state agency subject to this Act are required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, those agencies may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

SECTION 5.03. This Act takes effect September 1, 2019.

Floor Amendment No. 1

Amend **CSSB 1264** (house committee printing) by striking all below the enacting clause and substituting the following:

ARTICLE 1. ELIMINATION OF SURPRISE BILLING FOR CERTAIN HEALTH BENEFIT PLANS

SECTION 1.01. Subtitle G, Title 5, Insurance Code, is amended by adding Chapter 752 to read as follows:

CHAPTER 752. ENFORCEMENT OF BALANCE BILLING PROHIBITIONS

Sec. 752.0001. DEFINITION. In this chapter, "administrator" has the meaning assigned by Section 1467.001.

Sec. 752.0002. INJUNCTION FOR BALANCE BILLING. (a) If the attorney general receives a referral from the appropriate regulatory agency indicating that an individual or entity, including a health benefit plan issuer or administrator, has exhibited a pattern of intentionally violating a law that prohibits the individual or entity from billing an insured, participant, or enrollee in an amount greater than an applicable copayment, coinsurance, and deductible under the insured's, participant's, or enrollee's managed care plan or that imposes a requirement related to that prohibition, the attorney general may bring a civil action in the name of the state to enjoin the individual or entity from the violation.

(b) If the attorney general prevails in an action brought under Subsection (a), the attorney general may recover reasonable attorney's fees, costs, and expenses, including court costs and witness fees, incurred in bringing the action.

Sec. 752.0003. ENFORCEMENT BY REGULATORY AGENCY. (a) An appropriate regulatory agency that licenses, certifies, or otherwise authorizes a physician, health care practitioner, health care facility, or other health care provider to practice or operate in this state may take disciplinary action against the physician, practitioner, facility, or provider if the physician, practitioner, facility, or provider violates a law that prohibits the physician, practitioner, facility, or provider from billing an insured, participant, or enrollee in an amount greater than an applicable copayment, coinsurance, and deductible under the insured's, participant's, or enrollee's managed care plan or that imposes a requirement related to that prohibition.

(b) The department may take disciplinary action against a health benefit plan issuer or administrator if the issuer or administrator violates a law requiring the issuer or administrator to provide notice of a balance billing prohibition or make a related disclosure.

(c) A regulatory agency described by Subsection (a) or the commissioner may adopt rules as necessary to implement this section. Section 2001.0045, Government Code, does not apply to rules adopted under this subsection.

SECTION 1.02. Subchapter A, Chapter 1271, Insurance Code, is amended by adding Section 1271.008 to read as follows:

Sec. 1271.008. BALANCE BILLING PROHIBITION NOTICE. (a) A health maintenance organization shall provide written notice in accordance with this section in an explanation of benefits provided to the enrollee and the physician or provider in connection with a health care service or supply provided by a non-network physician or provider. The notice must include:

(1) a statement of the billing prohibition under Section 1271.155, 1271.157, or 1271.158, as applicable;

(2) the total amount the physician or provider may bill the enrollee under the enrollee's health benefit plan and an itemization of copayments, coinsurance, deductibles, and other amounts included in that total; and

(3) for an explanation of benefits provided to the physician or provider, information required by commissioner rule advising the physician or provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

(b) A health maintenance organization shall provide the explanation of benefits with the notice required by this section to a physician or health care provider not later than the date the health maintenance organization makes a payment under Section 1271.155, 1271.157, or 1271.158, as applicable.

SECTION 1.03. Section 1271.155, Insurance Code, is amended by amending Subsection (b) and adding Subsections (f) and (g) to read as follows:

(b) A health care plan of a health maintenance organization must provide the following coverage of emergency care:

(1) a medical screening examination or other evaluation required by state or federal law necessary to determine whether an emergency medical condition exists shall be provided to covered enrollees in a hospital emergency facility or comparable facility;

(2) necessary emergency care shall be provided to covered enrollees, including the treatment and stabilization of an emergency medical condition; [~~and~~]

(3) services originated in a hospital emergency facility, freestanding emergency medical care facility, or comparable emergency facility following treatment or stabilization of an emergency medical condition shall be provided to covered enrollees as approved by the health maintenance organization, subject to Subsections (c) and (d); and

(4) supplies related to a service described by this subsection shall be provided to covered enrollees.

(f) For emergency care subject to this section or a supply related to that care, a health maintenance organization shall make a payment required by Subsection (a) directly to the non-network physician or provider not later than, as applicable:

(1) the 30th day after the date the health maintenance organization receives an electronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim; or

(2) the 45th day after the date the health maintenance organization receives a nonelectronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim.

(g) For emergency care subject to this section or a supply related to that care, a non-network physician or provider or a person asserting a claim as an agent or assignee of the physician or provider may not bill an enrollee in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's health care plan that:

(1) is based on:

(A) the amount initially determined payable by the health maintenance organization; or

(B) if applicable, a modified amount as determined under the health maintenance organization's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the physician or provider under Chapter 1467.

SECTION 1.04. Subchapter D, Chapter 1271, Insurance Code, is amended by adding Sections 1271.157 and 1271.158 to read as follows:

Sec. 1271.157. NON-NETWORK FACILITY-BASED PROVIDERS. (a) In this section, "facility-based provider" means a physician or provider who provides health care services to patients of a health care facility.

(b) Except as provided by Subsection (d), a health maintenance organization shall pay for a covered health care service performed for or a covered supply related to that service provided to an enrollee by a non-network physician or provider who is a facility-based provider at the usual and customary rate or at an agreed rate if the provider performed the service at a health care facility that is a network provider. The health maintenance organization shall make a payment required by this subsection directly to the physician or provider not later than, as applicable:

(1) the 30th day after the date the health maintenance organization receives an electronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim; or

(2) the 45th day after the date the health maintenance organization receives a nonelectronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim.

(c) Except as provided by Subsection (d), a non-network facility-based provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's health care plan that:

(1) is based on:

(A) the amount initially determined payable by the health maintenance organization; or

(B) if applicable, a modified amount as determined under the health maintenance organization's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each non-network physician or provider providing the service; and

(2) for which a non-network physician or provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the physician or provider does not have a contract with the enrollee's health benefit plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

Sec. 1271.158. NON-NETWORK DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER. (a) In this section, "diagnostic imaging provider" and "laboratory service provider" have the meanings assigned by Section 1467.001.

(b) Except as provided by Subsection (d), a health maintenance organization shall pay for a covered health care service performed by or a covered supply related to that service provided to an enrollee by a non-network diagnostic imaging provider or laboratory service provider at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a health care service performed by a network physician or provider. The health maintenance organization shall make a payment required by this subsection directly to the physician or provider not later than, as applicable:

(1) the 30th day after the date the health maintenance organization receives an electronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim; or

(2) the 45th day after the date the health maintenance organization receives a nonelectronic claim for those services that includes all information necessary for the health maintenance organization to pay the claim.

(c) Except as provided by Subsection (d), a non-network diagnostic imaging provider or laboratory service provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's health care plan that:

(1) is based on:

(A) the amount initially determined payable by the health maintenance organization; or

(B) if applicable, a modified amount as determined under the health maintenance organization's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each non-network physician or provider providing the service; and

(2) for which a non-network physician or provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the physician or provider does not have a contract with the enrollee's health benefit plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

SECTION 1.05. Section 1301.0045(b), Insurance Code, is amended to read as follows:

(b) Except as provided by Sections 1301.0052, 1301.0053, [~~and~~] 1301.155, 1301.164, and 1301.165, this chapter may not be construed to require an exclusive provider benefit plan to compensate a nonpreferred provider for services provided to an insured.

SECTION 1.06. Section 1301.0053, Insurance Code, is amended to read as follows:

Sec. 1301.0053. EXCLUSIVE PROVIDER BENEFIT PLANS: EMERGENCY CARE. (a) If an out-of-network [~~a nonpreferred~~] provider provides emergency care as defined by Section 1301.155 to an enrollee in an exclusive provider benefit plan, the issuer of the plan shall reimburse the out-of-network [~~nonpreferred~~] provider at the usual and customary rate or at a rate agreed to by the issuer and the out-of-network [~~nonpreferred~~] provider for the provision of the services and any supply related to those services. The insurer shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the insurer receives an electronic claim for those services that includes all information necessary for the insurer to pay the claim; or

(2) the 45th day after the date the insurer receives a nonelectronic claim for those services that includes all information necessary for the insurer to pay the claim.

(b) For emergency care subject to this section or a supply related to that care, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill an insured in, and the insured does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the insured's exclusive provider benefit plan that:

(1) is based on:

(A) the amount initially determined payable by the insurer; or

(B) if applicable, a modified amount as determined under the insurer's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

SECTION 1.07. Subchapter A, Chapter 1301, Insurance Code, is amended by adding Section 1301.010 to read as follows:

Sec. 1301.010. BALANCE BILLING PROHIBITION NOTICE. (a) An insurer shall provide written notice in accordance with this section in an explanation of benefits provided to the insured and the physician or health care provider in connection with a medical care or health care service or supply provided by an out-of-network provider. The notice must include:

(1) a statement of the billing prohibition under Section 1301.0053, 1301.155, 1301.164, or 1301.165, as applicable;

(2) the total amount the physician or provider may bill the insured under the insured's preferred provider benefit plan and an itemization of copayments, coinsurance, deductibles, and other amounts included in that total; and

(3) for an explanation of benefits provided to the physician or provider, information required by commissioner rule advising the physician or provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

(b) An insurer shall provide the explanation of benefits with the notice required by this section to a physician or health care provider not later than the date the insurer makes a payment under Section 1301.0053, 1301.155, 1301.164, or 1301.165, as applicable.

SECTION 1.08. Section 1301.155, Insurance Code, is amended by amending Subsection (b) and adding Subsections (c) and (d) to read as follows:

(b) If an insured cannot reasonably reach a preferred provider, an insurer shall provide reimbursement for the following emergency care services at the usual and customary rate or at an agreed rate and at the preferred level of benefits until the insured can reasonably be expected to transfer to a preferred provider:

(1) a medical screening examination or other evaluation required by state or federal law to be provided in the emergency facility of a hospital that is necessary to determine whether a medical emergency condition exists;

(2) necessary emergency care services, including the treatment and stabilization of an emergency medical condition; [~~and~~]

(3) services originating in a hospital emergency facility or freestanding emergency medical care facility following treatment or stabilization of an emergency medical condition; and

(4) supplies related to a service described by this subsection.

(c) For emergency care subject to this section or a supply related to that care, an insurer shall make a payment required by this section directly to the out-of-network provider not later than, as applicable:

(1) the 30th day after the date the insurer receives an electronic claim for those services that includes all information necessary for the insurer to pay the claim; or

(2) the 45th day after the date the insurer receives a nonelectronic claim for those services that includes all information necessary for the insurer to pay the claim.

(d) For emergency care subject to this section or a supply related to that care, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill an insured in, and the insured does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the insured's preferred provider benefit plan that:

(1) is based on:

(A) the amount initially determined payable by the insurer; or

(B) if applicable, a modified amount as determined under the insurer's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

SECTION 1.09. Subchapter D, Chapter 1301, Insurance Code, is amended by adding Sections 1301.164 and 1301.165 to read as follows:

Sec. 1301.164. OUT-OF-NETWORK FACILITY-BASED PROVIDERS. (a) In this section, "facility-based provider" means a physician or health care provider who provides medical care or health care services to patients of a health care facility.

(b) Except as provided by Subsection (d), an insurer shall pay for a covered medical care or health care service performed for or a covered supply related to that service provided to an insured by an out-of-network provider who is a facility-based

provider at the usual and customary rate or at an agreed rate if the provider performed the service at a health care facility that is a preferred provider. The insurer shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the insurer receives an electronic claim for those services that includes all information necessary for the insurer to pay the claim; or

(2) the 45th day after the date the insurer receives a nonelectronic claim for those services that includes all information necessary for the insurer to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a facility-based provider or a person asserting a claim as an agent or assignee of the provider may not bill an insured receiving a medical care or health care service or supply described by Subsection (b) in, and the insured does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the insured's preferred provider benefit plan that:

(1) is based on:

(A) the amount initially determined payable by the insurer; or

(B) if applicable, a modified amount as determined under the insurer's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an insured elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the insured that:

(A) explains that the provider does not have a contract with the insured's preferred provider benefit plan;

(B) discloses projected amounts for which the insured may be responsible; and

(C) discloses the circumstances under which the insured would be responsible for those amounts.

Sec. 1301.165. OUT-OF-NETWORK DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER. (a) In this section, "diagnostic imaging provider" and "laboratory service provider" have the meanings assigned by Section 1467.001.

(b) Except as provided by Subsection (d), an insurer shall pay for a covered medical care or health care service performed by or a covered supply related to that service provided to an insured by an out-of-network provider who is a diagnostic imaging provider or laboratory service provider at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a medical care or health care service performed by a preferred provider. The insurer shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the insurer receives an electronic claim for those services that includes all information necessary for the insurer to pay the claim; or

(2) the 45th day after the date the insurer receives a nonelectronic claim for those services that includes all information necessary for the insurer to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a diagnostic imaging provider or laboratory service provider or a person asserting a claim as an agent or assignee of the provider may not bill an insured receiving a medical care or health care service or supply described by Subsection (b) in, and the insured does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the insured's preferred provider benefit plan that:

(1) is based on:

(A) the amount initially determined payable by the insurer; or

(B) if applicable, the modified amount as determined under the insurer's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an insured elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the insured that:

(A) explains that the provider does not have a contract with the insured's preferred provider benefit plan;

(B) discloses projected amounts for which the insured may be responsible; and

(C) discloses the circumstances under which the insured would be responsible for those amounts.

SECTION 1.10. Section 1551.003, Insurance Code, is amended by adding Subdivision (15) to read as follows:

(15) "Usual and customary rate" means the relevant allowable amount as described by the applicable master benefit plan document or policy.

SECTION 1.11. Subchapter A, Chapter 1551, Insurance Code, is amended by adding Section 1551.015 to read as follows:

Sec. 1551.015. BALANCE BILLING PROHIBITION NOTICE. (a) The administrator of a managed care plan provided under the group benefits program shall provide written notice in accordance with this section in an explanation of benefits provided to the participant and the physician or health care provider in connection with a health care or medical service or supply provided by an out-of-network provider. The notice must include:

(1) a statement of the billing prohibition under Section 1551.228, 1551.229, or 1551.230, as applicable;

(2) the total amount the physician or provider may bill the participant under the participant's managed care plan and an itemization of copayments, coinsurance, deductibles, and other amounts included in that total; and

(3) for an explanation of benefits provided to the physician or provider, information required by commissioner rule advising the physician or provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

(b) The administrator shall provide the explanation of benefits with the notice required by this section to a physician or health care provider not later than the date the administrator makes a payment under Section 1551.228, 1551.229, or 1551.230, as applicable.

SECTION 1.12. Subchapter E, Chapter 1551, Insurance Code, is amended by adding Sections 1551.228, 1551.229, and 1551.230 to read as follows:

Sec. 1551.228. EMERGENCY CARE PAYMENTS. (a) In this section, "emergency care" has the meaning assigned by Section 1301.155.

(b) The administrator of a managed care plan provided under the group benefits program shall pay for covered emergency care performed by or a covered supply related to that care provided by an out-of-network provider at the usual and customary rate or at an agreed rate. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) For emergency care subject to this section or a supply related to that care, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill a participant in, and the participant does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the participant's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

Sec. 1551.229. OUT-OF-NETWORK FACILITY-BASED PROVIDER PAYMENTS. (a) In this section, "facility-based provider" means a physician or health care provider who provides health care or medical services to patients of a health care facility.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under the group benefits program shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to a participant by an out-of-network provider who is a facility-based provider at the usual and customary rate or at an agreed rate if the provider performed the service at a

health care facility that is a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a facility-based provider or a person asserting a claim as an agent or assignee of the provider may not bill a participant receiving a health care or medical service or supply described by Subsection (b) in, and the participant does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the participant's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that a participant elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the participant that:

(A) explains that the provider does not have a contract with the participant's managed care plan;

(B) discloses projected amounts for which the participant may be responsible; and

(C) discloses the circumstances under which the participant would be responsible for those amounts.

Sec. 1551.230. OUT-OF-NETWORK DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER PAYMENTS. (a) In this section, "diagnostic imaging provider" and "laboratory service provider" have the meanings assigned by Section 1467.001.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under the group benefits program shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to a participant by an out-of-network provider who is a diagnostic imaging provider or laboratory service provider at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a health care or medical service performed by a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a diagnostic imaging provider or laboratory service provider or a person asserting a claim as an agent or assignee of the provider may not bill a participant receiving a health care or medical service or supply described by Subsection (b) in, and the participant does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the participant's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, the modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that a participant elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the participant that:

(A) explains that the provider does not have a contract with the participant's managed care plan;

(B) discloses projected amounts for which the participant may be responsible; and

(C) discloses the circumstances under which the participant would be responsible for those amounts.

SECTION 1.13. Section 1575.002, Insurance Code, is amended by adding Subdivision (8) to read as follows:

(8) "Usual and customary rate" means the relevant allowable amount as described by the applicable master benefit plan document or policy.

SECTION 1.14. Subchapter A, Chapter 1575, Insurance Code, is amended by adding Section 1575.009 to read as follows:

Sec. 1575.009. BALANCE BILLING PROHIBITION NOTICE. (a) The administrator of a managed care plan provided under the group program shall provide written notice in accordance with this section in an explanation of benefits provided to the enrollee and the physician or health care provider in connection with a health care or medical service or supply provided by an out-of-network provider. The notice must include:

(1) a statement of the billing prohibition under Section 1575.171, 1575.172, or 1575.173, as applicable;

(2) the total amount the physician or provider may bill the enrollee under the enrollee's managed care plan and an itemization of copayments, coinsurance, deductibles, and other amounts included in that total; and

(3) for an explanation of benefits provided to the physician or provider, information required by commissioner rule advising the physician or provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

(b) The administrator shall provide the explanation of benefits with the notice required by this section to a physician or health care provider not later than the date the administrator makes a payment under Section 1575.171, 1575.172, or 1575.173, as applicable.

SECTION 1.15. Subchapter D, Chapter 1575, Insurance Code, is amended by adding Sections 1575.171, 1575.172, and 1575.173 to read as follows:

Sec. 1575.171. EMERGENCY CARE PAYMENTS. (a) In this section, "emergency care" has the meaning assigned by Section 1301.155.

(b) The administrator of a managed care plan provided under the group program shall pay for covered emergency care performed by or a covered supply related to that care provided by an out-of-network provider at the usual and customary rate or at an agreed rate. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) For emergency care subject to this section or a supply related to that care, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

Sec. 1575.172. OUT-OF-NETWORK FACILITY-BASED PROVIDER PAYMENTS. (a) In this section, "facility-based provider" means a physician or health care provider who provides health care or medical services to patients of a health care facility.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under the group program shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to an enrollee by an out-of-network provider who is a facility-based provider at the usual and customary rate or at an agreed rate if the provider performed the service at a

health care facility that is a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a facility-based provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care or medical service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's managed care plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

Sec. 1575.173. OUT-OF-NETWORK DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER PAYMENTS. (a) In this section, "diagnostic imaging provider" and "laboratory service provider" have the meanings assigned by Section 1467.001.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under the group program shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to an enrollee by an out-of-network provider who is a diagnostic imaging provider or laboratory service provider at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a health care or medical service performed by a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a diagnostic imaging provider or laboratory service provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care or medical service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, the modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's managed care plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

SECTION 1.16. Section 1579.002, Insurance Code, is amended by adding Subdivision (8) to read as follows:

(8) "Usual and customary rate" means the relevant allowable amount as described by the applicable master benefit plan document or policy.

SECTION 1.17. Subchapter A, Chapter 1579, Insurance Code, is amended by adding Section 1579.009 to read as follows:

Sec. 1579.009. BALANCE BILLING PROHIBITION NOTICE. (a) The administrator of a managed care plan provided under this chapter shall provide written notice in accordance with this section in an explanation of benefits provided to the enrollee and the physician or health care provider in connection with a health care or medical service or supply provided by an out-of-network provider. The notice must include:

(1) a statement of the billing prohibition under Section 1579.109, 1579.110, or 1579.111, as applicable;

(2) the total amount the physician or provider may bill the enrollee under the enrollee's managed care plan and an itemization of copayments, coinsurance, deductibles, and other amounts included in that total; and

(3) for an explanation of benefits provided to the physician or provider, information required by commissioner rule advising the physician or provider of the availability of mediation or arbitration, as applicable, under Chapter 1467.

(b) The administrator shall provide the explanation of benefits with the notice required by this section to a physician or health care provider not later than the date the administrator makes a payment under Section 1579.109, 1579.110, or 1579.111, as applicable.

SECTION 1.18. Subchapter C, Chapter 1579, Insurance Code, is amended by adding Sections 1579.109, 1579.110, and 1579.111 to read as follows:

Sec. 1579.109. EMERGENCY CARE PAYMENTS. (a) In this section, "emergency care" has the meaning assigned by Section 1301.155.

(b) The administrator of a managed care plan provided under this chapter shall pay for covered emergency care performed by or a covered supply related to that care provided by an out-of-network provider at the usual and customary rate or at an agreed rate. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) For emergency care subject to this section or a supply related to that care, an out-of-network provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

Sec. 1579.110. OUT-OF-NETWORK FACILITY-BASED PROVIDER PAYMENTS. (a) In this section, "facility-based provider" means a physician or health care provider who provides health care or medical services to patients of a health care facility.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under this chapter shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to an enrollee by an out-of-network provider who is a facility-based provider at the usual and customary

rate or at an agreed rate if the provider performed the service at a health care facility that is a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a facility-based provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care or medical service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's managed care plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

Sec. 1579.111. OUT-OF-NETWORK DIAGNOSTIC IMAGING PROVIDER OR LABORATORY SERVICE PROVIDER PAYMENTS. (a) In this section, "diagnostic imaging provider" and "laboratory service provider" have the meanings assigned by Section 1467.001.

(b) Except as provided by Subsection (d), the administrator of a managed care plan provided under this chapter shall pay for a covered health care or medical service performed for or a covered supply related to that service provided to an enrollee by an out-of-network provider who is a diagnostic imaging provider or laboratory service provider at the usual and customary rate or at an agreed rate if the provider performed the service in connection with a health care or medical service performed by a participating provider. The administrator shall make a payment required by this subsection directly to the provider not later than, as applicable:

(1) the 30th day after the date the administrator receives an electronic claim for those services that includes all information necessary for the administrator to pay the claim; or

(2) the 45th day after the date the administrator receives a nonelectronic claim for those services that includes all information necessary for the administrator to pay the claim.

(c) Except as provided by Subsection (d), an out-of-network provider who is a diagnostic imaging provider or laboratory service provider or a person asserting a claim as an agent or assignee of the provider may not bill an enrollee receiving a health care or medical service or supply described by Subsection (b) in, and the enrollee does not have financial responsibility for, an amount greater than an applicable copayment, coinsurance, and deductible under the enrollee's managed care plan that:

(1) is based on:

(A) the amount initially determined payable by the administrator; or

(B) if applicable, a modified amount as determined under the administrator's internal appeal process; and

(2) is not based on any additional amount determined to be owed to the provider under Chapter 1467.

(d) This section does not apply to a nonemergency health care or medical service:

(1) that an enrollee elects to receive in writing in advance of the service with respect to each out-of-network provider providing the service; and

(2) for which an out-of-network provider, before providing the service, provides a complete written disclosure to the enrollee that:

(A) explains that the provider does not have a contract with the enrollee's managed care plan;

(B) discloses projected amounts for which the enrollee may be responsible; and

(C) discloses the circumstances under which the enrollee would be responsible for those amounts.

ARTICLE 2. OUT-OF-NETWORK CLAIM DISPUTE RESOLUTION

SECTION 2.01. Section 1467.001, Insurance Code, is amended by adding Subdivisions (1-a), (2-c), (2-d), (4-b), and (6-a) and amending Subdivisions (2-a), (2-b), (3), (5), and (7) to read as follows:

(1-a) "Arbitration" means a process in which an impartial arbiter issues a binding determination in a dispute between a health benefit plan issuer or administrator and an out-of-network provider or the provider's representative to settle a health benefit claim.

(2-a) "Diagnostic imaging provider" means a health care provider who performs a diagnostic imaging service on a patient for a fee or interprets imaging produced by a diagnostic imaging service.

(2-b) "Diagnostic imaging service" means magnetic resonance imaging, computed tomography, positron emission tomography, or any hybrid technology that combines any of those imaging modalities.

(2-c) "Emergency care" has the meaning assigned by Section 1301.155.

(2-d) [~~(2-b)~~] "Emergency care provider" means a physician, health care practitioner, facility, or other health care provider who provides and bills an enrollee, administrator, or health benefit plan for emergency care.

(3) "Enrollee" means an individual who is eligible to receive benefits through a [~~preferred provider benefit plan or a~~] health benefit plan subject to this chapter [~~under Chapter 1551, 1575, or 1579~~].

(4-b) "Laboratory service provider" means an accredited facility in which a specimen taken from a human body is interpreted and pathological diagnoses are made or a physician who makes an interpretation of or diagnosis based on a specimen or information provided by a laboratory based on a specimen.

(5) "Mediation" means a process in which an impartial mediator facilitates and promotes agreement between the health [~~insurer offering a preferred provider~~] benefit plan issuer or the administrator and an out-of-network [~~a facility-based~~] provider [~~or emergency care provider~~] or the provider's representative to settle a health benefit claim of an enrollee.

(6-a) "Out-of-network provider" means a diagnostic imaging provider, emergency care provider, facility-based provider, or laboratory service provider that is not a participating provider for a health benefit plan.

(7) "Party" means a health benefit plan issuer [~~an insurer~~] offering a health [~~a preferred provider~~] benefit plan, an administrator, or an out-of-network [~~a facility-based provider or emergency care~~] provider or the provider's representative who participates in a mediation or arbitration conducted under this chapter. [~~The enrollee is also considered a party to the mediation.~~]

SECTION 2.02. Sections 1467.002, 1467.003, and 1467.005, Insurance Code, are amended to read as follows:

Sec. 1467.002. APPLICABILITY OF CHAPTER. This chapter applies to:

(1) a health benefit plan offered by a health maintenance organization operating under Chapter 843;

(2) a preferred provider benefit plan, including an exclusive provider benefit plan, offered by an insurer under Chapter 1301; and

(3) [~~(2)~~] an administrator of a health benefit plan, other than a health maintenance organization plan, under Chapter 1551, 1575, or 1579.

Sec. 1467.003. RULES. (a) The commissioner, the Texas Medical Board, and any other appropriate regulatory agency[~~, and the chief administrative law judge~~] shall adopt rules as necessary to implement their respective powers and duties under this chapter.

(b) Section 2001.0045, Government Code, does not apply to a rule adopted under this chapter.

Sec. 1467.005. REFORM. This chapter may not be construed to prohibit:

(1) a health [~~an insurer offering a preferred provider~~] benefit plan issuer or administrator from, at any time, offering a reformed claim settlement; or

(2) an out-of-network [~~a facility-based provider or emergency care~~] provider from, at any time, offering a reformed charge for health care or medical services or supplies.

SECTION 2.03. Subchapter A, Chapter 1467, Insurance Code, is amended by adding Section 1467.006 to read as follows:

Sec. 1467.006. BENCHMARKING DATABASE. (a) In this section, "geozip area" means an area that includes all zip codes with identical first three digits. For purposes of this section, a health care or medical service or supply provided at a location that does not have a zip code is considered to be provided in the geozip area closest to the location at which the service or supply is provided.

(b) The commissioner shall select an organization to maintain a benchmarking database in accordance with this section. The organization may not:

(1) be affiliated with a health benefit plan issuer or administrator or a physician, health care practitioner, or other health care provider; or

(2) have any other conflict of interest.

(c) The benchmarking database must contain information necessary to calculate, with respect to a health care or medical service or supply, for each geozip area in this state:

(1) the 80th percentile of billed charges of all physicians or health care providers who are not facilities; and

(2) the 50th percentile of rates paid to participating providers who are not facilities.

(d) The commissioner may adopt rules governing the submission of information for the benchmarking database described by Subsection (c).

SECTION 2.04. The heading to Subchapter B, Chapter 1467, Insurance Code, is amended to read as follows:

SUBCHAPTER B. MANDATORY MEDIATION FOR OUT-OF-NETWORK FACILITIES

SECTION 2.05. Subchapter B, Chapter 1467, Insurance Code, is amended by adding Sections 1467.050 and 1467.0505 to read as follows:

Sec. 1467.050. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies only with respect to a health benefit claim submitted by an out-of-network provider that is a facility.

(b) This subchapter does not apply to a health benefit claim for the professional or technical component of a physician service.

Sec. 1467.0505. ESTABLISHMENT AND ADMINISTRATION OF MEDIATION PROGRAM. (a) The commissioner shall establish and administer a mediation program to resolve disputes over out-of-network provider charges in accordance with this subchapter.

(b) The commissioner:

(1) shall adopt rules, forms, and procedures necessary for the implementation and administration of the mediation program, including the establishment of a portal on the department's Internet website through which a request for mediation under Section 1467.051 may be submitted; and

(2) shall maintain a list of qualified mediators for the program.

SECTION 2.06. The heading to Section 1467.051, Insurance Code, is amended to read as follows:

Sec. 1467.051. AVAILABILITY OF MANDATORY MEDIATION[~~; EXCEPTION~~].

SECTION 2.07. Sections 1467.051(a) and (b), Insurance Code, are amended to read as follows:

(a) An out-of-network provider or a health benefit plan issuer or administrator [~~An enrollee~~] may request mediation of a settlement of an out-of-network health benefit claim through a portal on the department's Internet website if:

(1) there is an [~~the~~] amount billed by the provider and unpaid by the issuer or administrator [~~for which the enrollee is responsible to a facility-based provider or emergency care provider,~~] after copayments, deductibles, and coinsurance for which an enrollee may not be billed [~~, including the amount unpaid by the administrator or insurer, is greater than $500~~]; and

(2) the health benefit claim is for:

(A) emergency care; [~~or~~]

(B) an out-of-network laboratory service; or

(C) an out-of-network diagnostic imaging service [~~a health care or medical service or supply provided by a facility-based provider in a facility that is a preferred provider or that has a contract with the administrator~~].

(b) If a person [~~Except as provided by Subsections (c) and (d), if an enrollee~~] requests mediation under this subchapter, the out-of-network [~~facility-based~~] provider [~~or emergency care provider,~~] or the provider's representative, and the health benefit plan issuer [~~insurer~~] or the administrator, as appropriate, shall participate in the mediation.

SECTION 2.08. Section 1467.052, Insurance Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) Except as provided by Subsection (b), to qualify for an appointment as a mediator under this subchapter [~~chapter~~] a person must have completed at least 40 classroom hours of training in dispute resolution techniques in a course conducted by an alternative dispute resolution organization or other dispute resolution organization approved by the commissioner [~~chief administrative law judge~~].

(c) A person may not act as mediator for a claim settlement dispute if the person has been employed by, consulted for, or otherwise had a business relationship with a health [~~an insurer offering the preferred provider~~] benefit plan issuer or administrator or a physician, health care practitioner, or other health care provider during the three years immediately preceding the request for mediation.

(d) The commissioner shall immediately terminate the approval of a mediator who no longer meets the requirements under this subchapter and rules adopted under this subchapter to serve as a mediator.

SECTION 2.09. Section 1467.053, Insurance Code, is amended by adding Subsection (b-1) and amending Subsection (d) to read as follows:

(b-1) If the parties do not select a mediator by mutual agreement on or before the 30th day after the date the mediation is requested, the party requesting the mediation shall notify the commissioner, and the commissioner shall select a mediator from the commissioner's list of approved mediators.

(d) The mediator's fees shall be split evenly and paid by the health benefit plan issuer [~~insurer~~] or administrator and the out-of-network [~~facility-based provider or emergency care~~] provider.

SECTION 2.10. Section 1467.054, Insurance Code, is amended by amending Subsections (a) and (d) and adding Subsection (b-1) to read as follows:

(a) An out-of-network provider or a health benefit plan issuer or administrator [~~enrollee~~] may request mandatory mediation under this subchapter [~~chapter~~].

(b-1) The person who requests the mediation shall provide written notice on the date the mediation is requested in the form and manner provided by commissioner rule to:

(1) the department; and

(2) each other party.

(d) In an effort to settle the claim before mediation, all parties must participate in an informal settlement teleconference not later than the 30th day after the date on which a person [~~the enrollee~~] submits a request for mediation under this subchapter [~~section~~].

SECTION 2.11. Section 1467.055, Insurance Code, is amended by adding Subsections (c-1) and (k) and amending Subsections (g) and (i) to read as follows:

(c-1) Information submitted by the parties to the mediator is confidential and not subject to disclosure under Chapter 552, Government Code.

(g) A [~~Except at the request of an enrollee, a~~] mediation shall be held not later than the 180th day after the date of the request for mediation.

(i) A health care or medical service or supply provided by an out-of-network [~~a facility-based~~] provider [~~or emergency care provider~~] may not be summarily disallowed. This subsection does not require a health benefit plan issuer [~~an insurer~~] or administrator to pay for an uncovered service or supply.

(k) On agreement of all parties, any deadline under this subchapter may be extended.

SECTION 2.12. Sections 1467.056(a), (b), and (d), Insurance Code, are amended to read as follows:

(a) In a mediation under this subchapter [~~chapter~~], the parties shall[~~:~~

[~~(1)~~] evaluate whether:

(1) [~~(A)~~] the amount charged by the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] for the health care or medical service or supply is excessive; and

(2) [~~(B)~~] the amount paid by the health benefit plan issuer [~~insurer~~] or administrator represents the usual and customary rate for the health care or medical service or supply or is unreasonably low[~~; and~~

[~~(2) as a result of the amounts described by Subdivision (1), determine the amount, after copayments, deductibles, and coinsurance are applied, for which an enrollee is responsible to the facility-based provider or emergency care provider~~].

(b) The out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] may present information regarding the amount charged for the health care or medical service or supply. The health benefit plan issuer [~~insurer~~] or administrator may present information regarding the amount paid by the issuer [~~insurer~~] or administrator.

(d) The goal of the mediation is to reach an agreement between [~~among the enrollee,~~] the out-of-network [~~facility-based~~] provider [~~or emergency care provider,~~] and the health benefit plan issuer [~~insurer~~] or administrator, as applicable, as to the amount paid by the issuer [~~insurer~~] or administrator to the out-of-network

[~~facility-based~~] provider and [~~or emergency care provider,~~] the amount charged by the out-of-network [~~facility-based~~] provider [~~or emergency care provider, and the amount paid to the facility-based provider or emergency care provider by the enrollee~~].

SECTION 2.13. Subchapter B, Chapter 1467, Insurance Code, is amended by adding Section 1467.0575 to read as follows:

Sec. 1467.0575. RIGHT TO FILE ACTION. Not later than the 45th day after the date that the mediator's report is provided to the department under Section 1467.060, either party to a mediation for which there was no agreement may file a civil action to determine the amount due to an out-of-network provider. A party may not bring a civil action before the conclusion of the mediation process under this subchapter.

SECTION 2.14. Section 1467.060, Insurance Code, is amended to read as follows:

Sec. 1467.060. REPORT OF MEDIATOR. Not later than the 45th day after the date the mediation concludes, the [~~The~~] mediator shall report to the commissioner and the Texas Medical Board or other appropriate regulatory agency:

(1) the names of the parties to the mediation; and

(2) whether the parties reached an agreement [~~or the mediator made a referral under Section 1467.057~~].

SECTION 2.15. Chapter 1467, Insurance Code, is amended by adding Subchapter B-1 to read as follows:

SUBCHAPTER B-1. MANDATORY BINDING ARBITRATION FOR OTHER PROVIDERS

Sec. 1467.081. APPLICABILITY OF SUBCHAPTER. This subchapter applies only with respect to a health benefit claim submitted by an out-of-network provider who is not a facility.

Sec. 1467.082. ESTABLISHMENT AND ADMINISTRATION OF ARBITRATION PROGRAM. (a) The commissioner shall establish and administer an arbitration program to resolve disputes over out-of-network provider charges in accordance with this subchapter.

(b) The commissioner:

(1) shall adopt rules, forms, and procedures necessary for the implementation and administration of the arbitration program, including the establishment of a portal on the department's Internet website through which a request for arbitration under Section 1467.084 may be submitted; and

(2) shall maintain a list of qualified arbitrators for the program.

Sec. 1467.083. ISSUE TO BE ADDRESSED; BASIS FOR DETERMINATION. (a) The only issue that an arbitrator may determine under this subchapter is the reasonable amount for the health care or medical services or supplies provided to the enrollee by an out-of-network provider.

(b) The determination must take into account:

(1) whether there is a gross disparity between the fee billed by the out-of-network provider and:

(A) fees paid to the out-of-network provider for the same services or supplies rendered by the provider to other enrollees for which the provider is an out-of-network provider; and

(B) fees paid by the health benefit plan issuer to reimburse similarly qualified out-of-network providers for the same services or supplies in the same region;

(2) the level of training, education, and experience of the out-of-network provider;

(3) the out-of-network provider's usual billed charge for comparable services or supplies with regard to other enrollees for which the provider is an out-of-network provider;

(4) the circumstances and complexity of the enrollee's particular case, including the time and place of the provision of the service or supply;

(5) individual enrollee characteristics;

(6) the 80th percentile of all billed charges for the service or supply performed by a health care provider in the same or similar specialty and provided in the same geozip area as reported in a benchmarking database described by Section 1467.006;

(7) the 50th percentile of rates for the service or supply paid to participating providers in the same or similar specialty and provided in the same geozip area as reported in a benchmarking database described by Section 1467.006;

(8) the history of network contracting between the parties;

(9) historical data for the percentiles described by Subdivisions (6) and (7); and

(10) an offer made during the informal settlement teleconference required under Section 1467.084(d).

Sec. 1467.084. AVAILABILITY OF MANDATORY ARBITRATION. (a) Not later than the 90th day after the date an out-of-network provider receives the initial payment for a health care or medical service or supply, the out-of-network provider or the health benefit plan issuer or administrator may request arbitration of a settlement of an out-of-network health benefit claim through a portal on the department's Internet website if:

(1) there is a charge billed by the provider and unpaid by the issuer or administrator after copayments, coinsurance, and deductibles for which an enrollee may not be billed; and

(2) the health benefit claim is for:

(A) emergency care;

(B) a health care or medical service or supply provided by a facility-based provider in a facility that is a participating provider;

(C) an out-of-network laboratory service; or

(D) an out-of-network diagnostic imaging service.

(b) If a person requests arbitration under this subchapter, the out-of-network provider or the provider's representative, and the health benefit plan issuer or the administrator, as appropriate, shall participate in the arbitration.

(c) The person who requests the arbitration shall provide written notice on the date the arbitration is requested in the form and manner prescribed by commissioner rule to:

(1) the department; and

(2) each other party.

(d) In an effort to settle the claim before arbitration, all parties must participate in an informal settlement teleconference not later than the 30th day after the date on which the arbitration is requested. A health benefit plan issuer or administrator, as applicable, shall make a reasonable effort to arrange the teleconference.

(e) The commissioner shall adopt rules providing requirements for submitting multiple claims to arbitration in one proceeding. The rules must provide that:

(1) the total amount in controversy for multiple claims in one proceeding may not exceed $5,000; and

(2) the multiple claims in one proceeding must be limited to the same out-of-network provider.

Sec. 1467.085. EFFECT OF ARBITRATION AND APPLICABILITY OF OTHER LAW. (a) Notwithstanding Section 1467.004, an out-of-network provider or health benefit plan issuer or administrator may not file suit for an out-of-network claim subject to this chapter until the conclusion of the arbitration on the issue of the amount to be paid in the out-of-network claim dispute.

(b) An arbitration conducted under this subchapter is not subject to Title 7, Civil Practice and Remedies Code.

Sec. 1467.086. SELECTION AND APPROVAL OF ARBITRATOR. (a) If the parties do not select an arbitrator by mutual agreement on or before the 30th day after the date the arbitration is requested, the party requesting the arbitration shall notify the commissioner, and the commissioner shall select an arbitrator from the commissioner's list of approved arbitrators.

(b) In selecting an arbitrator under this section, the commissioner shall give preference to an arbitrator who is knowledgeable and experienced in applicable principles of contract and insurance law and the health care industry generally.

(c) In approving an individual as an arbitrator, the commissioner shall ensure that the individual does not have a conflict of interest that would adversely impact the individual's independence and impartiality in rendering a decision in an arbitration. A conflict of interest includes current or recent ownership or employment of the individual or a close family member in any health benefit plan issuer or administrator or physician, health care practitioner, or other health care provider.

(d) The commissioner shall immediately terminate the approval of an arbitrator who no longer meets the requirements under this subchapter and rules adopted under this subchapter to serve as an arbitrator.

Sec. 1467.087. PROCEDURES. (a) The arbitrator shall set a date for submission of all information to be considered by the arbitrator.

(b) A party may not engage in discovery in connection with the arbitration.

(c) On agreement of all parties, any deadline under this subchapter may be extended.

(d) Unless otherwise agreed to by the parties, an arbitrator may not determine whether a health benefit plan covers a particular health care or medical service or supply.

(e) The parties shall evenly split and pay the arbitrator's fees and expenses.

(f) Information submitted by the parties to the arbitrator is confidential and not subject to disclosure under Chapter 552, Government Code.

Sec. 1467.088. DECISION. (a) Not later than the 51st day after the date the arbitration is requested, an arbitrator shall provide the parties with a written decision in which the arbitrator:

(1) determines whether the billed charge or the payment made by the health benefit plan issuer or administrator, as those amounts were last modified during the issuer's or administrator's internal appeal process, if the provider elects to participate, or the informal settlement teleconference required by Section 1467.084(d), as applicable, is the closest to the reasonable amount for the services or supplies determined in accordance with Section 1467.083(b); and

(2) selects the amount determined to be closest under Subdivision (1) as the binding award amount.

(b) An arbitrator may not modify the binding award amount selected under Subsection (a).

(c) An arbitrator shall provide written notice in the form and manner prescribed by commissioner rule of the reasonable amount for the services or supplies and the binding award amount. If the parties settle before a decision, the parties shall provide written notice in the form and manner prescribed by commissioner rule of the amount of the settlement. The department shall maintain a record of notices provided under this subsection.

Sec. 1467.089. EFFECT OF DECISION. (a) An arbitrator's decision under Section 1467.088 is binding.

(b) Not later than the 45th day after the date of an arbitrator's decision under Section 1467.088, a party not satisfied with the decision may file an action to determine the payment due to an out-of-network provider.

(c) In an action filed under Subsection (b), the court shall determine whether the arbitrator's decision is proper based on a substantial evidence standard of review.

(d) Not later than the 30th day after the date of an arbitrator's decision under Section 1467.088, a health benefit plan issuer or administrator shall pay to an out-of-network provider any additional amount necessary to satisfy the binding award.

SECTION 2.16. Subchapter C, Chapter 1467, Insurance Code, is amended to read as follows:

SUBCHAPTER C. BAD FAITH PARTICIPATION [~~MEDIATION~~]

Sec. 1467.101. BAD FAITH. (a) The following conduct constitutes bad faith participation [~~mediation~~] for purposes of this chapter:

(1) failing to participate in the informal settlement teleconference under Section 1467.084(d) or an arbitration or mediation under this chapter;

(2) failing to provide information the arbitrator or mediator believes is necessary to facilitate a decision or [~~an~~] agreement; or

(3) failing to designate a representative participating in the arbitration or mediation with full authority to enter into any [~~mediated~~] agreement.

(b) Failure to reach an agreement under Subchapter B is not conclusive proof of bad faith participation [~~mediation~~].

Sec. 1467.102. PENALTIES. (a) Bad faith participation or otherwise failing to comply with Subchapter B-1 [~~mediation, by a party other than the enrollee,~~] is grounds for imposition of an administrative penalty by the regulatory agency that issued a license or certificate of authority to the party who committed the violation.

(b) Except for good cause shown, on a report of a mediator and appropriate proof of bad faith participation under Subchapter B [~~mediation~~], the regulatory agency that issued the license or certificate of authority shall impose an administrative penalty.

SECTION 2.17. Sections 1467.151(a), (b), and (c), Insurance Code, are amended to read as follows:

(a) The commissioner and the Texas Medical Board or other regulatory agency, as appropriate, shall adopt rules regulating the investigation and review of a complaint filed that relates to the settlement of an out-of-network health benefit claim that is subject to this chapter. The rules adopted under this section must:

(1) distinguish among complaints for out-of-network coverage or payment and give priority to investigating allegations of delayed health care or medical care;

(2) develop a form for filing a complaint [~~and establish an outreach effort to inform enrollees of the availability of the claims dispute resolution process under this chapter~~]; and

(3) ensure that a complaint is not dismissed without appropriate consideration[~~;~~

[~~(4) ensure that enrollees are informed of the availability of mandatory mediation; and~~

[~~(5) require the administrator to include a notice of the claims dispute resolution process available under this chapter with the explanation of benefits sent to an enrollee~~].

(b) The department and the Texas Medical Board or other appropriate regulatory agency shall maintain information[~~:~~

[~~(1)~~] on each complaint filed that concerns a claim, arbitration, or mediation subject to this chapter[~~; and~~

[~~(2) related to a claim that is the basis of an enrollee complaint~~], including:

(1) [~~(A)~~] the type of services or supplies that gave rise to the dispute;

(2) [~~(B)~~] the type and specialty, if any, of the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] who provided the out-of-network service or supply;

(3) [~~(C)~~] the county and metropolitan area in which the health care or medical service or supply was provided;

(4) [~~(D)~~] whether the health care or medical service or supply was for emergency care; and

(5) [~~(E)~~] any other information about:

(A) [~~(i)~~] the health benefit plan issuer [~~insurer~~] or administrator that the commissioner by rule requires; or

(B) [~~(ii)~~] the out-of-network [~~facility-based~~] provider [~~or emergency care provider~~] that the Texas Medical Board or other appropriate regulatory agency by rule requires.

(c) The information collected and maintained [~~by the department and the Texas Medical Board and other appropriate regulatory agencies~~] under Subsection (b) [~~(b)(2)~~] is public information as defined by Section 552.002, Government Code, and may not include personally identifiable information or health care or medical information.

ARTICLE 3. CONFORMING AMENDMENTS

SECTION 3.01. Section 1456.003(a), Insurance Code, is amended to read as follows:

(a) Each health benefit plan that provides health care through a provider network shall provide notice to its enrollees that:

(1) a facility-based physician or other health care practitioner may not be included in the health benefit plan's provider network; and

(2) a health care practitioner described by Subdivision (1) may balance bill the enrollee for amounts not paid by the health benefit plan unless the health care or medical service or supply provided to the enrollee is subject to a law prohibiting balance billing.

SECTION 3.02. Section 1456.006, Insurance Code, is amended to read as follows:

Sec. 1456.006. COMMISSIONER RULES; FORM OF DISCLOSURE. The commissioner by rule may prescribe specific requirements for the disclosure required under Section 1456.003. The form of the disclosure must be substantially as follows:

NOTICE: "ALTHOUGH HEALTH CARE SERVICES MAY BE OR HAVE BEEN PROVIDED TO YOU AT A HEALTH CARE FACILITY THAT IS A MEMBER OF THE PROVIDER NETWORK USED BY YOUR HEALTH BENEFIT PLAN, OTHER PROFESSIONAL SERVICES MAY BE OR HAVE BEEN PROVIDED AT OR THROUGH THE FACILITY BY PHYSICIANS AND OTHER HEALTH CARE PRACTITIONERS WHO ARE NOT MEMBERS OF THAT NETWORK. YOU MAY BE RESPONSIBLE FOR PAYMENT OF ALL OR PART OF THE FEES FOR THOSE PROFESSIONAL SERVICES THAT ARE NOT PAID OR COVERED BY YOUR HEALTH BENEFIT PLAN UNLESS BALANCE BILLING FOR THOSE SERVICES IS PROHIBITED."

SECTION 3.03. The following provisions of the Insurance Code are repealed:

(1) Section 1456.004(c);
(2) Section 1467.001(2);
(3) Sections 1467.051(c) and (d);
(4) Section 1467.0511;
(5) Sections 1467.053(b) and (c);
(6) Sections 1467.054(b), (c), (f), and (g);
(7) Sections 1467.055(d) and (h);
(8) Section 1467.057;
(9) Section 1467.058;
(10) Section 1467.059; and
(11) Section 1467.151(d).

ARTICLE 4. STUDY

SECTION 4.01. Subchapter A, Chapter 38, Insurance Code, is amended by adding Section 38.004 to read as follows:

Sec. 38.004. BALANCE BILLING PROHIBITION REPORT. (a) The department shall, each biennium, conduct a study on the impacts of S.B. No. 1264, Acts of the 86th Legislature, Regular Session, 2019, on Texas consumers and health coverage in this state, including:

(1) trends in billed amounts for health care or medical services or supplies, especially emergency services, laboratory services, diagnostic imaging services, and facility-based services;

(2) comparison of the total amount spent on out-of-network emergency services, laboratory services, diagnostic imaging services, and facility-based services by calendar year and provider type or physician specialty;

(3) trends and changes in network participation by providers of emergency services, laboratory services, diagnostic imaging services, and facility-based services by provider type or physician specialty, including whether any terminations were initiated by a health benefit plan issuer, administrator, or provider;

(4) trends and changes in the amounts paid to participating providers;

(5) the number of complaints, completed investigations, and disciplinary sanctions for billing by providers of emergency services, laboratory services, diagnostic imaging services, or facility-based services of enrollees for amounts greater than the enrollee's responsibility under an applicable health benefit plan, including applicable copayments, coinsurance, and deductibles;

(6) trends in amounts paid to out-of-network providers;

(7) trends in the usual and customary rate for health care or medical services or supplies, especially emergency services, laboratory services, diagnostic imaging services, and facility-based services; and

(8) the effectiveness of the claim dispute resolution process under Chapter 1467.

(b) In conducting the study described by Subsection (a), the department shall collect settlement data and verdicts or arbitration awards, as applicable, from parties to mediation or arbitration under Chapter 1467.

(c) The department may not publish a particular rate paid to a participating provider in the study described by Subsection (a), identifying information of a physician or health care provider, or non-aggregated study results. Information described by this subsection is confidential and not subject to disclosure under Chapter 552, Government Code.

(d) The department:

(1) shall collect data quarterly from a health benefit plan issuer or administrator subject to Chapter 1467 to conduct the study required by this section; and

(2) may utilize any reliable external resource or entity to acquire information reasonably necessary to prepare the report required by Subsection (e).

(e) Not later than December 1 of each even-numbered year, the department shall prepare and submit a written report on the results of the study under this section, including the department's findings, to the legislature.

ARTICLE 5. TRANSITION AND EFFECTIVE DATE

SECTION 5.01. The changes in law made by this Act apply only to a health care or medical service or supply provided on or after January 1, 2020. A health care or medical service or supply provided before January 1, 2020, is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 5.02. This Act takes effect September 1, 2019.

Floor Amendment No. 2

Amend Amendment No. 1 by Oliverson to **CSSB 1264** (bar code 861876) as follows:

(1) On page 4, lines 6 and 10, strike "claim" and substitute "clean claim as defined by Section 843.336".

(2) On page 4, between lines 27 and 28, insert the following:

(h) This section may not be construed to require the imposition of a penalty under Section 843.342.

(3) On page 5, lines 15 and 19, strike "claim" and substitute "clean claim as defined by Section 843.336".

(4) On page 6, between lines 19 and 20, insert the following:

(e) This section may not be construed to require the imposition of a penalty under Section 843.342.

(5) On page 7, lines 4 and 8, strike "claim" and substitute "clean claim as defined by Section 843.336".

(6) On page 8, between lines 9 and 10, insert the following:

(e) This section may not be construed to require the imposition of a penalty under Section 843.342.

(7) On page 8, line 30 and page 9, line 2, strike "claim" and substitute "clean claim as defined by Section 1301.101".

(8) On page 9, between lines 17 and 18, insert the following:

(c) This section may not be construed to require the imposition of a penalty under Section 1301.137.

(9) On page 11, lines 4 and 7, strike "claim" and substitute "clean claim as defined by Section 1301.101".

(10) On page 11, between lines 22 and 23, insert the following:

(e) This section may not be construed to require the imposition of a penalty under Section 1301.137.

(11) On page 12, lines 8 and 11, strike "claim" and substitute "clean claim as defined by Section 1301.101".

(12) On page 13, between lines 10 and 11, insert the following:

(e) This section may not be construed to require the imposition of a penalty under Section 1301.137.

(13) On page 13, lines 25 and 28, strike "claim" and substitute "clean claim as defined by Section 1301.101".

(14) On page 14, between lines 27 and 28, insert the following:

(e) This section may not be construed to require the imposition of a penalty under Section 1301.137.

(15) Amend recitals appropriately.

The amendments were read.

Senator Hancock moved to concur in the House amendments to **SB 1264**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 2212 WITH HOUSE AMENDMENT

Senator Taylor called **SB 2212** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 2212** (house committee printing) as follows:

(1) On page 1, line 10, between "Engineers" and "for", insert "or an agreement with the General Land Office or another state agency".

(2) On page 1, line 14, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(3) On page 2, strike lines 2 through 8 and substitute the following:

(2) may enter into an agreement for a public-private partnership to fund a local share of or the costs of the operation and maintenance of a project described by this subsection.

(4) On page 2, line 10, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(5) On page 2, line 10, strike "November" and substitute "May".

(6) On page 2, line 11, between "Subsection (a)(1)(B)" and "must be", insert "of this section".

(7) On page 2, line 12, strike "December" and substitute "June".

(8) On page 2, line 14, between "Subsection (a)" and "is built", insert "of this section".

(9) On page 2, line 26, between "Engineers" and "for", insert "or an agreement with the General Land Office or another state agency".

(10) On page 3, line 3, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(11) On page 3, strike lines 15 through 21 and substitute the following:

(2) may enter into an agreement for a public-private partnership to fund a local share of or the costs of the operation and maintenance of a project described by this subsection.

(12) On page 3, line 23, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(13) On page 3, line 23, strike "November" and substitute "May".

(14) On page 3, line 24, between "Subsection (a)(1)(B)" and "must be", insert "of this section".

(15) On page 3, line 25, strike "December" and substitute "June".

(16) On page 3, line 27, between "Subsection (a)" and "is built", insert "of this section".

(17) On page 4, line 12, between "Engineers" and "for", insert "or an agreement with the General Land Office or another state agency".

(18) On page 4, line 16, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(19) On page 5, strike lines 1 through 7 and substitute the following:

(2) may enter into an agreement for a public-private partnership to fund a local share of or the costs of the operation and maintenance of a project described by this subsection.

(20) On page 5, line 9, between "agreement" and "under", insert "or an agreement with the General Land Office or another state agency".

(21) On page 5, line 9, strike "November" and substitute "May".

(22) On page 5, line 10, between "Subsection (a)(1)(B)" and "must be", insert "of this section".

(23) On page 5, line 11, strike "December" and substitute "June".

(24) On page 5, line 13, between "Subsection (a)" and "is built", insert "of this section".

The amendment was read.

Senator Taylor moved to concur in the House amendment to **SB 2212**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 489 WITH HOUSE AMENDMENTS

Senator Zaffirini called **SB 489** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Floor Amendment No. 1 on Third Reading

Amend **SB 489** (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____. Chapter 159, Local Government Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. PROTECTION FOR JUDICIAL OFFICERS

Sec. 159.071. OMISSION OF ADDRESS. (a) In this section:

(1) "County attorney" means a county attorney whose jurisdiction includes any criminal law or child protective services matter.

(2) "State judge" has the meaning assigned by Section 13.0021, Election Code.

(b) On receiving notice from the Office of Court Administration of the Texas Judicial System of a county attorney's or state judge's qualifications for office or on receipt of a written request from a county attorney, state judge, spouse of a county attorney or state judge, or candidate for the office of county attorney or state judge, the county clerk shall remove or redact the residence address of the county attorney, state judge, spouse of a county attorney or state judge, or candidate for the office of county attorney or state judge from any report filed under this chapter by the county attorney, state judge, or candidate before the statement is made available to a member of the public.

SECTION ____. Section 145.007, Local Government Code, is amended by adding Subsection (d) to read as follows:

(d) On the written request of a municipal court judge of the municipality or a candidate for municipal court judge, the clerk or secretary of the municipality shall remove or redact the residence address of the municipal court judge, municipal court judge's spouse, or candidate for the office of municipal court judge, from a financial statement filed under this chapter before the financial statement is made available to a member of the public.

Floor Amendment No. 2 on Third Reading

Amend Amendment No. 1 by Smithee to **SB 489** on third reading by inserting the following immediately after page 1, line 29:
spouse, or candidate for the office of municipal court judge, from a financial statement filed under this chapter before the financial statement is made available to a member of the public.

The amendments were read.

Senator Zaffirini moved to concur in the House amendments to **SB 489**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 194 WITH HOUSE AMENDMENT

Senator Perry called **SB 194** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Amendment

Amend **SB 194** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to the creation of the criminal offense of indecent assault, to judicial protection for victims of that offense, and to certain criminal acts committed in relation to that offense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 22, Penal Code, is amended by adding Section 22.012 to read as follows:

Sec. 22.012. INDECENT ASSAULT. (a) A person commits an offense if, without the other person's consent and with the intent to arouse or gratify the sexual desire of any person, the person:

(1) touches the anus, breast, or any part of the genitals of another person;

(2) touches another person with the anus, breast, or any part of the genitals of any person;

(3) exposes or attempts to expose another person's genitals, pubic area, anus, buttocks, or female areola; or

(4) causes another person to contact the blood, seminal fluid, vaginal fluid, saliva, urine, or feces of any person.

(b) An offense under this section is a Class A misdemeanor.

(c) If conduct that constitutes an offense under this section also constitutes an offense under another law, the actor may be prosecuted under this section, the other law, or both.

SECTION 2. The heading to Chapter 7A, Code of Criminal Procedure, is amended to read as follows:

CHAPTER 7A. PROTECTIVE ORDER FOR VICTIMS OF SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING

SECTION 3. Article 7A.01(a), Code of Criminal Procedure, is amended to read as follows:

(a) The following persons may file an application for a protective order under this chapter without regard to the relationship between the applicant and the alleged offender:

(1) a person who is the victim of an offense under Section 21.02, 21.11, 22.011, 22.012, 22.021, or 42.072, Penal Code;

(2) a person who is the victim of an offense under Section 20A.02, 20A.03, or 43.05, Penal Code;

(3) a parent or guardian acting on behalf of a person younger than 17 years of age who is the victim of an offense listed in Subdivision (1);

(4) a parent or guardian acting on behalf of a person younger than 18 years of age who is the victim of an offense listed in Subdivision (2); or

(5) a prosecuting attorney acting on behalf of a person described by Subdivision (1), (2), (3), or (4).

SECTION 4. Article 7A.02, Code of Criminal Procedure, is amended to read as follows:

Art. 7A.02. TEMPORARY EX PARTE ORDER. If the court finds from the information contained in an application for a protective order that there is a clear and present danger of sexual assault or abuse, indecent assault, stalking, trafficking, or other harm to the applicant, the court, without further notice to the alleged offender and without a hearing, may enter a temporary ex parte order for the protection of the applicant or any other member of the applicant's family or household.

SECTION 5. Article 7A.03(a), Code of Criminal Procedure, is amended to read as follows:

(a) At the close of a hearing on an application for a protective order under this chapter, the court shall find whether there are reasonable grounds to believe that the applicant is the victim of sexual assault or abuse, indecent assault, stalking, or trafficking.

SECTION 6. Article 7A.035, Code of Criminal Procedure, is amended to read as follows:

Art. 7A.035. HEARSAY STATEMENT OF CHILD VICTIM. In a hearing on an application for a protective order under this chapter, a statement that is made by a child younger than 14 years of age who is the victim of an offense under Section 21.02, 21.11, 22.011, 22.012, or 22.021, Penal Code, and that describes the offense committed against the child is admissible as evidence in the same manner that a child's statement regarding alleged abuse against the child is admissible under Section 104.006, Family Code, in a suit affecting the parent-child relationship.

SECTION 7. Articles 17.292(a) and (g), Code of Criminal Procedure, are amended to read as follows:

(a) At a defendant's appearance before a magistrate after arrest for an offense involving family violence or an offense under Section 20A.02, 20A.03, 22.011, 22.012, 22.021, or 42.072, Penal Code, the magistrate may issue an order for emergency protection on the magistrate's own motion or on the request of:

(1) the victim of the offense;

(2) the guardian of the victim;

(3) a peace officer; or

(4) the attorney representing the state.

(g) An order for emergency protection issued under this article must contain the following statements printed in bold-face type or in capital letters:

"A VIOLATION OF THIS ORDER BY COMMISSION OF AN ACT PROHIBITED BY THE ORDER MAY BE PUNISHABLE BY A FINE OF AS MUCH AS $4,000 OR BY CONFINEMENT IN JAIL FOR AS LONG AS ONE YEAR OR BY BOTH. AN ACT THAT RESULTS IN [~~FAMILY VIOLENCE OR~~] A SEPARATE [~~STALKING OR TRAFFICKING~~] OFFENSE MAY BE PROSECUTED AS A SEPARATE MISDEMEANOR OR FELONY OFFENSE, AS APPLICABLE, IN ADDITION TO A VIOLATION OF THIS ORDER. IF THE ACT IS PROSECUTED AS A SEPARATE FELONY OFFENSE, IT IS PUNISHABLE BY CONFINEMENT IN PRISON FOR AT LEAST TWO YEARS. THE POSSESSION OF A FIREARM BY A PERSON, OTHER THAN A PEACE OFFICER, AS DEFINED BY SECTION 1.07, PENAL CODE, ACTIVELY ENGAGED IN EMPLOYMENT AS A SWORN, FULL-TIME PAID EMPLOYEE OF A STATE AGENCY OR POLITICAL SUBDIVISION, WHO IS SUBJECT TO THIS ORDER MAY BE PROSECUTED AS A SEPARATE OFFENSE PUNISHABLE BY CONFINEMENT OR IMPRISONMENT.

"NO PERSON, INCLUDING A PERSON WHO IS PROTECTED BY THIS ORDER, MAY GIVE PERMISSION TO ANYONE TO IGNORE OR VIOLATE ANY PROVISION OF THIS ORDER. DURING THE TIME IN WHICH THIS ORDER IS VALID, EVERY PROVISION OF THIS ORDER IS IN FULL FORCE AND EFFECT UNLESS A COURT CHANGES THE ORDER."

SECTION 8. The heading to Article 56.021, Code of Criminal Procedure, is amended to read as follows:

Art. 56.021. RIGHTS OF VICTIM OF SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING.

SECTION 9. Article 56.021(d), Code of Criminal Procedure, is amended to read as follows:

(d) This subsection applies only to a victim of an offense under Section 20A.02, 20A.03, 21.02, 21.11, 22.011, 22.012, 22.021, 42.072, or 43.05, Penal Code. In addition to the rights enumerated in Article 56.02 and, if applicable, Subsection (a) of this article, a victim described by this subsection or a parent or guardian of the victim is entitled to the following rights within the criminal justice system:

(1) the right to request that the attorney representing the state, subject to the Texas Disciplinary Rules of Professional Conduct, file an application for a protective order under Article 7A.01 on behalf of the victim;

(2) the right to be informed:

(A) that the victim or the victim's parent or guardian, as applicable, may file an application for a protective order under Article 7A.01;

(B) of the court in which the application for a protective order may be filed; and

(C) that, on request of the victim or of the victim's parent or guardian, as applicable, and subject to the Texas Disciplinary Rules of Professional Conduct, the attorney representing the state may file the application for a protective order;

(3) if the victim or the victim's parent or guardian, as applicable, is present when the defendant is convicted or placed on deferred adjudication community supervision, the right to be given by the court the information described by Subdivision (2) and, if the court has jurisdiction over applications for protective orders that are filed under Article 7A.01, the right to file an application for a protective order immediately following the defendant's conviction or placement on deferred adjudication community supervision; and

(4) if the victim or the victim's parent or guardian, as applicable, is not present when the defendant is convicted or placed on deferred adjudication community supervision, the right to be given by the attorney representing the state the information described by Subdivision (2).

SECTION 10. Sections 411.042(b) and (g), Government Code, are amended to read as follows:

(b) The bureau of identification and records shall:

(1) procure and file for record photographs, pictures, descriptions, fingerprints, measurements, and other pertinent information of all persons arrested for or charged with a criminal offense or convicted of a criminal offense, regardless of whether the conviction is probated;

(2) collect information concerning the number and nature of offenses reported or known to have been committed in the state and the legal steps taken in connection with the offenses, and other information useful in the study of crime and the administration of justice, including information that enables the bureau to create a statistical breakdown of:

(A) offenses in which family violence was involved;

(B) offenses under Sections 22.011 and 22.021, Penal Code; and

(C) offenses under Sections 20A.02, 43.02(a), 43.02(b), 43.03, and 43.05, Penal Code;

(3) make ballistic tests of bullets and firearms and chemical analyses of bloodstains, cloth, materials, and other substances for law enforcement officers of the state;

(4) cooperate with identification and crime records bureaus in other states and the United States Department of Justice;

(5) maintain a list of all previous background checks for applicants for any position regulated under Chapter 1702, Occupations Code, who have undergone a criminal history background check under Section 411.119, if the check indicates a Class B misdemeanor or equivalent offense or a greater offense;

(6) collect information concerning the number and nature of protective orders and magistrate's orders of emergency protection and all other pertinent information about all persons subject to active orders, including pertinent information about persons subject to conditions of bond imposed for the protection of the victim in any family violence, sexual assault or abuse, indecent assault, stalking, or trafficking case. Information in the law enforcement information system relating to an active order shall include:

(A) the name, sex, race, date of birth, personal descriptors, address, and county of residence of the person to whom the order is directed;

(B) any known identifying number of the person to whom the order is directed, including the person's social security number or driver's license number;

(C) the name and county of residence of the person protected by the order;

(D) the residence address and place of employment or business of the person protected by the order, unless that information is excluded from the order under Article 17.292(e), Code of Criminal Procedure;

(E) the child-care facility or school where a child protected by the order normally resides or which the child normally attends, unless that information is excluded from the order under Article 17.292(e), Code of Criminal Procedure;

(F) the relationship or former relationship between the person who is protected by the order and the person to whom the order is directed;

(G) the conditions of bond imposed on the person to whom the order is directed, if any, for the protection of a victim in any family violence, sexual assault or abuse, indecent assault, stalking, or trafficking case;

(H) any minimum distance the person subject to the order is required to maintain from the protected places or persons; and

(I) the date the order expires;

(7) grant access to criminal history record information in the manner authorized under Subchapter F;

(8) collect and disseminate information regarding offenders with mental impairments in compliance with Chapter 614, Health and Safety Code; and

(9) record data and maintain a state database for a computerized criminal history record system and computerized juvenile justice information system that serves:

(A) as the record creation point for criminal history record information and juvenile justice information maintained by the state; and

(B) as the control terminal for the entry of records, in accordance with federal law and regulations, federal executive orders, and federal policy, into the federal database maintained by the Federal Bureau of Investigation.

(g) The department may adopt reasonable rules under this section relating to:

(1) law enforcement information systems maintained by the department;

(2) the collection, maintenance, and correction of records;

(3) reports of criminal history information submitted to the department;

(4) active protective orders and reporting procedures that ensure that information relating to the issuance and dismissal of an active protective order is reported to the local law enforcement agency at the time of the order's issuance or dismissal and entered by the local law enforcement agency in the state's law enforcement information system;

(5) the collection of information described by Subsection (h);

(6) a system for providing criminal history record information through the criminal history clearinghouse under Section 411.0845; and

(7) active conditions of bond imposed on a defendant for the protection of a victim in any family violence, sexual assault or abuse, indecent assault, stalking, or trafficking case, and reporting procedures that ensure that information relating to the issuance, modification, or removal of the conditions of bond is reported, at the time of the issuance, modification, or removal, to:

(A) the victim or, if the victim is deceased, a close relative of the victim; and

(B) the local law enforcement agency for entry by the local law enforcement agency in the state's law enforcement information system.

SECTION 11. (a) This section takes effect only if the comptroller determines that Sections 14 and 69, H.B. 7, Acts of the 85th Legislature, Regular Session, 2017, took effect as provided by H.B. 7.

(b) The heading to Section 25.07, Penal Code, is amended to read as follows:

Sec. 25.07. VIOLATION OF CERTAIN COURT ORDERS OR CONDITIONS OF BOND IN A FAMILY VIOLENCE, CHILD ABUSE OR NEGLECT, SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING CASE.

(c) Section 25.07(a), Penal Code, is amended to read as follows:

(a) A person commits an offense if, in violation of a condition of bond set in a family violence, sexual assault or abuse, indecent assault, stalking, or trafficking case and related to the safety of a victim or the safety of the community, an order issued under Chapter 7A, Code of Criminal Procedure, an order issued under Article 17.292, Code of Criminal Procedure, an order issued under Section 6.504, Family Code, Chapter 83, Family Code, if the temporary ex parte order has been served on the person, Chapter 85, Family Code, or Subchapter F, Chapter 261, Family Code, or an order issued by another jurisdiction as provided by Chapter 88, Family Code, the person knowingly or intentionally:

(1) commits family violence or an act in furtherance of an offense under Section 20A.02, 22.011, 22.012, 22.021, or 42.072;

(2) communicates:

(A) directly with a protected individual or a member of the family or household in a threatening or harassing manner;

(B) a threat through any person to a protected individual or a member of the family or household; or

(C) in any manner with the protected individual or a member of the family or household except through the person's attorney or a person appointed by the court, if the violation is of an order described by this subsection and the order prohibits any communication with a protected individual or a member of the family or household;

(3) goes to or near any of the following places as specifically described in the order or condition of bond:

(A) the residence or place of employment or business of a protected individual or a member of the family or household; or

(B) any child care facility, residence, or school where a child protected by the order or condition of bond normally resides or attends;

(4) possesses a firearm;

(5) harms, threatens, or interferes with the care, custody, or control of a pet, companion animal, or assistance animal that is possessed by a person protected by the order or condition of bond; or

(6) removes, attempts to remove, or otherwise tampers with the normal functioning of a global positioning monitoring system.

(d) The heading to Section 25.072, Penal Code, is amended to read as follows:

Sec. 25.072. REPEATED VIOLATION OF CERTAIN COURT ORDERS OR CONDITIONS OF BOND IN FAMILY VIOLENCE, CHILD ABUSE OR NEGLECT, SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING CASE.

(e) Sections 25.07 and 25.072, Penal Code, as amended by this section, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this subsection, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 12. (a) This section takes effect only if the comptroller determines that Sections 14 and 69, H.B. 7, Acts of the 85th Legislature, Regular Session, 2017, did not take effect as provided by H.B. 7.

(b) The heading to Section 25.07, Penal Code, is amended to read as follows:

Sec. 25.07. VIOLATION OF CERTAIN COURT ORDERS OR CONDITIONS OF BOND IN A FAMILY VIOLENCE, [~~CHILD ABUSE OR NEGLECT,~~] SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING CASE.

(c) Section 25.07(a), Penal Code, is amended to read as follows:

(a) A person commits an offense if, in violation of a condition of bond set in a family violence, sexual assault or abuse, indecent assault, stalking, or trafficking case and related to the safety of a victim or the safety of the community, an order issued under Chapter 7A, Code of Criminal Procedure, an order issued under Article 17.292, Code of Criminal Procedure, an order issued under Section 6.504, Family Code, Chapter 83, Family Code, if the temporary ex parte order has been served on the person, or Chapter 85, Family Code, or an order issued by another jurisdiction as provided by Chapter 88, Family Code, the person knowingly or intentionally:

(1) commits family violence or an act in furtherance of an offense under Section 20A.02, 22.011, 22.012, 22.021, or 42.072;

(2) communicates:

(A) directly with a protected individual or a member of the family or household in a threatening or harassing manner;

(B) a threat through any person to a protected individual or a member of the family or household; or

(C) in any manner with the protected individual or a member of the family or household except through the person's attorney or a person appointed by the court, if the violation is of an order described by this subsection and the order prohibits any communication with a protected individual or a member of the family or household;

(3) goes to or near any of the following places as specifically described in the order or condition of bond:

(A) the residence or place of employment or business of a protected individual or a member of the family or household; or

(B) any child care facility, residence, or school where a child protected by the order or condition of bond normally resides or attends;

(4) possesses a firearm;

(5) harms, threatens, or interferes with the care, custody, or control of a pet, companion animal, or assistance animal that is possessed by a person protected by the order or condition of bond; or

(6) removes, attempts to remove, or otherwise tampers with the normal functioning of a global positioning monitoring system.

(d) The heading to Section 25.072, Penal Code, is amended to read as follows:

Sec. 25.072. REPEATED VIOLATION OF CERTAIN COURT ORDERS OR CONDITIONS OF BOND IN FAMILY VIOLENCE, [~~CHILD ABUSE OR NEGLECT,~~] SEXUAL ASSAULT OR ABUSE, INDECENT ASSAULT, STALKING, OR TRAFFICKING CASE.

(e) Sections 25.07 and 25.072, Penal Code, as amended by this section, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this subsection, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 13. Section 25.07(b), Penal Code, is amended by adding Subdivision (8) to read as follows:

(8) "Indecent assault" means any conduct that constitutes an offense under Section 22.012.

SECTION 14. Chapter 7A, Code of Criminal Procedure, as amended by this Act, and Article 17.292, Code of Criminal Procedure, as amended by this Act, apply only to a protective order or magistrate's order for emergency protection that is issued on or after the effective date of this Act. An order issued before the effective date of this Act is governed by the law in effect on the date the order is issued, and the former law is continued in effect for that purpose.

SECTION 15. Article 56.021(d), Code of Criminal Procedure, as amended by this Act, applies to a victim of criminally injurious conduct for which a judgment of conviction is entered or a grant of deferred adjudication is made on or after the effective date of this Act, regardless of whether the criminally injurious conduct occurred before, on, or after the effective date of this Act.

SECTION 16. Not later than the 30th day after the effective date of this section, the comptroller shall make the determination described by Sections 11(a) and 12(a) of this Act.

SECTION 17. (a) Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2019.

(b) Section 16 of this Act takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Section 16 of this Act takes effect September 1, 2019.

The amendment was read.

Senator Perry moved to concur in the House amendment to **SB 194**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 372 WITH HOUSE AMENDMENTS

Senator Campbell called **SB 372** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Floor Amendment No. 2

Amend **SB 372** (house committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION ____. Sections 37.0811(c), (d), and (e), Education Code, are amended to read as follows:

(c) A school marshal appointed by the board of trustees of a school district or the governing body of an open-enrollment charter school may carry a concealed handgun or possess a handgun on the physical premises of a school, but only:

(1) in the manner provided by written regulations adopted by the board of trustees or the governing body; and

(2) at a specific school as specified by the board of trustees or governing body, as applicable.

(d) Any written regulations adopted for purposes of Subsection (c) must provide that a school marshal may carry a concealed handgun on the school marshal's person or [~~as described by Subsection (c), except that if the primary duty of the school marshal involves regular, direct contact with students, the marshal may not carry a concealed handgun but may~~] possess the [~~a~~] handgun on the physical premises of a school in a locked and secured safe or other locked and secured location [~~within the marshal's immediate reach when conducting the marshal's primary duty~~]. The written

regulations must also require that a handgun carried or possessed by [~~or within access of~~] a school marshal may be loaded only with frangible duty ammunition approved for that purpose by the Texas Commission on Law Enforcement.

(e) A school marshal may use [~~access~~] a handgun the school marshal is authorized to carry or possess under this section only under circumstances that would justify the use of deadly force under Section 9.32 or 9.33, Penal Code.

SECTION ____. Sections 37.0813(c), (d), and (e), Education Code, are amended to read as follows:

(c) A school marshal appointed by the governing body of a private school may carry a concealed handgun or possess a handgun on the physical premises of a school, but only in the manner provided by written regulations adopted by the governing body.

(d) Any written regulations adopted for purposes of Subsection (c) must provide that a school marshal may carry a concealed handgun on the school marshal's person or [~~as described by Subsection (c), except that if the primary duty of the school marshal involves regular, direct contact with students in a classroom setting, the marshal may not carry a concealed handgun but may~~] possess the [~~a~~] handgun on the physical premises of a school in a locked and secured safe or other locked and secured location [~~within the marshal's immediate reach when conducting the marshal's primary duty~~]. The written regulations must also require that a handgun carried or possessed by [~~or within access of~~] a school marshal may be loaded only with frangible duty ammunition approved for that purpose by the Texas Commission on Law Enforcement.

(e) A school marshal may use [~~access~~] a handgun the school marshal is authorized to carry or possess under this section only under circumstances that would justify the use of deadly force under Section 9.32 or 9.33, Penal Code.

SECTION ____. Sections 51.220(d), (e), and (f), Education Code, are amended to read as follows:

(d) A school marshal appointed by the governing board of a public junior college may carry a concealed handgun or possess a handgun on the physical premises of a public junior college campus, but only:

(1) in the manner provided by written regulations adopted by the governing board; and

(2) at a specific public junior college campus as specified by the governing board.

(e) Any written regulations adopted for purposes of Subsection (d) must provide that a school marshal may carry a concealed handgun on the school marshal's person or [~~as described by Subsection (d), except that if the primary duty of the school marshal involves regular, direct contact with students, the marshal may not carry a concealed handgun but may~~] possess the [~~a~~] handgun on the physical premises of a public junior college campus in a locked and secured safe or other locked and secured location [~~within the marshal's immediate reach when conducting the marshal's primary duty~~]. The written regulations must also require that a handgun carried or possessed by [~~or within access of~~] a school marshal may be loaded only with frangible duty ammunition approved for that purpose by the Texas Commission on Law Enforcement.

(f) A school marshal may use [~~access~~] a handgun the school marshal is authorized to carry or possess under this section only under circumstances that would justify the use of deadly force under Section 9.32 or 9.33, Penal Code.

SECTION ____. The following provisions of this Act apply beginning with the 2019-2020 school year:

(1) Sections 37.0811(c), (d), and (e), Education Code, as amended by this Act;

(2) Sections 37.0813(c), (d), and (e), Education Code, as amended by this Act; and

(3) Sections 51.220(d), (e), and (f), Education Code, as amended by this Act.

Floor Amendment No. 1 on Third Reading

Amend **SB 372** on third reading by striking the added SECTIONS of the amendment by Sanford, adopted on second reading, as follows:

(1) the SECTION amending Sections 37.0811(c), (d), and (e), Education Code;

(2) the SECTION amending Sections 37.0813(c), (d), and (e), Education Code;

(3) the SECTION amending Sections 51.220(d), (e), and (f), Education Code; and

(4) the SECTION adding transition language regarding amended Sections 37.0811(c), (d), and (e), 37.0813(c), (d), and (e), and 51.220(d), (e), and (f), Education Code.

The amendments were read.

Senator Campbell moved to concur in the House amendments to **SB 372**.

The motion prevailed by the following vote: Yeas 28, Nays 3.

Yeas: Alvarado, Bettencourt, Birdwell, Buckingham, Campbell, Creighton, Fallon, Flores, Hall, Hancock, Hinojosa, Huffman, Hughes, Kolkhorst, Lucio, Miles, Nelson, Nichols, Paxton, Perry, Powell, Rodríguez, Schwertner, Seliger, Taylor, West, Whitmire, Zaffirini.

Nays: Johnson, Menéndez, Watson.

CONFERENCE COMMITTEE ON HOUSE BILL 3800
(Motion In Writing)

Senator Huffman called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3800** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3800** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Huffman, Chair; Flores, Perry, Whitmire, and Nelson.

CONFERENCE COMMITTEE ON HOUSE BILL 2858
(Motion In Writing)

Senator Schwertner called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2858** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2858** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Schwertner, Chair; Buckingham, Campbell, Creighton, and Johnson.

CONFERENCE COMMITTEE ON HOUSE BILL 1550
(Motion In Writing)

Senator Birdwell called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1550** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1550** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Birdwell, Chair; Watson, Buckingham, Nichols, and Flores.

CONFERENCE COMMITTEE ON HOUSE BILL 1973
(Motion In Writing)

Senator Nelson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1973** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1973** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Nelson, Chair; Watson, Huffman, Campbell, and Alvarado.

CONFERENCE COMMITTEE ON HOUSE BILL 722
(Motion In Writing)

Senator Perry called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 722** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 722** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Perry, Chair; Kolkhorst, Rodríguez, Creighton, and Johnson.

CONFERENCE COMMITTEE ON HOUSE BILL 510
(Motion In Writing)

Senator Schwertner called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 510** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 510** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Schwertner, Chair; Menéndez, Campbell, Perry, and Miles.

CONFERENCE COMMITTEE ON HOUSE BILL 3193
(Motion In Writing)

Senator Johnson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3193** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3193** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Johnson, Chair; Schwertner, Hinojosa, Kolkhorst, and Campbell.

CONFERENCE COMMITTEE ON HOUSE BILL 3745
(Motion In Writing)

Senator Birdwell called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3745** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3745** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Birdwell, Chair; Nelson, Hinojosa, Taylor, and Hughes.

CONFERENCE COMMITTEE ON HOUSE BILL 1313
(Motion In Writing)

Senator Birdwell called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1313** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1313** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Birdwell, Chair; Buckingham, Paxton, Hinojosa, and Lucio.

CONFERENCE COMMITTEE ON HOUSE BILL 410
(Motion In Writing)

Senator Johnson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 410** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 410** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Johnson, Chair; Flores, Nichols, Rodríguez, and Huffman.

GUESTS PRESENTED

Senator Campbell, joined by Senators Nelson, Creighton, and Kolkhorst, was recognized and introduced to the Senate the Texas A&M University Capstone Project interns: Elizabeth O'Connor, Samantha Wiseman, Court Manske, and Sydney Cerza.

The Senate welcomed its guests.

SENATE BILL 560 WITH HOUSE AMENDMENT

Senator Kolkhorst called **SB 560** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 560** (house committee report) as follows:

(1) On page 1, line 23, strike "and".

(2) On page 2, line 1, between "representation" and the underlined period, insert the following:

; and

(3) information on whether the court is complying with Chapter 37, including the lists and the rotation system required by that chapter

The amendment was read.

Senator Kolkhorst moved to concur in the House amendment to **SB 560**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE BILL 345 WITH HOUSE AMENDMENT

Senator Creighton called **SB 345** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 345** (House committee report) as follows:

(1) On page 1, line 15, strike "The" and substitute "Except as provided by Subsection (c), the".

(2) On page 1, between lines 21 and 22, insert the following:

(c) This section does not preclude the Texas Department of Transportation, for the current operation or future expansion of Farm-to-Market Road 1488, from:

(1) using an easement that is owned by the state for the benefit of the department for a highway purpose; or

(2) acquiring an additional interest in real property.

The amendment was read.

Senator Creighton moved to concur in the House amendment to **SB 345**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 4

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS PASSED THE FOLLOWING MEASURES:

HCR 182 Deshotel
Instructing the enrolling clerk of the house to make corrections in H.B. No. 680.

HCR 183 Thompson, Ed
Instructing the enrolling clerk of the house to make corrections in H.B. No. 1755.

HCR 184 Phelan
Instructing the enrolling clerk of the house to make corrections in H.B. 1397.

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 36 (102 Yeas, 38 Nays, 4 Present, not voting)

HB 170 (128 Yeas, 13 Nays, 2 Present, not voting)

HB 463 (121 Yeas, 20 Nays, 2 Present, not voting)

HB 616 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 721 (141 Yeas, 1 Nays, 2 Present, not voting)

HB 914 (102 Yeas, 37 Nays, 2 Present, not voting)

HB 965 (134 Yeas, 6 Nays, 2 Present, not voting)

HB 1025 (134 Yeas, 7 Nays, 2 Present, not voting)

HB 1063 (142 Yeas, 1 Nays, 2 Present, not voting)

HB 1078 (135 Yeas, 6 Nays, 3 Present, not voting)

HB 1120 (112 Yeas, 30 Nays, 2 Present, not voting)

HB 1174 (93 Yeas, 48 Nays, 3 Present, not voting)

HB 1263 (118 Yeas, 21 Nays, 2 Present, not voting)

HB 1548 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 1576 (141 Yeas, 0 Nays, 2 Present, not voting)

HB 1584 (115 Yeas, 24 Nays, 2 Present, not voting)

HB 1742 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 1755 (138 Yeas, 0 Nays, 2 Present, not voting)

HB 1833 (140 Yeas, 0 Nays, 2 Present, not voting)

HB 1869 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 1962 (138 Yeas, 2 Nays, 2 Present, not voting)

HB 2041 (141 Yeas, 2 Nays, 2 Present, not voting)

HB 2053 (140 Yeas, 0 Nays, 2 Present, not voting)

HB 2103 (138 Yeas, 4 Nays, 2 Present, not voting)

HB 2112 (138 Yeas, 2 Nays, 2 Present, not voting)

HB 2159 (141 Yeas, 0 Nays, 2 Present, not voting)

HB 2190 (129 Yeas, 11 Nays, 2 Present, not voting)

HB 2195 (141 Yeas, 1 Nays, 2 Present, not voting)

HB 2210 (140 Yeas, 2 Nays, 3 Present, not voting)

HB 2218 (137 Yeas, 3 Nays, 2 Present, not voting)

HB 2384 (136 Yeas, 2 Nays, 3 Present, not voting)

HB 2486 (139 Yeas, 1 Nays, 2 Present, not voting)

HB 2536 (142 Yeas, 0 Nays, 2 Present, not voting)

HB 2718 (88 Yeas, 51 Nays, 3 Present, not voting)

HB 2784 (119 Yeas, 23 Nays, 2 Present, not voting)

HB 2856 (135 Yeas, 5 Nays, 2 Present, not voting)

HB 2978 (118 Yeas, 23 Nays, 2 Present, not voting)

HB 3012 (134 Yeas, 7 Nays, 2 Present, not voting)

HB 3195 (102 Yeas, 40 Nays, 2 Present, not voting)

HB 3231 (104 Yeas, 37 Nays, 2 Present, not voting)

HB 3285 (124 Yeas, 18 Nays, 2 Present, not voting)

HB 3371 (132 Yeas, 7 Nays, 2 Present, not voting)

HB 3703 (136 Yeas, 5 Nays, 1 Present, not voting)

HB 4150 (139 Yeas, 0 Nays, 2 Present, not voting)

HB 4182 (94 Yeas, 48 Nays, 2 Present, not voting)

HB 4205 (117 Yeas, 24 Nays, 2 Present, not voting)

HB 4258 (124 Yeas, 15 Nays, 2 Present, not voting)

HB 4390 (138 Yeas, 3 Nays, 2 Present, not voting)

HB 4712 (107 Yeas, 31 Nays, 2 Present, not voting)

THE HOUSE HAS REFUSED TO CONCUR IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES AND REQUESTS THE APPOINTMENT OF A CONFERENCE COMMITTEE TO ADJUST THE DIFFERENCES BETWEEN THE TWO HOUSES:

HB 1495
House Conferees: Toth - Chair/Bohac/Gutierrez/Middleton/Noble

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

SENATE BILL 502 WITH HOUSE AMENDMENT

Senator Seliger called **SB 502** from the President's table for consideration of the House amendment to the bill.

The President laid the bill and the House amendment before the Senate.

Floor Amendment No. 1

Amend **SB 502** (house committee report) as follows:

(1) On page 1, line 6, strike "and 51.4033" and substitute ", 51.4033, and 51.4034".

(2) On page 1, line 11, strike "medical and dental unit" and substitute "public junior college".

(3) On page 1, strike lines 13 through 19 and substitute the following:

Sec. 51.4033. REPORT OF NONTRANSFERABLE CREDIT. (a) Not later than March 1 of each year and in the form prescribed by the coordinating board, each general academic teaching institution shall provide to the coordinating board and the legislature a report describing any courses in the Lower-Division Academic Course Guide Manual or its successor adopted by the coordinating board for which a student who transfers to the institution from another institution of higher education is not granted:

(1) academic credit at the receiving institution; or

(2) if the student has declared a major and has not changed majors, academic credit toward the student's major at the receiving institution.

(4) On page 2, line 1, between "course" and the underlined period, insert "as described by Subsection (a)".

(5) On page 2, strike lines 2 through 5 and substitute the following:

Sec. 51.4034. REPORT OF COURSES TAKEN AT JUNIOR COLLEGES. (a) Not later than March 1 of each year and in the form prescribed by the coordinating board, each public junior college shall provide to the coordinating board and the legislature a report on courses taken by students who, during the preceding academic year, transferred to a general academic teaching institution or earned an associate degree at the college.

(b) A report required by this section must include the total number of:

(1) courses attempted and completed at the college, including the total number of semester credit hours for those courses, disaggregated by whether the course is in:

(A) the Workforce Education Course Manual or its successor adopted by the coordinating board; or

(B) the Lower-Division Academic Course Guide Manual or its successor adopted by the coordinating board;

(2) courses attempted and completed at the college that are not in the recommended core curriculum developed by the coordinating board under Section 61.822; and

(3) dual credit courses, including courses for joint high school and junior college credit under Section 130.008, attempted and completed at the college.

SECTION 2. Each public institution of higher education required to submit a report under Section 51.4033 or 51.4034, Education Code, as added by this Act, shall submit the first report not later than March 1, 2021.

The amendment was read.

Senator Seliger moved to concur in the House amendment to **SB 502**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

CONFERENCE COMMITTEE ON HOUSE BILL 492
(Motion In Writing)

Senator Taylor called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 492** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 492** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Taylor, Chair; Bettencourt, Creighton, Hinojosa, and Paxton.

CONFERENCE COMMITTEE ON HOUSE BILL 4542
(Motion In Writing)

Senator Hinojosa called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 4542** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 4542** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Hinojosa, Chair; Hancock, Kolkhorst, Nelson, and Buckingham.

CONFERENCE COMMITTEE ON HOUSE BILL 3906
(Motion In Writing)

Senator Taylor called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3906** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3906** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Taylor, Chair; Campbell, Watson, Fallon, and Bettencourt.

CONFERENCE COMMITTEE ON HOUSE BILL 3842
(Motion In Writing)

Senator Hinojosa called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3842** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3842** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Hinojosa, Chair; Flores, Nichols, Hughes, and Zaffirini.

CONFERENCE COMMITTEE ON HOUSE BILL 3636
(Motion In Writing)

Senator Kolkhorst called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3636** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3636** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Kolkhorst, Chair; Whitmire, Perry, Huffman, and Hall.

CONFERENCE COMMITTEE ON HOUSE BILL 496
(Motion In Writing)

Senator Lucio called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 496** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 496** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Lucio, Chair; Taylor, Hinojosa, Campbell, and Fallon.

CONFERENCE COMMITTEE ON HOUSE BILL 2143
(Motion In Writing)

Senator Whitmire called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2143** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2143** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Whitmire, Chair; Hancock, Menéndez, Nichols, and Campbell.

CONFERENCE COMMITTEE ON HOUSE BILL 1053
(Motion In Writing)

Senator Lucio called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1053** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1053** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Lucio, Chair; Nichols, Creighton, Hinojosa, and Schwertner.

CONFERENCE COMMITTEE ON HOUSE BILL 2327
(Motion In Writing)

Senator Buckingham called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2327** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2327** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Buckingham, Chair; Menéndez, Schwertner, Campbell, and Hancock.

BILLS AND RESOLUTIONS SIGNED

The President announced the signing of the following enrolled bills and resolutions in the presence of the Senate after the captions had been read:

HB 88, **HB 293**, **HB 294**, **HB 511**, **HB 692**, **HB 1099**, **HB 1262**, **HB 1885**, **HB 1894**, **HB 2164**, **HB 2188**, **HB 2775**, **HB 2805**, **HB 2868**, **HB 3041**, **HB 3384**, **HB 3490**, **HB 3496**, **HB 3511**, **HB 4157**, **HB 4428**, **HB 4765**, **HCR 133**, **HCR 140**.

CONFERENCE COMMITTEE ON HOUSE BILL 2831
(Motion In Writing)

Senator Hinojosa called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2831** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2831** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Hinojosa, Chair; Huffman, Nelson, Kolkhorst, and Perry.

CONFERENCE COMMITTEE ON HOUSE BILL 1355
(Motion In Writing)

Senator Johnson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1355** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1355** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Johnson, Chair; Flores, Huffman, Perry, and West.

SENATE BILL 65 WITH HOUSE AMENDMENTS

Senator Nelson called **SB 65** from the President's table for consideration of the House amendments to the bill.

The President laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 65** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to oversight of and requirements applicable to state agency contracting and procurement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 441.1855, Government Code, is amended to read as follows:

Sec. 441.1855. RETENTION OF CONTRACT AND RELATED DOCUMENTS BY STATE AGENCIES. (a) Notwithstanding Section 441.185 or 441.187, a state agency:

(1) shall retain in its records each contract entered into by the state agency and all contract solicitation documents related to the contract; and

(2) may destroy the contract and documents only after the seventh anniversary of the date:

(A) the contract is completed or expires; or

(B) all issues that arise from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the contract or documents are resolved.

(b) A contract solicitation document that is an electronic document must be retained under Subsection (a) in the document's electronic form. A state agency may print and retain the document in paper form only if the agency provides for the preservation, examination, and use of the electronic form of the document in accordance with Subsection (a), including any formatting or formulas that are part of the electronic format of the document.

(c) In this section:

(1) "Contract solicitation document" includes any document, whether in paper form or electronic form, that is used by a state agency to evaluate responses to a competitive solicitation for a contract issued by the agency.

(2) "Electronic document" means:

(A) information that is created, generated, sent, communicated, received, or stored by electronic means; or

(B) the output of a word processing, spreadsheet, presentation, or business productivity application.

SECTION 2. Section 2054.003(10), Government Code, is amended to read as follows:

(10) "Major information resources project" means:

(A) any information resources technology project identified in a state agency's biennial operating plan whose development costs exceed $5 [~~$1~~] million and that:

(i) requires one year or longer to reach operations status;

(ii) involves more than one state agency; or

(iii) substantially alters work methods of state agency personnel or the delivery of services to clients; and

(B) any information resources technology project designated by the legislature in the General Appropriations Act as a major information resources project.

SECTION 3. Section 2054.055(b), Government Code, is amended to read as follows:

(b) The report must:

(1) assess the progress made toward meeting the goals and objectives of the state strategic plan for information resources management;

(2) describe major accomplishments of the state or a specific state agency in information resources management;

(3) describe major problems in information resources management confronting the state or a specific state agency;

(4) provide a summary of the total expenditures for information resources and information resources technologies by the state;

(5) make recommendations for improving the effectiveness and cost-efficiency of the state's use of information resources;

(6) describe the status, progress, benefits, and efficiency gains of the state electronic Internet portal project, including any significant issues regarding contract performance;

(7) provide a financial summary of the state electronic Internet portal project, including project costs and revenues;

(8) provide a summary of the amount and use of Internet-based training conducted by each state agency and institution of higher education;

(9) provide a summary of agency and statewide results in providing access to electronic and information resources to individuals with disabilities as required by Subchapter M;

(10) assess the progress made toward accomplishing the goals of the plan for a state telecommunications network and developing a system of telecommunications services as provided by Subchapter H; and

(11) identify proposed major information resources projects for the next state fiscal biennium, including project costs through stages of the project and across state fiscal years from project initiation to implementation[~~;~~

[~~(12) examine major information resources projects completed in the previous state fiscal biennium to determine the performance of the implementing state agency, cost and value effectiveness, timeliness, and other performance criteria necessary to assess the quality and value of the investment; and~~

[~~(13) examine major information resources projects after the second anniversary of the project's completion to determine progress toward meeting performance goals and operating budget savings~~].

SECTION 4. Section 2054.1181, Government Code, is amended by amending Subsection (b) and adding Subsection (j) to read as follows:

(b) In performing its duties under this section, the department shall:

(1) develop policies for the additional oversight of projects required by Subsection (a);

(2) implement project management standards;

(3) use effective risk management strategies;

(4) establish standards that promote the ability of information resources systems to operate with each other; and

(5) use industry best practices and process reengineering when feasible.

(j) A state agency may not amend a contract subject to review under Section 2054.158(b)(4) if the contract is at least 10 percent over budget or the associated major information resources project is at least 10 percent behind schedule unless the agency:

(1) conducts a cost-benefit analysis with respect to canceling or continuing the project; and

(2) submits the analysis described by Subdivision (1) to the quality assurance team.

SECTION 5. Section 2054.158, Government Code, is amended by amending Subsection (b) and adding Subsections (d) and (e) to read as follows:

(b) The quality assurance team shall:

(1) develop and recommend policies and procedures to improve the development, implementation, and return on investment for state agency information resources technology projects;

(2) except as provided by Subsection (e), review a state agency's business case prepared for a major information resources project under Section 2054.303 and make recommendations [~~develop and recommend procedures~~] to improve the implementation of the project [~~state agency information resources technology projects by including considerations for best value and return on investment~~]; [~~and~~]

(3) provide annual training for state agency procurement and contract management staff on best practices and methodologies for information technology contracts;

(4) review and provide recommendations on the final negotiated terms of a contract for the development or implementation of a major information resources project with a value of at least $10 million; and

(5) provide a report to the governor, lieutenant governor, speaker of the house of representatives, and presiding officer of the standing committee of each house of the legislature with primary jurisdiction over appropriations by December 1 of each even-numbered year that includes:

(A) the performance indicator report required by Section 2054.159(a);

(B) a summary of any major issues identified in state agency reports submitted under Section 2054.159(f);

(C) an appendix containing any justifications submitted to the quality assurance team under Section 2054.160(d); and

(D) any additional information considered appropriate by the quality assurance team.

(d) The comptroller by rule shall develop guidelines for the additional or reduced monitoring of major information resources projects and associated contracts of state agencies during the periods described by Sections 2261.258(c)(2)(A), (B), and (C).

(e) The quality assurance team may waive the review authorized by Subsection (b)(2) for any project for which the team determines that a waiver of the review is appropriate because of the project's associated risk.

SECTION 6. Section 2054.159, Government Code, is amended by adding Subsections (f) and (g) to read as follows:

(f) For each major information resources project, a state agency shall provide the quality assurance team any verification and validation report or quality assurance report related to the project not later than the 10th day after the date the agency receives a request for the report.

(g) The quality assurance team may request any information necessary to determine a major information resources project's potential risk.

SECTION 7. Subchapter G, Chapter 2054, Government Code, is amended by adding Section 2054.160 to read as follows:

Sec. 2054.160. REVIEW OF CONTRACT FOR MAJOR INFORMATION RESOURCES PROJECT. (a) For each contract for the development or implementation of a major information resources project with a value of at least $10 million, a state agency shall:

(1) submit the proposed terms of the contract to the quality assurance team before the start of negotiations; and

(2) submit the final negotiated unsigned contract to the quality assurance team for review under Section 2054.158(b)(4).

(b) After the quality assurance team makes a recommendation under Section 2054.158(b)(4), a state agency shall:

(1) comply with the recommendation; or

(2) submit to the quality assurance team a written explanation regarding why the recommendation is not applicable to the contract under review.

(c) Before amending a contract related to a major information resources project, a state agency must notify the governor, lieutenant governor, speaker of the house of representatives, presiding officer of the standing committee of each house of the legislature with primary jurisdiction over appropriations, and quality assurance team if:

(1) the total value of the amended contract exceeds or will exceed the initial contract value by 10 percent or more; or

(2) the amendment requires the contractor to provide consultative services, technical expertise, or other assistance in defining project scope or deliverables.

(d) A state agency shall provide to the quality assurance team a justification for an amendment subject to Subsection (c).

SECTION 8. Section 2054.301, Government Code, is amended to read as follows:

Sec. 2054.301. APPLICABILITY[~~; DEFINITION~~]. [~~(a)~~] This subchapter applies only to[~~:~~

[~~(1)~~] a major information resources project[~~; and~~

[~~(2) a major contract~~].

[~~(b) In this subchapter, "major contract" means a major contract as defined by Section 2262.001(4) under which a vendor will perform or manage an outsourced function or process.~~]

SECTION 9. Section 2054.302(b), Government Code, is amended to read as follows:

(b) The department[~~, in consultation with the Legislative Budget Board and state auditor's office,~~] shall develop and provide guidelines and forms for the documents required by this subchapter.

SECTION 10. Section 2054.303, Government Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) For each proposed major information resources project [~~or major contract~~], a state agency must prepare:

(1) a business case providing the initial justification for the project [~~or contract, including the anticipated return on investment in terms of cost savings and efficiency for the project or contract~~]; and

(2) if the state agency has been assigned the rating under Section 2261.258(a)(1):

(A) a statewide impact analysis of the project's [~~or contract's~~] effect on the state's common information resources infrastructure[~~, including the possibility of reusing code or other resources~~]; and

(B) [~~(3) in consultation with the department,~~] a technical architectural assessment of the project, if requested by the quality assurance team [~~or contract~~].

(c) The department shall use the analysis to ensure that the proposed project [~~or major contract~~] does not unnecessarily duplicate existing statewide information resources technology.

(d) After the quality assurance team makes a recommendation relating to a business case under Section 2054.158(b)(2), a state agency shall:

(1) comply with the recommendation; or

(2) submit to the quality assurance team a written explanation regarding why the recommendation is not applicable to the project under review.

SECTION 11. Sections 2054.304(a) and (b), Government Code, are amended to read as follows:

(a) A state agency shall develop a project plan for each major information resources project [~~or major contract~~].

(b) The [~~Except as provided by Subsection (c), the~~] state agency must file the project plan with the quality assurance team and the department before the agency[~~:~~

[~~(1)~~] spends more than 10 percent of allocated funds for the project [~~or major contract; or~~

[~~(2) first issues a vendor solicitation for the project or contract~~].

SECTION 12. Section 2054.305, Government Code, is amended to read as follows:

Sec. 2054.305. PROCUREMENT PLAN AND METHOD FOR MONITORING CONTRACTS. Before issuing a [~~vendor~~] solicitation for a [~~project or major~~] contract subject to review under Section 2054.158(b)(4), the state agency must develop, consistent with any acquisition plan provided in the guide developed under Section 2262.051 [~~department guidelines~~]:

(1) a procurement plan with anticipated service levels and performance standards for each contractor [~~vendor~~]; and

(2) a method to monitor changes to the scope of each contract.

SECTION 13. Section 2054.307(a), Government Code, is amended to read as follows:

(a) A state agency's executive director, or the executive director's designee, [~~information resources manager, designated project manager, and the agency employee in charge of information security for the agency~~] must approve [~~and sign~~]:

(1) each document required by this subchapter; and

(2) if the department requires the approval [~~and signatures~~], any other document related to this subchapter.

SECTION 14. Section 2102.005, Government Code, is amended to read as follows:

Sec. 2102.005. INTERNAL AUDITING REQUIRED. (a) A state agency shall conduct a program of internal auditing that includes:

(1) an annual audit plan that is prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year; and

(2) periodic audits of the agency's major systems and controls, including:

(A) accounting systems and controls;

(B) administrative systems and controls; and

(C) electronic data processing systems and controls.

(b) In conducting the internal auditing program under Subsection (a), a state agency shall consider methods for ensuring compliance with contract processes and controls and for monitoring agency contracts.

SECTION 15. Section 2155.089, Government Code, is amended to read as follows:

Sec. 2155.089. REPORTING VENDOR PERFORMANCE. (a) After a contract is completed or otherwise terminated, each state agency shall review the vendor's performance under the contract. If the value of the contract exceeds $5 million, the state agency shall review the vendor's performance:

(1) at least once each year during the term of the contract; and

(2) at each key milestone identified for the contract.

(b) The state agency shall report to the comptroller, using the tracking system established by Section 2262.055, on the results of each [~~the~~] review conducted under Subsection (a) regarding a vendor's performance under a contract.

(b-1) A state agency may not extend a vendor's contract until after the agency reports the results of each review of the vendor conducted under Subsection (a)(1) or (2), as applicable, in the manner prescribed by Subsection (b).

(c) This section does not apply to:

(1) an enrollment contract described by 1 T.A.C. Section 391.183 as that section existed on September 1, 2015; [~~or~~]

(2) a contract of the Employees Retirement System of Texas [~~or the Teacher Retirement System of Texas~~] except for a contract with a nongovernmental entity for claims administration of a group health benefit plan under Subtitle H, Title 8, Insurance Code; or

(3) a contract entered into by:

(A) the comptroller under Section 2155.061; or

(B) the Department of Information Resources under Section 2157.068.

SECTION 16. Section 2155.144, Government Code, is amended by adding Subsection (b-2) to read as follows:

(b-2) The Health and Human Services Commission is delegated the authority to procure goods and services related to a contract for:

(1) a project to construct or expand a state hospital operated by a health and human services agency or a state supported living center as defined by Section 531.002, Health and Safety Code; or

(2) a deferred maintenance project for a health facility described by Subdivision (1).

SECTION 17. Section 2254.024(a), Government Code, is amended to read as follows:

(a) This subchapter does not apply to or discourage the use of consulting services provided by:

(1) practitioners of professional services described in Subchapter A;

(2) private legal counsel;

(3) investment counselors;

(4) actuaries;

(5) medical or dental services providers; or

(6) other consultants whose services are determined by the governing board of a retirement system trust fund to be necessary for the governing board to perform its constitutional fiduciary duties[~~, except that the governing board shall comply with Section 2254.030~~].

SECTION 18. The heading to Section 2254.029, Government Code, is amended to read as follows:

Sec. 2254.029. PUBLICATION IN STATE BUSINESS DAILY [~~TEXAS REGISTER~~] BEFORE ENTERING INTO MAJOR CONSULTING SERVICES CONTRACT.

SECTION 19. Section 2254.029(a), Government Code, is amended to read as follows:

(a) Not later than the 30th day before the date it enters into a major consulting services contract, a state agency must post in the state business daily under Section 2155.083 [~~shall file with the secretary of state for publication in the Texas Register~~]:

(1) an invitation for consultants to provide offers of consulting services;

(2) the name of the individual who should be contacted by a consultant that intends to make an offer;

(3) the closing date for the receipt of offers; and

(4) the procedure by which the state agency will award the contract.

SECTION 20. Section 2254.031(a), Government Code, is amended to read as follows:

(a) A state agency that intends to renew, amend, or extend a major consulting services contract shall[~~:~~

[~~(1) file with the secretary of state for publication in the Texas Register the information required by Section 2254.030 not later than the 20th day after the date the contract is renewed if the renewal contract is not a major consulting services contract; or~~

[~~(2)~~] comply with Sections 2254.028 and 2254.029 if the contract after the renewal, amendment, or extension [~~contract~~] is a major consulting services contract.

SECTION 21. Subchapter B, Chapter 2261, Government Code, is amended by adding Sections 2261.0525 and 2261.054 to read as follows:

Sec. 2261.0525. CERTIFICATION OF VENDOR ASSESSMENT PROCESS. (a) Before a state agency may award a contract to a vendor, the agency's procurement director must review the process and all documents used by the agency to assess each vendor who responded to the solicitation. The procurement director must certify in writing that:

(1) the agency assessed each vendor's response to the solicitation using the evaluation criteria published in the solicitation or, if applicable, the written evaluation criteria established by the agency; and

(2) the final calculation of scoring of responses was accurate.

(b) A state agency shall justify in writing any change in the scoring of a vendor that occurs following the initial assessment and scoring of responses. The written justification must be reviewed by the agency's procurement director. The procurement director shall certify in writing that the change in scoring was appropriate.

(c) A state agency's procurement director may delegate to a person whose position in the agency's procurement office is at least equal to the position of contract manager the certification authority under this section if the agency has met the conditions prescribed by the comptroller under Section 2262.053(h).

(d) A written certification or justification required by this section must be placed in the contract file.

Sec. 2261.054. STATEMENT REGARDING VENDOR SELECTION REQUIRED FOR CERTAIN CONTRACT AWARDS. If a state agency awards a contract to a vendor who did not receive the highest score in an assessment process certified under Section 2261.0525, the agency shall state in writing in the contract file the reasons for making the award.

SECTION 22. The heading to Subchapter E, Chapter 2261, Government Code, is amended to read as follows:

SUBCHAPTER E. CONTRACTOR OVERSIGHT AND LIABILITY

SECTION 23. Subchapter E, Chapter 2261, Government Code, is amended by adding Section 2261.204 to read as follows:

Sec. 2261.204. LIABILITY PROVISIONS. (a) Each state agency shall include in the contract file for each of its contracts for goods or services subject to this chapter a written explanation of the agency's decision to include or not include in the contract a provision for liquidated damages or another form of liability for damages caused by the contractor.

(b) A contract file must also include, if applicable, a written justification for any provision in the contract that limits the liability of a contractor for damages.

(c) If an extension of a state agency's contract described by Subsection (a) modifies a provision for liquidated damages or another provision relating to a contractor's liability for damages, the agency must amend the written explanation or justification required by this section to include a justification for the modification.

SECTION 24. Section 2261.251(b), Government Code, is amended to read as follows:

(b) This subchapter does not apply to a contract of the Employees Retirement System of Texas [~~or the Teacher Retirement System of Texas~~] except for a contract with a nongovernmental entity for claims administration of a group health benefit plan under Subtitle H, Title 8, Insurance Code.

SECTION 25. Section 2261.254(d), Government Code, is amended to read as follows:

(d) The governing body or governing official of a state agency, as appropriate, may delegate to the executive director or a deputy executive director of the agency the approval and signature authority under Subsection (c).

SECTION 26. Subchapter F, Chapter 2261, Government Code, is amended by adding Sections 2261.258 and 2261.259 to read as follows:

Sec. 2261.258. MONITORING ASSESSMENT BY STATE AUDITOR. (a) Before July 1 of each year, the state auditor shall assign one of the following ratings to each of the 25 largest state agencies in that state fiscal year as determined by the Legislative Budget Board:

(1) additional monitoring warranted;

(2) no additional monitoring warranted; or

(3) reduced monitoring warranted.

(b) In assigning a rating to a state agency as required under Subsection (a), the state auditor shall consider the following information, as applicable:

(1) results of an audit of:

(A) the agency conducted by the state auditor under Chapter 321; or

(B) the agency's contracts and contract processes and controls conducted by the agency's internal auditors or by the state auditor;

(2) results of a purchase audit conducted by the comptroller under Section 2155.325;

(3) information reported by the quality assurance team established under Section 2054.158 relating to the agency's major information resources projects;

(4) information from the Contract Advisory Team established under Subchapter C, Chapter 2262, relating to reviews of the agency's contracts and contract solicitation documents;

(5) information relating to agency findings from a review of the agency conducted by:

(A) the Legislative Budget Board; and

(B) the Sunset Advisory Commission under Chapter 325 (Texas Sunset Act);

(6) the agency's self-reported improvements to the agency's contracting processes; and

(7) any additional internal analysis provided by the agency.

(c) On or before September 1 of each year, the state auditor shall submit to the comptroller and the Department of Information Resources a report that:

(1) lists each state agency that was assigned a rating under Subsection (a); and

(2) for a state agency that was assigned a rating under Subsection (a)(1) or (3), specifies that additional or reduced monitoring, as applicable, is required during one or more of the following periods:

(A) contract solicitation development;

(B) contract formation and award; or

(C) contract management and termination.

(d) In consultation with the Contract Advisory Team established under Subchapter C, Chapter 2262, the comptroller by rule shall develop guidelines for the additional or reduced monitoring of a state agency during the periods described by Subsections (c)(2)(A), (B), and (C) for a contract that falls under the monetary thresholds for review or monitoring by the Contract Advisory Team.

(e) In consultation with the quality assurance team established under Section 2054.158, the Department of Information Resources by rule shall develop guidelines for the additional or reduced monitoring of a state agency during the periods described by Subsections (c)(2)(A), (B), and (C) for a contract that falls under the monetary thresholds for review or monitoring by the quality assurance team.

(f) The state auditor may request any information necessary from a state agency, the Contract Advisory Team, or the quality assurance team to comply with the requirements of this section, and the agency or team, as applicable, shall provide the requested information.

(g) The state auditor, comptroller, and Department of Information Resources shall share information as necessary to fulfill their respective duties under this section.

(h) The state auditor's duties under this section must be included in the audit plan and approved by the legislative audit committee under Section 321.013.

Sec. 2261.259. ELECTRONIC COMPLIANCE SUBMISSIONS. A state agency that uses the centralized accounting and payroll system authorized under Sections 2101.035 and 2101.036 or an alternative computer software system for compliance requirements related to the procurement of goods or services may electronically submit to the comptroller using that computer software system a written justification, verification, notification, or acknowledgement required under this chapter or Subchapter B, Chapter 2155.

SECTION 27. Subchapter B, Chapter 2262, Government Code, is amended by adding Sections 2262.053 and 2262.056 to read as follows:

Sec. 2262.053. CONTRACT FILE CHECKLIST; CERTIFICATION OF AGENCY COMPLIANCE. (a) Each state agency shall include in the contract file for each of its contracts a checklist to ensure the agency's compliance with state laws and rules relating to the acquisition of goods and services by the agency.

(b) The comptroller shall develop and periodically update a model contract file checklist and make the checklist available for use by state agencies. The comptroller shall periodically update the checklist.

(c) The comptroller may adopt rules necessary to develop or update the model contract file checklist.

(d) The model contract file checklist must address each stage of the procurement process and must include, at a minimum, a description of:

(1) the documents that are required to be maintained during each stage of the procurement process in accordance with applicable state laws and comptroller rules; and

(2) the procedures and documents that are required to be completed during the following stages of the procurement process:

(A) contract solicitation development;

(B) contract formation and award; and

(C) contract management.

(e) A state agency may develop its own contract file checklist based on the procurement and contracting needs of that agency, provided that the checklist developed by the agency is consistent with the comptroller's model contract file checklist and meets any requirements established by comptroller rule under Subsection (c).

(f) Before a state agency awards a contract to a vendor for the purchase of goods or services, the agency's contract manager or procurement director must:

(1) review the contents of the contract file for the contract, including the checklist, to ensure that all documents required by state law or applicable agency rules are complete and present in the file; and

(2) certify in a written document to be included in the contract file that the review required under Subdivision (1) was completed.

(g) A state agency's contract manager or procurement director may delegate to a person in the agency's procurement office the certification authority under this section.

(h) The comptroller by rule shall prescribe the conditions under which a state agency's contract manager or procurement director:

(1) must make the certification required by Subsection (f); and

(2) may delegate the certification authority under this section.

Sec. 2262.056. APPROVAL REQUIRED FOR ASSIGNMENT OF SERVICES CONTRACTS. (a) In this section:

(1) "Major information resources project" has the meaning assigned by Section 2054.003.

(2) "Sensitive personal information" has the meaning assigned by Section 521.002, Business & Commerce Code.

(b) A vendor awarded a services contract by a state agency may not assign the vendor's rights under the contract to a third party unless the assignment is approved by the state agency.

(c) At least 14 days before a state agency rejects or approves a vendor's proposed assignment under Subsection (b), the state agency shall notify the Legislative Budget Board of the proposed assignment if the contract subject to the assignment:

(1) is for a major information resources project; or

(2) involves storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information in a foreign country.

SECTION 28. The following provisions of the Government Code are repealed:

(1) Sections 825.103(d) and (g);

(2) Section 2054.1181(f);

(3) Section 2054.1184;

(4) Sections 2054.159(c) and (d);

(5) Section 2054.304(c);

(6) Section 2254.030;

(7) Section 2254.031(c); and

(8) Section 2254.033(b).

SECTION 29. As soon as practicable after the effective date of this Act, the comptroller of public accounts, the Department of Information Resources, and each affected state agency as necessary, shall adopt the rules, processes, and procedures and take the actions necessary to implement the changes in law made by this Act.

SECTION 30. (a) Except as provided by Subsections (b) and (c) of this section, this Act applies only in relation to a contract:

(1) for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act;

(2) that is extended or modified on or after the effective date of this Act; or

(3) for which a change order is submitted on or after the effective date of this Act.

(b) Section 2262.056, Government Code, as added by this Act, applies only to a contract entered into or renewed on or after the effective date of this Act.

(c) The changes in law made by this Act that apply to a major consulting services contract apply only to a major consulting services contract entered into or amended, modified, renewed, or extended on or after the effective date of this Act. A major consulting services contract entered into or amended, modified, renewed, or extended before the effective date of this Act is governed by the law in effect on the date the contract was entered into or amended, modified, renewed, or extended, and the former law is continued in effect for that purpose.

SECTION 31. Notwithstanding Section 2261.258, Government Code, as added by this Act, the first report required under that section is due on or before September 1, 2020.

SECTION 32. This Act takes effect September 1, 2019.

Floor Amendment No. 1

Amend **CSSB 65** (house committee report) on page 23, line 5, by striking "Sections 825.103(d) and (g)" and substituting "Section 825.103(g)".

Floor Amendment No. 1 on Third Reading

Amend **SB 65** on third reading as follows:

(1) In SECTION 28 of the bill, strike Subdivision (6) of that section (page 23, line 10) and renumber the subdivisions of that SECTION accordingly.

(2) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION ____. Section 2252.908(b), Government Code, is amended to read as follows:

(b) This section applies only to a contract of a governmental entity or state agency that:

(1) requires an action or vote by the governing body of the entity or agency before the contract may be signed; [~~or~~]

(2) has a value of at least $1 million; or

(3) is for services that would require a person to register as a lobbyist under Chapter 305.

SECTION ____. (a) Section 2254.030, Government Code, is amended to read as follows:

Sec. 2254.030. REQUIRED DISCLOSURE AND ITEMIZATION OF CERTAIN EXPENDITURES RELATING TO LOBBYING ACTIVITIES [~~PUBLICATION IN TEXAS REGISTER~~] AFTER ENTERING INTO A [~~MAJOR~~] CONSULTING SERVICES CONTRACT. (a) A political subdivision that enters or has entered into a contract for consulting services with a state agency, regardless of whether the term of the contract has expired, shall prominently display on the political subdivision's Internet website the following regarding contracts for services that would require a person to register as a lobbyist under Chapter 305:

(1) the execution dates;

(2) the contract duration terms, including any extension options;

(3) the effective dates;

(4) the final amount of money the political subdivision paid in the previous fiscal year; and

(5) a list of all legislation advocated for, on, or against by all parties and subcontractors to the contract, including the position taken on each piece of legislation in the prior fiscal year.

(b) In lieu of displaying the items described by Subsections (a)(1)-(6) regarding a contract for services that would require a person to register as a lobbyist under Chapter 305, a political subdivision may post on the political subdivision's Internet website the contract for those services.

(c) Information required to be displayed on a political subdivision's Internet website under this section is public information subject to disclosure under Chapter 552.

(d) The proposed budget of a political subdivision described by Subsection (a) must include, in a manner allowing for as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the preceding year, a line item indicating expenditures for directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action, as those terms are defined in Section 305.002 [~~Not later than the~~

~~20th day after the date of entering into a major consulting services contract, the contracting state agency shall file with the secretary of state for publication in the Texas Register:~~

[~~(1) a description of the activities that the consultant will conduct;~~

[~~(2) the name and business address of the consultant;~~

[~~(3) the total value and the beginning and ending dates of the contract; and~~

[~~(4) the dates on which documents, films, recordings, or reports that the consultant is required to present to the agency are due~~].

(b) Section 2254.030, Government Code, as amended by this section, applies to a consulting services contract entered into by a political subdivision before, on, or after the effective date of this Act.

The amendments were read.

Senator Nelson moved to concur in the House amendments to **SB 65**.

The motion prevailed by the following vote: Yeas 31, Nays 0.

SENATE RULE 8.02 SUSPENDED
(Referral to Committee)

Senator Alvarado moved to suspend Senate Rule 8.02 to take up for consideration **SR 816** at this time.

The motion prevailed without objection.

SENATE RESOLUTION 816

The President laid before the Senate the following resolution:

WHEREAS, Hurricane Harvey struck the Texas coast on August 25, 2017, causing an estimated $125 billion in damage; and

WHEREAS, The second most destructive storm in American history, the hurricane impacted approximately 30 percent of the population of Texas, destroying homes, damaging infrastructure, and displacing thousands of families along the coast; and

WHEREAS, The Federal Emergency Management Agency received nearly 800,000 applications from affected Texans for some form of assistance; as many as 83 percent of the people whose homes flooded did not have flood insurance, creating unprecedented demand for state and federal disaster recovery assistance; and

WHEREAS, The FEMA application process is so duplicative and confusing, and the U.S. Department of Housing and Urban Development regulations are so complex, that many survivors give up trying to navigate the system and, therefore, receive no assistance; and

WHEREAS, Consolidating funding for recovery housing programs into a single Disaster Housing Response and Recovery Block Grant would increase efficiency, save taxpayer dollars, and speed the recovery process by combining FEMA's short-term programs and HUD's long-term programs; now, therefore, be it

RESOLVED, That the Senate of the 86th Texas Legislature hereby respectfully urge the United States Congress to enact legislation to consolidate disaster recovery housing funding into a single Disaster Housing Response and Recovery Block Grant; and, be it further

RESOLVED, That the secretary of the senate forward official copies of this resolution to the president of the United States, to the president of the Senate and the speaker of the House of Representatives of the United States Congress, and to all the members of the Texas delegation to Congress with the request that this resolution be entered in the Congressional Record as a memorial to the Congress of the United States of America.

ALVARADO
KOLKHORST

SR 816 was read and was adopted by the following vote: Yeas 31, Nays 0.

CONFERENCE COMMITTEE ON HOUSE BILL 2726
(Motion In Writing)

Senator Creighton called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2726** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2726** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Creighton, Chair; Birdwell, Campbell, Hinojosa, and Nichols.

CONFERENCE COMMITTEE ON HOUSE BILL 1139
(Motion In Writing)

Senator Miles called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1139** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 1139** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Miles, Chair; Whitmire, Perry, Huffman, and Birdwell.

CONFERENCE COMMITTEE ON HOUSE BILL 2287
(Motion In Writing)

Senator Rodríguez called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2287** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 2287** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Rodríguez, Chair; Lucio, Schwertner, Nelson, and Huffman.

CONFERENCE COMMITTEE ON HOUSE BILL 3284
(Motion In Writing)

Senator Nelson called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3284** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The President asked if there were any motions to instruct the conference committee on **HB 3284** before appointment.

There were no motions offered.

Accordingly, the President announced the appointment of the following conferees on the part of the Senate: Senators Nelson, Chair; Schwertner, Campbell, Seliger, and Watson.

(President Pro Tempore Watson in Chair)

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 5

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS PASSED THE FOLLOWING MEASURES:

HCR 185 Martinez
Instructing the enrolling clerk of the house to make corrections in H.B. No. 109.

THE HOUSE HAS REFUSED TO CONCUR IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES AND REQUESTS THE APPOINTMENT OF A CONFERENCE COMMITTEE TO ADJUST THE DIFFERENCES BETWEEN THE TWO HOUSES:

HB 3808 (non-record vote)
House Conferees: Walle - Chair/Cain/Rosenthal/Stickland/Turner, Chris

THE HOUSE HAS TAKEN THE FOLLOWING OTHER ACTION:

HB 1669
Pursuant to a sustained point of order due to non-germane amendments, the house returns HB 1669 to the senate for further consideration.

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

MESSAGE FROM THE HOUSE

HOUSE CHAMBER
Austin, Texas
Friday, May 24, 2019 - 6
(Revised Message)

The Honorable President of the Senate
Senate Chamber
Austin, Texas

Mr. President:

I am directed by the house to inform the senate that the house has taken the following action:

THE HOUSE HAS CONCURRED IN THE SENATE AMENDMENTS TO THE FOLLOWING MEASURES:

HB 6 (140 Yeas, 1 Nays, 2 Present, not voting)

HB 864 (94 Yeas, 48 Nays, 2 Present, not voting)

HB 1215 (139 Yeas, 4 Nays, 1 Present, not voting)

HB 1399 (99 Yeas, 40 Nays, 2 Present, not voting)

HB 1545 (140 Yeas, 0 Nays, 2 Present, not voting)

HB 1731 (141 Yeas, 0 Nays, 2 Present, not voting)

HB 2102 (82 Yeas, 50 Nays, 2 Present, not voting)

HB 2335 (139 Yeas, 3 Nays, 2 Present, not voting)

HB 2345 (128 Yeas, 11 Nays, 2 Present, not voting)

HB 2422 (136 Yeas, 5 Nays, 2 Present, not voting)

HB 2446 (139 Yeas, 2 Nays, 2 Present, not voting)
HB 2524 (138 Yeas, 2 Nays, 2 Present, not voting)
HB 2546 (123 Yeas, 18 Nays, 2 Present, not voting)
HB 2584 (121 Yeas, 19 Nays, 2 Present, not voting)
HB 2590 (89 Yeas, 51 Nays, 3 Present, not voting)
HB 2620 (100 Yeas, 38 Nays, 2 Present, not voting)
HB 2628 (134 Yeas, 7 Nays, 2 Present, not voting)
HB 2640 (100 Yeas, 40 Nays, 2 Present, not voting)
HB 2782 (139 Yeas, 2 Nays, 2 Present, not voting)
HB 2910 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 2913 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 3081 (133 Yeas, 7 Nays, 2 Present, not voting)
HB 3222 (138 Yeas, 2 Nays, 2 Present, not voting)
HB 3224 (138 Yeas, 3 Nays, 2 Present, not voting)
HB 3227 (140 Yeas, 2 Nays, 2 Present, not voting)
HB 3304 (137 Yeas, 4 Nays, 2 Present, not voting)
HB 3312 (110 Yeas, 32 Nays, 2 Present, not voting)
HB 3316 (124 Yeas, 17 Nays, 2 Present, not voting)
HB 3317 (131 Yeas, 10 Nays, 2 Present, not voting)
HB 3390 (142 Yeas, 0 Nays, 2 Present, not voting)
HB 3460 (129 Yeas, 12 Nays, 2 Present, not voting)
HB 3531 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 3630 (139 Yeas, 0 Nays, 3 Present, not voting)
HB 3642 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 3668 (116 Yeas, 25 Nays, 2 Present, not voting)
HB 3714 (140 Yeas, 2 Nays, 2 Present, not voting)
HB 3782 (117 Yeas, 24 Nays, 2 Present, not voting)
HB 3834 (140 Yeas, 0 Nays, 2 Present, not voting)
HB 3867 (138 Yeas, 0 Nays, 3 Present, not voting)
HB 3871 (139 Yeas, 0 Nays, 2 Present, not voting)
HB 3875 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 3980 (141 Yeas, 0 Nays, 2 Present, not voting)
HB 4032 (82 Yeas, 55 Nays, 1 Present, not voting)
HB 4090 (139 Yeas, 2 Nays, 2 Present, not voting)

HB 4120 (139 Yeas, 3 Nays, 2 Present, not voting)

HB 4260 (133 Yeas, 7 Nays, 3 Present, not voting)

HB 4298 (141 Yeas, 1 Nays, 2 Present, not voting)

HB 4310 (134 Yeas, 8 Nays, 2 Present, not voting)

HB 4388 (141 Yeas, 0 Nays, 1 Present, not voting)

HB 4644 (101 Yeas, 41 Nays, 2 Present, not voting)

HB 4653 (97 Yeas, 43 Nays, 2 Present, not voting)

HB 4657 (100 Yeas, 41 Nays, 3 Present, not voting)

HB 4661 (95 Yeas, 46 Nays, 2 Present, not voting)

HB 4676 (106 Yeas, 34 Nays, 3 Present, not voting)

HB 4742 (103 Yeas, 39 Nays, 2 Present, not voting)

HB 4752 (95 Yeas, 44 Nays, 3 Present, not voting)

THE HOUSE HAS GRANTED THE REQUEST OF THE SENATE FOR THE APPOINTMENT OF A CONFERENCE COMMITTEE ON THE FOLLOWING MEASURES:

SB 6 (non-record vote)
House Conferees: Morrison - Chair/Geren/Moody/Nevárez/Phelan

SB 421 (non-record vote)
House Conferees with Instructions: Craddick - Chair/King, Phil/Minjarez/Muñoz, Jr./Stickland

THE HOUSE HAS ADOPTED THE FOLLOWING CONFERENCE COMMITTEE REPORTS:

SB 668 (138 Yeas, 2 Nays, 1 Present, not voting)

Respectfully,

/s/Robert Haney, Chief Clerk
House of Representatives

(Senator Fallon in Chair)

SENATE BILL 6 WITH HOUSE AMENDMENTS
(Motion In Writing)

Senator Kolkhorst called **SB 6** from the President's table for consideration of the House amendments to the bill.

The Presiding Officer laid the bill and the House amendments before the Senate.

Amendment

Amend **SB 6** by substituting in lieu thereof the following:

A BILL TO BE ENTITLED
AN ACT

relating to emergency and disaster management, response, and recovery.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 33. Section 418.005, Government Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) The training course provided under this section related to the emergency management responsibilities of officers of political subdivisions must include training based on the disaster response guide as required by Section 418.054(b).

SECTION 34. Subchapter C, Chapter 418, Government Code, is amended by adding Sections 418.054, 418.055, 418.056, and 418.057 to read as follows:

Sec. 418.054. DISASTER RESPONSE GUIDE. (a) The division shall develop a model guide for local officials regarding disaster response and recovery. The guide must provide a comprehensive approach to disaster recovery by local officials and include information on:

(1) contracting for debris removal;

(2) obtaining federal disaster funding;

(3) coordinating the availability and construction of short-term and long-term housing; and

(4) obtaining assistance from local, state, and federal volunteer organizations.

(b) The division, in coordination with the Texas A&M AgriLife Extension Service and the Texas A&M Engineering Extension Service, shall provide training based on the disaster response guide as a part of the emergency management training course provided under Section 418.005.

Sec. 418.055. CATASTROPHIC DEBRIS MANAGEMENT PLAN AND TRAINING. (a) The division, in consultation with any other state agencies selected by the division, shall develop a catastrophic debris management plan and model guide for use by political subdivisions in the event of a disaster.

(b) The plan must:

(1) provide a guide for clearance and disposal of debris caused by a disaster, including information on preparing for debris removal before a disaster; and

(2) include:

(A) provisions for the use of trench burners and air curtain incinerators of vegetative debris, including identifying sources of equipment for use immediately following a disaster; and

(B) contracting standards and a model contract for use in procuring debris removal services following a disaster.

(c) The division shall consult with the comptroller about including a contract for debris removal services on the schedule of multiple award contracts developed under Subchapter I, Chapter 2155, or in another cooperative purchasing program administered by the comptroller.

(d) The Texas A&M Engineering Extension Service, in coordination with the Texas Commission on Environmental Quality, shall establish a training program for state agencies and political subdivisions on the use of trench burners in debris removal.

Sec. 418.056. WET DEBRIS STUDY GROUP. (a) In this section, "study group" means the wet debris study group established under this section.

(b) The wet debris study group is established and composed of representatives of the division, any other state agencies selected by the division, and local and federal governmental entities.

(c) The chief of the division serves as chair of the study group.

(d) The study group shall study issues related to preventing the creation of wet debris and best practices for clearing wet debris following a disaster, including:

(1) the creation of maintenance programs for bodies of water in this state;

(2) issues related to the clearance of wet debris on private property following a disaster; and

(3) potential sources of funding for the clearance of wet debris following a disaster.

(e) Not later than November 1, 2020, the study group shall submit a report containing recommendations on the issues described by Subsection (d) to each member of the legislature.

(f) The study group is abolished and this section expires January 1, 2021.

Sec. 418.057. EMERGENCY MANAGEMENT WORK GROUP. (a) In this section:

(1) "Emergency management director" and "emergency management coordinator" mean the director and coordinator, respectively, designated under Section 418.1015.

(2) "Work group" means the work group established under this section.

(b) The division shall establish a work group of persons knowledgeable on emergency management to study and develop a proposal for enhancing the training and credentialing of emergency management directors, emergency management coordinators, and any other emergency management personnel.

(c) As part of the study and proposal under Subsection (b), the work group shall:

(1) assess the training and credentials necessary for emergency management directors, emergency management coordinators, and any other emergency management personnel to effectively oversee the response to and recovery from a disaster;

(2) review training courses that are required for emergency management directors, emergency management coordinators, and any other emergency management personnel in this state on September 1, 2019; and

(3) consult with institutions of higher education as defined by Section 61.003, Education Code, on the development of degree programs in emergency management in addition to the programs that exist in this state on September 1, 2019.

(d) In conducting the assessment required by Subsection (c)(1), the work group shall consider:

(1) whether the differences in geography, population, and critical infrastructure between emergency management directors' or emergency management coordinators' jurisdictions warrant different levels of training and credentialing;

(2) whether the legislature should enact laws requiring an emergency management director or emergency management coordinator to participate in emergency management training and credentialing before overseeing the response to and recovery from a disaster;

(3) whether to include in any recommended emergency management training under Subdivision (2) information on disaster finance, damage assessment, disaster contracting, debris management, and the skills needed to participate in federal emergency management programs;

(4) whether to implement incentives for emergency management directors, emergency management coordinators, and any other emergency management personnel to complete additional training and continuing education; and

(5) proposals for paying the cost for training for emergency management directors and emergency management coordinators that is more rigorous than the training required by law for the directors and coordinators on September 1, 2019.

(e) Not later than November 1, 2020, the work group shall submit the proposal required under this section to the governor, lieutenant governor, speaker of the house of representatives, and members of the legislature.

(f) The work group is abolished and this section expires January 1, 2021.

SECTION 35. (a) In this section:

(1) "Commission" means the Health and Human Services Commission.

(2) "Division" means the Texas Division of Emergency Management.

(b) The commission and the division shall conduct a study to determine the feasibility of developing:

(1) a single intake form that would compile all information needed to obtain disaster assistance from multiple state and federal programs for an individual who needs assistance as a result of a disaster; and

(2) an automated intake system for collecting the information.

(c) The commission and the division shall coordinate with the Federal Emergency Management Agency and other appropriate state and federal agencies to conduct the study under Subsection (b) of this section. The commission and the division must determine whether the Federal Emergency Management Agency and other appropriate state and federal agencies will accept the single intake form.

(d) Not later than September 1, 2020, the commission and the division shall prepare and submit a written report to the legislature containing the findings of the study conducted under Subsection (b) of this section and any recommendations to the legislature.

(e) This section expires January 1, 2021.

SECTION 36. Not later than January 1, 2020, the Texas Division of Emergency Management shall develop the catastrophic debris management plan and model guide required by Section 418.055, Government Code, as added by this Act.

SECTION 37. This Act takes effect September 1, 2019.

Floor Amendment No. 1

Amend **CSSB 6** (house committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering the SECTIONS of the bill accordingly:

SECTION ____. Chapter 418, Government Code, is amended by adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. DISASTER RECOVERY LOAN PROGRAM

Sec. 418.061. DEFINITIONS. In this subchapter:

(1) "Account" means the disaster recovery loan account created under Section 418.066.

(2) "Eligible political subdivision" means a county, municipality, or school district that meets the qualifications prescribed by Section 418.062.

Sec. 418.062. ELIGIBILITY FOR LOAN. A political subdivision may apply to the division for a loan under this subchapter if:

(1) the political subdivision:

(A) is located wholly or partly in an area declared to be a disaster area by the governor or the president of the United States; and

(B) before applying to the division for a loan under this subchapter:

(i) has submitted to the division, within 15 days of the date of its adoption by the governing body of the political subdivision, the political subdivision's operating budget for the most recent fiscal year; and

(ii) has submitted an application for a loan from the Federal Emergency Management Agency's community disaster loan program;

(2) an assessment of damages due to the disaster for which the declaration was made has been conducted in the political subdivision; and

(3) the division, in consultation with the Federal Emergency Management Agency, determines that the estimated cost to rebuild the political subdivision's infrastructure damaged in the disaster is greater than 50 percent of the political subdivision's total revenue for the current year as shown in the most recent operating budget of the political subdivision submitted to the division under this section.

Sec. 418.063. DISASTER RECOVERY LOAN PROGRAM. The division by rule shall establish a loan program to use money from the account to provide short-term loans for disaster recovery projects to eligible political subdivisions.

Sec. 418.064. LOANS. (a) A loan made from the account must be subject to the following conditions:

(1) the loan must be made at or below market interest rates for a term not to exceed 10 years; and

(2) the loan proceeds must be expended by the eligible political subdivision solely for disaster recovery projects.

(b) The comptroller shall credit to the account all principal and interest payments on a loan from the account.

(c) If the term of a loan from the account exceeds two years, the state auditor shall, on the second anniversary of the date on which the eligible political subdivision received the loan, conduct a limited audit of the political subdivision to determine whether the political subdivision has the ability to repay the loan under the terms of the loan. The division may forgive a loan made to an eligible political subdivision if the state auditor determines that the political subdivision is unable to repay the loan. The state auditor's participation under this subsection is subject to approval by the legislative audit committee for inclusion in the audit plan under Section 321.013(c).

Sec. 418.065. APPLICATION FOR LOAN. The division shall develop and implement an application process for a loan under this subchapter. At a minimum, the application must include:

(1) a description of the disaster recovery project for which the applicant is requesting the loan;

(2) an estimate of the total cost of the project;

(3) a statement of the amount of federal money that the applicant will receive for the project, or, if that information is not available on the date the applicant submits the application, an estimate of the amount of that money; and

(4) evidence that the applicant has staff, policies, and procedures in place adequate to complete the project.

Sec. 418.066. CREATION OF ACCOUNT. (a) The disaster recovery loan account is created as an account in the general revenue fund with the comptroller, to be administered by the division.

(b) Money in the account may be used only to provide short-term loans to eligible political subdivisions in the manner provided by this subchapter.

(c) The account consists of:

(1) money appropriated, credited, or transferred to the account by the legislature;

(2) money received by the comptroller for the repayment of a loan made from the account;

(3) gifts or grants contributed to the account; and

(4) interest earned on deposits and investments of the account.

Sec. 418.067. RULES. The division shall adopt rules to implement and administer this subchapter. The rules adopted by the division to implement this subchapter must include the development of a form on which a political subdivision may electronically submit its budget to the division.

SECTION ____. The amount of $60 million is appropriated from the general revenue fund to the disaster recovery loan account for the state fiscal biennium ending August 31, 2021, for the purpose of providing short-term loans to political subdivisions affected by a disaster in the manner provided by Subchapter C-1, Chapter 418, Government Code, as added by this Act.

The amendments were read.

Senator Kolkhorst moved that the Senate do not concur in the House amendments, but that a conference committee be appointed to adjust the differences between the two Houses on the bill.

The motion prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **SB 6** before appointment.

There were no motions offered.

The Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Kolkhorst, Chair; Perry, Creighton, Alvarado, and Taylor.

CONFERENCE COMMITTEE ON HOUSE BILL 2764
(Motion In Writing)

Senator Hughes called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2764** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 2764** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hughes, Chair; Menéndez, Flores, Perry, and Kolkhorst.

CONFERENCE COMMITTEE ON HOUSE BILL 2911
(Motion In Writing)

Senator Hughes called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2911** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 2911** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hughes, Chair; Menéndez, Bettencourt, Creighton, and Fallon.

CONFERENCE COMMITTEE ON HOUSE BILL 2909
(Motion In Writing)

Senator Hughes called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 2909** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 2909** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Hughes, Chair; West, Nelson, Zaffirini, and Nichols.

CONFERENCE COMMITTEE ON HOUSE BILL 1495
(Motion In Writing)

Senator Creighton called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 1495** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 1495** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Creighton, Chair; Fallon, Flores, Lucio, and Campbell.

CONFERENCE COMMITTEE ON HOUSE BILL 3808
(Motion In Writing)

Senator Powell called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3808** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 3808** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Powell, Chair; Taylor, Menéndez, Creighton, and Flores.

CONFERENCE COMMITTEE ON HOUSE BILL 3388
(Motion In Writing)

Senator Kolkhorst called from the President's table, for consideration at this time, the request of the House for a conference committee to adjust the differences between the two Houses on **HB 3388** and submitted a Motion In Writing that the request be granted.

The Motion In Writing was read and prevailed without objection.

The Presiding Officer asked if there were any motions to instruct the conference committee on **HB 3388** before appointment.

There were no motions offered.

Accordingly, the Presiding Officer announced the appointment of the following conferees on the part of the Senate: Senators Kolkhorst, Chair; Perry, Hughes, Johnson, and Bettencourt.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 4749

Senator Hughes submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 4749** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

HUGHES	SCHAEFER
NICHOLS	HEFNER
RODRÍGUEZ	SHAHEEN
SCHWERTNER	LANG
FALLON	
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 4749** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 568

Senator Huffman submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 568** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

HUFFMAN	G. BONNEN
CAMPBELL	FRANK
KOLKHORST	GOLDMAN
POWELL	LONGORIA
SCHWERTNER	MILLER
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to the regulation of child-care facilities and family homes; providing administrative penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 42, Human Resources Code, is amended by adding Section 42.04215 to read as follows:

Sec. 42.04215. SAFETY TRAINING ACCOUNT. (a) The safety training account is a dedicated account in the general revenue fund. The account is composed of:

(1) money deposited into the account under Section 42.078;

(2) gifts, grants, and donations contributed to the account; and

(3) interest earned on the investment of money in the account.

(b) Section 403.0956, Government Code, does not apply to the account.

(c) Money in the account may be appropriated only to the commission to provide safety training materials at no cost to a facility licensed under this chapter or a family home registered or listed under this chapter. The commission may contract with a third party to create the training materials.

(d) The executive commissioner shall adopt rules necessary to implement this section.

SECTION 2. Subchapter C, Chapter 42, Human Resources Code, is amended by adding Section 42.0429 to read as follows:

Sec. 42.0429. SAFE SLEEPING STANDARDS. (a) The executive commissioner by rule shall establish safe sleeping standards for licensed facilities and registered family homes. Each licensed facility and registered family home shall comply with the safe sleeping standards.

(b) If the commission determines that a licensed facility or registered family home has violated a safe sleeping standard established as required by Subsection (a), the facility or home shall provide written notice in the form and manner required by the executive commissioner to the parent or legal guardian of each child attending the facility or home.

(c) The executive commissioner shall prescribe the form for the notice required by Subsection (b) and post the form on the commission's Internet website.

SECTION 3. Section 42.04425, Human Resources Code, is amended to read as follows:

Sec. 42.04425. INSPECTION INFORMATION DATABASE. (a) If feasible using available information systems, the commission [~~department~~] shall establish a computerized database containing relevant inspection information on all licensed facilities [~~day care centers, licensed group day care homes,~~] and registered family homes obtained from other state agencies and political subdivisions of the state.

(b) The commission [~~department~~] shall make the data collected by the commission [~~department~~] available to another state agency or political subdivision of the state for the purpose of administering programs or enforcing laws within the jurisdiction of that agency or subdivision. If feasible using available information systems, the commission [~~department~~] shall make the data directly available to [~~the Department of State Health Services, the Department of Aging and Disability~~

~~Services, and~~] the Texas Workforce Commission through electronic information systems. The commission [~~department, the Department of State Health Services, the Department of Aging and Disability Services,~~] and the Texas Workforce Commission shall jointly plan the development of child-care inspection databases that, to the extent feasible, are similar in their design and architecture to promote the sharing of data.

(c) The commission shall [~~department may~~] provide at a minimum five years of inspection data for all facilities licensed or family homes registered under this chapter to enhance [~~on licensed day care centers, licensed group day care homes, or registered family homes to the public if the department determines that providing inspection data enhances~~] consumer choice with respect to those facilities and homes.

SECTION 4. Section 42.049, Human Resources Code, is amended to read as follows:

Sec. 42.049. LIABILITY INSURANCE REQUIRED. (a) A license or registration holder under this chapter shall maintain liability insurance coverage in the amount of $300,000 for each occurrence of negligence. An insurance policy or contract required under this section must cover injury to a child that occurs while the child is on the premises of [~~the license holder~~] or in the care of the [~~license~~] holder.

(b) A license or registration holder under this chapter shall annually file with the commission [~~department~~] a certificate or other evidence from an insurance company showing that the [~~license~~] holder has an unexpired and uncancelled insurance policy or contract that meets the requirements of this section.

(c) Should the license or registration holder for financial reasons or for lack of availability of an underwriter willing to issue a policy be unable to secure the insurance required under Subsection (a) or should the policy limits be exhausted, the [~~license~~] holder shall timely notify the parent or guardian of [~~a person standing in parental relationship to~~] each child for whom the [~~license~~] holder provides care a written notice that the liability coverage is not provided and there will not be a ground for an administrative penalty or suspension or revocation of the [~~license~~] holder's license or registration under this chapter. The [~~license~~] holder shall also notify the commission [~~department~~] that the coverage is not provided and provide the reason for same. In no case shall the inability to secure coverage serve to indemnify the [~~license~~] holder for damages due to negligence.

(c-1) The commission shall prescribe a form that a license or registration holder may use to notify a parent or guardian in accordance with Subsection (c) that liability coverage is not provided. The commission shall post the form on the commission's Internet website.

(d) The insurance policy or contract shall be maintained at all times in an amount as required by this section. Failure by a license or registration holder to renew the policy or contract or to maintain the policy or contract in the required amount is a ground for suspension or revocation of the [~~license~~] holder's license or registration under this chapter.

[~~(e) This section does not apply to a group day care home or a listed or registered family home.~~]

SECTION 5. Section 42.050, Human Resources Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (c-1) to read as follows:

(a) A license holder may apply for renewal of a license in compliance with the requirements of this chapter and commission [~~department~~] rules.

(b) The application for renewal of a license must be completed and decided on by the commission [~~department~~] before the expiration of the license under which a facility is operating.

(c) The commission [~~department~~] shall evaluate the application for renewal of a license to determine if all licensing requirements are met and whether the facility has been cited for repeated violations or has established a pattern of violations during the preceding two years. The evaluation may include a specified number of visits to the facility and must include a review of all required forms and records. If the commission determines the facility has repeated violations or an established pattern of violations, before the commission renews the license the commission may place restrictions, conditions, or additional requirements on the license to ensure the violations cease.

(c-1) The commission may not renew the license of a facility cited for a violation that is not corrected by the required compliance date unless the violation is pending an administrative review under commission rules or pending review as a contested case under Chapter 2001, Government Code.

SECTION 6. Section 42.052, Human Resources Code, is amended by amending Subsections (a), (b), (c), (d), (f), (i), (j), and (k) and adding Subsections (f-2) and (f-3) to read as follows:

(a) A state-operated child-care facility or child-placing agency must receive certification of approval from the commission [~~department~~]. The certification of approval remains valid until the certification expires, is revoked, or is surrendered.

(b) To be certified, a facility must comply with the commission's [~~department's~~] rules and standards and any provisions of this chapter that apply to a licensed facility of the same category. The operator of a certified facility must display the certification in a prominent place at the facility.

(c) A family home that provides care for compensation for three or fewer children, excluding children who are related to the caretaker, shall list with the commission [~~department~~] if the home provides regular care in the caretaker's own residence. The home may register with the commission [~~department~~].

(d) A family home that provides care for four or more children, excluding children who are related to the caretaker, shall register with the commission [~~department~~]. A family home that provides care exclusively for any number of children who are related to the caretaker is not required to be listed or registered with the commission [~~department~~].

(f) To remain listed or registered with the commission [~~department~~], a family home must comply with the commission's [~~department's~~] rules and standards, if applicable, and any provision of this chapter that applies to a listed or registered family home.

(f-2) The commission shall evaluate an application for renewal of a facility certification or family home registration to determine if all requirements are met and whether the applicant has been cited for repeated violations or has established a pattern of violations during the preceding two years. The evaluation may include a specified number of visits to the facility or family home subject to this section and must include a review of all required forms and records. If the commission determines

the facility or family home has repeated violations or an established pattern of violations, before the commission renews the certification or registration the commission may place restrictions, conditions, or additional requirements on the certification or registration to ensure the violations cease.

(f-3) The commission may not renew the certification or registration of a facility or family home cited for a violation that is not corrected by the required compliance date unless the violation is pending an administrative review under commission rules or pending review as a contested case under Chapter 2001, Government Code.

(i) The commission [~~department~~] shall provide to a listed family home a copy of the listing. A listing must contain a provision that states: "THIS HOME IS A LISTED FAMILY HOME. IT IS NOT LICENSED OR REGISTERED WITH THE HEALTH AND HUMAN SERVICES COMMISSION [~~DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES~~]. IT HAS NOT BEEN INSPECTED AND WILL NOT BE INSPECTED." The operator of a listed home is not required to display the listing in a prominent place at the home but shall make the listing available for examination. The executive commissioner by rule shall provide for a sufficient period to allow operators of family homes to comply with the listing requirement of this section.

(j) The operator of a listed family home shall undergo initial and subsequent background and criminal history checks required under Section 42.056. If the operator of a listed family home fails to submit the information required by Section 42.056 for a subsequent background and criminal history check, the commission [~~department~~] shall automatically:

(1) suspend the home's listing until the required information is submitted; and

(2) revoke the home's listing if the required information is not submitted within six months after the date the automatic suspension begins.

(k) The commission [~~department~~] shall issue a listing or registration to a family home, as appropriate, in both English and Spanish when the most recent federal census shows that more than one-half of the population in a municipality or in a commissioners precinct in a county in which the family home is located is of Hispanic origin or Spanish-speaking.

SECTION 7. Section 42.063, Human Resources Code, is amended by amending Subsections (b), (d), and (g) and adding Subsections (b-1) and (b-2) to read as follows:

(b) A person licensed under this chapter shall report to the commission [~~department~~] each serious incident involving a child who receives services from the person, regardless of whether the department is the managing conservator of the child.

(b-1) A person licensed or registered under this chapter shall notify in accordance with commission rule a parent or guardian of a child in the care of the person of an incident of abuse, neglect, or exploitation of the child, injury of the child that requires treatment by a medical professional or hospitalization, or illness of the child that requires hospitalization.

(b-2) A person licensed or registered under this chapter shall notify in accordance with commission rule a parent or guardian of each child in the care of the person of a violation that constitutes abuse, neglect, or exploitation of a child.

(d) An employee or volunteer of a general residential operation, child-placing agency, continuum-of-care residential operation, cottage home operation, or specialized child-care home shall report any serious incident directly to the commission [~~department~~] if the incident involves a child under the care of the operation, agency, or home.

(g) The commission [~~department~~] shall implement this section using existing appropriations.

SECTION 8. Sections 42.072(a), (b), (c), (e), (f), and (g), Human Resources Code, are amended to read as follows:

(a) The commission [~~department~~] may suspend, deny, revoke, or refuse to renew the license, listing, registration, or certification of approval of a facility or family home that does not comply with the requirements of this chapter, commission [~~department~~] standards and rules, or the specific terms of the license, listing, registration, or certification. The commission [~~department~~] may revoke the probation of a person whose license, listing, or registration is suspended if the person violates a term of the conditions of probation.

(b) If the commission [~~department~~] proposes to take an action under Subsection (a), the person is entitled to a hearing conducted by the State Office of Administrative Hearings. Proceedings for a disciplinary action are governed by the administrative procedure law, Chapter 2001, Government Code. An action under this section, including a revocation of a person's license, is a contested case as defined by Chapter 2001, Government Code, and is subject to judicial review under the substantial evidence rule in accordance with that chapter. Rules of practice adopted by the executive commissioner under Section 2001.004, Government Code, applicable to the proceedings for a disciplinary action may not conflict with rules adopted by the State Office of Administrative Hearings.

(c) The commission [~~department~~] may not issue a license, listing, registration, or certification to a person whose license, listing, registration, or certification is revoked or not renewed or whose application for a license, listing, registration, or certification is denied for a substantive reason under this chapter before the fifth anniversary of the date on which the revocation or nonrenewal takes effect by commission [~~department~~] or court order or the decision to deny the application is final.

(e) A person may continue to operate a facility or family home during an appeal of a [~~license, listing, or registration~~] revocation or refusal to renew a license, certification, or registration unless the operation of the facility or family home poses a risk to the health or safety of children. The executive commissioner shall by rule establish the criteria for determining whether the operation of a facility or family home poses a risk to the health or safety of children. The commission [~~department~~] shall notify the facility or family home of the criteria the commission [~~department~~] used to determine that the operation of the facility or family home poses a risk to health or safety and that the facility or family home may not operate. A person who has been notified by the commission [~~department~~] that the facility or home may not operate under this section may seek injunctive relief from a district court in Travis County or in the county in which the facility or home is located to allow operation during the pendency of an appeal. The court may grant injunctive relief against the commission's [~~department's~~] action only if the court finds that the child-care

operation does not pose a health or safety risk to children. A court granting injunctive relief under this subsection shall have no other jurisdiction over an appeal of final commission [~~department~~] action unless conferred by Chapter 2001, Government Code.

(f) The commission [~~department~~] shall deny an application or renewal for listing or registering a family home or shall revoke a family home's listing or registration if the results of a background or criminal history check conducted by the commission [~~department~~] under Section 42.056 show that a person has been convicted of an offense under Title 5 or 6, Penal Code, or Chapter 43, Penal Code.

(g) Notwithstanding Subsection (c), the commission [~~department~~] may refuse to issue a license, listing, registration, or certification to:

(1) a person whose license, listing, registration, or certification for a facility or family home was revoked by the commission [~~department~~] or by court order;

(2) a person who was a controlling person of a facility or family home at the time conduct occurred that resulted in the revocation of the license, listing, registration, or certification of the facility or family home;

(3) a person who voluntarily closed a facility or family home or relinquished the person's license, listing, registration, or certification after:

(A) the commission [~~department~~] took an action under Subsection (a) in relation to the facility, family home, or person; or

(B) the person received notice that the commission [~~department~~] intended to take an action under Subsection (a) in relation to the facility, family home, or person; or

(4) a person who was a controlling person of a facility or family home at the time conduct occurred that resulted in the closure of the facility or family home or relinquishment of the license, listing, registration, or certification in the manner described by Subdivision (3).

SECTION 9. Section 42.078, Human Resources Code, is amended by amending Subsections (a), (a-2), (e), (f), (g), (h), (i), (m), (n), and (r) and adding Subsections (e-1), (e-2), and (e-3) to read as follows:

(a) The commission [~~department~~] may impose an administrative sanction or an administrative penalty against a facility or family home licensed, registered, or listed under this chapter that violates this chapter or a rule or order adopted under this chapter. In addition, the commission [~~department~~] may impose an administrative penalty against a facility or family home or a controlling person of a facility or family home if the facility, family home, or controlling person:

(1) violates a term of a license or registration issued under this chapter;

(2) makes a statement about a material fact that the facility or person knows or should know is false:

(A) on an application for the issuance of a license or registration or an attachment to the application; or

(B) in response to a matter under investigation;

(3) refuses to allow a representative of the commission [~~department~~] to inspect:

(A) a book, record, or file required to be maintained by the facility; or

(B) any part of the premises of the facility;

(4) purposefully interferes with the work of a representative of the commission [~~department~~] or the enforcement of this chapter; or

(5) fails to pay a penalty assessed under this chapter on or before the date the penalty is due, as determined under this section.

(a-2) The commission [~~department~~] may impose an administrative penalty without first imposing a nonmonetary administrative sanction for violating a minimum standard applicable to a facility or family home under this chapter that is determined by the commission [~~department~~] to be a high-risk standard, including standards for a violation constituting abuse, neglect, or exploitation of a child, background check standards, safety hazard standards, standards establishing times for reporting information to a parent or guardian or the commission, and supervision standards.

(e) If the commission [~~department~~] determines that a violation has occurred, the commission [~~department~~] may issue a recommendation on the imposition of a penalty, including a recommendation on the amount of the penalty.

(e-1) Notwithstanding the amounts required by Subsections (b) and (c) and except as provided by Subsection (e-3), the commission shall recommend the penalty for the following violations by a facility or family home to be assessed in the following amounts:

(1) $1,000 for a violation that constitutes abuse, neglect, or exploitation of a child;

(2) $500 for failure to report to a parent or guardian of a child or the commission within the time required by commission standards an injury of a child in the care of the facility or home that requires treatment by a medical professional or hospitalization or an illness of a child that requires hospitalization;

(3) $50 for failure to report to a parent or guardian of each child in the care of the facility or home within the time required by commission standards that the commission cited the facility or home for a violation:

(A) that constitutes abuse, neglect, or exploitation of a child; or

(B) of a safe sleeping standard; and

(4) $50 for failure to report to a parent or guardian of each child in the care of the facility or home within the time required by commission standards that the facility or home does not maintain liability insurance coverage.

(e-2) For purposes of Subsections (e-1)(3) and (4), the commission shall recommend a penalty of $50 for the initial violation and an additional penalty of $50 for each day the violation continues or occurs.

(e-3) Subsection (e-1)(1) does not apply to a residential child-care facility.

(f) Within 14 days after the date the recommendation is issued, the commission [~~department~~] shall give written notice of the recommendation to the person owning or operating the facility or family home or to the controlling person, if applicable. The notice may be given by certified mail. The notice must include a brief summary of the alleged violation and a statement of the amount of the recommended penalty and must inform the person that the person has a right to a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.

(g) Within 20 days after the date the person receives the notice, the person in writing may accept the determination and recommended penalty of the commission [~~department~~] or may make a written request for a hearing on the occurrence of the violation, the amount of the penalty, or both the occurrence of the violation and the amount of the penalty.

(h) If the person accepts the determination and recommended penalty of the commission [~~department~~] or fails to respond to the notice in a timely manner, the commission [~~department~~] shall issue an order and impose the recommended penalty.

(i) If the person requests a hearing, the commission [~~department~~] shall set a hearing and give notice of the hearing to the person. The hearing shall be held by an administrative law judge of the State Office of Administrative Hearings. The administrative law judge shall make findings of fact and conclusions of law and issue a final decision finding that a violation has occurred and imposing a penalty or finding that no violation occurred.

(m) On receipt of a copy of an affidavit under Subsection (l)(2), the commission [~~department~~] may file with the court, within five days after the date the copy is received, a contest to the affidavit. The court shall hold a hearing on the facts alleged in the affidavit as soon as practicable and shall stay the enforcement of the penalty on finding that the alleged facts are true. The person who files an affidavit has the burden of proving that the person is financially unable to pay the amount of the penalty and to give a supersedeas bond.

(n) If the person does not pay the amount of the penalty and the enforcement of the penalty is not stayed, the commission [~~department~~] may refer the matter to the attorney general for collection of the amount of the penalty.

(r) A penalty collected under this section shall be sent to the comptroller for deposit in the safety training account established under Section 42.04215 [~~general revenue fund~~].

SECTION 10. As soon as practicable after the effective date of this Act, the executive commissioner of the Health and Human Services Commission shall adopt the rules necessary to implement the changes in law made by this Act.

SECTION 11. The Health and Human Services Commission is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

SECTION 12. This Act takes effect September 1, 2019.

The Conference Committee Report on **SB 568** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 583

Senator Hinojosa submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 583** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

HINOJOSA	ROSE
FLORES	COLLIER
HUFFMAN	J. GONZÁLEZ
PERRY	MURR
WHITMIRE	SMITH
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to the appointment of a local public defender's office to represent indigent defendants in criminal cases.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 26.04, Code of Criminal Procedure, is amended by amending Subsections (a) and (f) to read as follows:

(a) The judges of the county courts, statutory county courts, and district courts trying criminal cases in each county, by local rule, shall adopt and publish written countywide procedures for timely and fairly appointing counsel for an indigent defendant in the county arrested for, charged with, or taking an appeal from a conviction of a misdemeanor punishable by confinement or a felony. The procedures must be consistent with this article and Articles 1.051, 15.17, 15.18, 26.05, and 26.052 and must provide for the priority appointment of a public defender's office as described by Subsection (f). A court shall appoint an attorney from a public appointment list using a system of rotation, unless the court appoints an attorney under Subsection (f), (f-1), (h), or (i). The court shall appoint attorneys from among the next five names on the appointment list in the order in which the attorneys' names appear on the list, unless the court makes a finding of good cause on the record for appointing an attorney out of order. An attorney who is not appointed in the order in which the attorney's name appears on the list shall remain next in order on the list.

(f) In a county with [~~in which~~] a public defender's office [~~is created or designated under Article 26.044~~], the court or the courts' designee shall give priority in appointing that office to represent the defendant in the criminal proceeding, including a proceeding in a capital murder case. However, the court is not required to appoint the public defender's office if:

(1) the court makes a finding of good cause for appointing [~~has reason to appoint~~] other counsel, provided that in a capital murder case, the court makes a finding of good cause on the record for appointing that counsel; [~~or~~]

(2) the appointment would be contrary to the office's written plan under Article 26.044;

(3) the office is prohibited from accepting the appointment under Article 26.044(j); or

(4) a managed assigned counsel program also exists in the county and an attorney will be appointed under that program.

SECTION 2. This Act takes effect September 1, 2019.

The Conference Committee Report on **SB 583** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
SENATE BILL 2

Senator Bettencourt submitted the following corrected Conference Committee Report:

Austin, Texas
May 23, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 2** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

HANCOCK	BURROWS
PERRY	NOBLE
HINOJOSA	MURPHY
CREIGHTON	GUILLEN
BETTENCOURT	CANALES
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to ad valorem taxation; authorizing fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act may be cited as the Texas Property Tax Reform and Transparency Act of 2019.

SECTION 2. Chapter 1, Tax Code, is amended by adding Section 1.045 to read as follows:

Sec. 1.045. REFERENCE TO CERTAIN TERMS IN LAW. Unless the context indicates otherwise:

(1) a reference in law to a taxing unit's effective maintenance and operations rate is a reference to the taxing unit's no-new-revenue maintenance and operations rate, as defined by Chapter 26;

(2) a reference in law to a taxing unit's effective tax rate is a reference to the taxing unit's no-new-revenue tax rate, as defined by Chapter 26; and

(3) a reference in law to a taxing unit's rollback tax rate is a reference to the taxing unit's voter-approval tax rate, as defined by Chapter 26.

SECTION 3. Section 1.07(a), Tax Code, is amended to read as follows:

(a) An official or agency required by this title to deliver a notice to a property owner may deliver the notice by regular first-class mail, with postage prepaid, unless this section or another provision of this title requires or authorizes a different method of delivery or the parties agree that the notice must be delivered as provided by Section 1.085 or 1.086.

SECTION 4. Section 1.085(a), Tax Code, is amended to read as follows:

(a) Notwithstanding any other provision in this title and except as provided by this section, any notice, rendition, application form, or completed application, or information requested under Section 41.461(a)(2), that is required or permitted by this title to be delivered between a chief appraiser, an appraisal district, an appraisal review board, or any combination of those persons and a property owner or [~~between a chief appraiser, an appraisal district, an appraisal review board, or any combination of those persons and~~] a person designated by a property owner under Section 1.111(f) may be delivered in an electronic format if the chief appraiser and the property owner or person designated by the owner agree under this section.

SECTION 5. Chapter 1, Tax Code, is amended by adding Section 1.086 to read as follows:

Sec. 1.086. DELIVERY OF CERTAIN NOTICES BY E-MAIL. (a) On the written request of the owner of a residential property that is occupied by the owner as the owner's principal residence, the chief appraiser of the appraisal district in which the property is located shall send each notice required by this title related to the following to the e-mail address of the owner:

(1) a change in value of the property;

(2) the eligibility of the property for an exemption; or

(3) the grant, denial, cancellation, or other change in the status of an exemption or exemption application applicable to the property.

(b) A property owner must provide the e-mail address to which the chief appraiser must send the notices described by Subsection (a) in a request made under that subsection.

(c) A chief appraiser who delivers a notice electronically under this section is not required to mail the same notice to the property owner.

(d) A request made under this section remains in effect until revoked by the property owner in a written revocation filed with the chief appraiser.

(e) After a property owner makes a request under this section and before a chief appraiser may deliver a notice electronically under this section, the chief appraiser must send an e-mail to the address provided by the property owner confirming the owner's request to receive notices electronically.

(f) The chief appraiser of an appraisal district that maintains an Internet website shall provide a form on the website that a property owner may use to electronically make a request under this section.

SECTION 6. Chapter 5, Tax Code, is amended by adding Section 5.01 to read as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD. (a) The comptroller shall appoint the property tax administration advisory board to advise the comptroller with respect to the division or divisions within the office of the comptroller with primary responsibility for state administration of property taxation and state oversight of appraisal districts. The advisory board may make recommendations to the comptroller regarding improving the effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures.

(b) The advisory board is composed of at least six members appointed by the comptroller. The members of the board should include:

(1) representatives of property tax payers, appraisal districts, assessors, and school districts; and

(2) a person who has knowledge or experience in conducting ratio studies.

(c) The members of the advisory board serve at the pleasure of the comptroller.

(d) Any advice to the comptroller relating to a matter described by Subsection (a) that is provided by a member of the advisory board must be provided at a meeting called by the comptroller.

(e) Chapter 2110, Government Code, does not apply to the advisory board.

SECTION 7. Sections 5.041(b), (c), (e-1), and (e-3), Tax Code, are amended to read as follows:

(b) A member of the appraisal review board established for an appraisal district must complete the course established under Subsection (a). The course must provide at least eight hours of classroom training and education. A member of the appraisal review board may not participate in a hearing conducted by the board unless the person has completed the course established under Subsection (a) and received a certificate of course completion.

(c) The comptroller may contract with service providers to assist with the duties imposed under Subsection (a), but the course required may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the training course, but the fee may not exceed $50 for each [~~per~~] person trained. If the training is provided to an individual other than a member of an appraisal review board, the comptroller may assess a fee not to exceed $50 for each person trained.

(e-1) In addition to the course established under Subsection (a), the comptroller shall approve curricula and provide materials for use in a continuing education course for members of an appraisal review board. The course must provide at least four hours of classroom training and education. The curricula and materials must include information regarding:

(1) the cost, income, and market data comparison methods of appraising property;

(2) the appraisal of business personal property;

(3) the determination of capitalization rates for property appraisal purposes;

(4) the duties of an appraisal review board;

(5) the requirements regarding the independence of an appraisal review board from the board of directors and the chief appraiser and other employees of the appraisal district;

(6) the prohibitions against ex parte communications applicable to appraisal review board members;

(7) the Uniform Standards of Professional Appraisal Practice;

(8) the duty of the appraisal district to substantiate the district's determination of the value of property;

(9) the requirements regarding the equal and uniform appraisal of property;

(10) the right of a property owner to protest the appraisal of the property as provided by Chapter 41; and

(11) a detailed explanation of each of the actions described by Sections 25.25, 41.41(a), 41.411, 41.412, 41.413, 41.42, and 41.43 so that members are fully aware of each of the grounds on which a property appraisal can be appealed.

(e-3) The comptroller may contract with service providers to assist with the duties imposed under Subsection (e-1), but the course required by that subsection may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the continuing education course, but the fee may not exceed $50 for each person trained. If the training is provided to an individual other than a member of an appraisal review board, the comptroller may assess a fee not to exceed $50 for each person trained.

SECTION 8. Chapter 5, Tax Code, is amended by adding Section 5.043 to read as follows:

Sec. 5.043. TRAINING OF ARBITRATORS. (a) This section applies only to persons who have agreed to serve as arbitrators under Chapter 41A.

(b) The comptroller shall:

(1) approve curricula and provide an arbitration manual and other materials for use in training and educating arbitrators;

(2) make all materials for use in training and educating arbitrators freely available online; and

(3) establish and supervise a training program on property tax law for the training and education of arbitrators.

(c) The training program must:

(1) emphasize the requirements regarding the equal and uniform appraisal of property; and

(2) be at least four hours in length.

(d) The training program may be provided online. The comptroller by rule may prescribe the manner by which the comptroller may verify that a person taking the training program online has taken and completed the program.

(e) The comptroller may contract with service providers to assist with the duties imposed under Subsection (b), but the training program may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal

review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the training program, but the fee may not exceed $50 for each person trained. If the training is provided to a person other than a person who has agreed to serve as an arbitrator under Chapter 41A, the comptroller may assess a fee not to exceed $50 for each person trained.

(f) The comptroller shall prepare an arbitration manual for use in the training program. The manual shall be updated regularly and may be revised on request, in writing, to the comptroller. The revised language must be approved by the unanimous agreement of a committee selected by the comptroller and representing, equally, taxpayers and chief appraisers. The person requesting the revision must pay the costs of mediation if the comptroller determines that mediation is required.

SECTION 9. Section 5.05, Tax Code, is amended by adding Subsections (c-1) and (c-2) to read as follows:

(c-1) An appraisal district shall appraise property in accordance with any appraisal manuals required by law to be prepared and issued by the comptroller.

(c-2) Appraisal manuals required by law to be prepared and issued by the comptroller for the purpose of determining the market value of property shall be prepared based on generally accepted appraisal methods and techniques.

SECTION 10. Section 5.07, Tax Code, is amended by adding Subsections (f), (g), (h), (i), and (j) to read as follows:

(f) The comptroller shall prescribe tax rate calculation forms to be used by the designated officer or employee of each:

(1) taxing unit other than a school district to calculate and submit the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit as required by Chapter 26; and

(2) school district to:

(A) calculate and submit the no-new-revenue tax rate and the voter-approval tax rate for the district as required by Chapter 26; and

(B) submit the rate to maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year as required by Chapter 26.

(g) The forms described by Subsection (f) must be in an electronic format and:

(1) have blanks that can be filled in electronically;

(2) be capable of being certified by the designated officer or employee after completion as accurately calculating the applicable tax rates and using values that are the same as the values shown in, as applicable:

(A) the taxing unit's certified appraisal roll; or

(B) the certified estimate of taxable value of property in the taxing unit prepared under Section 26.01(a-1); and

(3) be capable of being electronically incorporated into the property tax database maintained by each appraisal district under Section 26.17 and submitted electronically to the county assessor-collector of each county in which all or part of the territory of the taxing unit is located.

(h) For purposes of Subsections (f) and (g), the comptroller shall use the forms published on the comptroller's Internet website as of January 1, 2019, modified as necessary to comply with the requirements of this section. The comptroller shall update the forms as necessary to reflect formatting or other nonsubstantive changes.

(i) The comptroller may revise the forms to reflect substantive changes other than those described by Subsection (h) or on receipt of a request in writing. A revision under this subsection must be approved by the agreement of a majority of the members of a committee selected by the comptroller who are present at a committee meeting at which a quorum is present. The members of the committee must represent, equally, taxpayers, taxing units or persons designated by taxing units, and assessors. In the case of a revision for which the comptroller receives a request in writing, the person requesting the revision shall pay the costs of mediation if the comptroller determines that mediation is required.

(j) A meeting of the committee held under Subsection (i) is not subject to the requirements of Chapter 551, Government Code.

SECTION 11. Section 5.09, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) The comptroller shall prepare a biennial report of the total appraised values and taxable values of taxable property by category and the tax rates of each county, municipality, special district, and school district in effect for the two years preceding the year in which the report is prepared.

(a-1) The comptroller shall:

(1) prescribe the format by which an appraisal district or taxing unit must submit information under this section to the comptroller;

(2) collect and review in detail the information submitted that relates to each county, municipality, and school district; and

(3) collect and review the information submitted that relates to each special district.

SECTION 12. Section 5.091, Tax Code, is amended to read as follows:

Sec. 5.091. STATEWIDE LIST OF TAX RATES. (a) Each year the comptroller shall prepare a list that includes the total tax rate imposed by each taxing unit in this state, as [~~other than a school district, if the tax rate is~~] reported to the comptroller by each appraisal district, for the year [~~preceding the year~~] in which the list is prepared. The comptroller shall:

(1) prescribe the manner in which and deadline by which appraisal districts are required to submit the tax rates to the comptroller; and

(2) list the tax rates alphabetically according to:

(A) the county or counties in which each taxing unit is located; and

(B) the name of each taxing unit [~~in descending order~~].

(b) Not later than January 1 [~~December 31~~] of the following [~~each~~] year, the comptroller shall publish on the comptroller's Internet website the list required by Subsection (a).

SECTION 13. Sections 5.102(a) and (c), Tax Code, are amended to read as follows:

(a) At least once every two years, the comptroller shall review the governance of each appraisal district, the taxpayer assistance provided by each appraisal district, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology, including compliance with standards, procedures, and methodology prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller. After consultation with the property tax administration advisory board [~~committee created under Section 403.302, Government Code~~], the comptroller by rule may establish procedures and standards for conducting and scoring the review.

(c) At the conclusion of the review, the comptroller shall, in writing, notify the appraisal district concerning its performance in the review. If the review results in a finding that an appraisal district is not in compliance with generally accepted standards, procedures, and methodology, including compliance with standards, procedures, and methodology prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller, the comptroller shall deliver a report that details the comptroller's findings and recommendations for improvement to:

(1) the appraisal district's chief appraiser and board of directors; and

(2) the superintendent and board of trustees of each school district participating in the appraisal district.

SECTION 14. Chapter 5, Tax Code, is amended by adding Section 5.104 to read as follows:

Sec. 5.104. APPRAISAL REVIEW BOARD SURVEY; REPORT. (a) The comptroller shall:

(1) prepare an appraisal review board survey that allows an individual described by Subsection (b) to submit comments and suggestions to the comptroller regarding an appraisal review board;

(2) prepare instructions for completing and submitting the survey; and

(3) implement and maintain a method that allows an individual described by Subsection (b) to electronically complete and submit the survey through a uniform resource locator (URL) address.

(b) The following individuals who attend a hearing in person or by telephone conference call on a motion filed under Section 25.25 to correct the appraisal roll or a protest under Chapter 41 may complete and submit a survey under this section:

(1) a property owner whose property is the subject of the motion or protest;

(2) the designated agent of the owner; or

(3) a designated representative of the appraisal district in which the motion or protest is filed.

(c) The survey must allow an individual to submit comments and suggestions regarding:

(1) the matters listed in Section 5.103(b); and

(2) any other matter related to the fairness and efficiency of the appraisal review board.

(d) An appraisal district must provide to each property owner or designated agent of the owner who is authorized to submit a survey under this section a notice that states that the owner or agent:

(1) is entitled to complete and submit the survey;

(2) may submit the survey to the comptroller:

(A) in person;

(B) by mail;

(C) by electronic mail; or

(D) through the uniform resource locator (URL) address described by Subsection (a)(3); and

(3) may obtain a paper copy of the survey and instructions for completing the survey at the appraisal office.

(e) The notice described by Subsection (d) must include the uniform resource locator (URL) address described by Subsection (a)(3).

(f) An appraisal district must provide the notice described by Subsection (d) to a property owner or the designated agent of the owner:

(1) at or before the first hearing on the motion or protest described by Subsection (b) by the appraisal review board established for the appraisal district or by a panel of the board; and

(2) with each order under Section 25.25 or 41.47 determining a motion or protest, as applicable, delivered by the board or a panel of the board.

(g) At or before the first hearing on the motion or protest described by Subsection (b) by the appraisal review board established for the appraisal district or by a panel of the board, the board or panel must provide verbal notice to the property owner or designated agent of the owner of the owner or agent's right to complete and submit the survey.

(h) Notwithstanding Subsections (d), (f), and (g), if an appraisal district provides the notice described by Subsection (d), or an appraisal review board provides the verbal notice required by Subsection (g), to a property owner or the designated agent of the owner at or before a hearing on a motion or protest described by Subsection (b), the appraisal district or board, as applicable, is not required to provide another notice in the same manner to the owner or agent at or before another hearing on a motion or protest held on the same day.

(i) An individual who elects to submit the survey must submit the survey to the comptroller as provided by this section. An individual may submit only one survey for each hearing.

(j) The comptroller shall allow an individual to submit a survey to the comptroller in the following manner:

(1) in person;

(2) by mail;

(3) by electronic mail; or

(4) through the uniform resource locator (URL) address described by Subsection (a)(3).

(k) An appraisal district may not require a property owner or the designated agent of the owner to complete a survey at the appraisal office.

(l) The comptroller shall issue an annual report that summarizes the information included in the surveys submitted during the preceding tax year. The report may not disclose the identity of an individual who submitted a survey.

(m) The comptroller may adopt rules necessary to implement this section.

SECTION 15. Section 5.13(d), Tax Code, is amended to read as follows:

(d) In conducting a general audit, the comptroller shall consider and report on:

(1) the extent to which the district complies with applicable law or generally accepted standards of appraisal or other relevant practice, including appraisal standards and practices prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller;

(2) the uniformity and level of appraisal of major kinds of property and the cause of any significant deviations from ideal uniformity and equality of appraisal of major kinds of property;

(3) duplication of effort and efficiency of operation;

(4) the general efficiency, quality of service, and qualification of appraisal district personnel; and

(5) except as otherwise provided by Subsection (b) [~~of this section~~], any other matter included in the request for the audit.

SECTION 16. Section 6.035(a-1), Tax Code, is amended to read as follows:

(a-1) An individual is ineligible to serve on an appraisal district board of directors if the individual has engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district at any time during the preceding three [~~five~~] years.

SECTION 17. Subchapter A, Chapter 6, Tax Code, is amended by adding Section 6.054 to read as follows:

Sec. 6.054. RESTRICTION ON EMPLOYMENT BY APPRAISAL DISTRICT. An individual may not be employed by an appraisal district if the individual is:

(1) an officer of a taxing unit that participates in the appraisal district; or

(2) an employee of a taxing unit that participates in the appraisal district.

SECTION 18. Section 6.15, Tax Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) Subsections (a) and (b) do not prohibit a member of the board of directors of an appraisal district from transmitting to the chief appraiser without comment a complaint by a property owner or taxing unit about the appraisal of a specific property, provided that the transmission is in writing.

SECTION 19. Subchapter A, Chapter 6, Tax Code, is amended by adding Section 6.16 to read as follows:

Sec. 6.16. RESIDENTIAL PROPERTY OWNER ASSISTANCE. (a) The chief appraiser of an appraisal district may maintain a list of the following individuals who have designated themselves as an individual who will provide free assistance to an owner of residential property that is occupied by the owner as the owner's principal residence:

(1) a real estate broker or sales agent licensed under Chapter 1101, Occupations Code;

(2) a real estate appraiser licensed or certified under Chapter 1103, Occupations Code; or

(3) a property tax consultant registered under Chapter 1152, Occupations Code.

(b) On the request of an owner described by Subsection (a), a chief appraiser who maintains a list under this section shall provide to the owner a copy of the list.

(c) A list must:

(1) be organized by county;

(2) be available on the appraisal district's Internet website, if the appraisal district maintains a website; and

(3) provide the name, contact information, and job title of each individual who will provide free assistance.

(d) A person must designate himself or herself as an individual who will provide free assistance by completing a form prescribed by the chief appraiser and submitting the form to the chief appraiser.

SECTION 20. Section 6.41, Tax Code, is amended by amending Subsections (b) and (d-9) and adding Subsections (b-1), (b-2), and (d-10) to read as follows:

(b) Except as provided by Subsection (b-1) or (b-2), an appraisal review [~~The~~] board consists of three members.

(b-1) An appraisal [~~However, the~~] district board of directors by resolution of a majority of the board's [~~its~~] members may increase the size of the district's appraisal review board to the number of members the board of directors considers appropriate.

(b-2) An appraisal district board of directors for a district established in a county with a population of one million or more by resolution of a majority of the board's members shall increase the size of the district's appraisal review board to the number of members the board of directors considers appropriate to manage the duties of the appraisal review board, including the duties of each special panel established under Section 6.425.

(d-9) In selecting individuals who are to serve as members of the appraisal review board for an appraisal district described by Subsection (b-2), the local administrative district judge shall select an adequate number of qualified individuals to permit the chairman of the appraisal review board to fill the positions on each special panel established under Section 6.425.

(d-10) Upon selection of the individuals who are to serve as members of the appraisal review board, the local administrative district judge shall enter an appropriate order designating such members and setting each member's respective term of office, as provided elsewhere in this section.

SECTION 21. Sections 6.412(a) and (d), Tax Code, are amended to read as follows:

(a) An individual is ineligible to serve on an appraisal review board if the individual:

(1) is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district for which the appraisal review board is established;

(2) owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A) the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B) a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065; or

(3) is related within the third degree by consanguinity or within the second degree by affinity, as determined under Chapter 573, Government Code, to a member of:

(A) the appraisal district's board of directors; or

(B) the appraisal review board.

(d) A person is ineligible to serve on the appraisal review board of an appraisal district established for a county described by Section 6.41(d-1) [~~having a population of more than 100,000~~] if the person:

(1) is a former member of the board of directors, former officer, or former employee of the appraisal district;

(2) served as a member of the governing body or officer of a taxing unit for which the appraisal district appraises property, until the fourth anniversary of the date the person ceased to be a member or officer; [~~or~~]

(3) appeared before the appraisal review board for compensation during the two-year period preceding the date the person is appointed; or

(4) served for all or part of three previous terms as a board member or auxiliary board member on the appraisal review board.

SECTION 22. Section 6.414(d), Tax Code, is amended to read as follows:

(d) An auxiliary board member may hear taxpayer protests before the appraisal review board. An auxiliary board member may not hear taxpayer protests before a special panel established under Section 6.425 unless the member is eligible to be appointed to the special panel. If one or more auxiliary board members sit on a panel established under Section 6.425 or 41.45 to conduct a protest hearing, the number of regular appraisal review board members required by that section to constitute the panel is reduced by the number of auxiliary board members sitting. An auxiliary board member sitting on a panel is considered a regular board member for all purposes related to the conduct of the hearing.

SECTION 23. Section 6.42, Tax Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) A majority of the appraisal review board constitutes a quorum. The local administrative district judge under Subchapter D, Chapter 74, Government Code, in the county in which [~~board of directors of~~] the appraisal district is established [~~by resolution~~] shall select a chairman and a secretary from among the members of the appraisal review board. The judge [~~board of directors of the appraisal district~~] is encouraged to select as chairman [~~of the appraisal review board~~] a member of the appraisal review board, if any, who has a background in law and property appraisal.

(d) The concurrence of a majority of the members of the appraisal review board present at a meeting of the board is sufficient for a recommendation, determination, decision, or other action by the board. The concurrence of a majority of the members of a panel of the board present at a meeting of the panel is sufficient for a recommendation by the panel. The concurrence of more than a majority of the members of the board or panel may not be required.

SECTION 24. Subchapter C, Chapter 6, Tax Code, is amended by adding Section 6.425 to read as follows:

Sec. 6.425. SPECIAL APPRAISAL REVIEW BOARD PANELS IN CERTAIN DISTRICTS. (a) This section applies only to the appraisal review board for an appraisal district described by Section 6.41(b-2).

(b) The appraisal review board shall establish special panels to conduct protest hearings under Chapter 41 relating to property that:

(1) has an appraised value as determined by the appraisal district equal to or greater than the minimum eligibility amount determined as provided by Subsection (g); and

(2) is included in one of the following classifications:

(A) commercial real and personal property;

(B) real and personal property of utilities;

(C) industrial and manufacturing real and personal property; and

(D) multifamily residential real property.

(c) Each special panel described by this section consists of three members of the appraisal review board appointed by the chairman of the board.

(d) To be eligible to be appointed to a special panel described by this section, a member of the appraisal review board must:

(1) hold a juris doctor or equivalent degree;

(2) hold a master of business administration degree;

(3) be licensed as a certified public accountant under Chapter 901, Occupations Code;

(4) be accredited by the American Society of Appraisers as an accredited senior appraiser;

(5) possess an MAI professional designation from the Appraisal Institute;

(6) possess a Certified Assessment Evaluator (CAE) professional designation from the International Association of Assessing Officers;

(7) have at least 10 years of experience in property tax appraisal or consulting; or

(8) be licensed as a real estate broker or sales agent under Chapter 1101, Occupations Code.

(e) Notwithstanding Subsection (d), the chairman of the appraisal review board may appoint to a special panel described by this section a member of the appraisal review board who does not meet the qualifications prescribed by that subsection if:

(1) the number of persons appointed to the board by the local administrative district judge who meet those qualifications is not sufficient to fill the positions on each special panel; and

(2) the board member being appointed to the panel holds a bachelor's degree in any field.

(f) In addition to conducting protest hearings relating to property described by Subsection (b) of this section, a special panel may conduct protest hearings under Chapter 41 relating to property not described by Subsection (b) of this section as assigned by the chairman of the appraisal review board.

(g) By February 1 or as soon thereafter as practicable, the comptroller shall determine the minimum eligibility amount for the current tax year for purposes of Subsection (b)(1) and publish that amount in the Texas Register. The minimum eligibility amount for the 2020 tax year is $50 million. For each succeeding tax year, the minimum eligibility amount is equal to the minimum eligibility amount for the preceding tax year as adjusted by the comptroller to reflect the inflation rate.

(h) In this section:

(1) "Consumer price index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

SECTION 25. Section 11.24, Tax Code, is amended to read as follows:

Sec. 11.24. HISTORIC SITES. (a) The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:

(1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or

(2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the taxing unit.

(b) The governing body of a taxing unit may not repeal or reduce the amount of an exemption granted under Subsection (a) for a property that otherwise qualifies for the exemption unless:

(1) the owner of the property consents to the repeal or reduction; or

(2) the taxing unit provides written notice of the repeal or reduction to the owner not later than five years before the date the governing body repeals or reduces the exemption.

SECTION 26. Section 11.4391(a), Tax Code, is amended to read as follows:

(a) The chief appraiser shall accept and approve or deny an application for an exemption for freeport goods under Section 11.251 after the deadline for filing it has passed if it is filed on or before the [~~not~~] later of:

(1) [~~than~~] June 15; or

(2) if applicable, the 60th day after the date on which the chief appraiser delivers notice to the property owner under Section 22.22.

SECTION 27. Section 22.23(d), Tax Code, is amended to read as follows:

(d) Notwithstanding any other provision of this section, rendition statements and property reports required to be filed by a property owner [~~for property~~] regulated by the Public Utility Commission of Texas, the Railroad Commission of Texas, the federal Surface Transportation Board, or the Federal Energy Regulatory Commission must be delivered to the chief appraiser not later than April 30, except as provided by

Section 22.02. On written request by the property owner, the [~~The~~] chief appraiser shall extend the filing deadline to May 15. The chief appraiser may further extend the [~~filing~~] deadline an additional 15 days for good cause shown in writing by the property owner.

SECTION 28. Section 23.01, Tax Code, is amended by adding Subsection (h) to read as follows:

(h) Appraisal methods and techniques included in the most recent versions of the following are considered generally accepted appraisal methods and techniques for the purposes of this title:

(1) the Appraisal of Real Estate published by the Appraisal Institute;

(2) the Dictionary of Real Estate Appraisal published by the Appraisal Institute;

(3) the Uniform Standards of Professional Appraisal Practice published by The Appraisal Foundation; and

(4) a publication that includes information related to mass appraisal.

SECTION 29. Section 25.19, Tax Code, is amended by amending Subsections (b) and (i) and adding Subsections (b-3) and (b-4) to read as follows:

(b) The chief appraiser shall separate real from personal property and include in the notice for each:

(1) a list of the taxing units in which the property is taxable;

(2) the appraised value of the property in the preceding year;

(3) the taxable value of the property in the preceding year for each taxing unit taxing the property;

(4) the appraised value of the property for the current year, the kind and amount of each exemption and partial exemption, if any, approved for the property for the current year and for the preceding year, and, if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year, the amount of the exemption or partial exemption canceled or reduced;

(5) [~~if the appraised value is greater than it was in the preceding year, the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year;~~

[~~(6)~~] in italic typeface, the following statement: "The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials";

(6) [~~(7)~~] a detailed explanation of the time and procedure for protesting the value;

(7) [~~(8)~~] the date and place the appraisal review board will begin hearing protests; and

(8) [~~(9)~~] a brief explanation that the governing body of each taxing unit decides whether or not taxes on the property will increase and the appraisal district only determines the value of the property.

(b-3) This subsection applies only to an appraisal district described by Section 6.41(b-2). In addition to the information required by Subsection (b), the chief appraiser shall state in a notice of appraised value of property described by Section 6.425(b) that the property owner has the right to have a protest relating to the property heard by a special panel of the appraisal review board.

(b-4) Subsection (b)(5) applies only to a notice of appraised value required to be delivered by the chief appraiser of an appraisal district established in a county with a population of less than 120,000. This subsection expires January 1, 2022.

(i) Delivery with a notice required by Subsection (a) or (g) of a copy of the pamphlet published by the comptroller under Section 5.06 or a copy of the notice published by the chief appraiser under Section 41.70 is sufficient to comply with the requirement that the notice include the information specified by Subsection (b)(6) [~~(b)(7)~~] or (g)(3), as applicable.

SECTION 30. Chapter 25, Tax Code, is amended by adding Sections 25.192 and 25.193 to read as follows:

Sec. 25.192. NOTICE OF RESIDENCE HOMESTEAD EXEMPTION ELIGIBILITY. (a) This section applies only to residential property that has not qualified for a residence homestead exemption in the current tax year.

(b) If the records of the appraisal district indicate that the address of the property is also the address of the owner of the property, the chief appraiser must send to the property owner a notice that contains:

(1) the following statement in boldfaced 18-point type at the top of the first page of the notice: "NOTICE: A residence homestead exemption from ad valorem taxation is NOT currently being allowed on the property listed below. However, our records show that this property may qualify for a residence homestead exemption, which will reduce your taxes.";

(2) following the statement described by Subdivision (1), the following statement in 12-point type: "According to the records of the appraisal district, the property described in this notice may be your primary residence and may qualify for a residence homestead exemption from ad valorem taxation. If the property is your home and you occupy it as your primary residence, the property likely qualifies for one or more residence homestead exemptions, which will reduce the amount of taxes imposed on the property. The form needed to apply for a residence homestead exemption is enclosed. Although the form may state that the deadline for filing an application for a residence homestead exemption is April 30, a late application for a residence homestead exemption will be accepted if filed before February 1, (insert year application must be filed). There is no fee or charge for filing an application or a late application for a residence homestead exemption."; and

(3) following the statement described by Subdivision (2), the address to which the notice is sent.

(c) The notice required by this section must be accompanied by an application form for a residence homestead exemption.

(d) If a property owner has elected to receive notices by e-mail as provided by Section 1.086, the notice required by this section must be sent in that manner separately from any other notice sent to the property owner by the chief appraiser.

Sec. 25.193. NOTICE OF CERTAIN CANCELED OR REDUCED EXEMPTIONS. (a) By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with residential property that does not qualify for an exemption under Section 11.13, the chief appraiser shall deliver a clear and understandable written notice to a property owner if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year.

(b) If a property owner has elected to receive notices by e-mail as provided by Section 1.086, for property described by that section, the notice required by this section must be sent in that manner regardless of whether the information was also included in a notice under Section 25.19 and must be sent separately from any other notice sent to the property owner by the chief appraiser.

SECTION 31. Section 26.01, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) If by July 20 the appraisal review board for an appraisal district has not approved the appraisal records for the district as required under Section 41.12, the chief appraiser shall not later than July 25 prepare and certify to the assessor for each taxing unit participating in the district an estimate of the taxable value of property in that taxing unit.

SECTION 32. Section 26.012, Tax Code, is amended by adding Subdivisions (8-a) and (19) and amending Subdivisions (10) and (13) to read as follows:

(8-a) "De minimis rate" means the rate equal to the sum of:

(A) a taxing unit's no-new-revenue maintenance and operations rate;

(B) the rate that, when applied to a taxing unit's current total value, will impose an amount of taxes equal to $500,000; and

(C) a taxing unit's current debt rate.

(10) "Excess collections" means the amount, if any, by which debt taxes collected in the preceding year exceeded the amount anticipated in the preceding year's calculation of the voter-approval tax [~~rollback~~] rate, as certified by the collector under Section 26.04(b) [~~of this code~~].

(13) "Last year's levy" means the total of:

(A) the amount of taxes that would be generated by multiplying the total tax rate adopted by the governing body in the preceding year by the total taxable value of property on the appraisal roll for the preceding year, including:

(i) taxable value that was reduced in an appeal under Chapter 42; [~~and~~]

(ii) all appraisal roll supplements and corrections other than corrections made pursuant to Section 25.25(d), as of the date of the calculation, except that last year's taxable value for a school district excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.26 and last year's taxable value for a county, municipality, or junior college district excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.261; and

(iii) the portion of taxable value of property that is the subject of an appeal under Chapter 42 on July 25 that is not in dispute; and

(B) the amount of taxes refunded by the taxing unit in the preceding year for tax years before that year.

(19) "Special taxing unit" means:

(A) a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value;

(B) a junior college district; or

(C) a hospital district.

SECTION 33. Section 26.012(9), Tax Code, is redesignated as Section 26.012(18), Tax Code, and amended to read as follows:

(18) "No-new-revenue [~~(9) "Effective~~] maintenance and operations rate" means a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

NO-NEW-REVENUE [~~EFFECTIVE~~] MAINTENANCE AND OPERATIONS RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

SECTION 34. Chapter 26, Tax Code, is amended by adding Section 26.013 to read as follows:

Sec. 26.013. UNUSED INCREMENT RATE. (a) In this section:

(1) "Actual tax rate" means a taxing unit's actual tax rate used to levy taxes in the applicable preceding tax year.

(2) "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.

(3) "Year 1" means the third tax year preceding the current tax year.

(4) "Year 2" means the second tax year preceding the current tax year.

(5) "Year 3" means the tax year preceding the current tax year.

(b) In this chapter, "unused increment rate" means the greater of:

(1) zero; or

(2) the rate expressed in dollars per $100 of taxable value calculated according to the following formula:

UNUSED INCREMENT RATE = (YEAR 1 VOTER-APPROVAL TAX RATE - YEAR 1 ACTUAL TAX RATE) + (YEAR 2 VOTER-APPROVAL TAX RATE - YEAR 2 ACTUAL TAX RATE) + (YEAR 3 VOTER-APPROVAL TAX RATE - YEAR 3 ACTUAL TAX RATE)

(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

SECTION 35. The heading to Section 26.04, Tax Code, is amended to read as follows:

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; NO-NEW-REVENUE [~~EFFECTIVE~~] AND VOTER-APPROVAL [~~ROLLBACK~~] TAX RATES.

SECTION 36. Section 26.04, Tax Code, is amended by amending Subsections (b), (c), (d), (e), (e-1), (f), (g), (i), and (j) and adding Subsections (c-1), (c-2), (d-1), (d-2), (d-3), (e-2), (e-3), (e-4), (e-5), (h-1), and (h-2) to read as follows:

(b) The assessor shall submit the appraisal roll for the taxing unit showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property to the governing body of the taxing unit by August 1 or as soon thereafter as practicable. By August 1 or as soon thereafter as practicable, the taxing unit's collector shall certify [~~an estimate of~~] the anticipated collection rate as calculated under Subsections (h), (h-1), and (h-2) for the current year to the governing body. If the collector certified an anticipated collection rate in the preceding year and the actual collection rate in that year exceeded the anticipated rate, the collector shall also certify the amount of debt taxes collected in excess of the anticipated amount in the preceding year.

(c) After the assessor for the taxing unit submits the appraisal roll for the taxing unit to the governing body of the taxing unit as required by Subsection (b), an [~~An~~] officer or employee designated by the governing body shall calculate the no-new-revenue [~~effective~~] tax rate and the voter-approval [~~rollback~~] tax rate for the taxing unit, where:

(1) "No-new-revenue [~~Effective~~] tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

NO-NEW-REVENUE [~~EFFECTIVE~~] TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

; and

(2) "Voter-approval [~~Rollback~~] tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following applicable formula:

(A) for a special taxing unit:

VOTER-APPROVAL [~~ROLLBACK~~] TAX RATE = (NO-NEW-REVENUE [~~EFFECTIVE~~] MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

; or

(B) for a taxing unit other than a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

(c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a special taxing unit may direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee shall continue calculating the voter-approval tax rate in the manner provided by this subsection until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

(c-2) Notwithstanding any other provision of this section, if the assessor for a taxing unit receives a certified estimate of the taxable value of property in the taxing unit under Section 26.01(a-1), the officer or employee designated by the governing body of the taxing unit shall calculate the no-new-revenue tax rate and voter-approval tax rate using the certified estimate of taxable value.

(d) The no-new-revenue [~~effective~~] tax rate for a county is the sum of the no-new-revenue [~~effective~~] tax rates calculated for each type of tax the county levies and the voter-approval [~~rollback~~] tax rate for a county is the sum of the voter-approval [~~rollback~~] tax rates calculated for each type of tax the county levies.

(d-1) The designated officer or employee shall use the tax rate calculation forms prescribed by the comptroller under Section 5.07 in calculating the no-new-revenue tax rate and the voter-approval tax rate.

(d-2) The designated officer or employee may not submit the no-new-revenue tax rate and the voter-approval tax rate to the governing body of the taxing unit and the taxing unit may not adopt a tax rate until the designated officer or employee certifies on the tax rate calculation forms that the designated officer or employee has accurately calculated the tax rates and has used values that are the same as the values shown in the taxing unit's certified appraisal roll in performing the calculations.

(d-3) As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located.

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee [~~He~~] shall post prominently on the home page of the taxing unit's Internet website [~~deliver by mail to each property owner in the unit or publish in a newspaper~~] in the form prescribed by the comptroller:

(1) the no-new-revenue [~~effective~~] tax rate, the voter-approval [~~rollback~~] tax rate, and an explanation of how they were calculated;

(2) the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation; and

(3) a schedule of the taxing unit's debt obligations showing:

(A) the amount of principal and interest that will be paid to service the taxing unit's debts in the next year from property tax revenue, including payments of lawfully incurred contractual obligations providing security for the payment of the principal of and interest on bonds and other evidences of indebtedness issued on

behalf of the taxing unit by another political subdivision and, if the taxing unit is created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, payments on debts that the taxing unit anticipates to incur in the next calendar year;

(B) the amount by which taxes imposed for debt are to be increased because of the taxing unit's anticipated collection rate; and

(C) the total of the amounts listed in Paragraphs (A)-(B), less any amount collected in excess of the previous year's anticipated collections certified as provided in Subsection (b)[~~;~~

[~~(4) the amount of additional sales and use tax revenue anticipated in calculations under Section 26.041;~~

[~~(5) a statement that the adoption of a tax rate equal to the effective tax rate would result in an increase or decrease, as applicable, in the amount of taxes imposed by the unit as compared to last year's levy, and the amount of the increase or decrease;~~

[~~(6) in the year that a taxing unit calculates an adjustment under Subsection (i) or (j), a schedule that includes the following elements:~~

[~~(A) the name of the unit discontinuing the department, function, or activity;~~

[~~(B) the amount of property tax revenue spent by the unit listed under Paragraph (A) to operate the discontinued department, function, or activity in the 12 months preceding the month in which the calculations required by this chapter are made; and~~

[~~(C) the name of the unit that operates a distinct department, function, or activity in all or a majority of the territory of a taxing unit that has discontinued operating the distinct department, function, or activity; and~~

[~~(7) in the year following the year in which a taxing unit raised its rollback rate as required by Subsection (j), a schedule that includes the following elements:~~

[~~(A) the amount of property tax revenue spent by the unit to operate the department, function, or activity for which the taxing unit raised the rollback rate as required by Subsection (j) for the 12 months preceding the month in which the calculations required by this chapter are made; and~~

[~~(B) the amount published by the unit in the preceding tax year under Subdivision (6)(B)~~].

(e-1) The tax rate certification requirements imposed by Subsection (d-2) and the notice requirements imposed by Subsections (e)(1)-(3) [~~(e)(1)-(6)~~] do not apply to a school district.

(e-2) By August 7 or as soon thereafter as practicable, the chief appraiser of each appraisal district shall deliver by regular mail or e-mail to each owner of property located in the appraisal district a notice that the estimated amount of taxes to be imposed on the owner's property by each taxing unit in which the property is located may be found in the property tax database maintained by the appraisal district under Section 26.17. The notice must include:

(1) a statement directing the property owner to an Internet website from which the owner may access information related to the actions taken or proposed to be taken by each taxing unit in which the property is located that may affect the taxes imposed on the owner's property;

(2) a statement that the property owner may request from the county assessor-collector for the county in which the property is located or, if the county assessor-collector does not assess taxes for the county, the person who assesses taxes for the county under Section 6.24(b), contact information for the assessor for each taxing unit in which the property is located, who must provide the information described by this subsection to the owner on request; and

(3) the name, address, and telephone number of the county assessor-collector for the county in which the property is located or, if the county assessor-collector does not assess taxes for the county, the person who assesses taxes for the county under Section 6.24(b).

(e-3) The statement described by Subsection (e-2)(1) must include a heading that is in bold, capital letters in type larger than that used in the other provisions of the notice.

(e-4) The comptroller:

(1) with the advice of the property tax administration advisory board, shall adopt rules prescribing the form of the notice required by Subsection (e-2); and

(2) may adopt rules regarding the format and delivery of the notice.

(e-5) The governing body of a taxing unit shall include as an appendix to the taxing unit's budget for a fiscal year the tax rate calculation forms used by the designated officer or employee of the taxing unit to calculate the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit for the tax year in which the fiscal year begins.

(f) If as a result of consolidation of taxing units a taxing unit includes territory that was in two or more taxing units in the preceding year, the amount of taxes imposed in each in the preceding year is combined for purposes of calculating the no-new-revenue [~~effective~~] and voter-approval [~~rollback~~] tax rates under this section.

(g) A person who owns taxable property is entitled to an injunction prohibiting the taxing unit in which the property is taxable from adopting a tax rate if the assessor or designated officer or employee of the taxing unit, the chief appraiser of the applicable appraisal district, or the taxing unit, as applicable, has not complied with the computation, [~~or~~] publication, or posting requirements of this section or Section 26.16, 26.17, or 26.18 [~~and the failure to comply was not in good faith~~]. It is a defense in an action for an injunction under this subsection that the failure to comply was in good faith.

(h-1) Notwithstanding Subsection (h), if the anticipated collection rate of a taxing unit as calculated under that subsection is lower than the lowest actual collection rate of the taxing unit for any of the preceding three years, the anticipated collection rate of the taxing unit for purposes of this section is equal to the lowest actual collection rate of the taxing unit for any of the preceding three years.

(h-2) The anticipated collection rate of a taxing unit for purposes of this section is the rate calculated under Subsection (h) as modified by Subsection (h-1), if applicable, regardless of whether that rate exceeds 100 percent.

(i) This subsection applies to a taxing unit that has agreed by written contract to transfer a distinct department, function, or activity to another taxing unit and discontinues operating that distinct department, function, or activity if the operation of that department, function, or activity in all or a majority of the territory of the taxing

unit is continued by another existing taxing unit or by a new taxing unit. The voter-approval [~~rollback~~] tax rate of a taxing unit to which this subsection applies in the first tax year in which a budget is adopted that does not allocate revenue to the discontinued department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the no-new-revenue [~~effective~~] maintenance and operations rate of the taxing unit is reduced by the amount of maintenance and operations tax revenue spent by the taxing unit to operate the department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the taxing unit operated the discontinued department, function, or activity. If the taxing unit did not operate that department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the taxing unit shall reduce last year's levy used for calculating the no-new-revenue [~~effective~~] maintenance and operations rate of the taxing unit by the amount of the revenue spent in the last full fiscal year in which the taxing unit operated the discontinued department, function, or activity.

(j) This subsection applies to a taxing unit that had agreed by written contract to accept the transfer of a distinct department, function, or activity from another taxing unit and operates a distinct department, function, or activity if the operation of a substantially similar department, function, or activity in all or a majority of the territory of the taxing unit has been discontinued by another taxing unit, including a dissolved taxing unit. The voter-approval [~~rollback~~] tax rate of a taxing unit to which this subsection applies in the first tax year after the other taxing unit discontinued the substantially similar department, function, or activity in which a budget is adopted that allocates revenue to the department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the no-new-revenue [~~effective~~] maintenance and operations rate of the taxing unit is increased by the amount of maintenance and operations tax revenue spent by the taxing unit that discontinued operating the substantially similar department, function, or activity to operate that department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the taxing unit operated the discontinued department, function, or activity. If the taxing unit did not operate the discontinued department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the taxing unit may increase last year's levy used to calculate the no-new-revenue [~~effective~~] maintenance and operations rate by an amount not to exceed the amount of property tax revenue spent by the discontinuing taxing unit to operate the discontinued department, function, or activity in the last full fiscal year in which the discontinuing taxing unit operated the department, function, or activity.

SECTION 37. Section 26.041, Tax Code, is amended by amending Subsections (a), (b), (c), (e), (g), and (h) and adding Subsection (c-1) to read as follows:

(a) In the first year in which an additional sales and use tax is required to be collected, the no-new-revenue [~~effective~~] tax rate and voter-approval [~~rollback~~] tax rate for the taxing unit are calculated according to the following formulas:

NO-NEW-REVENUE [~~EFFECTIVE~~] TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

and

VOTER-APPROVAL TAX [~~ROLLBACK~~] RATE FOR SPECIAL TAXING UNIT = (NO-NEW-REVENUE [~~EFFECTIVE~~] MAINTENANCE AND OPERATIONS RATE x 1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE)

where "sales tax gain rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the following year as calculated under Subsection (d) [~~of this section~~] by the current total value.

(b) Except as provided by Subsections (a) and (c) [~~of this section~~], in a year in which a taxing unit imposes an additional sales and use tax, the voter-approval [~~rollback~~] tax rate for the taxing unit is calculated according to the following formula, regardless of whether the taxing unit levied a property tax in the preceding year:

VOTER-APPROVAL TAX [~~ROLLBACK~~] RATE FOR SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX REVENUE RATE)

where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and "sales tax revenue rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the current year as calculated under Subsection (d) [~~of this section~~] by the current total value.

(c) In a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax, the no-new-revenue [~~effective~~] tax rate and voter-approval [~~rollback~~] tax rate for the taxing unit are calculated according to the following formulas:

NO-NEW-REVENUE [~~EFFECTIVE~~] TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE

and

VOTER-APPROVAL [~~ROLLBACK~~] TAX RATE FOR SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / ([~~TOTAL~~] CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

where "sales tax loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of sales and use tax revenue generated in the last four quarters for which the information is available by the current total value and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year.

(c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a special taxing unit may direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee shall continue calculating the voter-approval tax rate in the manner provided by this subsection until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

(e) If a city that imposes an additional sales and use tax receives payments under the terms of a contract executed before January 1, 1986, in which the city agrees not to annex certain property or a certain area and the owners or lessees of the property or of property in the area agree to pay at least annually to the city an amount determined by reference to all or a percentage of the property tax rate of the city and all or a part of the value of the property subject to the agreement or included in the area subject to the agreement, the governing body, by order adopted by a majority vote of the governing body, may direct the designated officer or employee to add to the no-new-revenue [~~effective~~] and voter-approval [~~rollback~~] tax rates the amount that, when applied to the total taxable value submitted to the governing body, would produce an amount of taxes equal to the difference between the total amount of payments for the tax year under contracts described by this subsection under the voter-approval [~~rollback~~] tax rate calculated under this section and the total amount of payments for the tax year that would have been obligated to the city if the city had not adopted an additional sales and use tax.

(g) If the rate of the additional sales and use tax is increased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) [~~of this section~~], of the revenue generated by the additional sales and use tax in the following year. The first projection must take into account the increase and the second projection must not take into account the increase. The designated officer or employee shall then subtract the amount of the result of the second projection from the amount of the result of the first projection to determine the revenue generated as a result of the increase in the additional sales and use tax. In the first year in which an additional sales and use tax is increased, the no-new-revenue [~~effective~~] tax rate for the taxing unit is the no-new-revenue [~~effective~~] tax rate before the increase minus a number the numerator of which is the revenue generated as a result of the increase in the additional sales and use tax, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

(h) If the rate of the additional sales and use tax is decreased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) [~~of this section~~], of the revenue generated by the additional sales and use tax in the following year. The first projection must take into account the decrease and the second projection must not take into account the decrease. The designated officer or employee shall then subtract the amount of the result of the first projection from the amount of the result of the second projection to determine the revenue lost as a result of the decrease in the additional sales and use tax. In the first year in which an additional sales and use tax is decreased, the no-new-revenue [~~effective~~] tax rate for the taxing unit is the no-new-revenue [~~effective~~] tax rate before the decrease plus a number the numerator of which is the revenue lost as a result of the decrease in the additional sales and use tax, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

SECTION 38. The heading to Section 26.043, Tax Code, is amended to read as follows:

Sec. 26.043. VOTER-APPROVAL AND NO-NEW-REVENUE [~~EFFECTIVE~~] TAX RATES [~~RATE~~] IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

SECTION 39. Sections 26.043(a) and (b), Tax Code, are amended to read as follows:

(a) In the tax year in which a city has set an election on the question of whether to impose a local sales and use tax under Subchapter H, Chapter 453, Transportation Code, the officer or employee designated to make the calculations provided by Section 26.04 may not make those calculations until the outcome of the election is determined. If the election is determined in favor of the imposition of the tax, the designated officer or employee [~~representative~~] shall subtract from the city's voter-approval [~~rollback~~] and no-new-revenue [~~effective~~] tax rates the amount that, if applied to the city's current total value, would impose an amount equal to the amount of property taxes budgeted in the current tax year to pay for expenses related to mass transit services.

(b) In a tax year to which this section applies, a reference in this chapter to the city's no-new-revenue [~~effective~~] or voter-approval [~~rollback~~] tax rate refers to that rate as adjusted under this section.

SECTION 40. The heading to Section 26.044, Tax Code, is amended to read as follows:

Sec. 26.044. NO-NEW-REVENUE [~~EFFECTIVE~~] TAX RATE TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

SECTION 41. Sections 26.044(a), (b), and (c), Tax Code, are amended to read as follows:

(a) The first time that a county adopts a tax rate after September 1, 1991, in which the state criminal justice mandate applies to the county, the no-new-revenue [~~effective~~] maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

(State Criminal Justice Mandate) / (Current Total Value - New Property Value)

(b) In the second and subsequent years that a county adopts a tax rate, if the amount spent by the county for the state criminal justice mandate increased over the previous year, the no-new-revenue [~~effective~~] maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

(This Year's State Criminal Justice Mandate - Previous Year's State Criminal Justice Mandate) / (Current Total Value - New Property Value)

(c) The county shall include a notice of the increase in the no-new-revenue [~~effective~~] maintenance and operation rate provided by this section, including a description and amount of the state criminal justice mandate, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061 [~~26.06(b) of this code~~].

SECTION 42. Sections 26.0441(a), (b), and (c), Tax Code, are amended to read as follows:

(a) In the first tax year in which a taxing unit adopts a tax rate after January 1, 2000, and in which the enhanced minimum eligibility standards for indigent health care established under Section 61.006, Health and Safety Code, apply to the taxing unit, the no-new-revenue [~~effective~~] maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = Enhanced Indigent Health Care Expenditures / (Current Total Value - New Property Value)

(b) In each subsequent tax year, if the taxing unit's enhanced indigent health care expenses exceed the amount of those expenses for the preceding year, the no-new-revenue [~~effective~~] maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = (Current Tax Year's Enhanced Indigent Health Care Expenditures - Preceding Tax Year's Indigent Health Care Expenditures) / (Current Total Value - New Property Value)

(c) The taxing unit shall include a notice of the increase in its no-new-revenue [~~effective~~] maintenance and operations rate provided by this section, including a brief description and the amount of the enhanced indigent health care expenditures, in the information published under Section 26.04(e) and, as [~~if~~] applicable, in the notice prescribed by Section 26.06 or 26.061 [~~26.06(b)~~].

SECTION 43. Chapter 26, Tax Code, is amended by adding Sections 26.0442 and 26.0443 to read as follows:

Sec. 26.0442. TAX RATE ADJUSTMENT FOR COUNTY INDIGENT DEFENSE COMPENSATION EXPENDITURES. (a) In this section, "indigent defense compensation expenditures" for a tax year means the amount paid by a county to provide appointed counsel for indigent individuals in criminal or civil proceedings in accordance with the schedule of fees adopted under Article 26.05, Code of Criminal Procedure, in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted, less the amount of any state grants received by the county during that period for the same purpose.

(b) If a county's indigent defense compensation expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county is increased by the lesser of the rates computed according to the following formulas:

(Current Tax Year's Indigent Defense Compensation Expenditures - Preceding Tax Year's Indigent Defense Compensation Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Indigent Defense Compensation Expenditures x 0.05) / (Current Total Value - New Property Value)

(c) The county shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and the amount of indigent defense compensation expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

Sec. 26.0443. TAX RATE ADJUSTMENT FOR ELIGIBLE COUNTY HOSPITAL EXPENDITURES. (a) In this section:

(1) "Eligible county hospital" means a hospital that:

(A) is:

(i) owned or leased by a county and operated in accordance with Chapter 263, Health and Safety Code; or

(ii) owned or leased jointly by a municipality and a county and operated in accordance with Chapter 265, Health and Safety Code; and

(B) is located in an area not served by a hospital district created under Sections 4 through 11, Article IX, Texas Constitution.

(2) "Eligible county hospital expenditures" for a tax year means the amount paid by a county or municipality in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted to maintain and operate an eligible county hospital.

(b) If a county's or municipality's eligible county hospital expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county or municipality, as applicable, is increased by the lesser of the rates computed according to the following formulas:

(Current Tax Year's Eligible County Hospital Expenditures - Preceding Tax Year's Eligible County Hospital Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Eligible County Hospital Expenditures x 0.08) / (Current Total Value - New Property Value)

(c) The county or municipality shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and amount of eligible county hospital expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

SECTION 44. The heading to Section 26.045, Tax Code, is amended to read as follows:

Sec. 26.045. VOTER-APPROVAL TAX RATE [~~ROLLBACK~~] RELIEF FOR POLLUTION CONTROL REQUIREMENTS.

SECTION 45. Sections 26.045(a), (c), and (i), Tax Code, are amended to read as follows:

(a) The voter-approval [~~rollback~~] tax rate for a political subdivision of this state is increased by the rate that, if applied to the [~~total~~] current total value, would impose an amount of taxes equal to the amount the political subdivision will spend out of its maintenance and operation funds under Section 26.012(16) to pay for a facility, device, or method for the control of air, water, or land pollution that is necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality.

(c) To receive an adjustment to the voter-approval [~~rollback~~] tax rate under this section, a political subdivision shall present information to the executive director of the Texas Commission on Environmental Quality in a permit application or in a request for any exemption from a permit that would otherwise be required detailing:

(1) the anticipated environmental benefits from the installation of the facility, device, or method for the control of air, water, or land pollution;

(2) the estimated cost of the pollution control facility, device, or method; and

(3) the purpose of the installation of the facility, device, or method, and the proportion of the installation that is pollution control property.

(i) A political subdivision of the state seeking an adjustment in its voter-approval [~~rollback~~] tax rate under this section shall provide to its tax assessor a copy of the letter issued by the executive director of the Texas Commission on Environmental Quality under Subsection (d). The tax assessor shall accept the copy of the letter from the executive director as conclusive evidence that the facility, device, or method is used wholly or partly as pollution control property and shall adjust the voter-approval [~~rollback~~] tax rate for the political subdivision as provided for by Subsection (a).

SECTION 46. Section 26.05, Tax Code, is amended by amending Subsections (a), (b), (c), (d), (e), and (g) and adding Subsections (d-1), (d-2), and (e-1) to read as follows:

(a) The governing body of each taxing unit[~~, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit,~~] shall adopt a tax rate for the current tax year and shall notify the assessor for the taxing unit of the rate adopted. The governing body must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is

received by the taxing unit, except that the governing body must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date prescribed by Section 41.001, Election Code, that occurs in November of that year. The tax rate consists of two components, each of which must be approved separately. The components are:

(1) for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount described by [~~published under~~] Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

(2) the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the taxing unit for the next year.

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. For a taxing unit other than a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue [~~effective~~] tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the no-new-revenue [~~effective~~] maintenance and operations tax rate of the district as determined under Section 26.08(i) and the district's current debt rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the no-new-revenue [~~effective~~] tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the no-new-revenue [~~effective~~] tax rate) percent increase in the tax rate." If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and

(B) if the tax rate exceeds the no-new-revenue [~~effective~~] maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE [~~EFFECTIVE~~] MAINTENANCE

AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."; and

(2) include on the home page of the [~~any~~] Internet website of [~~operated by~~] the taxing unit:

(A) the following statement: "(Insert name of taxing unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

(B) if the tax rate exceeds the no-new-revenue [~~effective~~] maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE NO-NEW-REVENUE [~~EFFECTIVE~~] MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."

(c) If the governing body of a taxing unit does not adopt a tax rate before the date required by Subsection (a), the tax rate for the taxing unit for that tax year is the lower of the no-new-revenue [~~effective~~] tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. A tax rate established by this subsection is treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate by this subsection, the governing body of the taxing unit must ratify the applicable tax rate in the manner required by Subsection (b).

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the voter-approval [~~rollback~~] tax rate or the no-new-revenue [~~effective~~] tax rate calculated as provided by this chapter until the governing body has held a public hearing [~~two public hearings~~] on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the lower of the voter-approval [~~rollback~~] tax rate or the no-new-revenue [~~effective~~] tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

(d-1) The governing body of a taxing unit other than a school district may not hold a public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the taxing unit participates has:

(1) delivered the notice required by Section 26.04(e-2); and

(2) complied with Section 26.17(f).

(d-2) Notwithstanding Subsection (a), the governing body of a taxing unit other than a school district may not adopt a tax rate until the chief appraiser of each appraisal district in which the taxing unit participates has complied with Subsection (d-1).

(e) A person who owns taxable property is entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has not complied with the requirements of this section or Section 26.04 [~~and the failure to comply was not in good faith~~]. It is a defense in an action for an injunction under this subsection that the failure to comply was in good faith. An action to enjoin

the collection of taxes must be filed not later than the 15th day after the date the taxing unit adopts a tax rate. A property owner is not required to pay the taxes imposed by a taxing unit on the owner's property while an action filed by the property owner to enjoin the collection of taxes imposed by the taxing unit on the owner's property is pending. If the property owner pays the taxes and subsequently prevails in the action, the property owner is entitled to a refund of the taxes paid, together with reasonable attorney's fees and court costs. The property owner is not required to apply to the collector for the taxing unit to receive the refund [~~prior to the date a taxing unit delivers substantially all of its tax bills~~].

(e-1) The governing body of a taxing unit that imposes an additional sales and use tax may not adopt the component of the tax rate of the taxing unit described by Subsection (a)(1) of this section until the chief financial officer or the auditor for the taxing unit submits to the governing body of the taxing unit a written certification that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from the total amount described by Section 26.04(e)(3)(C) as required by Subsection (a)(1) of this section. The comptroller shall prescribe the form of the certification required by this subsection and the manner in which it is required to be submitted.

(g) Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e). If a school district adopts a tax rate under this subsection, the no-new-revenue [~~effective~~] tax rate and the voter-approval [~~rollback~~] tax rate of the district shall be calculated based on the certified estimate of taxable value.

SECTION 47. Section 26.052, Tax Code, is amended by amending Subsection (e) and adding Subsection (f) to read as follows:

(e) Public notice provided under Subsection (c) must specify:

(1) the tax rate that the governing body proposes to adopt;

(2) the date, time, and location of the meeting of the governing body of the taxing unit at which the governing body will consider adopting the proposed tax rate; and

(3) if the proposed tax rate for the taxing unit exceeds the taxing unit's no-new-revenue [~~effective~~] tax rate calculated as provided by Section 26.04, a statement substantially identical to the following: "The proposed tax rate would increase total taxes in (name of taxing unit) by (percentage by which the proposed tax rate exceeds the no-new-revenue [~~effective~~] tax rate)."

(f) A taxing unit to which this section applies that elects to provide public notice of its proposed tax rate under Subsection (c)(2) must also provide public notice of its proposed tax rate by posting notice of the proposed tax rate, including the information prescribed by Subsection (e), prominently on the home page of the Internet website of the taxing unit.

SECTION 48. Section 26.06, Tax Code, is amended by amending Subsections (a), (b), (c), (d), and (e) and adding Subsections (b-1), (b-2), (b-3), and (b-4) to read as follows:

(a) A public hearing required by Section 26.05 may not be held before the fifth [~~seventh~~] day after the date the notice of the public hearing is given. The [~~second hearing may not be held earlier than the third day after the date of the first hearing. Each~~] hearing must be on a weekday that is not a public holiday. The [~~Each~~] hearing must be held inside the boundaries of the unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. At the hearing [~~hearings~~], the governing body must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

(b) The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger type. [~~The notice must contain a statement in the following form:~~

[~~"NOTICE OF PUBLIC HEARING ON TAX INCREASE~~

[~~"The (name of the taxing unit) will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.~~

[~~"The first public hearing will be held on (date and time) at (meeting place).~~

[~~"The second public hearing will be held on (date and time) at (meeting place).~~

[~~"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)~~

[~~"The average taxable value of a residence homestead in (name of taxing unit) last year was $____ (average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). Based on last year's tax rate of $____ (preceding year's adopted tax rate) per $100 of taxable value, the amount of taxes imposed last year on the average home was $____ (tax on average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

[~~"The average taxable value of a residence homestead in (name of taxing unit) this year is $____ (average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). If the governing body adopts the effective tax rate for this year of $____ (effective tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $____ (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

[~~"If the governing body adopts the proposed tax rate of $____ (proposed tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $____ (tax on the average taxable value of a residence in the taxing unit for the current year disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

[~~"Members of the public are encouraged to attend the hearings and express their views."~~]

(b-1) If the proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the voter-approval tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-2) If the proposed tax rate exceeds the no-new-revenue tax rate but does not exceed the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is not greater than the voter-approval tax rate. As a result, (name of taxing unit) is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending the public hearing mentioned above.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-3) If the proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is not greater than the no-new-revenue tax rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is greater than the voter-approval tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax rate or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-4) In addition to including the information described by Subsection (b-1), (b-2), or (b-3), as applicable, the notice must include the information described by Section 26.062.

(c) The notice of a public hearing under this section may be delivered by mail to each property owner in the taxing unit, or may be published in a newspaper. If the notice is published in a newspaper, it may not be in the part of the paper in which legal notices and classified advertisements appear. If the taxing unit publishes the notice in a newspaper [~~operates an Internet website~~], the taxing unit must also post the notice prominently on the home page of the Internet website of the taxing unit [~~must be posted on the website~~] from the date the notice is first published until the [~~second~~] public hearing is concluded.

(d) The governing body may vote on the proposed tax rate at the public hearing. If the governing body does not vote on the proposed tax rate at the public hearing, [~~At the public hearings~~] the governing body shall announce at the public hearing the date, time, and place of the meeting at which it will vote on the proposed tax rate. [~~After each hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:~~

[~~"NOTICE OF TAX REVENUE INCREASE~~

[~~"The (name of the taxing unit) conducted public hearings on (date of first hearing) and (date of second hearing) on a proposal to increase the total tax revenues of the (name of the taxing unit) from properties on the tax roll in the preceding year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent.~~

[~~"The total tax revenue proposed to be raised last year at last year's tax rate of (insert tax rate for the preceding year) for each $100 of taxable value was (insert total amount of taxes imposed in the preceding year).~~

[~~"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by the difference between current total value and new property value).~~

[~~"The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by current total value).~~

[~~"The (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on (date of meeting) at (location of meeting, including mailing address) at (time of meeting).~~

[~~"The (governing body of the taxing unit) proposes to use the increase in total tax revenue for the purpose of (description of purpose of increase)."~~]

(e) A [~~The~~] meeting to vote on the tax increase may not be held [~~earlier than the third day or~~] later than the seventh [~~14th~~] day after the date of the [~~second~~] public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. [~~If the governing body does not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate by the 14th day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the rollback tax rate or the effective tax rate.~~]

SECTION 49. Chapter 26, Tax Code, is amended by adding Sections 26.061, 26.062, and 26.063 to read as follows:

Sec. 26.061. NOTICE OF MEETING TO VOTE ON PROPOSED TAX RATE THAT DOES NOT EXCEED LOWER OF NO-NEW-REVENUE OR VOTER-APPROVAL TAX RATE. (a) This section applies only to the governing body of a taxing unit other than a school district that proposes to adopt a tax rate that does not exceed the lower of the no-new-revenue tax rate or the voter-approval tax rate calculated as provided by this chapter.

(b) The notice of the meeting at which the governing body of the taxing unit will vote on the proposed tax rate must contain a statement in the following form:

"NOTICE OF MEETING TO VOTE ON TAX RATE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is not greater than the no-new-revenue tax rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public meeting to vote on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is also not greater than the voter-approval tax rate. As a result, (name of taxing unit) is not required to hold an election to seek voter approval of the rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending the public meeting mentioned above.

"Your taxes owed under any of the above rates can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposed tax rate or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(c) In addition to including the information described by Subsection (b), the notice must include the information described by Section 26.062.

(d) The notice required under this section must be provided in the manner required under Section 26.06(c).

Sec. 26.062. ADDITIONAL INFORMATION TO BE INCLUDED IN TAX RATE NOTICE. (a) In addition to the information described by Section 26.06(b-1), (b-2), or (b-3) or 26.061, as applicable, a notice required by that provision must include at the end of the notice:

(1) a statement in the following form:

"The following table compares the taxes imposed on the average residence homestead by (name of taxing unit) last year to the taxes proposed to be imposed on the average residence homestead by (name of taxing unit) this year:";

(2) a table in the form required by this section following the statement described by Subdivision (1); and

(3) a statement in the following form following the table:

(A) if the tax assessor for the taxing unit maintains an Internet website: "For assistance with tax calculations, please contact the tax assessor for (name of taxing unit) at (telephone number) or (e-mail address), or visit (Internet website address) for more information."; or

(B) if the tax assessor for the taxing unit does not maintain an Internet website: "For assistance with tax calculations, please contact the tax assessor for (name of taxing unit) at (telephone number) or (e-mail address)."

(b) The table must contain five rows and four columns.

(c) The first row must appear as follows:

(1) the first column of the first row must be left blank;

(2) the second column of the first row must state the year corresponding to the preceding tax year;

(3) the third column of the first row must state the year corresponding to the current tax year; and

(4) the fourth column of the first row must be entitled "Change".

(d) The second row must appear as follows:

(1) the first column of the second row must be entitled "Total tax rate (per $100 of value)";

(2) the second column of the second row must state the adopted tax rate for the preceding tax year;

(3) the third column of the second row must state the proposed tax rate for the current tax year; and

(4) the fourth column of the second row must state the nominal and percentage difference between the adopted tax rate for the preceding tax year and the proposed tax rate for the current tax year as follows: "(increase or decrease, as applicable) of (nominal difference between tax rate stated in second column of second row and tax rate stated in third column of second row) per $100, or (percentage difference between tax rate stated in second column of second row and tax rate stated in third column of second row)%".

(e) The third row must appear as follows:

(1) the first column of the third row must be entitled "Average homestead taxable value";

(2) the second column of the third row must state the average taxable value of a residence homestead in the taxing unit for the preceding tax year;

(3) the third column of the third row must state the average taxable value of a residence homestead in the taxing unit for the current tax year; and

(4) the fourth column of the third row must state the percentage difference between the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the average taxable value of a residence homestead in the taxing unit for the current tax year as follows: "(increase or decrease, as applicable) of (percentage difference between amount stated in second column of third row and amount stated in third column of third row)%".

(f) The fourth row must appear as follows:

(1) the first column of the fourth row must be entitled "Tax on average homestead";

(2) the second column of the fourth row must state the amount of taxes imposed by the taxing unit in the preceding tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the preceding tax year;

(3) the third column of the fourth row must state the amount of taxes that would be imposed by the taxing unit in the current tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate; and

(4) the fourth column of the fourth row must state the nominal and percentage difference between the amount of taxes imposed by the taxing unit in the preceding tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the preceding tax year and the amount of taxes that would be imposed by the taxing unit in the current tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate, as follows: "(increase or decrease, as applicable) of (nominal difference between amount stated in second column of fourth row and

amount stated in third column of fourth row), or (percentage difference between amount stated in second column of fourth row and amount stated in third column of fourth row)%".

(g) The fifth row must appear as follows:

(1) the first column of the fifth row must be entitled "Total tax levy on all properties";

(2) the second column of the fifth row must state the amount equal to last year's levy;

(3) the third column of the fifth row must state the amount computed by multiplying the proposed tax rate by the current total value and dividing the product by 100; and

(4) the fourth column of the fifth row must state the nominal and percentage difference between the total amount of taxes imposed by the taxing unit in the preceding tax year and the amount that would be imposed by the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate, as follows: "(increase or decrease, as applicable) of (nominal difference between amount stated in second column of fifth row and amount stated in third column of fifth row), or (percentage difference between amount stated in second column of fifth row and amount stated in third column of fifth row)%".

(h) In calculating the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the current tax year for purposes of Subsections (e) and (f), any residence homestead exemption available only to disabled persons, persons 65 years of age or older, or their surviving spouses must be disregarded.

Sec. 26.063. ALTERNATE PROVISIONS FOR TAX RATE NOTICE WHEN DE MINIMIS RATE EXCEEDS VOTER-APPROVAL TAX RATE. (a) This section applies only to a taxing unit:

(1) that is:

(A) a taxing unit other than a special taxing unit; or

(B) a municipality with a population of less than 30,000, regardless of whether it is a special taxing unit;

(2) that is required to provide notice under Section 26.06(b-1) or (b-3); and

(3) for which the de minimis rate exceeds the voter-approval tax rate.

(b) This subsection applies only to a taxing unit that is required to hold an election under Section 26.07. In the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3), as applicable, the taxing unit shall:

(1) add the following to the end of the list of rates included in the notice:

"DE MINIMIS RATE $_____ per $100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise $500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate and the de minimis rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate of the (name of taxing unit). The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).".

(c) This subsection applies only to a taxing unit for which the qualified voters of the taxing unit may petition to hold an election under Section 26.075. In the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3), as applicable, the taxing unit shall:

(1) add the following to the end of the list of rates included in the notice:

"DE MINIMIS RATE $_____ per $100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise $500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate but not greater than the de minimis rate. However, the proposed tax rate exceeds the rate that allows voters to petition for an election under Section 26.075, Tax Code. If (name of taxing unit) adopts the proposed tax rate, the qualified voters of the (name of taxing unit) may petition the (name of taxing unit) to require an election to be held to determine whether to reduce the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate of the (name of taxing unit).".

SECTION 50. Section 26.065(b), Tax Code, is amended to read as follows:

(b) The [~~If the~~] taxing unit [~~owns, operates, or controls an Internet website, the unit~~] shall post notice of the public hearing prominently on the home page of the Internet website of the taxing unit continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

SECTION 51. Section 26.07, Tax Code, is amended to read as follows:

Sec. 26.07. AUTOMATIC ELECTION TO APPROVE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT [~~REPEAL INCREASE~~]. (a) This section applies to [~~If the governing body of~~] a taxing unit other than a school district.

(b) If the governing body of a special taxing unit or a municipality with a population of 30,000 or more adopts a tax rate that exceeds the taxing unit's voter-approval [~~rollback~~] tax rate [~~calculated as provided by this chapter~~], or the governing body of a taxing unit other than a special taxing unit or a municipality with a population of less than 30,000 regardless of whether it is a special taxing unit adopts a tax rate that exceeds the greater of the taxing unit's voter-approval tax rate or de minimis rate, the registered [~~qualified~~] voters of the taxing unit at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a taxing unit is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted the taxing unit and the governor has declared any part of the area in which the taxing unit is located as a disaster area, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs [~~by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate calculated as provided by this chapter~~].

[~~(b) A petition is valid only if:~~

[~~(1) it states that it is intended to require an election in the taxing unit on the question of reducing the tax rate for the current year;~~

[~~(2) it is signed by a number of registered voters of the taxing unit equal to at least:~~

[~~(A) seven percent of the number of registered voters of the taxing unit according to the most recent list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of at least $5 million; or~~

[~~(B) 10 percent of the number of registered voters of the taxing unit according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of less than $5 million; and~~

[~~(3) it is submitted to the governing body on or before the 90th day after the date on which the governing body adopted the tax rate for the current year.~~]

(c) The governing body [~~Not later than the 20th day after the day a petition is submitted, the governing body shall determine whether or not the petition is valid and pass a resolution stating its finding. If the governing body fails to act within the time allowed, the petition is treated as if it had been found valid.~~

[~~(d) If the governing body finds that the petition is valid (or fails to act within the time allowed), it~~] shall order that the [~~an~~] election be held in the taxing unit on the uniform election date prescribed by Section 41.001, Election Code, that occurs in November of the applicable tax year. The order calling the election may not be issued later than the 71st day before the date of the election [~~a date not less than 30 or more than 90 days after the last day on which it could have acted to approve or disapprove the petition. A state law requiring local elections to be held on a specified date does~~

~~not apply to the election unless a specified date falls within the time permitted by this section~~]. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $_____ per $100 valuation in (name of taxing unit) for the current year, a rate that is $_____ higher per $100 valuation than the voter-approval tax rate of (name of taxing unit), for the purpose of (description of purpose of increase). Last year, the ad valorem tax rate in (name of taxing unit) was $_____ per $100 valuation [~~"Reducing the tax rate in (name of taxing unit) for the current year from (the rate adopted) to (the rollback tax rate calculated as provided by this chapter)~~]." The ballot proposition must include the adopted tax rate, the difference between the adopted tax rate and the voter-approval tax rate, and the taxing unit's tax rate for the preceding tax year in the appropriate places.

(d) [~~(c)~~] If a majority of the votes cast [~~qualified voters voting on the question~~] in the election favor the proposition, the tax rate for the [~~taxing unit for the~~] current year is the [~~rollback tax~~] rate that was adopted by the governing body [~~calculated as provided by this chapter; otherwise, the tax rate for the current year is the one adopted by the governing body~~].

(e) If the proposition is not approved as provided by Subsection (d), the taxing unit's tax rate for the current tax year is the taxing unit's voter-approval tax rate.

(f) If, [~~the tax rate is reduced by an election called under this section~~] after tax bills for the taxing unit have been [~~are~~] mailed, a proposition to approve the taxing unit's adopted tax rate is not approved by the voters of the taxing unit at an election held under this section, the assessor for the taxing unit shall prepare and mail corrected tax bills. The assessor [~~He~~] shall include with the bill a brief explanation of the reason for and effect of the corrected bill. [~~The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.~~]

(g) If a property owner pays taxes calculated using the originally adopted [~~higher~~] tax rate of the taxing unit and the proposition to approve the adopted tax rate is not approved by voters [~~when the rate is reduced by an election called under this section~~], the taxing unit shall refund the difference between the amount of taxes paid and the amount due under the voter-approval tax [~~reduced~~] rate if the difference between the amount of taxes paid and the amount due under the voter-approval tax [~~reduced~~] rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the voter-approval tax [~~reduced~~] rate is less than $1, the taxing unit shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

SECTION 52. Chapter 26, Tax Code, is amended by adding Section 26.075 to read as follows:

Sec. 26.075. PETITION ELECTION TO REDUCE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT. (a) This section applies only to a taxing unit other than:

(1) a special taxing unit;

(2) a school district; or

(3) a municipality with a population of 30,000 or more.

(b) This section applies to a taxing unit only in a tax year in which the taxing unit's:

(1) de minimis rate exceeds the taxing unit's voter-approval tax rate; and

(2) adopted tax rate is:

(A) lower than the taxing unit's de minimis rate; and

(B) greater than the greater of the taxing unit's:

(i) voter-approval tax rate calculated as if the taxing unit were a special taxing unit; or

(ii) voter-approval tax rate.

(c) The qualified voters of a taxing unit by petition may require that an election be held to determine whether to reduce the tax rate adopted by the governing body of the taxing unit for the current tax year to the voter-approval tax rate.

(d) A petition is valid only if the petition:

(1) states that it is intended to require an election in the taxing unit on the question of reducing the taxing unit's adopted tax rate for the current tax year;

(2) is signed by a number of registered voters of the taxing unit equal to at least three percent of the registered voters of the taxing unit determined according to the most recent list of those voters; and

(3) is submitted to the governing body of the taxing unit not later than the 90th day after the date on which the governing body adopts the tax rate for the current tax year.

(e) Not later than the 20th day after the date on which a petition is submitted, the governing body shall determine whether the petition is valid and must by resolution state the governing body's determination. If the governing body fails to make the determination in the time and manner required by this subsection, the petition is considered to be valid for the purposes of this section.

(f) If the governing body determines that the petition is valid or fails to make the determination in the time and manner required by Subsection (e), the governing body shall order that an election be held in the taxing unit on the next uniform election date that allows sufficient time to comply with the requirements of other law.

(g) At the election, the ballots shall be prepared to permit voting for or against the proposition: "Reducing the tax rate in (name of taxing unit) for the current year from (insert tax rate adopted for current year) to (insert voter-approval tax rate)."

(h) If a majority of the votes cast in the election favor the proposition, the tax rate for the current tax year is the voter-approval tax rate.

(i) If the proposition is not approved as provided by Subsection (h), the tax rate for the taxing unit for the current tax year is the tax rate adopted by the governing body of the taxing unit for the current tax year.

(j) If the tax rate is reduced by an election held under this section after tax bills for the taxing unit have been mailed, the assessor for the taxing unit shall prepare and mail corrected tax bills. The assessor shall include with the bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the tax year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.

(k) If a property owner pays taxes calculated using the higher tax rate when the tax rate is reduced by an election held under this section, the taxing unit shall refund the difference between the amount of taxes paid and the amount due under the reduced tax rate if the difference between the amount of taxes paid and the amount due under the reduced tax rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the reduced rate is less than $1, the taxing unit shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

(l) Except as otherwise expressly provided by law, this section does not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 86th Legislature, Regular Session, 2019, or by an earlier legislature provides that Section 26.07 does not apply to a tax imposed by the taxing unit.

SECTION 53. The heading to Section 26.08, Tax Code, is amended to read as follows:

Sec. 26.08. AUTOMATIC ELECTION TO APPROVE TAX RATE OF [~~RATIFY~~] SCHOOL DISTRICT [~~TAXES~~].

SECTION 54. Section 26.08(a), Tax Code, is amended to read as follows:

(a) If the governing body of a school district adopts a tax rate that exceeds the district's rollback tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

SECTION 55. The heading to Section 26.16, Tax Code, is amended to read as follows:

Sec. 26.16. POSTING OF TAX-RELATED INFORMATION [~~TAX RATES~~] ON COUNTY'S INTERNET WEBSITE.

SECTION 56. Section 26.16, Tax Code, is amended by amending Subsections (a) and (d) and adding Subsections (a-1), (d-1), and (d-2) to read as follows:

(a) Each county shall maintain an Internet website. The county assessor-collector for each county [~~that maintains an Internet website~~] shall post on the Internet website maintained by [~~of~~] the county the following information for the most recent five tax years [~~beginning with the 2012 tax year~~] for each taxing unit all or part of the territory of which is located in the county:

(1) the adopted tax rate;
(2) the maintenance and operations rate;
(3) the debt rate;
(4) the no-new-revenue [~~effective~~] tax rate;
(5) the no-new-revenue [~~effective~~] maintenance and operations rate; and
(6) the voter-approval [~~rollback~~] tax rate.

(a-1) For purposes of Subsection (a), a reference to the no-new-revenue tax rate or the no-new-revenue maintenance and operations rate includes the equivalent effective tax rate or effective maintenance and operations rate for a preceding year. This subsection expires January 1, 2026.

(d) The county assessor-collector shall post immediately below the table prescribed by Subsection (c) the following statement:

"The county is providing this table of property tax rate information as a service to the residents of the county. Each individual taxing unit is responsible for calculating the property tax rates listed in this table pertaining to that taxing unit and providing that information to the county.

"The adopted tax rate is the tax rate adopted by the governing body of a taxing unit.

"The maintenance and operations rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund maintenance and operation expenditures of the taxing unit for the following year.

"The debt rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund the taxing unit's debt service for the following year.

"The no-new-revenue [~~effective~~] tax rate is the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The no-new-revenue [~~effective~~] maintenance and operations rate is the tax rate that would generate the same amount of revenue for maintenance and operations in the current tax year as was generated by a taxing unit's maintenance and operations rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The voter-approval [~~rollback~~] tax rate is the highest tax rate a taxing unit may adopt before requiring voter approval at an election. An [~~In the case of a taxing unit other than a school district, the voters by petition may require that a rollback election be held if the unit adopts a tax rate in excess of the unit's rollback tax rate. In the case of a school district, an~~] election will automatically be held if a taxing unit [~~the district~~] wishes to adopt a tax rate in excess of the taxing unit's voter-approval [~~district's rollback~~] tax rate."

(d-1) In addition to posting the information described by Subsection (a), the county assessor-collector shall post on the Internet website of the county for each taxing unit all or part of the territory of which is located in the county:

(1) the tax rate calculation forms used by the designated officer or employee of each taxing unit to calculate the no-new-revenue and voter-approval tax rates of the taxing unit for the most recent five tax years beginning with the 2020 tax year, as certified by the designated officer or employee under Section 26.04(d-2); and

(2) the name and official contact information for each member of the governing body of the taxing unit.

(d-2) Not later than August 7, the county assessor-collector shall post on the website the tax rate calculation forms described by Subsection (d-1)(1) for the current tax year.

SECTION 57. Chapter 26, Tax Code, is amended by adding Sections 26.17 and 26.18 to read as follows:

Sec. 26.17. DATABASE OF PROPERTY-TAX-RELATED INFORMATION. (a) The chief appraiser of each appraisal district shall create and maintain a property tax database that:

(1) is identified by the name of the county in which the appraisal district is established instead of the name of the appraisal district;

(2) contains information that is provided by designated officers or employees of the taxing units that are located in the appraisal district in the manner required by the comptroller;

(3) is continuously updated as preliminary and revised data become available to and are provided by the designated officers or employees of taxing units;

(4) is accessible to the public;

(5) is searchable by property address and owner, except to the extent that access to the information in the database is restricted by Section 25.025 or 25.026; and

(6) includes the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.".

(b) The database must include, with respect to each property listed on the appraisal roll for the appraisal district:

(1) the property's identification number;

(2) the property's market value;

(3) the property's taxable value;

(4) the name of each taxing unit in which the property is located;

(5) for each taxing unit other than a school district in which the property is located:

(A) the no-new-revenue tax rate; and

(B) the voter-approval tax rate;

(6) for each school district in which the property is located:

(A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year; and

(B) the voter-approval tax rate;

(7) the tax rate proposed by the governing body of each taxing unit in which the property is located;

(8) for each taxing unit other than a school district in which the property is located, the taxes that would be imposed on the property if the taxing unit adopted a tax rate equal to:

(A) the no-new-revenue tax rate; and

(B) the proposed tax rate;

(9) for each school district in which the property is located, the taxes that would be imposed on the property if the district adopted a tax rate equal to:

(A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year; and

(B) the proposed tax rate;

(10) for each taxing unit other than a school district in which the property is located, the difference between the amount calculated under Subdivision (8)(A) and the amount calculated under Subdivision (8)(B);

(11) for each school district in which the property is located, the difference between the amount calculated under Subdivision (9)(A) and the amount calculated under Subdivision (9)(B);

(12) the date, time, and location of the public hearing, if applicable, on the proposed tax rate to be held by the governing body of each taxing unit in which the property is located;

(13) the date, time, and location of the public meeting, if applicable, at which the tax rate will be adopted to be held by the governing body of each taxing unit in which the property is located; and

(14) for each taxing unit in which the property is located, an e-mail address at which the taxing unit is capable of receiving written comments regarding the proposed tax rate of the taxing unit.

(c) The database must provide a link to the Internet website used by each taxing unit in which the property is located to post the information described by Section 26.18.

(d) The database must allow the property owner to electronically complete and submit to a taxing unit in which the owner's property is located a form on which the owner may provide the owner's opinion as to whether the tax rate proposed by the governing body of the taxing unit should be adopted. The form must require the owner to provide the owner's name and contact information and the physical address of the owner's property located in the taxing unit. The database must allow a property owner to complete and submit the form at any time during the period beginning on the date the governing body of the taxing unit proposes the tax rate for that tax year and ending on the date the governing body adopts a tax rate for that tax year.

(e) The officer or employee designated by the governing body of each taxing unit in which the property is located to calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit must electronically incorporate into the database:

(1) the information described by Subsections (b)(5), (6), (7), (12), and (13), as applicable, as the information becomes available; and

(2) the tax rate calculation forms prepared under Section 26.04(d-1) at the same time the designated officer or employee submits the tax rates to the governing body of the taxing unit under Section 26.04(e).

(f) The chief appraiser shall make the information described by Subsection (e)(1) and the tax rate calculation forms described by Subsection (e)(2) available to the public not later than the third business day after the date the information and forms are incorporated into the database.

Sec. 26.18. POSTING OF TAX RATE AND BUDGET INFORMATION BY TAXING UNIT ON WEBSITE. Each taxing unit shall maintain an Internet website or have access to a generally accessible Internet website that may be used for the purposes of this section. Each taxing unit shall post or cause to be posted on the Internet website the following information in a format prescribed by the comptroller:

(1) the name of each member of the governing body of the taxing unit;

(2) the mailing address, e-mail address, and telephone number of the taxing unit;

(3) the official contact information for each member of the governing body of the taxing unit, if that information is different from the information described by Subdivision (2);

(4) the taxing unit's budget for the preceding two years;

(5) the taxing unit's proposed or adopted budget for the current year;

(6) the change in the amount of the taxing unit's budget from the preceding year to the current year, by dollar amount and percentage;

(7) in the case of a taxing unit other than a school district, the amount of property tax revenue budgeted for maintenance and operations for:

(A) the preceding two years; and

(B) the current year;

(8) in the case of a taxing unit other than a school district, the amount of property tax revenue budgeted for debt service for:

(A) the preceding two years; and

(B) the current year;

(9) the tax rate for maintenance and operations adopted by the taxing unit for the preceding two years;

(10) in the case of a taxing unit other than a school district, the tax rate for debt service adopted by the taxing unit for the preceding two years;

(11) in the case of a school district, the interest and sinking fund tax rate adopted by the district for the preceding two years;

(12) the tax rate for maintenance and operations proposed by the taxing unit for the current year;

(13) in the case of a taxing unit other than a school district, the tax rate for debt service proposed by the taxing unit for the current year;

(14) in the case of a school district, the interest and sinking fund tax rate proposed by the district for the current year; and

(15) the most recent financial audit of the taxing unit.

SECTION 58. Sections 31.12(a) and (b), Tax Code, are amended to read as follows:

(a) If a refund of a tax provided by Section 11.431(b), 26.07(g), 26.075(k), 26.15(f), 31.11, 31.111, or 31.112 is paid on or before the 60th day after the date the liability for the refund arises, no interest is due on the amount refunded. If not paid on or before that 60th day, the amount of the tax to be refunded accrues interest at a rate of one percent for each month or part of a month that the refund is unpaid, beginning with the date on which the liability for the refund arises.

(b) For purposes of this section, liability for a refund arises:

(1) if the refund is required by Section 11.431(b), on the date the chief appraiser notifies the collector for the taxing unit of the approval of the late homestead exemption;

(2) if the refund is required by Section 26.07(g) or 26.075(k), on the date the results of the election to approve or reduce the tax rate, as applicable, are certified;

(3) if the refund is required by Section 26.15(f):

(A) for a correction to the tax roll made under Section 26.15(b), on the date the change in the tax roll is certified to the assessor for the taxing unit under Section 25.25; or

(B) for a correction to the tax roll made under Section 26.15(c), on the date the change in the tax roll is ordered by the governing body of the taxing unit;

(4) if the refund is required by Section 31.11, on the date the auditor for the taxing unit determines that the payment was erroneous or excessive or, if the amount of the refund exceeds the applicable amount specified by Section 31.11(a), on the date the governing body of the taxing unit approves the refund;

(5) if the refund is required by Section 31.111, on the date the collector for the taxing unit determines that the payment was erroneous; or

(6) if the refund is required by Section 31.112, on the date required by Section 31.112(d) or (e), as applicable.

SECTION 59. Section 33.08(b), Tax Code, is amended to read as follows:

(b) The governing body of the taxing unit or appraisal district, in the manner required by law for official action, may provide that taxes that become delinquent on or after June 1 under Section 26.075(j) [~~26.07(f)~~], 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42 incur an additional penalty to defray costs of collection. The amount of the penalty may not exceed the amount of the compensation specified in the applicable contract with an attorney under Section 6.30 to be paid in connection with the collection of the delinquent taxes.

SECTION 60. Section 41.03(a), Tax Code, is amended to read as follows:

(a) A taxing unit is entitled to challenge before the appraisal review board:

(1) [~~the level of appraisals of any category of property in the district or in any territory in the district, but not the appraised value of a single taxpayer's property;~~

[~~(2)~~] an exclusion of property from the appraisal records;

(2) [~~(3)~~] a grant in whole or in part of a partial exemption;

(3) [~~(4)~~] a determination that land qualifies for appraisal as provided by Subchapter C, D, E, or H, Chapter 23; or

(4) [~~(5)~~] failure to identify the taxing unit as one in which a particular property is taxable.

SECTION 61. Section 41.44(d), Tax Code, is amended to read as follows:

(d) A notice of protest is sufficient if it identifies the protesting property owner, including a person claiming an ownership interest in the property even if that person is not listed on the appraisal records as an owner of the property, identifies the property that is the subject of the protest, and indicates apparent dissatisfaction with some determination of the appraisal office. The notice need not be on an official form, but the comptroller shall prescribe a form that provides for more detail about the nature of the protest. The form must permit a property owner to include each property in the appraisal district that is the subject of a protest. The form must permit a property owner to request that the protest be heard by a special panel established under Section 6.425 if the protest will be determined by an appraisal review board to which that section applies and the property is included in a classification described by Section 6.425(b). The comptroller, each appraisal office, and each appraisal review board shall make the forms readily available and deliver one to a property owner on request.

SECTION 62. Section 41.45, Tax Code, is amended by amending Subsection (d) and adding Subsections (d-1), (d-2), and (d-3) to read as follows:

(d) This subsection does not apply to a special panel established under Section 6.425. An appraisal review board consisting of more than three members may sit in panels of not fewer than three members to conduct protest hearings. [~~However, the determination of a protest heard by a panel must be made by the board.~~] If the recommendation of a panel is not accepted by the board, the board may refer the matter for rehearing to a panel composed of members who did not hear the original protest [~~hearing~~] or, if there are not at least three members who did not hear the original protest, the board may determine the protest. [~~Before determining a protest or conducting a rehearing before a new panel or the board, the board shall deliver notice of the hearing or meeting to determine the protest in accordance with the provisions of this subchapter.~~]

(d-1) An appraisal review board to which Section 6.425 applies shall sit in special panels established under that section to conduct protest hearings. A special panel may conduct a protest hearing relating to property only if the property is described by Section 6.425(b) and the property owner has requested that a special panel conduct the hearing or if the protest is assigned to the special panel under Section 6.425(f). If the recommendation of a special panel is not accepted by the board, the board may refer the matter for rehearing to another special panel composed of members who did not hear the original protest or, if there are not at least three other special panel members who did not hear the original protest, the board may determine the protest.

(d-2) The determination of a protest heard by a panel under Subsection (d) or (d-1) must be made by the board.

(d-3) The board must deliver notice of a hearing or meeting to determine a protest heard by a panel, or to rehear a protest, under Subsection (d) or (d-1) in accordance with the provisions of this subchapter.

SECTION 63. Section 41.46(a), Tax Code, is amended to read as follows:

(a) The appraisal review board before which a protest hearing is scheduled shall deliver written notice to the property owner initiating a protest not later than the 15th day before the date of the hearing. The notice must include:

(1) [~~of~~] the date, time, and place of [~~fixed for~~] the hearing;

(2) a description of the subject matter of the hearing that is sufficient to identify the specific action being protested, such as:

(A) the determination of the appraised value of the property owner's property;

(B) the denial to the property owner in whole or in part of a partial exemption; or

(C) the determination that the property owner's land does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23; and

(3) a statement that [~~on the protest and of~~] the property owner is entitled [~~owner's entitlement~~] to a postponement of the hearing as provided by Section 41.45 unless the property owner waives in writing notice of the hearing. [~~The board shall deliver the notice not later than the 15th day before the date of the hearing.~~]

SECTION 64. Section 41.461, Tax Code, is amended to read as follows:

Sec. 41.461. NOTICE OF CERTAIN MATTERS BEFORE HEARING; DELIVERY OF REQUESTED INFORMATION. (a) At least 14 days before a hearing on a protest, the chief appraiser shall:

(1) deliver a copy of the pamphlet prepared by the comptroller under Section 5.06 [~~5.06(a)~~] to the property owner initiating the protest [~~if the owner is representing himself~~], or to an agent representing the owner if requested by the agent;

(2) inform the property owner that the owner or the agent of the owner is entitled on request to [~~may inspect and may obtain~~] a copy of the data, schedules, formulas, and all other information the chief appraiser will [~~plans to~~] introduce at the hearing to establish any matter at issue; and

(3) deliver a copy of the hearing procedures established by the appraisal review board under Section 41.66 to the property owner.

(b) The chief appraiser may not charge a property owner or the designated agent of the owner for copies provided to the [~~an~~] owner or designated agent under this section, regardless of the manner in which the copies are prepared or delivered [~~may not exceed the charge for copies of public information as provided under Subchapter F, Chapter 552, Government Code, except:~~

[~~(1) the total charge for copies provided in connection with a protest of the appraisal of residential property may not exceed $15 for each residence; and~~

[~~(2) the total charge for copies provided in connection with a protest of the appraisal of a single unit of property subject to appraisal, other than residential property, may not exceed $25~~].

(c) A chief appraiser shall deliver information requested by a property owner or the agent of the owner under Subsection (a)(2):

(1) by regular first-class mail, deposited in the United States mail, postage prepaid, and addressed to the property owner or agent at the address provided in the request for the information;

(2) in an electronic format as provided by an agreement under Section 1.085; or

(3) subject to Subsection (d), by referring the property owner or the agent of the owner to a secure Internet website with user registration and authentication or to the exact Internet location or uniform resource locator (URL) address on an Internet website maintained by the appraisal district on which the requested information is identifiable and readily available.

(d) If a chief appraiser provides a property owner or the designated agent of the owner information under Subsection (c)(3), the notice must contain a statement in a conspicuous font that clearly indicates that the property owner or the agent of the owner may on request receive the information by regular first-class mail or in person at the appraisal office. On request by a property owner or the agent of the owner, the chief appraiser must provide the information by regular first-class mail or in person at the appraisal office.

SECTION 65. Section 41.47, Tax Code, is amended by adding Subsections (c-2), (f), and (g) and amending Subsections (d) and (e) to read as follows:

(c-2) The board may not determine the appraised value of the property that is the subject of a protest to be an amount greater than the appraised value of the property as shown in the appraisal records submitted to the board by the chief appraiser under

Section 25.22 or 25.23, except as requested and agreed to by the property owner. This subsection does not apply if the action being protested is the cancellation, modification, or denial of an exemption or the determination that the property does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23.

(d) The board shall deliver by certified mail:

(1) a notice of issuance of the order and a copy of the order to the property owner and the chief appraiser; and

(2) a copy of the appraisal review board survey prepared under Section 5.104 and instructions for completing and submitting the survey to the property owner.

(e) The notice of the issuance of the order must contain a prominently printed statement in upper-case bold lettering informing the property owner in clear and concise language of the property owner's right to appeal the order of the board [~~board's decision~~] to district court. The statement must describe the deadline prescribed by Section 42.06(a) [~~of this code~~] for filing a written notice of appeal[~~,~~] and the deadline prescribed by Section 42.21(a) [~~of this code~~] for filing the petition for review with the district court.

(f) The appraisal review board shall take the actions required by Subsections (a) and (d) not later than:

(1) the 30th day after the date the hearing on the protest is concluded, if the board is established for an appraisal district located in a county with a population of less than four million; or

(2) the 45th day after the date the hearing on the protest is concluded, if the board is established for an appraisal district located in a county with a population of four million or more.

(g) The chief appraiser and the property owner or the designated agent of the owner may file a joint motion with the appraisal review board notifying the board that the chief appraiser and the property owner or the designated agent of the owner have agreed to a disposition of the protest and requesting the board to issue an agreed order. The joint motion must contain the terms of the disposition of the protest. The board shall issue the agreed order not later than the fifth day after the date on which the joint motion is filed with the board. The chief appraiser and the property owner or the designated agent of the owner may provide in the joint motion that the agreed order is appealable in the same manner as any other order issued by the board under this section.

SECTION 66. Section 41.66, Tax Code, is amended by amending Subsections (h), (i), (j), and (k) and adding Subsections (j-1), (j-2), (k-1), and (p) to read as follows:

(h) The appraisal review board shall postpone a hearing on a protest if the property owner or the designated agent of the owner requests additional time to prepare for the hearing and establishes to the board that the chief appraiser failed to comply with Section 41.461. The board is not required to postpone a hearing more than one time under this subsection.

(i) A hearing on a protest filed by a property owner or the designated agent of the owner [~~who is not represented by an agent designated under Section 1.111~~] shall be set for a time and date certain. If the hearing is not commenced within two hours of the time set for the hearing, the appraisal review board shall postpone the hearing on the request of the property owner or the designated agent of the owner.

(j) On the request of a property owner or the [~~a~~] designated agent of the owner, an appraisal review board shall schedule hearings on protests concerning up to 20 designated properties to be held consecutively on the same day. The designated properties must be identified in the same notice of protest, and the notice must contain in boldfaced type the statement "request for same-day protest hearings." A property owner or the designated agent of the owner may [~~not~~] file more than one request under this subsection with the appraisal review board in the same tax year. The appraisal review board may schedule hearings on protests concerning more than 20 properties filed by the same property owner or the designated agent of the owner and may use different panels to conduct the hearings based on the board's customary scheduling. The appraisal review board may follow the practices customarily used by the board in the scheduling of hearings under this subsection.

(j-1) An appraisal review board may schedule the hearings on all protests filed by a property owner or the designated agent of the owner to be held consecutively. The notice of the hearings must state the date and time that the first hearing will begin, state the date the last hearing will end, and list the order in which the hearings will be held. The order of the hearings listed in the notice may not be changed without the agreement of the property owner or the designated agent of the owner, the chief appraiser, and the appraisal review board. The board may not reschedule a hearing for which notice is given under this subsection to a date earlier than the seventh day after the date the last hearing was scheduled to end unless agreed to by the property owner or the designated agent of the owner, the chief appraiser, and the appraisal review board. Unless agreed to by the parties, the board must provide written notice of the date and time of the rescheduled hearing to the property owner or the designated agent of the owner not later than the seventh day before the date of the hearing.

(j-2) An appraisal review board must schedule a hearing on a protest filed by a property owner who is 65 years of age or older, disabled, a military service member, a military veteran, or the spouse of a military service member or military veteran before scheduling a hearing on a protest filed by a designated agent of a property owner.

(k) This subsection does not apply to a special panel established under Section 6.425. If an appraisal review board sits in panels to conduct protest hearings, protests shall be randomly assigned to panels, except that the board may consider the type of property subject to the protest or the ground of the protest for the purpose of using the expertise of a particular panel in hearing protests regarding particular types of property or based on particular grounds. If a protest is scheduled to be heard by a particular panel, the protest may not be reassigned to another panel without the consent of the property owner or the designated agent of the owner. If the appraisal review board has cause to reassign a protest to another panel, a property owner or the designated agent of the owner may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing on

that request. A change of members of a panel because of a conflict of interest, illness, or inability to continue participating in hearings for the remainder of the day does not constitute reassignment of a protest to another panel.

(k-1) On the request of a property owner or the designated agent of the owner, an appraisal review board to which Section 6.425 applies shall assign a protest relating to property described by Section 6.425(b) to a special panel. In addition, the chairman of the appraisal review board may assign a protest relating to property not described by Section 6.425(b) to a special panel as authorized by Section 6.425(f), but only if the assignment is requested or consented to by the property owner or the designated agent of the owner. Protests assigned to special panels shall be randomly assigned to those panels. If a protest is scheduled to be heard by a particular special panel, the protest may not be reassigned to another special panel without the consent of the property owner or the designated agent of the owner. If the board has cause to reassign a protest to another special panel, a property owner or the designated agent of the owner may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing on that request. A change of members of a special panel because of a conflict of interest, illness, or inability to continue participating in hearings for the remainder of the day does not constitute reassignment of a protest to another special panel.

(p) At the end of a hearing on a protest, the appraisal review board shall provide the property owner or the designated agent of the owner one or more documents indicating that the members of the board hearing the protest signed the affidavit required by Subsection (g).

SECTION 67. Section 41.67(d), Tax Code, is amended to read as follows:

(d) Information that was previously requested under Section 41.461 by the protesting party that was not delivered [~~made available~~] to the protesting party at least 14 days before the scheduled or postponed hearing may not be used or offered in any form as evidence in the hearing, including as a document or through argument or testimony. This subsection does not apply to information offered to rebut evidence or argument presented at the hearing by the protesting party or that party's designated agent.

SECTION 68. Section 41.71, Tax Code, is amended to read as follows:

Sec. 41.71. EVENING AND WEEKEND HEARINGS. (a) An appraisal review board by rule shall provide for hearings on protests [~~in the evening or~~] on a Saturday or after 5 p.m. on a weekday [~~Sunday~~].

(b) The board may not schedule:

(1) the first hearing on a protest held on a weekday evening to begin after 7 p.m.; or

(2) a hearing on a protest on a Sunday.

SECTION 69. Section 41A.03(a-1), Tax Code, is amended to read as follows:

(a-1) If a property owner requests binding arbitration under this chapter to appeal appraisal review board orders involving two or more contiguous tracts of land that are owned by the property owner [~~contiguous to one another~~], a single arbitration deposit in the amount provided by Subsection (a)(2) is sufficient to satisfy the requirement of Subsection (a)(2). For purposes of this subsection, "contiguous tracts

of land" means improved or unimproved tracts of land that are touching or that share a common boundary, as determined using appraisal district records or legal descriptions of the tracts.

SECTION 70. Section 41A.06(b), Tax Code, is amended to read as follows:

(b) To initially qualify to serve as an arbitrator under this chapter, a person must:

(1) meet the following requirements, as applicable:

(A) be licensed as an attorney in this state; or

(B) have:

(i) completed at least 30 hours of training in arbitration and alternative dispute resolution procedures from a university, college, or legal or real estate trade association; and

(ii) been licensed or certified continuously during the five years preceding the date the person agrees to serve as an arbitrator as:

(a) a real estate broker or sales agent under Chapter 1101, Occupations Code;

(b) a real estate appraiser under Chapter 1103, Occupations Code; or

(c) a certified public accountant under Chapter 901, Occupations Code; [~~and~~]

(2) complete the courses for training and education of appraisal review board members established under Sections 5.041(a) and (e-1) and be issued a certificate for each course indicating course completion;

(3) complete the training program on property tax law for the training and education of arbitrators established under Section 5.043; and

(4) agree to conduct an arbitration for a fee that is not more than:

(A) $400, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $500,000 or less, as determined by the order;

(B) $450, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $500,000, as determined by the order;

(C) $450, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $1 million or less, as determined by the order;

(D) $750, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $1 million but not more than $2 million, as determined by the order;

(E) $1,000, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $2 million but not more than $3 million, as determined by the order; or

(F) $1,500, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $3 million but not more than $5 million, as determined by the order.

SECTION 71. Sections 41A.061(b) and (c), Tax Code, are amended to read as follows:

(b) To renew the person's agreement to serve as an arbitrator, the person must:

(1) file a renewal application with the comptroller at the time and in the manner prescribed by the comptroller;

(2) continue to meet the requirements provided by Sections 41A.06(b)(1) and (4) [~~Section 41A.06(b)~~]; [~~and~~]

(3) during the preceding two years have completed at least eight hours of continuing education in arbitration and alternative dispute resolution procedures offered by a university, college, real estate trade association, or legal association; and

(4) complete a revised training program on property tax law for the training and education of arbitrators established under Section 5.043 not later than the 120th day after the date the program is available to be taken if the comptroller:

(A) revises the program after the person is included in the registry; and

(B) determines that the program is substantially revised.

(c) The comptroller shall remove a person from the registry if:

(1) the person fails or declines to renew the person's agreement to serve as an arbitrator in the manner required by this section; [~~or~~]

(2) the comptroller determines by clear and convincing evidence that there is good cause to remove the person from the registry, including evidence of repeated bias or misconduct by the person while acting as an arbitrator; or

(3) the person fails to complete a revised training program on property tax law for the training and education of arbitrators established under Section 5.043 not later than the 120th day after the date the program is available to be taken if the comptroller:

(A) revises the program after the person is included in the registry; and

(B) determines that the program is substantially revised.

SECTION 72. Section 41A.07, Tax Code, is amended by amending Subsections (e), (f), and (g) and adding Subsection (h) to read as follows:

(e) To be eligible for appointment as an arbitrator under this section [~~Subsection (a)~~], the arbitrator must reside[~~:~~

[~~(1) in the county in which the property that is the subject of the appeal is located; or~~

[~~(2)~~] in this state [~~if no available arbitrator on the registry resides in that county~~].

(f) A person is not eligible for appointment as an arbitrator under this section [~~Subsection (a)~~] if at any time during the preceding two [~~five~~] years, the person has:

(1) represented a person for compensation in a proceeding under this title in the appraisal district in which the property that is the subject of the appeal is located;

(2) served as an officer or employee of that appraisal district; or

(3) served as a member of the appraisal review board for that appraisal district.

(g) The comptroller may not appoint an arbitrator under this section [~~Subsection (a)~~] if the comptroller determines that there is good cause not to appoint the arbitrator, including information or evidence indicating repeated bias or misconduct by the person while acting as an arbitrator.

(h) A property owner may request that, in appointing an initial arbitrator under this section, the comptroller appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located or an arbitrator who resides outside that county. In appointing an initial arbitrator under Subsection (a), the comptroller shall comply with the request of the property owner unless the property owner requests that the comptroller appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located and there is not an available arbitrator who resides in that county. In appointing a substitute arbitrator under Subsection (d), the comptroller shall consider but is not required to comply with the request of the property owner. This subsection does not authorize a property owner to request the appointment of a specific individual as an arbitrator.

SECTION 73. Section 41A.09(b), Tax Code, is amended to read as follows:

(b) An award under this section:

(1) must include a determination of the appraised or market value, as applicable, of the property that is the subject of the appeal;

(2) may include any remedy or relief a court may order under Chapter 42 in an appeal relating to the appraised or market value of property;

(3) shall specify the arbitrator's fee, which may not exceed the amount provided by Section 41A.06(b)(4) [~~41A.06(b)(2)~~];

(4) is final and may not be appealed except as permitted under Section 171.088, Civil Practice and Remedies Code, for an award subject to that section; and

(5) may be enforced in the manner provided by Subchapter D, Chapter 171, Civil Practice and Remedies Code.

SECTION 74. Subchapter A, Chapter 42, Tax Code, is amended by adding Section 42.081 to read as follows:

Sec. 42.081. DEFERRAL OF DELINQUENT TAX SUIT DURING APPEAL. A taxing unit that imposes taxes on property that is the subject of an appeal under this chapter may not file a suit to collect a delinquent tax on the property during the pendency of the appeal unless it is determined by the court that the property owner failed to comply with Section 42.08.

SECTION 75. Section 403.302, Government Code, is amended by adding Subsections (k) and (k-1) and amending Subsection (o) to read as follows:

(k) If the comptroller determines in the final certification of the study that the school district's local value as determined by the appraisal district that appraises property for the school district is not valid, the comptroller shall provide notice of the comptroller's determination to the board of directors of the appraisal district. The board of directors of the appraisal district shall hold a public meeting to discuss the receipt of notice under this subsection.

(k-1) If the comptroller determines in the final certification of the study that the school district's local value as determined by the appraisal district that appraises property for the school district is not valid for three consecutive years, the comptroller shall conduct an additional review of the appraisal district under Section 5.102, Tax Code, and provide recommendations to the appraisal district regarding appraisal standards, procedures, and methodologies. The comptroller may contract with a third party to assist the comptroller in conducting the additional review and providing the recommendations required under this subsection. If the appraisal district fails to

comply with the recommendations provided under this subsection and the comptroller finds that the board of directors of the appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation before the first anniversary of the date the recommendations were made, the comptroller shall notify the Texas Department of Licensing and Regulation, or a successor to the department, which shall take action necessary to ensure that the recommendations are implemented as soon as practicable. Before February 1 of the year following the year in which the Texas Department of Licensing and Regulation, or a successor to the department, takes action under this subsection, the department, with the assistance of the comptroller, shall determine whether the recommendations have been substantially implemented and notify the chief appraiser and the board of directors of the appraisal district of the determination. If the department determines that the recommendations have not been substantially implemented, the board of directors of the appraisal district must, within three months of the determination, consider whether the failure to implement the recommendations was under the current chief appraiser's control and whether the chief appraiser is able to adequately perform the chief appraiser's duties.

(o) The comptroller shall adopt rules governing the conduct of the study after consultation with the comptroller's property tax administration advisory board [~~Comptroller's Property Value Study Advisory Committee~~].

SECTION 76. Section 281.107(j), Health and Safety Code, is amended to read as follows:

(j) The portion of the rate of ad valorem tax that is to be levied and assessed each year by or for the district that is allocated by the district to the payment of the principal of and the interest on bonds and other obligations or the maintenance of reserves therefor in accordance with this section shall be applied as a payment on current debt in calculating the current debt rate under the applicable voter-approval tax rate [~~rollback~~] provisions of Chapter 26, Tax Code.

SECTION 77. The heading to Section 281.124, Health and Safety Code, is amended to read as follows:

Sec. 281.124. ELECTION TO APPROVE TAX RATE IN EXCESS OF VOTER-APPROVAL [~~ROLLBACK~~] TAX RATE.

SECTION 78. Sections 281.124(b), (c), (d), and (e), Health and Safety Code, are amended to read as follows:

(b) The board may hold an election at which the registered voters of the district may approve a tax rate for the current tax year that exceeds the district's voter-approval [~~rollback~~] tax rate for the year computed under Chapter 26, Tax Code, by a specific rate stated in dollars and cents per $100 of taxable value.

(c) An election under this section must be held at least 180 days before the date on which the district's tax rate is adopted by the board. At the election, the ballot shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $ (insert total proposed tax rate) per $100 valuation in (insert district name) for the (insert current tax year) tax year, a rate that exceeds the district's voter-approval [~~rollback~~] tax rate. The proposed ad valorem tax rate exceeds the ad valorem tax rate most recently adopted by the district by $ (insert difference between proposed and preceding year's tax rates) per $100 valuation."

(d) If a majority of the votes cast in the election favor the proposition, the tax rate for the specified tax year is the rate approved by the voters, and that rate is not subject to [~~a rollback election under~~] Section 26.07, Tax Code. The board shall adopt the tax rate as provided by Chapter 26, Tax Code.

(e) If the proposition is not approved as provided by Subsection (d) [~~(c)~~], the board may not adopt a tax rate for the district for the specified tax year that exceeds the rate that was not approved, and Section 26.07, Tax Code, applies to the adopted rate if that rate exceeds the district's voter-approval [~~rollback~~] tax rate.

SECTION 79. Section 102.007(d), Local Government Code, is amended to read as follows:

(d) An adopted budget must contain a cover page that includes:

(1) one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A) "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).''; or

(C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2) the record vote of each member of the governing body by name voting on the adoption of the budget;

(3) the municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) the property tax rate;

(B) the no-new-revenue [~~effective~~] tax rate;

(C) the no-new-revenue [~~effective~~] maintenance and operations tax rate;

(D) the voter-approval [~~rollback~~] tax rate; and

(E) the debt rate; and

(4) the total amount of municipal debt obligations.

SECTION 80. Section 111.008(d), Local Government Code, is amended to read as follows:

(d) An adopted budget must contain a cover page that includes:

(1) one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A) "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2) the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) the property tax rate;

(B) the no-new-revenue [~~effective~~] tax rate;

(C) the no-new-revenue [~~effective~~] maintenance and operations tax rate;

(D) the voter-approval [~~rollback~~] tax rate; and

(E) the debt rate; and

(4) the total amount of county debt obligations.

SECTION 81. Section 111.039(d), Local Government Code, is amended to read as follows:

(d) An adopted budget must contain a cover page that includes:

(1) one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A) "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2) the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) the property tax rate;

(B) the no-new-revenue [~~effective~~] tax rate;

(C) the no-new-revenue [~~effective~~] maintenance and operations tax rate;

(D) the voter-approval [~~rollback~~] tax rate; and

(E) the debt rate; and

(4) the total amount of county debt obligations.

SECTION 82. Section 111.068(c), Local Government Code, is amended to read as follows:

(c) An adopted budget must contain a cover page that includes:

(1) one of the following statements in 18-point or larger type that accurately describes the adopted budget:

(A) "This budget will raise more revenue from property taxes than last year's budget by an amount of (insert total dollar amount of increase), which is a (insert percentage increase) percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(B) "This budget will raise less revenue from property taxes than last year's budget by an amount of (insert total dollar amount of decrease), which is a (insert percentage decrease) percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll)."; or

(C) "This budget will raise the same amount of revenue from property taxes as last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll).";

(2) the record vote of each member of the commissioners court by name voting on the adoption of the budget;

(3) the county property tax rates for the preceding fiscal year, and each county property tax rate that has been adopted or calculated for the current fiscal year, including:

(A) the property tax rate;

(B) the no-new-revenue [~~effective~~] tax rate;

(C) the no-new-revenue [~~effective~~] maintenance and operations tax rate;

(D) the voter-approval [~~rollback~~] tax rate; and

(E) the debt rate; and

(4) the total amount of county debt obligations.

SECTION 83. Section 1101.254(f), Special District Local Laws Code, is amended to read as follows:

(f) This section does not affect the applicability of [~~any rights district voters may have to petition for an election under~~] Section 26.07, Tax Code, to the district's tax rate, except that if district voters approve a tax rate increase under this section, [~~the voters may not petition for an election under~~] Section 26.07, Tax Code, does not apply [~~as~~] to the tax rate for that year.

SECTION 84. Sections 1122.2522, 3828.157, and 8876.152, Special District Local Laws Code, are amended to read as follows:

Sec. 1122.2522. VOTER-APPROVAL [~~ROLLBACK~~] TAX RATE PROVISIONS APPLICABLE. [~~(a)~~] If in any year the board adopts a tax rate that exceeds the voter-approval [~~rollback~~] tax rate calculated as provided by Chapter 26, Tax Code, [~~the qualified voters of the district by petition may require that~~] an election under Section 26.07 of that code must be held to determine whether or not to approve [~~reduce~~] the tax rate adopted by the board for that year [~~to the rollback tax rate~~].

[~~(b) To the extent a conflict exists between this section and a provision of the Tax Code, the provision of the Tax Code prevails.~~]

Sec. 3828.157. INAPPLICABILITY OF CERTAIN TAX CODE PROVISIONS. Sections 26.04, 26.05, [~~and~~] 26.07, and 26.075, Tax Code, do not apply to a tax imposed under Section 3828.153 or 3828.156.

Sec. 8876.152. APPLICABILITY OF CERTAIN TAX PROVISIONS. (a) Sections 26.04, 26.05, 26.06, 26.061, [~~and~~] 26.07, and 26.075, Tax Code, do not apply to a tax imposed by the district.

(b) Sections 49.236(a)(1) and (2) and (b) [~~Section 49.236~~], Water Code, apply [~~as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003, applies~~] to the district.

SECTION 85. Section 49.057, Water Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) The board shall adopt an annual budget. The board of a developed district, as defined by Section 49.23602, shall include as an appendix to the budget the district's:

(1) audited financial statements;

(2) bond transcripts; and

(3) engineer's reports required by Section 49.106.

(b-1) All district employees are employed at the will of the district unless the district and employee execute a written employment contract.

SECTION 86. Section 49.107(g), Water Code, is amended to read as follows:

(g) Sections 26.04, 26.05, 26.061, [~~and~~] 26.07, and 26.075, Tax Code, do not apply to a tax levied and collected under this section or an ad valorem tax levied and collected for the payment of the interest on and principal of bonds issued by a district.

SECTION 87. Section 49.108(f), Water Code, is amended to read as follows:

(f) Sections 26.04, 26.05, 26.061, [~~and~~] 26.07, and 26.075, Tax Code, do not apply to a tax levied and collected for payments made under a contract approved in accordance with this section.

SECTION 88. Section 49.236(a), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, is amended to read as follows:

(a) Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

(1) contain a statement in substantially the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property [~~and the tax rate that is adopted~~]. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

"(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";

(2) contain the following information:

(A) the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per $100;

(B) the difference, expressed as an amount per $100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;

(C) the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to disabled persons or persons 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(D) the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older;

(E) the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older, if the proposed tax rate is adopted; [~~and~~]

(F) the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and

(G) if the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate, as applicable, a description of the purpose of the proposed tax increase;

(3) contain a statement in substantially the following form, as applicable:

(A) if the district is a district described by Section 49.23601:

"NOTICE OF VOTE ON TAX RATE [~~TAXPAYERS' RIGHT TO ROLLBACK ELECTION~~]

"If operation and maintenance taxes on the average residence homestead increase by more than eight percent, [~~the qualified voters of the district by petition may require that~~] an election must be held to determine whether to approve [~~reduce~~] the operation and maintenance tax rate [~~to the rollback tax rate~~] under Section 49.23601 [~~49.236(d)~~], Water Code.";

(B) if the district is a district described by Section 49.23602:

"NOTICE OF VOTE ON TAX RATE

"If operation and maintenance taxes on the average residence homestead increase by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code."; or

(C) if the district is a district described by Section 49.23603:

"NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

"If operation and maintenance taxes on the average residence homestead increase by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code."; and

(4) include the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.".

SECTION 89. Subchapter H, Chapter 49, Water Code, is amended by adding Sections 49.23601, 49.23602, and 49.23603 to read as follows:

Sec. 49.23601. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR LOW TAX RATE DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1) the current year's debt service tax rate;

(2) the current year's contract tax rate; and

(3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district the board of which has adopted an operation and maintenance tax rate for the current tax year that is 2.5 cents or less per $100 of taxable value.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that exceeds the district's voter-approval tax rate, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate.

Sec. 49.23602. AUTOMATIC ELECTION TO APPROVE TAX RATE FOR CERTAIN DEVELOPED DISTRICTS. (a) In this section:

(1) "Developed district" means a district that has financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the constitution, this code, or any other law.

(2) "Unused increment rate" has the meaning assigned by Section 26.013, Tax Code.

(3) "Voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(A) the current year's debt service tax rate;

(B) the current year's contract tax rate;

(C) the operation and maintenance tax rate that would impose 1.035 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older; and

(D) the unused increment rate.

(b) This section applies only to a developed district that is not a district described by Section 49.23601.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that exceeds the district's voter-approval tax rate, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate.

(d) Notwithstanding any other provision of this section, the board of a district may give notice under Section 49.236(a)(3)(A) and calculate the voter-approval tax rate of the district in the manner provided for a district under Section 49.23601 if any part of the district is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The board may continue doing so until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the district as shown on the appraisal roll for the district submitted by the assessor for the district to the board exceeds the total taxable value of property taxable by the district on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

Sec. 49.23603. PETITION ELECTION TO REDUCE TAX RATE FOR CERTAIN DISTRICTS. (a) In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1) the current year's debt service tax rate;

(2) the current year's contract tax rate; and

(3) the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to disabled persons or persons 65 years of age or older.

(b) This section applies only to a district that is not described by Section 49.23601 or 49.23602.

(c) If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that exceeds the district's voter-approval tax rate, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the tax rate adopted for the current year to the voter-approval tax rate in accordance with the procedures provided by Sections 26.075 and 26.081, Tax Code.

SECTION 90. Section 6B(f), Chapter 1472, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(f) The district may provide that payments required by any of the district's contracts, agreements, or leases may be payable from the sale of notes, taxes, or bonds, or any combination of notes, taxes, or bonds, or may be secured by a lien on or a pledge of any available funds, including proceeds of the district's maintenance tax, and may be payable subject to annual appropriation by the district. The district may pledge to impose and may impose a maintenance tax in an amount sufficient to comply with the district's obligations under the district's contracts, leases, and agreements at a maximum aggregate rate not to exceed 10 cents for each $100 valuation of taxable property in the district. Sections 26.012, 26.04, 26.05, 26.07, and 26.075 [~~26.012~~], Tax Code, do not apply to maintenance taxes levied and collected for payments under a contract, agreement, lease, time warrant, or maintenance note issued or executed under this section.

SECTION 91. The following provisions are repealed:

(1) Sections 403.302(m-1) and (n), Government Code;

(2) Section 140.010, Local Government Code;

(3) Section 1063.255, Special District Local Laws Code;

(4) Sections 5.103(e) and (f), 6.412(e), 22.23(c), 25.19(b-2), and 41A.06(c), Tax Code;

(5) Section 49.236, Water Code, as added by Chapter 248 (H.B. 1541), Acts of the 78th Legislature, Regular Session, 2003;

(6) Section 49.236(d), Water Code, as added by Chapter 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003; and

(7) Section 49.2361, Water Code.

SECTION 92. (a) Section 9, Chapter 481 (S.B. 1760), Acts of the 84th Legislature, Regular Session, 2015, which added Section 42.23(i), Tax Code, effective January 1, 2020, is repealed.

(b) This section takes effect September 1, 2019.

SECTION 93. Section 5.041, Tax Code, as amended by this Act, applies only to an appraisal review board member appointed to serve a term of office that begins on or after January 1, 2020.

SECTION 94. The comptroller of public accounts shall implement Section 5.043, Tax Code, as added by this Act, as soon as practicable after January 1, 2020.

SECTION 95. Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, apply only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after January 1, 2020.

SECTION 96. (a) The comptroller of public accounts shall comply with Sections 5.07(f), (g), (h), and (i), Tax Code, as added by this Act, as soon as practicable after January 1, 2020.

(b) The comptroller of public accounts shall comply with Section 5.091, Tax Code, as amended by this Act, not later than:

(1) January 1, 2022, with regard to tax rate information related to a taxing unit located wholly or partly in a county with a population of 120,000 or more; and

(2) January 1, 2023, with regard to tax rate information related to a taxing unit located wholly in a county with a population of less than 120,000.

SECTION 97. Section 5.09, Tax Code, as amended by this Act, applies only to information submitted to the comptroller of public accounts that relates to a tax year beginning on or after January 1, 2020.

SECTION 98. The comptroller of public accounts shall prepare and make available the survey and instructions for completing and submitting the survey required by Section 5.104, Tax Code, as added by this Act, as soon as practicable after January 1, 2020. An appraisal district is not required to provide the survey or instructions under a requirement of that section until the survey and instructions are prepared and made available by the comptroller of public accounts.

SECTION 99. Section 6.41(d-9), Tax Code, as amended by this Act, applies only to the appointment of appraisal review board members to terms beginning on or after January 1, 2021.

SECTION 100. Section 6.412, Tax Code, as amended by this Act, does not affect the eligibility of a person serving on an appraisal review board immediately before January 1, 2020, to continue to serve on the board for the term to which the member was appointed.

SECTION 101. Section 6.42(d), Tax Code, as added by this Act, applies only to a recommendation, determination, decision, or other action by an appraisal review board or a panel of such a board on or after January 1, 2020. A recommendation, determination, decision, or other action by an appraisal review board or a panel of such a board before January 1, 2020, is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 102. Section 11.24, Tax Code, as amended by this Act, applies only to an exemption authorized by that section that is repealed or reduced on or after January 1, 2020.

SECTION 103. Sections 11.4391(a) and 22.23(d), Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2020.

SECTION 104. Sections 25.192 and 25.193, Tax Code, as added by this Act, apply only to a notice for a tax year beginning on or after January 1, 2020.

SECTION 105. (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year.

SECTION 106. (a) Not later than the 30th day after the date this section takes effect:

(1) the designated officer or employee of each taxing unit shall submit to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located the worksheets used by the designated officer or employee to calculate the effective and rollback tax rates of the taxing unit for the 2015-2019 tax years; and

(2) the county assessor-collector for each county shall post the worksheets submitted to the county assessor-collector under Subdivision (1) of this subsection on the Internet website of the county.

(b) This section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section takes effect on the 91st day after the last day of the legislative session.

SECTION 107. A taxing unit that does not own, operate, or control an Internet website is not required to comply with Sections 26.05(b)(2) and 26.065(b), Tax Code, as amended by this Act, until the first tax year in which the taxing unit is required by law to maintain or have access to an Internet website.

SECTION 108. Section 33.08(b), Tax Code, as amended by this Act, applies only to taxes that become delinquent on or after January 1, 2020. Taxes that become delinquent before that date are governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 109. Section 41.03(a), Tax Code, as amended by this Act, applies only to a challenge under Chapter 41, Tax Code, for which a challenge petition is filed on or after January 1, 2020. A challenge under Chapter 41, Tax Code, for which a challenge petition was filed before January 1, 2020, is governed by the law in effect on the date the challenge petition was filed, and the former law is continued in effect for that purpose.

SECTION 110. Sections 41.45 and 41.66(k), Tax Code, as amended by this Act, and Section 41.66(k-1), Tax Code, as added by this Act, apply only to a protest filed under Chapter 41, Tax Code, on or after January 1, 2021. A protest filed under that chapter before January 1, 2021, is governed by the law in effect on the date the protest was filed, and the former law is continued in effect for that purpose.

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 112. Section 41.71, Tax Code, as amended by this Act, applies only to a hearing on a protest under Chapter 41, Tax Code, that is scheduled on or after January 1, 2020. A hearing on a protest under Chapter 41, Tax Code, that is scheduled before January 1, 2020, is governed by the law in effect on the date the hearing was scheduled, and that law is continued in effect for that purpose.

SECTION 113. Sections 41A.03 and 41A.07, Tax Code, as amended by this Act, apply only to a request for binding arbitration received by the comptroller of public accounts from an appraisal district on or after January 1, 2020.

SECTION 114. (a) A person who immediately before January 1, 2020, serves as an arbitrator in binding arbitrations of appeals of appraisal review board orders must meet the requirements of Section 41A.06(b)(3), Tax Code, as added by this Act, not later than the 120th day after the date the comptroller of public accounts begins to provide the training required under Section 5.043, Tax Code, as added by this Act.

(b) This Act does not prohibit a person who is serving as an arbitrator on January 1, 2020, from renewing the person's agreement with the comptroller of public accounts to serve as an arbitrator if the person has the qualifications required for an arbitrator under the Tax Code as amended by this Act.

SECTION 115. Section 42.081, Tax Code, as added by this Act, applies only to an appeal under Chapter 42, Tax Code, that is filed on or after January 1, 2020.

SECTION 116. The first tax year that may be considered for purposes of the condition to the applicability of Section 403.302(k-1), Government Code, as added by this Act, that the comptroller of public accounts has determined in a study under Section 403.302 of that code that a school district's local value as determined by the appraisal district that appraises property for the school district is not valid for three consecutive years is the 2020 tax year.

SECTION 117. Section 49.057, Water Code, as amended by this Act, applies only to a budget adopted on or after January 1, 2020.

SECTION 118. (a) Not later than the 30th day after the date this section takes effect, the comptroller of public accounts shall provide a written notice to each appraisal district of:

(1) the deadline for complying with each new requirement, duty, or function imposed by this Act on an appraisal district or taxing unit; and

(2) any change made by this Act to the deadline for complying with an existing requirement, duty, or function of an appraisal district or taxing unit.

(b) As soon as practicable after receipt of the notice provided by the comptroller of public accounts under Subsection (a) of this section, the chief appraiser of an appraisal district shall forward the notice to each assessor for a taxing unit located in the appraisal district.

(c) This section takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section takes effect on the 91st day after the last day of the legislative session.

SECTION 119. (a) In this section:

(1) "Compensation" includes a salary, wage, insurance benefit, retirement benefit, or similar benefit an employee receives as a condition of employment.

(2) "First responder" has the meaning assigned by Section 504.019, Labor Code.

(3) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

(b) This section applies only to the fiscal year of a taxing unit that begins in 2020.

(c) The governing body of a taxing unit may not adopt a budget for a fiscal year or take any other action that has the effect of decreasing the total compensation to which a first responder employed by the taxing unit was entitled in the preceding fiscal year of the taxing unit.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

SECTION 121. (a) Except as otherwise provided by this Act, this Act takes effect January 1, 2020.

(b) The following provisions take effect September 1, 2020:

(1) Sections 6.41(b) and (d-9), Tax Code, as amended by this Act;

(2) Sections 6.41(b-1), (b-2), and (d-10), Tax Code, as added by this Act;

(3) Section 6.414(d), Tax Code, as amended by this Act;

(4) Section 6.425, Tax Code, as added by this Act;

(5) Section 41.44(d), Tax Code, as amended by this Act;

(6) Section 41.45(d), Tax Code, as amended by this Act;

(7) Sections 41.45(d-1), (d-2), and (d-3), Tax Code, as added by this Act;

(8) Section 41.66(k), Tax Code, as amended by this Act; and

(9) Section 41.66(k-1), Tax Code, as added by this Act.

(c) The following provisions take effect January 1, 2021:

(1) Sections 25.19(b-3) and (b-4), Tax Code, as added by this Act;

(2) Sections 26.04(d-1), (d-2), (d-3), and (e-5), Tax Code, as added by this Act;

(3) Sections 26.04(e-1) and (g), Tax Code, as amended by this Act; and

(4) Section 26.05(e), Tax Code, as amended by this Act.

(d) Sections 25.19(b) and (i), Tax Code, as amended by this Act, take effect January 1, 2022.

The Conference Committee Report on **SB 2** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 1504

Senator Nichols submitted the following Conference Committee Report:

Austin, Texas
May 23, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 1504** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

NICHOLS	PADDIE
BIRDWELL	LAMBERT
BUCKINGHAM	NEVÁREZ
WATSON	SCHAEFER
HALL	TOTH
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 1504** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
SENATE BILL 355

Senator West submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 355** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

WEST	KLICK
JOHNSON	FRANK
KOLKHORST	HINOJOSA
PERRY	MINJAREZ
SELIGER	NOBLE
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to developing a strategic plan regarding implementation of prevention and early intervention services and community-based care and conducting a study regarding the resources provided to foster parents.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 40, Human Resources Code, is amended by adding Section 40.079 to read as follows:

Sec. 40.079. STRATEGIC STATE PLAN TO IMPLEMENT COMMUNITY-BASED CARE AND FOSTER CARE PREVENTION SERVICES. (a) The department shall develop a strategic plan for the coordinated implementation of:

(1) community-based care as defined by Section 264.152, Family Code; and

(2) foster care prevention services that meet the requirements of Title VII, Div. E, Pub. L. No. 115-123.

(b) The strategic plan required under this section must:

(1) identify a network of services providers to provide mental health, substance use, and in-home parenting support services for:

(A) children at risk of entering foster care;

(B) the parents and caregivers of children identified under Paragraph (A); and

(C) pregnant or parenting youth in foster care;

(2) identify methods for the statewide implementation of foster care prevention services, including implementation in department regions that are transitioning to community-based care;

(3) identify resources necessary for the department to implement community-based care and to coordinate that implementation with the implementation of foster care prevention services, including:

(A) enhanced training related to procurement, contract monitoring and enforcement services, information technology services, and financial and legal services;

(B) a financial methodology for funding the implementation of community-based care and foster care prevention services; and

(C) resources to address the placement of children in settings eligible for federal financial participation under the requirements of Title VII, Div. E, Pub. L. No. 115-123;

(4) identify methods to:

(A) maximize resources from the federal government under Title VII, Div. E, Pub. L. No. 115-123;

(B) apply for other available federal and private funds;

(C) streamline and reduce duplication of effort by each state agency involved in providing services described by Subdivision (1);

(D) streamline the procedures for determining eligibility for services described by Subdivision (1);

(E) prescribe and terminate services described by Subdivision (1); and

(F) reduce recidivism in foster care prevention services;

(5) include a method to:

(A) notify the Senate Health and Human Services Committee, the Senate Finance Committee, the House Committee on Human Services, the House Committee on Public Health, and the House Appropriations Committee of federal and private funding opportunities; and

(B) respond to the opportunities described by Paragraph (A); and

(6) identify opportunities to coordinate with independent researchers to assist community programs in evaluating and developing trauma-informed services and promising, supported, or well-supported services and strategies under Title VII, Div. E, Pub. L. No. 115-123.

(c) In identifying the network of providers described by Subsection (b)(1), the department shall consult with the Health and Human Services Commission, the Department of State Health Services, and community stakeholders.

(d) This section does not supersede or limit the department's duty to develop and maintain the plan under Section 264.153, Family Code.

(e) The department shall submit the plan developed under this section to the governor, the lieutenant governor, the speaker of the house of representatives, and each member of the standing committees of the senate and house of representatives having primary jurisdiction over child welfare issues not later than September 1, 2020.

(f) This section expires September 1, 2021.

SECTION 2. (a) The Department of Family and Protective Services shall conduct a study to evaluate whether the department provides foster parents with adequate resources to ensure that foster parents are able to comply with all of the regulations relating to providing care for a child in the conservatorship of the department.

(b) Not later than September 1, 2020, the department shall prepare and submit to the legislature a written report containing the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

The Conference Committee Report on **SB 355** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 3582

Senator Menéndez submitted the following Conference Committee Report:

Austin, Texas
May 23, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 3582** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

MENÉNDEZ MURR

FLORES	SMITH
BUCKINGHAM	PACHECO
PERRY	MOODY
ZAFFIRINI	WRAY
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 3582** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
SENATE BILL 616

Senator Birdwell submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 616** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

BIRDWELL	PADDIE
CAMPBELL	FLYNN
HALL	LAMBERT
NICHOLS	NEVÁREZ
WATSON	S. THOMPSON
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to the continuation and functions of the Department of Public Safety of the State of Texas, the conditional transfer of the driver licensing program to the Texas Department of Motor Vehicles, the abolition of the Texas Private Security Board, the transfer of the motorcycle and off-highway vehicle operator training programs to the Texas Department of Licensing and Regulation, and the regulation of other programs administered by the Department of Public Safety; imposing an administrative penalty; authorizing and repealing the authorization for fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. CONTINUATION OF DEPARTMENT OF PUBLIC SAFETY AND MISCELLANEOUS ADMINISTRATIVE PROVISIONS

SECTION 1.001. Section 411.002(c), Government Code, is amended to read as follows:

(c) The Department of Public Safety of the State of Texas is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished and Subsections (a) and (b) expire September 1, 2031 [~~2019~~].

SECTION 1.002. Section 411.0031, Government Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The training program must provide the person with information regarding:

(1) the law governing [~~legislation that created~~] the department's operations [~~department and the commission~~];

(2) the programs, functions, rules, and budget of [~~operated by~~] the department;

(3) the scope of and limitations on the rulemaking authority of the commission [~~role and functions of the department~~];

(4) the results of the most recent formal audit [~~rules~~] of the department[~~, with an emphasis on the rules that relate to disciplinary and investigatory authority~~];

(5) [~~the current budget for the department;~~

[~~(6) the results of the most recent formal audit of the department;~~

[~~(7)~~] the requirements of:

(A) laws relating to [~~the~~] open meetings, [~~law, Chapter 551;~~

[~~(B) the~~] public information, [~~law, Chapter 552;~~

[~~(C) the~~] administrative procedure, [~~law, Chapter 2001;~~] and disclosing conflicts of interest

[~~(D) other laws relating to public officials, including conflict of interest laws~~]; and

(B) other laws applicable to members of the commission in performing their duties; and

(6) [~~(8)~~] any applicable ethics policies adopted by the department or the Texas Ethics Commission.

(d) The director shall create a training manual that includes the information required by Subsection (b). The director shall distribute a copy of the training manual annually to each member of the commission. Each member of the commission shall sign and submit to the director a statement acknowledging that the member received and has reviewed the training manual.

SECTION 1.003. Subchapter A, Chapter 411, Government Code, is amended by adding Section 411.0045 to read as follows:

Sec. 411.0045. PHYSICAL FITNESS PROGRAMS. The commission shall adopt:

(1) physical fitness programs in accordance with Section 614.172; and

(2) a resolution certifying that the programs adopted under Subdivision (1) are consistent with generally accepted scientific standards and meet all applicable requirements of state and federal labor and employment law.

SECTION 1.004. Article 59.11, Code of Criminal Procedure, is repealed.

SECTION 1.005. The Department of Public Safety shall:

(1) develop and implement best practices for the collection, protection, and sharing of personal information held by the department; and

(2) not later than September 1, 2020, submit to the legislature a report regarding the department's development and implementation of the best practices under Subdivision (1).

ARTICLE 2. BORDER SECURITY

SECTION 2.001. Subchapter D, Chapter 411, Government Code, is amended by adding Section 411.055 to read as follows:

Sec. 411.055. ANNUAL REPORT ON BORDER CRIME AND OTHER CRIMINAL ACTIVITY. (a) Not later than May 30 of each year, the department shall submit to the legislature a report on border crime and other criminal activity. The report must include:

(1) statistics for each month of the preceding calendar year and yearly totals of all border crime, as defined by Section 772.0071, and other criminal activity, including transnational criminal activity, the department determines relates to border security that occurred in each county included in a department region that is adjacent to the Texas-Mexico border; and

(2) statewide crime statistics for the crimes reported under Subdivision (1).

(b) In compiling the information for the report, the department shall use information available in the National Incident-Based Reporting System of the Uniform Crime Reporting Program of the Federal Bureau of Investigation and the Texas Incident-Based Reporting System of the department.

ARTICLE 3. METAL RECYCLING, VEHICLE INSPECTION, AND PROVISIONS APPLYING TO MORE THAN ONE REGULATORY PROGRAM

SECTION 3.001. Section 411.0891, Government Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) Subject to Section 411.087, the department is authorized to obtain and use criminal history record information maintained by the Federal Bureau of Investigation or the department that relates to a person who:

(1) is an applicant for or holds a registration issued by the director under Subchapter C, Chapter 481, Health and Safety Code, that authorizes the person to manufacture, distribute, analyze, or conduct research with a controlled substance;

(2) is an applicant for or holds a registration issued by the department under Chapter 487, Health and Safety Code, to be a director, manager, or employee of a dispensing organization, as defined by Section 487.001 [~~a chemical precursor transfer permit issued by the director under Section 481.078~~], Health and Safety Code;

(3) is an applicant for or holds an authorization issued by the department under Section 521.2476, Transportation Code, to do business in this state as a vendor of ignition interlock devices [~~a chemical laboratory apparatus transfer permit issued by the director under Section 481.081, Health and Safety Code~~];

(4) is an applicant for or holds certification by the department as an inspection station or an inspector under Subchapter G, Chapter 548, Transportation Code, holds an inspection station or inspector certificate issued under that subchapter, or is the owner of an inspection station operating under that chapter; or

(5) is an applicant for or holds a certificate of registration issued by the department under Chapter 1956, Occupations Code, to act as a metal recycling entity [~~approval or has been approved as a program sponsor by the department under~~

~~Chapter 662, Transportation Code, is an applicant for certification by the department as an instructor under that chapter, or holds an instructor certificate issued under that chapter~~].

(d) The department may require any person for whom the department is authorized to obtain and use criminal history record information maintained by the Federal Bureau of Investigation or the department under Subsection (a) to submit a complete and legible set of fingerprints to the department on a form prescribed by the department for the purpose of obtaining criminal history record information.

SECTION 3.002. Chapter 411, Government Code, is amended by adding Subchapters Q and R to read as follows:

SUBCHAPTER Q. POWERS AND DUTIES RELATED TO CERTAIN REGULATORY PROGRAMS

Sec. 411.501. DEFINITION. In this subchapter, "license" means a license, certificate, registration, permit, or other form of authorization required by law or a state agency rule that must be obtained by a person to engage in a particular activity, business, occupation, or profession.

Sec. 411.502. APPLICABILITY. This subchapter applies to a program, and persons regulated under the program, administered by the department under the following laws, including rules adopted under those laws:

(1) Section 411.0625;

(2) Chapter 487, Health and Safety Code;

(3) Chapter 1702, Occupations Code;

(4) Chapter 1956, Occupations Code;

(5) Section 521.2476, Transportation Code; and

(6) Subchapter G, Chapter 548, Transportation Code.

Sec. 411.503. FINAL ENFORCEMENT AUTHORITY. (a) Except as provided by Section 411.506(b), the commission shall make the final determination in an administrative action against a person for a violation of a law or rule governing a program or person subject to this subchapter.

(b) The commission may not delegate the duty under Subsection (a).

Sec. 411.504. COMPLAINTS. (a) The department shall maintain a system to promptly and efficiently act on complaints filed with the department regarding a violation of a law or rule governing a program or person subject to this subchapter. The department shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.

(b) The department shall make information available describing its procedures for complaint investigation and resolution.

(c) The department shall periodically notify the complaint parties of the status of the complaint until final disposition.

(d) On written request, the department shall inform the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the information would jeopardize an ongoing investigation.

(e) The commission shall adopt rules to:

(1) implement this section; and

(2) establish a procedure for the investigation and resolution of complaints, including a procedure for documenting complaints to the department from the time of the submission of the initial complaint to the final disposition of the complaint.

Sec. 411.505. INVESTIGATIONS. The department may conduct investigations as necessary to enforce a law or rule governing a program or person subject to this subchapter.

Sec. 411.506. INFORMAL COMPLAINT RESOLUTION AND INFORMAL PROCEEDINGS. (a) The commission by rule shall establish procedures for the informal resolution of complaints filed with the department related to a violation of a law or rule governing a program or person subject to this subchapter, including procedures governing:

(1) informal disposition of a contested case under Section 2001.056; and

(2) an informal proceeding held in compliance with Section 2001.054.

(b) Any settlement agreement arising from the procedures described by Subsection (a) must be approved by the director or the director's designee.

Sec. 411.507. LICENSE DENIAL; ADMINISTRATIVE SANCTION. (a) This section applies to a person required to obtain a license under a program subject to this subchapter.

(b) The commission may deny an application for, revoke, suspend, or refuse to renew a license or may reprimand a license holder for a violation of a law or rule governing a program subject to this subchapter.

(c) The commission may place on probation a person whose license is suspended. If a license suspension is probated, the commission may require the person to:

(1) report regularly to the department on matters that are the basis of the probation;

(2) limit practice to the areas prescribed by the department; or

(3) continue or renew education until the person attains a degree of competency satisfactory to the commission in those areas that are the basis for the probation.

(d) The commission shall develop a penalty schedule for each program subject to this subchapter consisting of administrative sanctions authorized under Subsections (b) and (c) based on the severity and frequency of a violation of a law or rule related to the program.

Sec. 411.508. RIGHT TO NOTICE AND HEARING; ADMINISTRATIVE PROCEDURE. (a) For each program subject to this subchapter, a person is entitled to notice and a hearing if the commission proposes to:

(1) deny an application for, revoke, suspend, or refuse to renew a license;

(2) reprimand a license holder; or

(3) place a license holder on probation.

(b) A proceeding to impose an administrative sanction as described by Subsection (a) is a contested case under Chapter 2001.

(c) Unless otherwise provided by law, judicial review of an administrative sanction or penalty imposed by the commission is under the substantial evidence rule as provided by Subchapter G, Chapter 2001.

Sec. 411.509. CEASE AND DESIST ORDER. The department may issue a cease and desist order if the department determines that the action is necessary to prevent a violation of a law or rule governing a program or person subject to this subchapter.

Sec. 411.510. INJUNCTIVE RELIEF. (a) On request of the department, the attorney general shall institute an action for injunctive relief to restrain a person in violation of or threatening to violate a law or rule governing a program or person subject to this subchapter.

(b) An action filed under this section shall be filed in a district court in:

(1) Travis County; or

(2) the county in which the violation allegedly occurred or is threatened to occur.

(c) The attorney general may recover reasonable expenses incurred in obtaining injunctive relief under this section, including court costs, attorney's fees, investigative costs, witness fees, and deposition expenses.

Sec. 411.511. STAGGERED RENEWAL; PRORATION OF LICENSE FEE. (a) The commission by rule may adopt a system under which licenses expire on various dates during the year.

(b) A license issued under a program governed by this subchapter may not expire later than the second anniversary of the date the license is issued.

(c) For the year in which the expiration date of a license is changed, the department shall prorate license fees on a monthly basis so that each license holder pays only that portion of the license fee that is allocable to the number of months during which the license is valid. On renewal of the license on the new expiration date, the total license renewal fee is payable.

Sec. 411.512. ANNUAL REGULATORY REPORT. (a) The department shall annually make available on the department's Internet website a report of regulatory statistics for the preceding state fiscal year for each program subject to this subchapter and aggregate information on all the programs.

(b) The report must include, as applicable, information regarding:

(1) the number of licenses issued under the program;

(2) the number and types of complaints received and resolved by the department;

(3) the number of investigations conducted by the department; and

(4) the number and types of disciplinary actions taken by the department.

SUBCHAPTER R. ADMINISTRATIVE PENALTY

Sec. 411.521. DEFINITION. In this subchapter, "license" has the meaning assigned by Section 411.501.

Sec. 411.522. APPLICABILITY. This subchapter applies to a program, and persons regulated under the program, to which Section 411.502 applies.

Sec. 411.523. IMPOSITION OF PENALTY. The commission may impose an administrative penalty against a person who violates:

(1) a law establishing a program subject to this subchapter; or

(2) a rule adopted or order issued by the commission under a law described by Subdivision (1).

Sec. 411.524. AMOUNT OF PENALTY. (a) If the relevant law establishing a program subject to this subchapter does not state the maximum amount of an administrative penalty under that law, the amount of the penalty shall be assessed by the commission in an amount not to exceed $5,000 per day for each violation. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(b) The amount of the penalty shall be based on:

(1) the seriousness of the violation;

(2) the respondent's history of previous violations;

(3) the amount necessary to deter a future violation;

(4) efforts made by the respondent to correct the violation; and

(5) any other matter that justice may require.

(c) The commission shall establish a written enforcement plan that provides notice to license holders of the specific ranges of penalties that apply to specific alleged violations and the criteria by which the department determines the amount of a proposed administrative penalty.

Sec. 411.525. IMPOSITION OF SANCTION. A proceeding under this subchapter imposing an administrative penalty may be combined with a proceeding to impose an administrative sanction. If a sanction is imposed in a proceeding under this subchapter, the requirements of this subchapter apply to the imposition of the sanction.

Sec. 411.526. NOTICE OF VIOLATION AND PENALTY. If, after investigation of a possible violation and the facts surrounding the possible violation, the department determines that a violation occurred, the department shall issue to the respondent a notice of alleged violation stating:

(1) a brief summary of the alleged violation;

(2) the amount of the recommended administrative penalty; and

(3) that the respondent has the right to a hearing to contest the alleged violation, the amount of the penalty, or both.

Sec. 411.527. PENALTY TO BE PAID OR HEARING REQUESTED. (a) Not later than the 20th day after the date the respondent receives the notice, the respondent may:

(1) accept the department's determination and recommended administrative penalty; or

(2) make a written request for a hearing on that determination.

(b) If the respondent accepts the department's determination, the commission by order may approve the determination and require the person to pay the recommended penalty.

Sec. 411.528. HEARING ON RECOMMENDATIONS. (a) If the respondent requests a hearing, the hearing shall be conducted by the department or the State Office of Administrative Hearings.

(b) The State Office of Administrative Hearings shall consider the department's applicable substantive rules and policies when conducting a hearing under this subchapter.

(c) A department hearing officer or an administrative law judge at the State Office of Administrative Hearings, as applicable, shall:

(1) make findings of fact and conclusions of law; and

(2) promptly issue to the commission a proposal for decision as to the occurrence of the violation and the amount of any proposed administrative penalty.

Sec. 411.529. DECISION BY COMMISSION. (a) Based on the findings of fact, conclusions of law, and proposal for decision, the commission by order may determine that:

(1) a violation occurred and impose an administrative penalty; or

(2) a violation did not occur.

(b) The department shall give notice of the order to the respondent.

(c) The order under this section must include:

(1) separate statements of the findings of fact and conclusions of law;

(2) the amount of any penalty imposed;

(3) a statement of the right of the respondent to judicial review of the order; and

(4) any other information required by law.

Sec. 411.530. OPTIONS FOLLOWING DECISION: PAY OR APPEAL. (a) Not later than the 30th day after the date the commission's order becomes final, the respondent shall:

(1) pay the penalty; or

(2) file a petition for judicial review contesting the order and:

(A) forward the penalty to the department for deposit in an escrow account; or

(B) give the department a supersedeas bond in a form approved by the department that:

(i) is for the amount of the penalty; and

(ii) is effective until judicial review of the decision is final.

(b) A respondent who is financially unable to comply with Subsection (a)(2) is entitled to judicial review if the respondent files with the court, as part of the respondent's petition for judicial review, a sworn statement that the respondent is unable to meet the requirements of Subsection (a)(2).

Sec. 411.531. COLLECTION OF PENALTY. If the person on whom the administrative penalty is imposed violates Section 411.530(a), the department or the attorney general may bring an action to collect the penalty.

Sec. 411.532. REMITTANCE OF PENALTY AND INTEREST. (a) If, after judicial review, the administrative penalty is reduced or not imposed, the department shall:

(1) remit to the person the appropriate amount, plus accrued interest, if the person paid the amount of the penalty; or

(2) execute a release of the bond, if the person posted a supersedeas bond.

(b) The interest paid under Subsection (a)(1) is accrued at the rate charged on loans to depository institutions by the New York Federal Reserve Bank. The interest shall be paid for the period beginning on the date the penalty is paid to the department and ending on the date the penalty is remitted.

Sec. 411.533. ADMINISTRATIVE PROCEDURE. (a) The commission by rule shall prescribe procedures for the determination and appeal of a decision to impose an administrative penalty.

(b) A proceeding under this subchapter to impose an administrative penalty is a contested case under Chapter 2001.

SECTION 3.003. Section 1956.151, Occupations Code, is amended to read as follows:

Sec. 1956.151. DENIAL OF CERTIFICATE; DISCIPLINARY ACTION. The commission [~~department~~] shall deny an application for a certificate of registration, suspend or revoke a certificate of registration, or reprimand a person who is registered under this chapter if the person:

(1) obtains a certificate of registration by means of fraud, misrepresentation, or concealment of a material fact;

(2) sells, barters, or offers to sell or barter a certificate of registration;

(3) violates a provision of this chapter or a rule adopted under this chapter; or

(4) violates Section 1956.021.

SECTION 3.004. Sections 548.405(a), (c), and (g), Transportation Code, are amended to read as follows:

(a) The commission [~~department~~] may deny a person's application for a certificate, revoke or suspend the certificate of a person, inspection station, or inspector, place on probation a person who holds a suspended certificate, or reprimand a person who holds a certificate if:

(1) the station or inspector conducts an inspection, fails to conduct an inspection, or issues a certificate:

(A) in violation of this chapter or a rule adopted under this chapter; or

(B) without complying with the requirements of this chapter or a rule adopted under this chapter;

(2) the person, station, or inspector commits an offense under this chapter or violates this chapter or a rule adopted under this chapter;

(3) the applicant or certificate holder does not meet the standards for certification under this chapter or a rule adopted under this chapter;

(4) the station or inspector does not maintain the qualifications for certification or does not comply with a certification requirement under this subchapter [~~Subchapter G~~];

(5) the certificate holder or the certificate holder's agent, employee, or representative commits an act or omission that would cause denial, revocation, or suspension of a certificate to an individual applicant or certificate holder; or

(6) the station or inspector does not pay a fee required by Subchapter H[~~; or~~

[~~(7) the inspector or owner of an inspection station is convicted of a:~~

[~~(A) felony or Class A or Class B misdemeanor;~~

[~~(B) similar crime under the jurisdiction of another state or the federal government that is punishable to the same extent as a felony or a Class A or Class B misdemeanor in this state; or~~

[~~(C) crime under the jurisdiction of another state or the federal government that would be a felony or a Class A or Class B misdemeanor if the crime were committed in this state~~].

(c) If the commission [~~department~~] suspends a certificate because of a violation of Subchapter F, the suspension must be for a period of not less than six months. [~~The suspension may not be probated or deferred.~~]

(g) The commission [~~department~~] may not suspend, revoke, or deny all certificates of a person who holds more than one inspection station certificate based on a suspension, revocation, or denial of one of that person's inspection station certificates without proof of culpability related to a prior action under this subsection.

SECTION 3.005. Subchapter G, Chapter 548, Transportation Code, is amended by adding Section 548.4055 to read as follows:

Sec. 548.4055. RULES REGARDING CRIMINAL CONVICTIONS. The commission shall adopt rules necessary to comply with Chapter 53, Occupations Code, with respect to the certification of persons under this subchapter. The commission's rules must list the specific offenses for each category of persons regulated under this subchapter for which a conviction would constitute grounds for the commission to take action under Section 53.021, Occupations Code.

SECTION 3.006. Sections 548.407(d) and (e), Transportation Code, are amended to read as follows:

(d) The commission [~~department~~] may provide that a revocation or suspension takes effect on receipt of notice under Subsection (b) if the commission [~~department~~] finds that the action is necessary to prevent or remedy a threat to public health, safety, or welfare. Violations that present a threat to public health, safety, or welfare include:

(1) issuing a passing vehicle inspection report or submitting inspection information to the department's database with knowledge that the issuance or submission is in violation of this chapter or rules adopted under this chapter;

(2) falsely or fraudulently representing to the owner or operator of a vehicle that equipment inspected or required to be inspected must be repaired, adjusted, or replaced for the vehicle to pass an inspection;

(3) issuing a vehicle inspection report or submitting inspection information to the department's database:

(A) without authorization to issue the report or submit the information; or

(B) without inspecting the vehicle;

(4) issuing a passing vehicle inspection report or submitting inspection information to the department's database for a vehicle with knowledge that the vehicle has not been repaired, adjusted, or corrected after an inspection has shown a repair, adjustment, or correction to be necessary;

(5) knowingly issuing a passing vehicle inspection report or submitting inspection information to the department's database:

(A) for a vehicle without conducting an inspection of each item required to be inspected; or

(B) for a vehicle that is missing an item required to be inspected or that has an item required to be inspected that is not in compliance with state law or department rules;

(6) refusing to allow a vehicle's owner to have a qualified person of the owner's choice make a required repair, adjustment, or correction;

(7) charging for an inspection an amount greater than the authorized fee;

(8) a violation of Subchapter F;

(9) a violation of Section 548.603; or

(10) a conviction of a felony or a Class A or B misdemeanor that directly relates to or affects the duties or responsibilities of a vehicle inspection station or inspector or a conviction of a similar crime under the jurisdiction of another state or the federal government.

(e) The commission may adopt rules to implement this section. [~~For purposes of Subsection (d)(10), a person is convicted of an offense if a court enters against the person an adjudication of the person's guilt, including an order of probation or deferred adjudication.~~]

SECTION 3.007. Subchapter G, Chapter 548, Transportation Code, is amended by adding Section 548.410 to read as follows:

Sec. 548.410. EXPIRATION OF CERTIFICATE. A certificate issued to an inspector or an inspection station under this subchapter expires as determined by the department under Section 411.511, Government Code, but not later than the second anniversary of the date the certificate is issued.

SECTION 3.008. Section 548.506, Transportation Code, is amended to read as follows:

Sec. 548.506. FEE FOR CERTIFICATION AS INSPECTOR. (a) The commission by rule shall establish reasonable and necessary fees for certification as an inspector.

(b) The fees established under this section may not be less than an amount equal to:

(1) [~~An applicant for certification as an inspector must submit with the applicant's first application a fee of~~] $25 for initial certification until August 31 of the even-numbered year following the date of certification; and

(2) [~~. To be certified after August 31 of that year, the applicant must pay~~] $25 as a certificate fee for each subsequent two-year period.

SECTION 3.009. Section 548.507, Transportation Code, is amended to read as follows:

Sec. 548.507. FEE FOR CERTIFICATION AS INSPECTION STATION. (a) The commission by rule shall establish reasonable and necessary fees for certification as an inspection station.

(b) The fees established under this section may not be less than:

(1) except [~~Except~~] as provided by Subdivision (2) or (3):

(A) [~~Subsection (b) or (c), after an applicant for certification as an inspection station is notified that the application will be approved, the applicant must pay a fee of~~] $100 for certification until August 31 of the odd-numbered year after the date of appointment as an inspection station; and

(B) [~~. To be certified after August 31 of that year, the applicant must pay a fee of~~] $100 for certification for each subsequent two-year period;

(2) if [~~. (b) If~~] an applicant for certification as an inspection station has been convicted of a violation of this chapter relating to an emissions inspection under Subchapter F:

(A) [~~, after notification that the application will be approved, the applicant must pay a fee of~~] $500 for certification until August 31 of the odd-numbered year after the date of appointment as an inspection station; and

(B) [~~. To be certified after August 31 of that year, the applicant must pay a fee of~~] $100 for certification for each subsequent two-year period; and

(3) if [~~. (c) If~~] an applicant for certification as an inspection station has been convicted of two or more violations of this chapter relating to an emissions inspection under Subchapter F:

(A) [~~, after notification that the application will be approved, the applicant must pay a fee of~~] $1,500 for certification until August 31 of the odd-numbered year after the date of appointment as an inspection station; and

(B) [~~. To be certified after August 31 of that year, the applicant must pay a fee of~~] $100 for certification for each subsequent two-year period.

SECTION 3.010. The following provisions are repealed:

(1) Sections 1956.014(b) and (c), Occupations Code;

(2) Sections 1956.041(b-2), (c), (d), (e), and (f), Occupations Code;

(3) Section 1956.152, Occupations Code;

(4) Sections 548.405(b), (h), and (i), Transportation Code;

(5) Section 548.406, Transportation Code;

(6) Sections 548.407(f), (g), (h), (i), (j), (k), and (l), Transportation Code; and

(7) Section 548.409, Transportation Code.

SECTION 3.011. As soon as practicable after the effective date of this Act, the Public Safety Commission shall adopt rules necessary to implement the changes in law made by this Act to Chapter 411, Government Code, Chapter 1956, Occupations Code, and Chapter 548, Transportation Code.

SECTION 3.012. Section 411.0891, Government Code, and Sections 548.405 and 548.407, Transportation Code, as amended by this Act, apply only to an application for the issuance or renewal of a license submitted on or after the effective date of this Act. An application for the issuance or renewal of a license submitted before that date is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.

SECTION 3.013. Section 548.405(c), Transportation Code, as amended by this Act, applies only to a person placed on probation on or after the effective date of this Act. A person placed on probation before the effective date of this Act is governed by the law in effect on the date the person was placed on probation, and the former law is continued in effect for that purpose.

SECTION 3.014. Section 1956.041, Occupations Code, and Sections 548.405 and 548.407, Transportation Code, as amended by this Act, apply only to a proceeding initiated on or after the effective date of this Act. A proceeding initiated before the effective date of this Act is governed by the law in effect on the date the proceeding was initiated, and the former law is continued in effect for that purpose.

ARTICLE 4. CERTAIN PROGRAMS REGULATING CONTROLLED SUBSTANCES, PRECURSOR CHEMICALS, AND LABORATORY APPARATUSES

SECTION 4.001. Sections 481.077(c), (i), and (k), Health and Safety Code, are amended to read as follows:

(c) This section does [~~and Section 481.078 do~~] not apply to a person to whom a registration has been issued by the Federal Drug Enforcement Agency or who is exempt from such registration.

(i) A manufacturer, wholesaler, retailer, or other person who [~~receives from a source outside this state a chemical precursor subject to Subsection (a) or who~~] discovers a loss or theft of a chemical precursor subject to Subsection (a) shall:

(1) submit a report of the transaction to the director in accordance with department rule; and

(2) include in the report:

(A) any difference between the amount of the chemical precursor actually received and the amount of the chemical precursor shipped according to the shipping statement or invoice; or

(B) the amount of the loss or theft.

(k) A [~~Unless the person is the holder of only a permit issued under Section 481.078(b)(1), a~~] manufacturer, wholesaler, retailer, or other person who sells, transfers, or otherwise furnishes any chemical precursor subject to Subsection (a), or a [~~permit holder,~~] commercial purchaser[~~,~~] or other person who receives a chemical precursor subject to Subsection (a):

(1) shall maintain records and inventories in accordance with rules established by the director;

(2) shall allow a member of the department or a peace officer to conduct audits and inspect records of purchases and sales and all other records made in accordance with this section at any reasonable time; and

(3) may not interfere with the audit or with the full and complete inspection or copying of those records.

SECTION 4.002. The heading to Section 481.080, Health and Safety Code, is amended to read as follows:

Sec. 481.080. CHEMICAL LABORATORY APPARATUS RECORD-KEEPING REQUIREMENTS [~~AND PENALTIES~~].

SECTION 4.003. Sections 481.080(d), (j), and (l), Health and Safety Code, are amended to read as follows:

(d) This section does [~~and Section 481.081 do~~] not apply to a person to whom a registration has been issued by the Federal Drug Enforcement Agency or who is exempt from such registration.

(j) A manufacturer, wholesaler, retailer, or other person who [~~receives from a source outside this state a chemical laboratory apparatus subject to Subsection (a) or who~~] discovers a loss or theft of such an apparatus shall:

(1) submit a report of the transaction to the director in accordance with department rule; and

(2) include in the report:

(A) any difference between the number of the apparatus actually received and the number of the apparatus shipped according to the shipping statement or invoice; or

(B) the number of the loss or theft.

(l) This subsection applies to a manufacturer, wholesaler, retailer, or other person who sells, transfers, or otherwise furnishes any chemical laboratory apparatus subject to Subsection (a) and to a [~~permit holder,~~] commercial purchaser[~~,~~] or other person who receives such an apparatus [~~unless the person is the holder of only a permit issued under Section 481.081(b)(1)~~]. A person covered by this subsection:

(1) shall maintain records and inventories in accordance with rules established by the director;

(2) shall allow a member of the department or a peace officer to conduct audits and inspect records of purchases and sales and all other records made in accordance with this section at any reasonable time; and

(3) may not interfere with the audit or with the full and complete inspection or copying of those records.

SECTION 4.004. Section 481.111(a), Health and Safety Code, is amended to read as follows:

(a) The provisions of this chapter relating to the possession and distribution of peyote do not apply to the use of peyote by a member of the Native American Church in bona fide religious ceremonies of the church or to[~~. However,~~] a person who supplies the substance to the church [~~must register and maintain appropriate records of receipts and disbursements in accordance with rules adopted by the director~~]. An exemption granted to a member of the Native American Church under this section does not apply to a member with less than 25 percent Indian blood.

SECTION 4.005. Section 481.136(a), Health and Safety Code, is amended to read as follows:

(a) A person commits an offense if the person sells, transfers, furnishes, or receives a chemical precursor subject to Section 481.077(a) and the person:

(1) [~~does not hold a chemical precursor transfer permit as required by Section 481.078 at the time of the transaction;~~

[~~(2)~~] does not comply with Section 481.077 or 481.0771;

(2) [~~(3)~~] knowingly makes a false statement in a report or record required by Section 481.077 or[~~,~~] 481.0771[~~, or 481.078~~]; or

(3) [~~(4)~~] knowingly violates a rule adopted under Section 481.077 or[~~,~~] 481.0771[~~, or 481.078~~].

SECTION 4.006. Section 481.138(a), Health and Safety Code, is amended to read as follows:

(a) A person commits an offense if the person sells, transfers, furnishes, or receives a chemical laboratory apparatus subject to Section 481.080(a) and the person:

(1) [~~does not have a chemical laboratory apparatus transfer permit as required by Section 481.081 at the time of the transaction;~~

[~~(2)~~] does not comply with Section 481.080;

(2) [~~(3)~~] knowingly makes a false statement in a report or record required by Section 481.080 [~~or 481.081~~]; or

(3) [~~(4)~~] knowingly violates a rule adopted under Section 481.080 [~~or 481.081~~].

SECTION 4.007. Section 481.301, Health and Safety Code, is amended to read as follows:

Sec. 481.301. IMPOSITION OF PENALTY. The department may impose an administrative penalty on a person who violates Section 481.067, 481.077, 481.0771, or [~~481.078,~~] 481.080[~~, or 481.081~~] or a rule or order adopted under any of those sections.

SECTION 4.008. Section 487.053(b), Health and Safety Code, is amended to read as follows:

(b) Subject to Section 411.503, Government Code, the [~~The~~] department shall enforce compliance of licensees and registrants and shall adopt procedures for suspending or revoking a license or registration issued under this chapter and for renewing a license or registration issued under this chapter.

SECTION 4.009. Sections 487.104(b) and (c), Health and Safety Code, are amended to read as follows:

(b) If the department denies the issuance or renewal of a license under Subsection (a), the applicant is entitled to a hearing. Chapter 2001, Government Code, applies to a proceeding under this section. [~~The department shall give written notice of the grounds for denial to the applicant at least 30 days before the date of the hearing.~~]

(c) A license issued or renewed under this section expires as determined by the department in accordance with Section 411.511, Government Code [~~on the second anniversary of the date of issuance or renewal, as applicable~~].

SECTION 4.010. Section 487.105(c), Health and Safety Code, is amended to read as follows:

(c) The department shall conduct a criminal history background check on each individual whose name is provided to the department under Subsection (a) or (b). The director by rule shall:

(1) require each individual whose name is provided to the department under Subsection (a) or (b) [~~determine the manner by which an individual is required~~] to submit a complete set of fingerprints to the department on a form prescribed by the department for purposes of a criminal history background check under this section; and

(2) establish criteria for determining whether an individual passes the criminal history background check for the purposes of this section.

SECTION 4.011. The following provisions of the Health and Safety Code are repealed:

(1) Sections 481.077(e), (f), (g), and (h);

(2) Section 481.078;

(3) Sections 481.080(f), (g), (h), and (i); and

(4) Section 481.081.

SECTION 4.012. As soon as practicable after the effective date of this Act, the public safety director of the Department of Public Safety shall adopt rules to implement the changes made by Section 487.105(c), Health and Safety Code, as amended by this Act.

SECTION 4.013. The changes in law made by this Act to Chapter 481, Health and Safety Code, apply only to an offense or violation committed on or after the effective date of this Act. An offense or violation committed before the effective date of this Act is governed by the law in effect on the date the offense or violation was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense or violation was committed before the effective date of this Act if any element of the offense or violation occurred before that date.

SECTION 4.014. On the effective date of this Act, a permit issued under former Section 481.078 or 481.081, Health and Safety Code, expires.

ARTICLE 5. PRIVATE SECURITY

SECTION 5.001. Section 1702.002, Occupations Code, is amended by amending Subdivisions (2), (5), (5-a), (17), and (21) and adding Subdivisions (4), (5-b), (5-c), and (8-a) to read as follows:

(2) "Branch office" means an office that is:

(A) identified to the public as a place from which business is conducted, solicited, or advertised; and

(B) at a place other than the principal place of business as shown in department [~~board~~] records.

(4) "Commission" means the Public Safety Commission.

(5) "Commissioned security officer" means a security officer to whom a security officer commission has been issued by the department [~~board~~].

(5-a) "Committee" means the Texas Private Security Advisory Committee established under this chapter.

(5-b) "Company license" means a license issued by the department that entitles a person to operate as a security services contractor or investigations company.

(5-c) "Department" means the Department of Public Safety of the State of Texas.

(8-a) "Individual license" means a license issued by the department that entitles an individual to perform a service regulated by this chapter for a company license holder, including a personal protection officer license.

(17) "Personal protection officer license [~~endorsement~~]" means a license [~~permit~~] issued by the department [~~board~~] that entitles an individual to act as a personal protection officer.

(21) "Security officer commission" means an authorization issued by the department [~~board~~] that entitles a security officer to carry a firearm.

SECTION 5.002. Section 1702.004, Occupations Code, is amended to read as follows:

Sec. 1702.004. GENERAL SCOPE OF REGULATION. (a) The department [~~board, in addition to performing duties required by other law or exercising powers granted by other law~~]:

(1) licenses investigations companies and security services contractors;

(2) issues commissions to certain security officers;

(3) licenses [~~issues endorsements to~~] certain security officers engaged in the personal protection of individuals;

(4) licenses [~~registers and endorses~~]:

(A) certain individuals connected with a company license holder; and

(B) certain individuals employed in a field connected to private investigation or private security; and

(5) regulates company license holders, security officers, [~~registrants,~~] and individual license [~~endorsement~~] holders under this chapter.

(b) The commission [~~board~~] shall adopt rules necessary to comply with Chapter 53. In its rules under this section, the commission [~~board~~] shall list the specific offenses for each category of regulated persons for which a conviction would constitute grounds for the department [~~board~~] to take action under Section 53.021.

SECTION 5.003. Section 1702.005, Occupations Code, is amended to read as follows:

Sec. 1702.005. DEPARTMENT OF PUBLIC SAFETY; REFERENCES. (a) [~~The board created under Section 1702.021 is a part of the department.~~] The department shall administer this chapter [~~through the board~~].

(b) A reference in this chapter or another law to the Texas Commission on Private Security or the Texas Private Security Board means the department [~~board~~].

SECTION 5.004. The heading to Subchapter B, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER B. TEXAS PRIVATE SECURITY ADVISORY COMMITTEE [~~BOARD~~]

SECTION 5.005. Section 1702.021, Occupations Code, is amended to read as follows:

Sec. 1702.021. COMMITTEE [~~BOARD~~] MEMBERSHIP; APPLICABILITY OF OTHER LAW. (a) The Texas Private Security Advisory Committee [~~Board~~] consists of seven members appointed by the commission [~~governor with the advice and consent of the senate~~] as follows:

(1) three public members, each of whom is a citizen of the United States;

(2) one member who is licensed under this chapter as a private investigator;

(3) one member who is licensed under this chapter as an alarm systems company;

(4) one member who is licensed under this chapter as the owner or operator of a guard company; and

(5) one member who is licensed under this chapter as a locksmith.

(b) Appointments to the committee [~~board~~] shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointee.

(c) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory committee or to the appointment of the committee's presiding officer.

SECTION 5.006. Section 1702.023, Occupations Code, is amended to read as follows:

Sec. 1702.023. ELIGIBILITY OF PUBLIC MEMBERS. The committee's [~~board's~~] public members must be representatives of the general public. A person may not be a public member of the committee [~~board~~] if the person or the person's spouse:

(1) is registered, commissioned, certified, or licensed by a regulatory agency in the field of private investigations or private security;

(2) is employed by or participates in the management of a business entity or other organization regulated by or receiving money from the department [~~board~~];

(3) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by or receiving money from the department [~~board~~]; or

(4) uses or receives a substantial amount of tangible goods, services, or money from the department [~~board~~] other than compensation or reimbursement authorized by law for committee [~~board~~] membership, attendance, or expenses.

SECTION 5.007. Sections 1702.024(b) and (c), Occupations Code, are amended to read as follows:

(b) A person may not be a committee [~~board~~] member, and may not be a department employee whose primary duties include private security regulation and who is employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), and its subsequent amendments, if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of private investigation or private security; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of private investigation or private security.

(c) A person may not be a committee [~~board~~] member or act as general counsel to the committee or department [~~board or agency~~] if the person is required to register as a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the committee [~~agency~~].

SECTION 5.008. Section 1702.025, Occupations Code, is amended to read as follows:

Sec. 1702.025. TERMS; VACANCIES. (a) The committee [~~board~~] members serve staggered six-year terms, with the terms of two or three members expiring on January 31 of each odd-numbered year.

(b) If a vacancy occurs during the term of a committee [~~board~~] member, the commission [~~governor~~] shall appoint a new member to fill the unexpired term.

SECTION 5.009. Section 1702.026, Occupations Code, is amended to read as follows:

Sec. 1702.026. OFFICERS. (a) The commission [~~governor~~] shall designate one committee [~~board~~] member as presiding officer to serve in that capacity at the will of the commission [~~governor~~]. The commission [~~governor~~] shall designate the presiding officer without regard to race, creed, color, disability, sex, religion, age, or national origin.

(b) The committee [~~board~~] shall elect from among its members an assistant presiding officer and a secretary to serve two-year terms beginning on September 1 of each odd-numbered year.

(c) The presiding officer of the committee [~~board~~] or, in the absence of the presiding officer, the assistant presiding officer shall preside at each committee [~~board~~] meeting and perform the other duties prescribed by this chapter.

SECTION 5.010. Sections 1702.027(a) and (b), Occupations Code, are amended to read as follows:

(a) It is a ground for removal from the committee [~~board~~] that a member:

(1) does not have the qualifications required by Section 1702.021 at the time of appointment [~~taking office~~];

(2) does not maintain the qualifications required by Section 1702.021 during service on the committee [~~board~~];

(3) is ineligible for membership under Section 1702.023 or 1702.024;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(5) is absent from more than half of the regularly scheduled committee [~~board~~] meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the committee [~~board~~].

(b) The validity of an action of the committee [~~board~~] is not affected by the fact that it is taken when a ground for removal of a committee [~~board~~] member exists.

SECTION 5.011. Section 1702.028, Occupations Code, is amended to read as follows:

Sec. 1702.028. [~~PER DIEM;~~] REIMBURSEMENT. [~~(a) A board member is entitled to a per diem as set by legislative appropriation for each day the member engages in the business of the board.~~

[~~(b)~~] A committee member may not receive compensation for service on the advisory committee but is entitled to reimbursement for actual and necessary [~~travel~~] expenses incurred in performing the functions as a member of the committee, subject to [~~while conducting board business, including expenses for transportation, meals, and lodging, as prescribed by~~] the General Appropriations Act.

SECTION 5.012. Section 1702.029, Occupations Code, is amended to read as follows:

Sec. 1702.029. MEETINGS. The committee [~~board~~] shall meet at least quarterly [~~at regular intervals to be decided by the board~~].

SECTION 5.013. Subchapter B, Chapter 1702, Occupations Code, is amended by adding Sections 1702.031 and 1702.032 to read as follows:

Sec. 1702.031. DUTIES OF ADVISORY COMMITTEE. The committee shall provide advice and recommendations to the department and commission on technical matters relevant to the administration of this chapter and the regulation of private security industries.

Sec. 1702.032. COMMISSION LIAISON. The commission shall designate a commission member to serve as a liaison to the committee.

SECTION 5.014. Section 1702.041, Occupations Code, is amended to read as follows:

Sec. 1702.041. CHIEF ADMINISTRATOR. (a) The chief administrator is responsible for the administration of this chapter under the direction of the public safety director [~~board~~]. The chief administrator shall perform duties as prescribed by the public safety director [~~board and the department~~].

(b) The chief administrator is a full-time employee of the department. A committee [~~board~~] member may not serve as chief administrator.

SECTION 5.015. Section 1702.044, Occupations Code, is amended to read as follows:

Sec. 1702.044. QUALIFICATIONS AND STANDARDS OF CONDUCT INFORMATION. The chief administrator or the chief administrator's designee shall provide to committee [~~board~~] members and to department [~~agency~~] employees, as often as necessary, information regarding the requirements for service as a committee member [~~office~~] or employment under this chapter, including information regarding a person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

SECTION 5.016. The heading to Subchapter D, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER D. POWERS AND DUTIES [~~OF BOARD~~]

SECTION 5.017. Section 1702.061, Occupations Code, is amended to read as follows:

Sec. 1702.061. GENERAL POWERS AND DUTIES [~~OF BOARD~~]. (a) [~~The board shall perform the functions and duties provided by this chapter.~~

[~~(b)~~] The commission [~~board~~] shall adopt rules and general policies to guide the department [~~agency~~] in the administration of this chapter.

(b) [~~(c)~~] The rules and policies adopted by the commission [~~board~~] under Subsection (a) [~~(b)~~] must be consistent with this chapter and other commission [~~board~~] rules adopted under this chapter and with any other applicable law, state rule, or federal regulation.

(c) [~~(d)~~] The commission [~~board~~] has the powers and duties to:

(1) determine the qualifications of company license holders, individual license holders [~~registrants, endorsement holders~~], and commissioned security officers;

(2) investigate alleged violations of this chapter and of commission [~~board~~] rules;

(3) adopt rules necessary to implement this chapter; and

(4) establish and enforce standards governing the safety and conduct of each person regulated [~~licensed, registered, or commissioned~~] under this chapter.

[~~(e) The board shall have a seal in the form prescribed by the board.~~]

SECTION 5.018. Section 1702.062, Occupations Code, is amended to read as follows:

Sec. 1702.062. FEES. (a) The commission [~~board~~] by rule shall establish reasonable and necessary fees that produce sufficient revenue to administer this chapter. The fees may not produce unnecessary fund balances.

(b) The department [~~board~~] may charge a fee each time the department [~~board~~] requires a person regulated under this chapter to resubmit a set of fingerprints for processing by the department [~~board~~] during the application process for a company license, individual license, [~~registration, endorsement,~~] or security officer commission. The commission [~~board~~] shall set the fee in an amount that is reasonable and necessary to cover the administrative expenses related to processing the fingerprints.

(c) A person whose pocket card has not expired is not eligible to receive from the department [~~board~~] another pocket card in the same classification in which the pocket card is held.

SECTION 5.019. The heading to Section 1702.063, Occupations Code, is amended to read as follows:

Sec. 1702.063. [~~BOARD~~] USE OF FINES.

SECTION 5.020. Section 1702.0635, Occupations Code, is amended to read as follows:

Sec. 1702.0635. RESTRICTIONS ON CERTAIN RULES. The commission [~~board~~] may not adopt rules or establish unduly restrictive experience or education requirements that limit a person's ability to be licensed as an electronic access control device company or be licensed [~~registered~~] as an electronic access control device installer.

SECTION 5.021. Section 1702.064, Occupations Code, is amended to read as follows:

Sec. 1702.064. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) The commission [~~board~~] may not adopt rules restricting advertising or competitive bidding by a person regulated under this chapter [~~by the board~~] except to prohibit false, misleading, or deceptive practices by the person.

(b) The commission [~~board~~] may not include in its rules to prohibit false, misleading, or deceptive practices by a person regulated under this chapter [~~by the board~~] a rule that:

(1) restricts the person's use of any medium for advertising;

(2) restricts the person's personal appearance or use of the person's personal voice in an advertisement;

(3) relates to the size or duration of an advertisement by the person; or

(4) restricts the person's advertisement under a trade name.

SECTION 5.022. Section 1702.0645, Occupations Code, is amended to read as follows:

Sec. 1702.0645. PAYMENT OF FEES AND FINES. (a) The commission [~~board~~] may adopt rules regarding the method of payment of a fee or a fine assessed under this chapter.

(b) Rules adopted under this section may:

(1) authorize the use of electronic funds transfer or a valid credit card issued by a financial institution chartered by a state or the federal government or by a nationally recognized credit organization approved by the department [~~board~~]; and

(2) require the payment of a discount or a reasonable service charge for a credit card payment in addition to the fee or the fine.

SECTION 5.023. Section 1702.067, Occupations Code, is amended to read as follows:

Sec. 1702.067. [~~BOARD~~] RECORDS; EVIDENCE. An official record of the department related to this chapter [~~board~~] or an affidavit by the chief administrator as to the content of the record is prima facie evidence of a matter required to be kept by the department [~~board~~].

SECTION 5.024. Section 1702.068, Occupations Code, is amended to read as follows:

Sec. 1702.068. APPEAL BOND NOT REQUIRED. The department [~~board~~] is not required to give an appeal bond in any cause arising under this chapter.

SECTION 5.025. The heading to Subchapter E, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER E. PUBLIC INTEREST INFORMATION [~~AND COMPLAINT PROCEDURES~~]

SECTION 5.026. Section 1702.084, Occupations Code, is amended to read as follows:

Sec. 1702.084. PUBLIC ACCESS TO CERTAIN RECORDS OF DISCIPLINARY ACTIONS. (a) The department [~~board~~] shall make available to the public through a toll-free telephone number, Internet website, or other easily accessible medium determined by the department [~~board~~] the following information relating to a disciplinary action taken during the preceding three years regarding a person regulated under this chapter [~~by the board~~]:

(1) the identity of the person;

(2) the nature of the complaint that was the basis of the disciplinary action taken against the person; and

(3) the disciplinary action taken by the commission [~~board~~].

(b) In providing the information, the department [~~board~~] shall present the information in an impartial manner, use language that is commonly understood, and, if possible, avoid jargon specific to the security industry.

(c) The department [~~board~~] shall update the information on a monthly basis.

(d) The department [~~board~~] shall maintain the confidentiality of information regarding the identification of a complainant.

SECTION 5.027. Section 1702.085, Occupations Code, is amended to read as follows:

Sec. 1702.085. CONFIDENTIALITY OF RECORDS. Records maintained by the department under this chapter on the home address, home telephone number, driver's license number, or social security number of an applicant or a company license holder, individual license holder [~~registrant~~], or security officer commission holder are confidential and are not subject to mandatory disclosure under Chapter 552, Government Code.

SECTION 5.028. Section 1702.102(a), Occupations Code, is amended to read as follows:

(a) Unless the person holds a license as a security services contractor, a person may not:

(1) act as an alarm systems company, armored car company, courier company, guard company, or [~~guard dog company,~~] locksmith company[~~, or private security consultant company~~];

(2) offer to perform the services of a company in Subdivision (1); or

(3) engage in business activity for which a license is required under this chapter.

SECTION 5.029. Section 1702.1025(b), Occupations Code, is amended to read as follows:

(b) A person licensed as an electronic access control device company may not install alarm systems unless otherwise licensed [~~or registered~~] to install alarm systems under this chapter.

SECTION 5.030. Section 1702.103, Occupations Code, is amended to read as follows:

Sec. 1702.103. CLASSIFICATION AND LIMITATION OF COMPANY LICENSES. (a) The company license classifications are:

(1) Class A: investigations company license, covering operations of an investigations company;

(2) Class B: security services contractor license, covering operations of a security services contractor;

(3) Class C: covering the operations included within Class A and Class B;

(4) Class F: level III training school license; and

(5) Class O: alarm level I training school license[~~;~~

[~~(6) Class P: private business letter of authority license;~~

[~~(7) Class X: government letter of authority license; and~~

[~~(8) Class T: telematics license~~].

(b) A company license described by this chapter does not authorize the company license holder to perform a service for which the company license holder has not qualified. A person may not engage in an operation outside the scope of that person's company license. The department [~~board~~] shall indicate on the company license the services the company license holder is authorized to perform. The company license holder may not perform a service unless it is indicated on the company license.

(c) A company license is not assignable unless the assignment is approved in advance by the department [~~board~~].

(d) The commission [~~board~~] shall prescribe by rule the procedure under which a company license may be terminated.

(e) The commission [~~board~~] by rule may establish other company license classifications for activities expressly regulated by this chapter and may establish qualifications and practice requirements consistent with this chapter for those company license classifications.

SECTION 5.031. Section 1702.110, Occupations Code, is amended to read as follows:

Sec. 1702.110. APPLICATION FOR COMPANY LICENSE. (a) An application for a company license under this chapter must be in the form prescribed by the department [~~board~~] and include:

(1) the full name and business address of the applicant;

(2) the name under which the applicant intends to do business;

(3) a statement as to the general nature of the business in which the applicant intends to engage;

(4) a statement as to the classification for which the applicant requests qualification;

(5) if the applicant is an entity other than an individual, the full name and residence address of each partner, officer who oversees the security-related aspects of the business, and director of the applicant[~~, and of the applicant's manager~~];

(6) if the applicant is an individual, the fingerprints of the applicant or, if the applicant is an entity other than an individual, of each officer who oversees the security-related aspects of the business and of each partner or shareholder who owns at least a 25 percent interest in the applicant, provided in the manner prescribed by the department [~~board~~];

(7) a verified statement of the applicant's experience qualifications in the particular classification in which the applicant is applying;

(8) a report from the department stating the applicant's record of any convictions for a Class B misdemeanor or equivalent offense or a greater offense;

(9) the social security number of the individual making the application; and

(10) other information, evidence, statements, or documents required by the department [~~board~~].

(b) An applicant for a company license as a security services contractor shall maintain a physical address within this state and provide that address to the department [~~board~~]. The commission [~~board~~] shall adopt rules to enable an out-of-state company license holder to comply with this subsection.

(c) The department may return an application for a company license as incomplete if the applicant submits payment of a fee that is returned for insufficient funds and the applicant has received notice and an opportunity to provide payment in full.

SECTION 5.032. Section 1702.112, Occupations Code, is amended to read as follows:

Sec. 1702.112. FORM OF COMPANY LICENSE. The department [~~board~~] shall prescribe the form of a company license[~~, including a branch office license~~]. The company license must include:

(1) the name of the company license holder;

(2) the name under which the company license holder is to operate;

(3) the company license number and the date the company license was issued; and

(4) a photograph of the company license holder, affixed to the company license at the time the company license is issued by the department [~~board~~].

SECTION 5.033. The heading to Section 1702.113, Occupations Code, is amended to read as follows:

Sec. 1702.113. GENERAL QUALIFICATIONS FOR COMPANY LICENSE[~~, CERTIFICATE OF REGISTRATION,~~] OR SECURITY OFFICER COMMISSION.

SECTION 5.034. Section 1702.113(a), Occupations Code, is amended to read as follows:

(a) An applicant for a company license[~~, certificate of registration, endorsement,~~] or security officer commission [~~or the applicant's manager~~] must be at least 18 years of age and must not:

(1) at the time of application be charged under an information or indictment with the commission of a Class A or Class B misdemeanor or felony offense determined to be disqualifying by commission [~~board~~] rule;

(2) have been found by a court to be incompetent by reason of a mental defect or disease and not have been restored to competency;

(3) have been dishonorably discharged from the United States armed services, discharged from the United States armed services under other conditions determined by the commission [~~board~~] to be prohibitive, or dismissed from the United States armed services if a commissioned officer in the United States armed services; or

(4) be required to register in this or any other state as a sex offender[~~, unless the applicant is approved by the board under Section 1702.3615~~].

SECTION 5.035. Section 1702.114, Occupations Code, is amended to read as follows:

Sec. 1702.114. ADDITIONAL QUALIFICATIONS FOR INVESTIGATIONS COMPANY LICENSE. (a) An applicant for a company license to engage in the business of an investigations company [~~or the applicant's manager~~] must have, before the date of the application, three consecutive years' experience in the investigative field as an employee[~~, manager,~~] or owner of an investigations company or satisfy other requirements set by the commission [~~board~~].

(b) The applicant's experience must be:

(1) reviewed by the department [~~board or the chief administrator~~]; and

(2) determined to be adequate to qualify the applicant to engage in the business of an investigations company.

SECTION 5.036. Section 1702.115, Occupations Code, is amended to read as follows:

Sec. 1702.115. ADDITIONAL QUALIFICATIONS FOR SECURITY SERVICES CONTRACTOR LICENSE. (a) An applicant for a company license to engage in the business of a security services contractor [~~or the applicant's manager~~] must have, before the date of the application, two consecutive years' experience in each security services field for which the person applies as an employee[~~, manager,~~] or owner of a security services contractor or satisfy other requirements set by the commission [~~board~~].

(b) The applicant's experience must have been obtained legally and must be:

(1) reviewed by the department [~~board or the chief administrator~~]; and

(2) determined to be adequate to qualify the applicant to engage in the business of a security services contractor.

SECTION 5.037. Section 1702.117, Occupations Code, is amended to read as follows:

Sec. 1702.117. EXAMINATION. (a) The department [~~board~~] shall require an applicant for a company license under this chapter [~~or the applicant's manager~~] to demonstrate qualifications in the person's company license classification, including knowledge of applicable state laws and commission [~~board~~] rules, by taking an examination to be determined by the commission [~~board~~].

(b) Payment of the application fee entitles the applicant [~~or the applicant's manager~~] to take one examination without additional charge. A person who fails the examination must pay a reexamination fee to take a subsequent examination.

(c) The commission [~~board~~] shall set the reexamination fee in an amount not to exceed the amount of the renewal fee for the company license classification for which application was made.

(d) The department [~~board~~] shall develop and provide to a person who applies to take the examination under Subsection (a) material containing all applicable state laws and commission [~~board~~] rules.

SECTION 5.038. Section 1702.118, Occupations Code, is amended to read as follows:

Sec. 1702.118. EXAMINATION RESULTS. (a) Not later than the 30th day after the date a person takes a licensing examination under this chapter, the department [~~board~~] shall notify the person of the examination results.

(b) If an examination is graded or reviewed by a testing service:

(1) the department [~~board~~] shall notify the person of the examination results not later than the 14th day after the date the department [~~board~~] receives the results from the testing service; and

(2) if notice of the examination results will be delayed for longer than 90 days after the examination date, the department [~~board~~] shall notify the person of the reason for the delay before the 90th day.

(c) The department [~~board~~] may require a testing service to notify a person of the results of the person's examination.

(d) If requested in writing by a person who fails a licensing examination administered under this chapter, the department [~~board~~] shall furnish the person with an analysis of the person's performance on the examination.

SECTION 5.039. Section 1702.1183, Occupations Code, is amended to read as follows:

Sec. 1702.1183. RECIPROCAL COMPANY LICENSE FOR CERTAIN APPLICANTS. (a) The department [~~board~~] may waive any prerequisite to obtaining a company license for an applicant who holds a company license issued by another jurisdiction with which this state has a reciprocity agreement.

(b) The commission [~~board~~] may make an agreement, subject to the approval of the governor, with another state to allow for licensing by reciprocity.

(c) The commission [~~board~~] shall adopt rules under which the commission [~~board~~] may waive any prerequisite to obtaining a company license for, and credit experience for a company license requirement to, an individual who the commission [~~board~~] determines has acceptable experience gained during service in a branch of the United States armed forces, including the United States Coast Guard.

SECTION 5.040. Section 1702.1186, Occupations Code, is amended to read as follows:

Sec. 1702.1186. PROVISIONAL COMPANY LICENSE. (a) The department [~~board~~] may issue a provisional company license to an applicant currently licensed in another jurisdiction who seeks an equivalent company license in this state and who:

(1) has been licensed in good standing as an investigations company or security services contractor for at least two years in another jurisdiction, including a foreign country, that has licensing requirements substantially equivalent to the requirements of this chapter;

(2) has passed a national or other examination recognized by the commission [~~board~~] relating to the practice of private investigations or security services contracting; and

(3) is sponsored by a person licensed by the department [~~board~~] under this chapter with whom the provisional company license holder will practice during the time the person holds a provisional company license.

(b) A provisional company license is valid until the date the department [~~board~~] approves or denies the provisional company license holder's application for a company license. The department [~~board~~] shall issue a company license under this chapter to the provisional company license holder if:

(1) the provisional company license holder is eligible to be licensed under Section 1702.1183; or

(2) the provisional company license holder:

(A) passes the part of the examination under Section 1702.117(a) that relates to the applicant's knowledge and understanding of the laws and rules relating to the practice of an investigations company or security services contractor in this state;

(B) is verified by the department [~~board~~] as meeting the academic and experience requirements for a company license under this chapter; and

(C) satisfies any other licensing requirements under this chapter.

(c) The department [~~board~~] must approve or deny a provisional company license holder's application for a company license not later than the 180th day after the date the provisional company license is issued. The department [~~board~~] may extend the 180-day period if the results of an examination have not been received by the department [~~board~~] before the end of that period.

(d) The commission [~~board~~] may establish a fee for provisional company licenses in an amount reasonable and necessary to cover the cost of issuing the company license.

SECTION 5.041. Section 1702.122, Occupations Code, is amended to read as follows:

Sec. 1702.122. TEMPORARY CONTINUATION OF COMPANY LICENSE HOLDER'S BUSINESS. Under the terms provided by commission [~~board~~] rule, a company license holder's business may continue for a temporary period if the individual on the basis of whose qualifications a company license under this chapter has been obtained ceases to be connected with the company license holder.

SECTION 5.042. Section 1702.123, Occupations Code, is amended to read as follows:

Sec. 1702.123. INSURANCE; BOND. (a) A company license holder shall maintain on file with the department [~~board~~] at all times the surety bond and certificate of insurance required by this chapter.

(b) The commission [~~board~~] shall immediately suspend the company license of a company license holder who violates Subsection (a).

(c) The commission [~~board~~] may rescind the company license suspension if the company license holder provides proof to the commission [~~board~~] that the bond or the insurance coverage is still in effect. The company license holder must provide the proof in a form satisfactory to the commission [~~board~~] not later than the 10th day after the date the company license is suspended.

(d) After suspension of the company license, the commission [~~board~~] may not reinstate the company license until an application, in the form prescribed by the commission [~~board~~], is filed accompanied by a proper bond, insurance certificate, or both. The commission [~~board~~] may deny the application notwithstanding the applicant's compliance with this section:

(1) for a reason that would justify suspending, revoking, or denying a company license; or

(2) if, during the suspension, the applicant performs a practice for which a company license is required.

SECTION 5.043. Sections 1702.124(a), (b), and (f), Occupations Code, are amended to read as follows:

(a) An applicant is not eligible for a company license unless the applicant provides as part of the application:

(1) a certificate of insurance or other documentary evidence of a general liability insurance policy countersigned by an insurance agent licensed in this state; or

(2) a certificate of insurance for surplus lines coverage obtained under Chapter 981, Insurance Code, through a licensed Texas surplus lines agent resident in this state.

(b) The general liability insurance policy must be conditioned to pay on behalf of the company license holder damages that the company license holder becomes legally obligated to pay because of bodily injury, property damage, or personal injury, caused by an event involving the principal, or an officer, agent, or employee of the principal, in the conduct of any activity or service for which the company license holder is licensed under this chapter.

(f) In addition to the requirements of this section, an applicant or company license holder shall provide and maintain a certificate of insurance or other documentary evidence of insurance sufficient to cover all of the business activities of the applicant or company license holder related to private security.

SECTION 5.044. Section 1702.125, Occupations Code, is amended to read as follows:

Sec. 1702.125. BOND REQUIREMENT. A bond executed and filed with the department [~~board~~] under this chapter remains in effect until the surety terminates future liability by providing to the department [~~board~~] at least 30 days' notice of the intent to terminate liability.

SECTION 5.045. Section 1702.127, Occupations Code, is amended to read as follows:

Sec. 1702.127. COMPANY LICENSE HOLDER EMPLOYEES; RECORDS. (a) A company license holder may be legally responsible for the conduct in the company license holder's business of each employee of the company license holder while the employee is performing assigned duties for the company license holder.

(b) A company license holder shall maintain a record containing information related to the company license holder's employees as required by the commission [~~board~~].

(c) A company license holder shall maintain for inspection by the department at the company license holder's principal place of business or branch office two recent color photographs, of a type required by the commission [~~board~~], of each applicant, individual license holder [~~registrant~~], commissioned security officer, and employee of the company license holder.

(d) A company license holder shall maintain records required under this chapter at a physical address within this state and provide that address to the department [~~board~~].

SECTION 5.046. Section 1702.128, Occupations Code, is amended to read as follows:

Sec. 1702.128. POSTING OF COMPANY LICENSE REQUIRED. A company license holder shall at all times post[~~:~~

[~~(1)~~] the person's license in a conspicuous place in:

(1) the principal place of business of the company license holder; and

(2) each branch office [~~license in a conspicuous place in each branch office~~] of the company license holder.

SECTION 5.047. Section 1702.129, Occupations Code, is amended to read as follows:

Sec. 1702.129. NOTICE OF CERTAIN CHANGES; BRANCH OFFICES. (a) A company license holder shall notify the department [~~board~~] not later than the 14th day after the date of:

(1) a change of address for the company license holder's principal place of business;

(2) a change of a name under which the company license holder does business; or

(3) a change in the company license holder's officers or partners.

(b) A company license holder shall notify the department [~~board~~] in writing not later than the 14th day after the date a branch office:

(1) is established;

(2) is closed; or

(3) changes address or location.

SECTION 5.048. Section 1702.130(a), Occupations Code, is amended to read as follows:

(a) A company license holder, or an officer, director, partner, [~~manager,~~] or employee of a company license holder, may not:

(1) use a title, an insignia, or an identification card, wear a uniform, or make a statement with the intent to give an impression that the person is connected with the federal government, a state government, or a political subdivision of a state government; or

(2) use a title, an insignia, or an identification card or wear a uniform containing the designation "police."

SECTION 5.049. Section 1702.131, Occupations Code, is amended to read as follows:

Sec. 1702.131. ADVERTISING. An advertisement by a company license holder soliciting or advertising business must contain the company license holder's company name and address as stated in department [~~board~~] records.

SECTION 5.050. Section 1702.132, Occupations Code, is amended to read as follows:

Sec. 1702.132. REPORTS TO EMPLOYER OR CLIENT. (a) A written report submitted to a company license holder's employer or client may only be submitted by the company license holder [~~or manager~~] or a person authorized by a company license holder [~~or manager~~]. The person submitting the report shall exercise diligence in determining whether the information in the report is correct.

(b) A company license holder or an officer, director, partner, [~~manager,~~] or employee of a company license holder may not knowingly make a false report to the employer or client for whom information is obtained.

SECTION 5.051. Section 1702.133, Occupations Code, is amended to read as follows:

Sec. 1702.133. CONFIDENTIALITY; INFORMATION RELATING TO CRIMINAL OFFENSE. (a) A company license holder or an officer, director, or partner[~~, or manager~~] of a company license holder may not disclose to another information obtained by the person for an employer or client except:

(1) at the direction of the employer or client; or

(2) as required by state law or court order.

(b) A company license holder or an officer, director, or partner[~~, or manager~~] of a company license holder shall disclose to a law enforcement officer or a district attorney, or that individual's representative, information the person obtains that relates to a criminal offense. A private investigator who is working under the direct supervision of a licensed attorney satisfies this requirement by disclosing the information to the supervising attorney.

SECTION 5.052. The heading to Section 1702.134, Occupations Code, is amended to read as follows:

Sec. 1702.134. COMPANY LICENSE HOLDER EXEMPTIONS FROM CERTAIN LOCAL REGULATIONS.

SECTION 5.053. Sections 1702.134(a) and (b), Occupations Code, are amended to read as follows:

(a) A company license holder or an employee of a company license holder is not required to obtain an authorization, permit, franchise, or license from, pay another fee or franchise tax to, or post a bond in a municipality, county, or other political subdivision of this state to engage in business or perform a service authorized under this chapter.

(b) A municipality, county, or other political subdivision of this state may not require a payment for the use of municipal, county, or other public facilities in connection with a business or service provided by a company license holder, except that a municipality may impose and collect:

(1) a reasonable charge for the use of a central alarm installation located in a police office that is owned, operated, or monitored by the municipality; and

(2) reasonable inspection and reinspection fees in connection with a device that causes at least five false alarms in a 12-month period.

SECTION 5.054. Section 1702.161(b), Occupations Code, is amended to read as follows:

(b) An individual employed as a security officer may not knowingly carry a firearm during the course of performing duties as a security officer unless the department [~~board~~] has issued a security officer commission to the individual.

SECTION 5.055. Section 1702.162, Occupations Code, is amended to read as follows:

Sec. 1702.162. EMPLOYER'S APPLICATION FOR SECURITY OFFICER COMMISSION. The employer of a security officer who applies for a security officer commission for the officer must submit an application to the department [~~board~~] on a form provided by the department [~~board~~].

SECTION 5.056. Section 1702.163(a), Occupations Code, is amended to read as follows:

(a) An applicant employed by a company license holder is not eligible for a security officer commission unless the applicant submits as part of the application satisfactory evidence that the applicant has:

(1) completed the basic training course at a school or under an instructor approved by the department [~~board~~];

(2) met each qualification established by this chapter and administrative rule;

(3) achieved the score required by the department [~~board~~] on the examination under Section 1702.1685; and

(4) demonstrated to the satisfaction of the firearm training instructor that the applicant has complied with other department [~~board~~] standards for minimum marksmanship competency with a handgun.

SECTION 5.057. Section 1702.165, Occupations Code, is amended to read as follows:

Sec. 1702.165. ISSUANCE OF SECURITY OFFICER COMMISSION; POCKET CARD. (a) The [~~board, with the concurrence of the~~] department:

(1) may issue a security officer commission to an individual employed as a uniformed security officer; and

(2) shall issue a security officer commission to a qualified employee of an armored car company that is a carrier conducting the armored car business under a federal or state permit or certificate.

(b) A security officer commission issued under this section must be in the form of a pocket card designed by the department [~~board~~] that identifies the security officer.

SECTION 5.058. Section 1702.167, Occupations Code, is amended to read as follows:

Sec. 1702.167. TERMINATION OF EMPLOYMENT AS COMMISSIONED SECURITY OFFICER; TRANSFER OF COMMISSION. The holder of a security officer commission who terminates employment with one employer may transfer the individual's commission to a new employer if, not later than the 14th day after the date the individual begins the new employment, the new employer notifies the department [~~board~~] of the transfer of employment on a form prescribed by the department [~~board~~], accompanied by payment of the employee information update fee.

SECTION 5.059. Sections 1702.1675(a), (b), (c), (d), (e), (f), and (i), Occupations Code, are amended to read as follows:

(a) The commission [~~board~~] shall establish a basic training course for commissioned security officers. The course must include, at a minimum:

(1) general security officer training issues;

(2) classroom instruction on handgun proficiency; and

(3) range instruction on handgun proficiency.

(b) The course must be offered and taught by schools and instructors approved by the department [~~board~~]. To receive department [~~board~~] approval, a school or an instructor must submit an application to the department [~~board~~] on a form provided by the department [~~board~~].

(c) The basic training course established under this section [~~approved by the board~~] must consist of a minimum of 30 hours.

(d) The general security officer training portion of the course must include instruction on:

(1) [~~board rules and~~] applicable rules and state laws;

(2) field note taking and report writing; and

(3) any other topics of security officer training curriculum the department [~~board~~] considers necessary.

(e) The department [~~board~~] shall develop a commissioned security officer training manual that contains applicable state laws and [~~board~~] rules to be used in the instruction and training of commissioned security officers.

(f) The commission [~~board~~] shall adopt rules necessary to administer the provisions of this section concerning the training requirements of this chapter.

(i) The commission [~~board~~] by rule shall establish minimum standards for handgun proficiency that are at least as stringent as the standards for handgun proficiency developed [~~by the public safety director~~] under Section 411.188, Government Code.

SECTION 5.060. Section 1702.168, Occupations Code, is amended to read as follows:

Sec. 1702.168. FIREARM REQUIREMENTS. (a) In addition to the requirements of Section 1702.163(a), the commission [~~board~~] by rule shall establish other qualifications for individuals who are employed in positions requiring the carrying of firearms. The qualifications may include:

(1) physical and mental standards; and

(2) [~~standards of good moral character; and~~

[~~(3)~~] other requirements that relate to the competency and reliability of individuals to carry firearms.

(b) The commission [~~board~~] shall prescribe appropriate forms and adopt rules by which evidence is presented that the requirements are fulfilled.

SECTION 5.061. Sections 1702.1685(b) and (d), Occupations Code, are amended to read as follows:

(b) Only a department-approved [~~board-approved~~] instructor may administer the handgun proficiency examination.

(d) The school shall maintain the records of the required proficiency and make the records available for inspection by the department [~~board~~].

SECTION 5.062. Section 1702.171, Occupations Code, is amended to read as follows:

Sec. 1702.171. SECURITY OFFICER COMMISSION RECORDS. The commission [~~board~~] shall adopt rules for the maintenance of records relating to an individual to whom the department [~~board~~] has issued a security officer commission.

SECTION 5.063. The heading to Subchapter H, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER H. EMPLOYMENT OF COMMISSIONED SECURITY OFFICER BY CERTAIN PERSONS; [~~LETTER OF AUTHORITY~~] REQUIREMENTS

SECTION 5.064. Section 1702.181, Occupations Code, is amended to read as follows:

Sec. 1702.181. NOTICE AND REGISTRATION [~~LETTER OF AUTHORITY~~] REQUIRED; REGISTRY. (a) The security department of a private business or a political subdivision may not employ a commissioned security officer unless the security department provides notice to the department in the form prescribed by the commission of:

(1) the security department's intent to employ a commissioned security officer and register with the department under this section;

(2) the name, title, and contact information of the person serving in the security department as the contact for the department; and

(3) any change in the information provided in Subdivision (1) or (2) [~~holds a letter of authority~~].

(b) The department shall maintain a registry of security departments that provide notice under Subsection (a) and the name, title, and contact information of the person serving as contact for each security department.

SECTION 5.065. The heading to Subchapter I, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER I. PERSONAL PROTECTION OFFICER LICENSE [~~ENDORSEMENT~~] REQUIREMENTS

SECTION 5.066. Section 1702.201, Occupations Code, is amended to read as follows:

Sec. 1702.201. PERSONAL PROTECTION OFFICER LICENSE [~~ENDORSEMENT~~] REQUIRED. An individual may not act as a personal protection officer unless the individual holds a personal protection officer license [~~endorsement~~].

SECTION 5.067. Section 1702.203, Occupations Code, is amended to read as follows:

Sec. 1702.203. APPLICATION FOR PERSONAL PROTECTION OFFICER LICENSE [~~ENDORSEMENT~~]. An applicant for a personal protection officer license [~~endorsement~~] must submit a written application on a form prescribed by the commission [~~board~~].

SECTION 5.068. Section 1702.204, Occupations Code, is amended to read as follows:

Sec. 1702.204. PERSONAL PROTECTION OFFICER LICENSE [~~ENDORSEMENT~~]; QUALIFICATIONS. (a) An applicant for a personal protection officer license [~~endorsement~~] must be at least 21 years of age and must provide:

(1) a certificate of completion of the basic security officer training course;

(2) proof that the applicant:

(A) has been issued a security officer commission;

(B) is employed at the time of application by an investigations company or guard company licensed by the department [~~board~~]; and

(C) has completed the required training in nonlethal self-defense or defense of a third person; and

(3) proof of completion and the results of the Minnesota Multiphasic Personality Inventory psychological testing.

(b) The commission [~~board~~] by rule shall require an applicant for a personal protection officer license [~~endorsement~~] to complete the Minnesota Multiphasic Personality Inventory test. The department [~~board~~] may use the results of the test to evaluate the applicant's psychological fitness.

SECTION 5.069. Section 1702.205(a), Occupations Code, is amended to read as follows:

(a) The commission [~~board~~] shall establish a 15-hour course for a personal protection officer consisting of training in nonlethal self-defense or defense of a third person.

SECTION 5.070. Section 1702.206(a), Occupations Code, is amended to read as follows:

(a) An individual acting as a personal protection officer may not carry a firearm unless the officer:

(1) is either:

(A) engaged in the exclusive performance of the officer's duties as a personal protection officer for the employer under whom the officer's personal protection officer license [~~endorsement~~] is issued; or

(B) traveling to or from the officer's place of assignment; and

(2) carries the officer's security officer commission and personal protection officer license [~~endorsement~~] on the officer's person while performing the officer's duties or traveling as described by Subdivision (1) and presents the commission and license [~~endorsement~~] on request.

SECTION 5.071. The heading to Subchapter J, Chapter 1702, Occupations Code, is amended to read as follows:

SUBCHAPTER J. LICENSING AND [~~REGISTRATION AND ENDORSEMENT REQUIREMENTS;~~] DUTIES OF INDIVIDUALS [~~REGISTRANT AND ENDORSEMENT HOLDER~~]

SECTION 5.072. Section 1702.221, Occupations Code, is amended to read as follows:

Sec. 1702.221. INDIVIDUAL LICENSE [~~REGISTRATION AND ENDORSEMENT~~] REQUIRED. (a) To perform any activity regulated by this chapter, the individual must:

(1) [~~register in accordance with the requirements of this chapter and related administrative rules;~~

[~~(2)~~] obtain the proper individual license [~~endorsement~~] under Subsection (b); and

(2) [~~(3)~~] be employed by a company license holder [~~licensed under this chapter~~].

(b) An individual must obtain the appropriate individual license [~~endorsement~~] in accordance with the requirements of this chapter and related administrative rules if the individual:

(1) is employed as:

(A) an alarm instructor;

(B) an alarm systems installer;

(C) an alarm systems monitor;
(D) an electronic access control device installer;
(E) a level 3 classroom or firearm instructor;
(F) a locksmith;
(G) [~~a dog trainer;~~
[~~(H) a manager or branch office manager;~~
[~~(I)~~] a noncommissioned security officer;
(H) [~~(J)~~] a level 4 personal protection instructor;
(I) [~~(K)~~] a private investigator; or
(J) [~~(L) a private security consultant;~~
[~~(M) a security salesperson; or~~
[~~(N)~~] an individual whose duties include performing another activity for which an individual license [~~endorsement~~] is required under Subsection (e); or

(2) is an owner who owns at least a 51 percent interest in a company license holder [~~who oversees the security related aspects of the business, officer, partner, or shareholder of a license holder~~].

(c) Licensure [~~Registration and endorsement~~] under this chapter does not preclude an individual from performing additional duties or services authorized by the individual's employer that are not regulated by this chapter. An individual who performs more than one of the services that require an individual license [~~an endorsement~~] under this section must obtain an individual license [~~an endorsement~~] for each service.

(d) In addition to the services listed in Subsection (b), a person holding a security officer commission must also obtain an individual license [~~an endorsement~~] for personal protection if the individual performs the services described by Section 1702.202.

(e) The commission [~~board~~] by rule may require a person to hold an individual license [~~an endorsement~~] for performing any other activity expressly regulated by this chapter.

SECTION 5.073. Section 1702.2226(b), Occupations Code, is amended to read as follows:

(b) A person licensed [~~registered~~] as an electronic access control device installer may not install alarm systems unless the person holds an individual license [~~an endorsement~~] under this chapter as an alarm systems installer.

SECTION 5.074. Section 1702.229, Occupations Code, is amended to read as follows:

Sec. 1702.229. QUALIFICATIONS FOR INDIVIDUAL LICENSE [~~REGISTRATION~~]. (a) An applicant for an individual license [~~registration~~] must meet the qualifications required under Section 1702.113 for a company license applicant.

(b) The commission [~~In accordance with the requirements of Section 1702.0611, the board~~] by rule may adopt additional qualifications for an individual to obtain an individual license [~~be registered~~] under this subchapter.

SECTION 5.075. Section 1702.230, Occupations Code, is amended to read as follows:

Sec. 1702.230. APPLICATION FOR INDIVIDUAL LICENSE [~~REGISTRATION OR ENDORSEMENT~~]. (a) An application for an individual license [~~registration or endorsement~~] must be verified and include:

(1) the applicant's full name, residence address, residence telephone number, date and place of birth, and social security number;

(2) a statement that:

(A) lists each name used by the applicant, other than the name by which the applicant is known at the time of application, and an explanation stating each place where each name was used, the date of each use, and a full explanation of the reasons the name was used; or

(B) states that the applicant has never used a name other than the name by which the applicant is known at the time of application;

(3) the name and address of the applicant's employer [~~and, if applicable, the applicant's consulting firm~~];

(4) the date the employment described by Subdivision (3) commenced;

(5) a letter from the company license holder requesting that the applicant be issued an individual license [~~be registered or endorsed~~];

(6) the title of the position occupied by the applicant and a description of the applicant's duties;

(7) the required fees, including the criminal history check fee established under Section 1702.282;

(8) fingerprints of the applicant provided in the manner prescribed by the department [~~board~~]; and

(9) any other information, evidence, statement, or document required by the department [~~board~~].

(b) The employer of the applicant shall make a reasonable attempt to verify the information required under Subsection (a)(1) before the earlier of:

(1) the date the application is submitted; or

(2) the date the applicant begins to perform the duties of employment that require an individual license [~~registration~~].

(c) An applicant must submit an application that substantially meets the requirements of this section before employment in a capacity for which an individual license [~~registration~~] is required.

(d) For purposes of Subsection (a), an application is not considered to be verified until the department [~~board~~] has received electronic verification from the department or the Federal Bureau of Investigation, as applicable, that the applicant has submitted the applicant's fingerprints.

(e) The department [~~board~~] shall make information available to the public concerning whether an applicant for an individual license [~~registration or endorsement~~] has met the requirements under this chapter for performing a service for which the individual license [~~registration or endorsement~~] is required.

(f) If information concerning an applicant is not made available under Subsection (e) before the 48th hour after the time the applicant's fingerprints are submitted in accordance with Subsection (a), the applicant may begin performing the

duties of employment for which the individual license [~~registration or endorsement~~] is required, other than duties as a commissioned security officer, if the employer or its agent:

(1) verifies through the department's publicly accessible website that the applicant is:

(A) not disqualified for the individual license [~~registration or endorsement~~] based on the applicant's criminal history; and

(B) not required to register as a sex offender under Chapter 62, Code of Criminal Procedure; and

(2) maintains in the applicant's employee file a copy of the search results obtained under Subdivision (1).

SECTION 5.076. Section 1702.2305, Occupations Code, is amended to read as follows:

Sec. 1702.2305. PROVISIONAL INDIVIDUAL LICENSE [~~REGISTRATION~~]. (a) The department [~~board~~] may issue a provisional individual license [~~registration~~] to an applicant currently licensed [~~registered~~] in another jurisdiction who seeks an equivalent license [~~registration~~] in this state and who:

(1) has been licensed [~~registered~~] in good standing in the field in which the individual license [~~registration~~] is sought for at least two years in another jurisdiction, including a foreign country, that has licensing [~~registration~~] requirements substantially equivalent to the requirements of this chapter;

(2) has passed a national or other examination recognized by the commission [~~board~~] relating to practice in the field in which the individual license [~~registration~~] is sought; and

(3) is employed by a company license holder [~~person licensed by the board under this chapter~~] with whom the provisional individual license holder [~~registration holder~~] will practice during the time the person holds a provisional individual license [~~registration~~].

(b) A provisional individual license [~~registration~~] is valid until the date the department [~~board~~] approves or denies the provisional individual license [~~registration~~] holder's application for an individual license [~~a registration~~]. The department [~~board~~] shall issue an individual license [~~a registration~~] under this chapter to the provisional individual license [~~registration~~] holder if the provisional individual license [~~registration~~] holder is eligible to be licensed [~~registered~~] under this chapter.

(c) The department [~~board~~] must approve or deny a provisional individual license [~~registration~~] holder's application for an individual license [~~a registration~~] not later than the 180th day after the date the provisional individual license [~~registration~~] is issued. The department [~~board~~] may extend the 180-day period if the results of an examination have not been received by the department [~~board~~] before the end of that period.

(d) The commission [~~board~~] may establish a fee for a provisional individual license [~~registration~~] in an amount reasonable and necessary to cover the cost of issuing the individual license [~~registration~~].

SECTION 5.077. Section 1702.232, Occupations Code, is amended to read as follows:

Sec. 1702.232. POCKET CARDS. (a) The department [~~board~~] shall issue a pocket card for each individual license holder [~~registrant~~] under this chapter. A pocket card for an owner[~~, officer, partner, or shareholder~~] of a company license holder shall be issued to the company license holder.

(b) The department [~~board~~] shall determine the size, design, and content of the pocket card.

(c) The pocket card must:

(1) state the name of the individual license holder [~~registrant~~];

(2) contain a color photograph, affixed to the pocket card by the department [~~board~~] at the time the card is issued, and the signature of the individual license holder [~~registrant~~]; and

(3) state the date the card was issued and the card's expiration date[~~; and~~

[~~(4) state each endorsement held by the registrant and the date the endorsement expires~~].

SECTION 5.078. Section 1702.233, Occupations Code, is amended to read as follows:

Sec. 1702.233. DURATION OF POCKET CARDS. A pocket card issued for an individual license holder [~~a registrant is valid for two years and~~] expires on the date the individual license [~~registration~~] expires under Section 1702.301(b) [~~1702.301(d), (e), or (f)~~].

SECTION 5.079. Section 1702.234, Occupations Code, is amended to read as follows:

Sec. 1702.234. [~~REGISTRATION AND ENDORSEMENT~~] TRANSFER OF INDIVIDUAL LICENSE. An individual license holder [~~A registrant~~] may transfer the holder's license [~~registrant's registration and endorsements~~] from one employer to another employer if, not later than the 14th day after the date the individual license holder [~~registrant~~] begins the new employment, the new employer notifies the department [~~board~~] of the transfer of employment on a form prescribed by the commission [~~board~~] accompanied by payment of the employee information update fee.

SECTION 5.080. Section 1702.235, Occupations Code, is amended to read as follows:

Sec. 1702.235. PREEMPLOYMENT CHECK FOR NONCOMMISSIONED SECURITY OFFICERS. A person may not hire a noncommissioned security officer unless the person conducts a preemployment check as required by commission [~~board~~] rule.

SECTION 5.081. Section 1702.236, Occupations Code, is amended to read as follows:

Sec. 1702.236. EXAMINATION AND TRAINING REQUIREMENTS FOR ELECTRONIC ACCESS CONTROL DEVICE INSTALLERS. (a) The department [~~board~~] shall require an individual who applies for an individual license [~~endorsement~~] as an electronic access control device installer to pass an examination given by the department [~~board~~] or a person approved by the department [~~board~~]. The examination must cover material related to access control.

(b) The commission [~~On and after September 1, 2005, the board~~] by rule may allow an electronic access control device installer to obtain or renew an individual license [~~endorsement~~] by fulfilling the requirements of a commission-approved [~~board-approved~~], industry-based educational training program.

SECTION 5.082. Section 1702.239, Occupations Code, is amended to read as follows:

Sec. 1702.239. TRAINING REQUIREMENTS FOR ALARM SYSTEMS INSTALLER [~~AND SECURITY SALESPERSON~~]; EXAMINATION. (a) The commission [~~board~~] may require that an individual employed as an alarm systems installer [~~or security salesperson~~] hold a certification by a commission-approved [~~board-approved~~] training program to renew an individual license [~~endorsement~~]. The commission [~~board~~] may approve only nationally recognized training programs that consist of at least 16 hours of classroom study in the areas of work allowed by the individual license [~~endorsement~~]. To be approved, a training program must offer at least two certification programs each year, sufficient to complete the requirements of this subsection, within 100 miles of each county in the state that has a population of more than 500,000.

(b) The commission [~~board~~] may require an individual who has completed a training program under Subsection (a) to pass an examination given by the department [~~board~~] or by a person approved by the department [~~board~~]. The commission [~~board~~] may approve examinations in conjunction with training programs approved under Subsection (a). The individual's performance on the examination must demonstrate the individual's qualifications to perform the duties allowed by the individual's individual license [~~endorsement~~].

(c) [~~An individual who holds a registration on September 30, 1993, is not required to comply with requirements adopted under Subsections (a) and (b) during the time the individual maintains the registration with the individual's current license holder.~~

[~~(d)~~] If the commission [~~board~~] requires certification or examination under this section, the commission [~~board~~] shall adopt [~~implement~~] rules to require that to renew an individual license [~~endorsement~~], an individual who is employed as an alarm systems installer [~~or a security salesperson~~] and who has already once renewed the individual license [~~endorsement~~] must obtain continuing education credits related to the line of work for which the individual is licensed. If the commission [~~board~~] requires the continuing education, the chief administrator must approve classes offered by nationally recognized organizations, and participants in the classes must qualify according to commission [~~board~~] rules.

SECTION 5.083. Section 1702.240, Occupations Code, is amended to read as follows:

Sec. 1702.240. [~~REGISTRATION~~] EXEMPTIONS FOR UNDERCOVER AGENT. (a) For the purposes of this section, "undercover agent" means an individual hired by a person to perform a job in or for that person, and while performing that job, to act as an undercover agent, an employee, or an independent contractor of a company license holder, but supervised by a company license holder.

(b) An employee of a company license holder who is employed exclusively as an undercover agent is not required to obtain an individual license [~~register with the board~~].

SECTION 5.084. Section 1702.241, Occupations Code, is amended to read as follows:

Sec. 1702.241. JURISPRUDENCE EXAMINATION. (a) The commission [~~board~~] may develop and the department may administer at least twice each calendar year a jurisprudence examination to determine the knowledge that an applicant for an individual license [~~endorsement~~] has of this chapter, commission [~~board~~] rules, and any other applicable laws of this state affecting the applicant's activities regulated under this chapter.

(b) Before the department [~~board~~] may administer a jurisprudence examination under this section, the commission [~~board~~] shall adopt rules to implement this section, including rules related to the development and administration of the examination, examination fees, guidelines for reexamination, grading the examination, and providing notice of examination results. The department [~~board~~] may design different examinations for different types of individual licenses [~~endorsements~~].

SECTION 5.085. Section 1702.282, Occupations Code, is amended to read as follows:

Sec. 1702.282. CRIMINAL HISTORY CHECK. (a) The department [~~board~~] shall conduct a criminal history check, including a check of any criminal history record information maintained by the Federal Bureau of Investigation, in the manner provided by Subchapter F, Chapter 411, Government Code, on each applicant for a license or[~~, registration,~~] security officer commission issued under this chapter[~~, letter of approval, permit, endorsement, or certification~~]. As part of its criminal history check, the department [~~board~~] may request that the applicant provide certified copies of relevant court documents or other records. The failure to provide the requested records within a reasonable time as determined by the department [~~board~~] may result in the application being considered incomplete. An applicant is not eligible for a license or security officer[~~, registration,~~] commission issued under this chapter[~~, letter of approval, permit, endorsement, or certification~~] if the check reveals that the applicant has committed an act that constitutes grounds for the denial of the license or[~~, registration,~~] commission[~~, letter of approval, permit, endorsement, or certification~~]. Except as provided by Subsection (d), each applicant shall submit at the time of application, including an application for the renewal of a license or security officer[~~, registration,~~] commission issued under this chapter[~~, letter of approval, permit, endorsement, or certification~~], fingerprints in the manner prescribed by the department [~~board~~] accompanied by the fee set by the commission [~~board~~].

(b) Before beginning employment as a commissioned security officer, the applicant must be approved by the department [~~board~~] based on the results of the check under Subsection (a). To continue employment in a capacity regulated under this chapter other than as a commissioned security officer, the applicant must be approved by the department [~~board~~] based on the results of the check under Subsection (a) not later than the 120th day after the date the applicant begins employment in that capacity.

(c) A license or[~~, registration,~~] security officer commission[~~, letter of approval, permit, endorsement, or certification~~] issued by the department [~~board~~] is conditional on the department's review [~~board's receipt~~] of criminal history record information.

(d) An applicant who is a peace officer is not required to submit fingerprints with the applicant's application. On request, the law enforcement agency or other entity that employs the peace officer or the entity that maintains the peace officer's fingerprints shall provide the fingerprints for the peace officer to the department [~~board~~]. The applicant shall provide sufficient information to the department [~~board~~] to enable the department [~~board~~] to obtain the fingerprints under this subsection.

(e) On receipt of notice that a check of the applicant's criminal record has uncovered an unresolved and potentially disqualifying arrest that occurred before the 10th anniversary of the date the application is filed, the applicant must provide a letter of reference from the county sheriff, prosecuting attorney, or judge of the county in which the applicant was arrested stating that a record of a disposition related to the arrest does not exist, and to the best of the county sheriff's, prosecuting attorney's, or judge's knowledge the applicant is free of any disqualifying convictions. If the applicant fails to provide either the letter of reference or documentary proof of the final disposition of the arrest, the application is considered incomplete and the applicant may not be issued a license or security officer[~~,~~] commission[~~, endorsement, or certificate of registration~~] under this chapter.

SECTION 5.086. Section 1702.283, Occupations Code, is amended to read as follows:

Sec. 1702.283. CRUELTY TO ANIMALS. A person who has been convicted of cruelty to animals under Section 42.09 or 42.092, Penal Code,[~~:~~

[~~(1) is ineligible for a license as a guard dog company or for endorsement as a dog trainer; and~~

[~~(2)~~] may not be employed to work with dogs as a security officer by a security services contractor or security department of a private business that uses dogs to protect individuals or property or to conduct investigations.

SECTION 5.087. Section 1702.284(a), Occupations Code, is amended to read as follows:

(a) Information contained in alarm systems records maintained by a governmental body that concerns the location of an alarm system, the name of the occupant of an alarm system location, or the type of alarm system used is confidential and may be disclosed only to the department [~~board~~], to the alarm company to which the confidential records relate, or as otherwise required by state law or court order.

SECTION 5.088. Section 1702.285, Occupations Code, is amended to read as follows:

Sec. 1702.285. FALSE REPRESENTATION. A person may not represent falsely that the person:

(1) is employed by a company license holder; or

(2) has a license or security officer commission [~~is licensed, registered, endorsed, or commissioned~~] under this chapter.

SECTION 5.089. Sections 1702.288(a), (d), and (f), Occupations Code, are amended to read as follows:

(a) The commission [~~board~~] shall adopt rules in accordance with this section that require a company license holder acting as an alarm systems company under this chapter to inform each of the license holder's clients that the client is entitled to receive a written contract for alarm system services that contains the client's fee arrangement and other relevant information about services to be rendered.

(d) The rules shall require that, not later than the seventh day after the date of entering into a contract for services regulated by the department [~~board~~] with another alarm systems company or alarm systems monitor, an alarm systems company shall:

(1) notify the recipient of those services of the name, address, and telephone number and individual to contact at the company that purchased the contract;

(2) notify the recipient of services at the time the contract is negotiated that another licensed company may provide any of the services requested by subcontracting or outsourcing those services; and

(3) if any of the services are subcontracted or outsourced to a licensed third party, notify the recipient of services, by mail, of the name, address, phone number, and license number of the company providing those services.

(f) A company license holder acting as an alarm systems company does not have to provide the notice required under Subsection (d) if the contact information, including the address and the telephone numbers for the alarm systems company, has not changed.

SECTION 5.090. Section 1702.289, Occupations Code, is amended to read as follows:

Sec. 1702.289. INSPECTIONS. (a) An employee or agent of the department [~~or board, as applicable,~~] who enters the place of business of a person regulated under this chapter for the purpose of conducting an inspection or audit must:

(1) notify the manager or owner of the business of the presence of the person conducting the inspection or audit; and

(2) present the manager or owner of the business with credentials that identify the person conducting the inspection or audit as an employee or agent of the department [~~or board~~].

(b) This section does not prohibit the department [~~or board~~] from conducting an undercover investigation or covert audit in order to determine compliance with this chapter or a rule adopted under this chapter.

SECTION 5.091. Sections 1702.301(b), (c), and (h), Occupations Code, are amended to read as follows:

(b) A company license, individual license, and security officer commission expire on the dates determined by the commission under Section 411.511, Government Code, but not later than [~~expires on~~] the second anniversary of the date the license or commission is issued.

(c) A personal protection officer license [~~endorsement~~] expires on the date determined by the commission under Section 411.511, Government Code, but not later than [~~on~~] the expiration date of the security officer commission under which the license [~~individual's endorsement~~] is issued.

(h) A license[~~, registration, or endorsement~~] issued under this chapter, other than one specified in this section, expires on the date determined by the commission under Section 411.511, Government Code, but not later than the second anniversary of the date the license is issued [~~specified by this chapter or by board rule~~].

SECTION 5.092. Sections 1702.302(a), (b), (c), and (e), Occupations Code, are amended to read as follows:

(a) A person who is otherwise eligible to renew a license may renew an unexpired license by paying the required renewal fee to the department [~~board~~] before the expiration date of the license. A person whose license has expired may not engage in activities that require a license until the license has been renewed.

(b) A person whose license has been expired for 90 days or less may renew the license by paying to the department [~~board~~] a renewal fee that is equal to 1-1/2 times the normally required renewal fee.

(c) A person whose license has been expired for longer than 90 days but less than one year may renew the license by paying to the department [~~board~~] a renewal fee that is equal to two times the normally required renewal fee.

(e) Not later than the 30th day before the date a person's license is scheduled to expire, the department [~~board~~] shall send written notice of the impending expiration to the person at the person's last known address according to the department's [~~board's~~] records.

SECTION 5.093. Section 1702.303, Occupations Code, is amended to read as follows:

Sec. 1702.303. RENEWAL OF EXPIRED LICENSE BY OUT-OF-STATE PRACTITIONER. A person who was licensed in this state, moved to another state, and is currently licensed and has been in practice in the other state for the two years preceding the date the person applies for renewal may obtain a new license without reexamination. The person must pay to the department [~~board~~] a fee that is equal to two times the normally required renewal fee for the license.

SECTION 5.094. Sections 1702.308(b) and (c), Occupations Code, are amended to read as follows:

(b) The department [~~board~~] shall recognize, prepare, or administer continuing education programs for company license holders, commissioned security officers, and individual license [~~endorsement~~] holders. The commission [~~board~~] shall set the minimum number of hours that must be completed and the types of programs that may be offered.

(c) A company license holder, commissioned security officer, or individual license [~~endorsement~~] holder must participate in the programs to the extent required by the commission [~~board~~] to keep the person's license or[~~,~~] commission[~~, or endorsement~~]. A company license holder, commissioned security officer, or individual license [~~endorsement~~] holder shall submit evidence of compliance with the commission's [~~board's~~] continuing education requirements in a manner prescribed by the department [~~board~~].

SECTION 5.095. Section 1702.309(a), Occupations Code, is amended to read as follows:

(a) The commission [~~board~~] by rule shall develop a continuing education course required for renewal of a security officer commission. Only a department-approved [~~board-approved~~] instructor may administer the continuing education course. The course must include at least six hours of instruction determined by the department [~~chief administrator of the board~~].

SECTION 5.096. Sections 1702.321(b), (c), and (e), Occupations Code, are amended to read as follows:

(b) The provisions of this chapter relating to security officer commissions apply to a person employed by a political subdivision whose duties include serving as a security guard, security watchman, or security patrolman on property owned or operated by the political subdivision if the governing body of the political subdivision files a written request with the department [~~board~~] for the department [~~board~~] to issue a commission to the political subdivision's employees with those duties.

(c) The department [~~board~~] may not charge a fee for issuing a commission to an officer under Subsection (b). The department [~~board~~] shall issue to the officer a pocket card designating the political subdivision that employs the officer.

(e) The department [~~board~~] may approve a security officer training program conducted by the political subdivision in accordance with Sections 1702.1675 and 1702.168.

SECTION 5.097. Sections 1702.323(c) and (c-1), Occupations Code, are amended to read as follows:

(c) The security department of a private business may not hire or employ an individual to perform a duty described by Section 1702.222 if the individual has been convicted of a crime that would otherwise preclude the individual from being licensed [~~registered~~] under this chapter. The private business shall maintain the individual's criminal history record on file at the business and shall make the record available for inspection by the department [~~Department of Public Safety~~].

(c-1) Although the security department of a private business that hires or employs an individual as a private security officer to possess a firearm in the course and scope of the individual's duties is required to apply for a security officer commission for the individual under this chapter, the security department of a private business is not required to apply [~~to the board~~] for any license under this chapter.

SECTION 5.098. Section 1702.331(b), Occupations Code, is amended to read as follows:

(b) This chapter does not apply to:

(1) an alarm systems company that sells, installs, services, monitors, or responds to only personal emergency response systems;

(2) an alarm systems installer who installs, maintains, or repairs only personal emergency response systems; and

(3) [~~a manager or branch office manager of an alarm systems company described by Subdivision (1);~~

[~~(4) a security salesperson who is employed by an alarm systems company described by Subdivision (1) to sell services offered by the company; and~~

[~~(5)~~] an owner[~~, officer, partner, or shareholder~~] of an alarm systems company described by Subdivision (1).

SECTION 5.099. Sections 1702.332(c) and (d), Occupations Code, are amended to read as follows:

(c) To qualify for the exemption provided by Subsection (b), a telematics service provider shall[~~:~~

[~~(1)~~] establish business practices and procedures that are at least as stringent as the guidelines established by the Association of Public Safety Communications Officials International regarding the communication of information from telematics service providers to public safety agencies[~~; and~~

[~~(2) pay an annual fee of $2,500 to the department~~].

(d) The commission [~~department~~] may adopt rules necessary to carry out the purposes of this section, including rules to determine whether a telematics service provider is complying with Subsection (c).

SECTION 5.100. Section 1702.361, Occupations Code, is amended to read as follows:

Sec. 1702.361. DENIAL AND DISCIPLINARY ACTIONS; GROUNDS. (a) The commission [~~department~~], for conduct described by Subsection (b), may:

(1) deny an application or revoke, suspend, or refuse to renew a license[~~, registration, endorsement,~~] or security officer commission;

(2) reprimand a license holder[~~, registrant,~~] or commissioned security officer; or

(3) place on probation a person whose license[~~, registration, endorsement,~~] or security officer commission has been suspended.

(b) The commission [~~department~~] shall take disciplinary action described by Subsection (a) on proof:

(1) that the applicant, license holder, [~~manager or~~] majority owner of a license holder, [~~registrant, endorsement holder,~~] or commissioned security officer has:

(A) violated this chapter or a rule adopted under this chapter;

(B) become ineligible for licensure[~~, registration, or endorsement under Section 1702.113,~~] or a security officer commission under Section 1702.163, if applicable, other than an action for which the department has taken summary action under Section 1702.364;

(C) engaged in fraud, deceit, or misrepresentation;

(D) made a material misstatement in an application for or renewal of a license[~~, registration, endorsement,~~] or commission;

(E) failed to pay in full an administrative penalty assessed under Subchapter R, Chapter 411, Government Code [~~Q~~], for which the commission [~~board~~] has issued a final order; or

(F) performed any service for which an individual license [~~endorsement~~] is required under this chapter and either:

(i) was not employed with a company licensed under this chapter at the time the service was performed; or

(ii) performed the service for a company licensed under this chapter that was not listed on the individual's individual license [~~registration~~] without informing the department [~~board~~] of the individual's employment with the company within a reasonable period; or

[~~(G) failed to qualify a new manager within the time required by board rule following the termination of a manager; or~~]

(2) that the company license holder employing an individual license holder [~~of a registrant~~] or commissioned security officer has submitted to the department sufficient evidence that the individual license holder [~~registrant~~] or commissioned security officer:

(A) engaged in fraud or deceit while employed by the company license holder; or

(B) committed theft while performing work as an individual license holder [~~a registrant~~] or commissioned security officer.

(c) The commission [~~department~~] may place on probation a person whose license is suspended. If a person's suspension of a license is probated, the commission [~~department~~] may require the person:

(1) to report regularly to the department on matters that are the basis of the suspension;

(2) to limit practice to the areas prescribed by the commission [~~department~~]; or

(3) to continue or review professional education until the person attains a degree of skill satisfactory to the commission [~~department~~] in those areas that are the basis of the probation.

(d) The commission [~~department~~] may revoke a license[~~, certificate, registration, endorsement,~~] or security officer commission if the person holding that credential under this chapter submits payment of a fee or penalty that is returned for insufficient funds and the person has received notice and an opportunity to provide payment in full.

SECTION 5.101. Section 1702.363, Occupations Code, is amended to read as follows:

Sec. 1702.363. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT. Except as provided by Section [~~Sections 1702.3615(b) and~~] 1702.364, a person regulated under this chapter against whom the commission [~~board~~] has taken action is entitled to a hearing before the State Office of Administrative Hearings. A proceeding under this section is a contested case that is governed by Chapter 2001, Government Code.

SECTION 5.102. Sections 1702.364(a), (b), (c), (d), (e), and (f), Occupations Code, are amended to read as follows:

(a) On receiving written notice from a law enforcement agency that a person has been charged with or convicted of an offense that would make the person ineligible for a license[~~, certificate of registration, endorsement,~~] or security officer commission under Section 1702.113 or 1702.163, or a rule adopted under Section 1702.004(b), the commission [~~department~~] shall:

(1) summarily deny the person's application for a license[~~, registration, endorsement,~~] or security officer commission;

(2) in the event of pending charges, summarily suspend the person's license[~~, certificate of registration, endorsement,~~] or security officer commission; or

(3) in the event of a conviction, summarily revoke the person's license[~~, certificate of registration, endorsement,~~] or security officer commission.

(b) To initiate a proceeding to take action under Subsection (a), the department must serve notice to the person. The notice must:

(1) inform the person of the person's right to a [~~preliminary~~] hearing before the department or the department's designee;

(2) state the basis for the summary action; and

(3) be personally served on the person or the person's authorized representative, or sent to the person by certified or registered mail, return receipt requested, to the person's mailing address as it appears in the department's records.

(c) The action is effective at the time notice is served. The person shall immediately surrender to the department any [~~certificate of registration,~~] security officer commission, pocket card, or other form of identification issued by the department.

(d) At a [~~preliminary~~] hearing under this section, the person must show cause why:

(1) the application should not have been denied;

(2) the [~~registration,~~] license[~~, endorsement,~~] or security officer commission should not have been suspended; or

(3) the [~~registration,~~] license[~~, endorsement,~~] or commission should not have been revoked.

(e) Chapter 2001, Government Code, applies [~~does not apply~~] to a proceeding under this section for the summary denial of an application for or the summary suspension or revocation of a license or security officer commission [~~the department's initial action under this section or to a preliminary hearing before the department under this section~~].

(f) The dismissal of a complaint, information, or indictment or an acquittal releases the person from automatic grounds for a summary denial of an application or summary suspension of a license or [~~registration, endorsement, or~~] security officer commission under this section. A conviction for the offense giving rise to a summary suspension is automatic grounds for immediate, summary revocation.

SECTION 5.103. Section 1702.365, Occupations Code, is amended to read as follows:

Sec. 1702.365. ABDUCTION OF CHILD. The commission [~~board~~] shall revoke a person's license[~~, registration, endorsement,~~] or security officer commission or deny a person's application for, or renewal of, a license[~~, registration, endorsement,~~] or security officer commission on proof that the person or an agent of the person has, after the date of application for a license[~~, registration, endorsement,~~] or security officer commission, abducted or attempted to abduct by force or the threat of force or by misrepresentation, stealth, or unlawful entry a child who at the time of the abduction or attempt is under the care and control of a person who:

(1) has custody or physical possession of the child under a court order; or

(2) is exercising the care and control with the consent of a person who has custody or physical possession of the child under a court order.

SECTION 5.104. Sections 1702.367(a), (c), (d), and (e), Occupations Code, are amended to read as follows:

(a) For an investigation conducted under this chapter, if necessary to enforce this chapter or the commission [~~board's~~] rules adopted under this chapter, the department may issue an administrative subpoena to any person in this state compelling:

(1) the production of information or documents; or

(2) the attendance and testimony of a witness.

(c) A person required to testify or to produce a record or document on any matter properly under inquiry by the department [~~board~~] who refuses to testify or to produce the record or document on the ground that the testimony or the production of the record or document would incriminate or tend to incriminate the person is nonetheless required to testify or to produce the record or document. A person who is required to testify or to produce a record or document under this subsection is not subject to indictment or prosecution for a transaction, matter, or thing concerning which the person truthfully testifies or produces evidence.

(d) If a witness refuses to obey a subpoena or to give evidence relevant to proper inquiry by the department [~~board~~], the department [~~board~~] may petition a district court of the county in which the hearing is held to compel the witness to obey the subpoena or to give the evidence. The court shall immediately issue process to the witness and shall hold a hearing on the petition as soon as possible.

(e) An investigator employed by the department [~~board~~] may take statements under oath in an investigation of a matter covered by this chapter.

SECTION 5.105. Section 1702.368, Occupations Code, is amended to read as follows:

Sec. 1702.368. NOTIFICATION OF CONVICTION FOR CERTAIN OFFENSES. The department shall notify the [~~board and the~~] police department of the municipality and the sheriff's department of the county in which a person licensed[~~, registered,~~] or commissioned under this chapter resides of the conviction of the person for a Class B misdemeanor or equivalent offense or a greater offense.

SECTION 5.106. Section 1702.372, Occupations Code, is amended to read as follows:

Sec. 1702.372. RECUSAL OF COMMISSION [~~BOARD~~] MEMBER. (a) A commission [~~board~~] member who participated in the investigation of a complaint of a violation of this chapter or in informal settlement negotiations regarding the complaint:

(1) may not vote on the matter at a commission [~~board~~] meeting related to the complaint; and

(2) shall state at the meeting the reason for which the member is prohibited from voting on the matter.

(b) A statement under Subsection (a)(2) shall be entered into the minutes of the meeting.

SECTION 5.107. Section 1702.381(b), Occupations Code, is amended to read as follows:

(b) A person who contracts with or employs a person who is required to hold a license[~~, registration, endorsement,~~] or security officer commission under this chapter knowing that the person does not hold the required license[~~, registration,~~

~~endorsement,~~] or commission or who otherwise, at the time of contract or employment, is in violation of this chapter may be assessed a civil penalty to be paid to the state in an amount not to exceed $10,000 for each violation.

SECTION 5.108. Section 1702.386(a), Occupations Code, is amended to read as follows:

(a) A person commits an offense if the person contracts with or employs a person who is required to hold a license[~~, registration, endorsement,~~] or commission under this chapter knowing that the person does not hold the required license[~~, registration, endorsement,~~] or commission or who otherwise, at the time of contract or employment, is in violation of this chapter.

SECTION 5.109. Section 1702.3863(a), Occupations Code, is amended to read as follows:

(a) A person commits an offense if the person contracts with or is employed by a bail bond surety as defined by Chapter 1704 to secure the appearance of a person who has violated Section 38.10, Penal Code, unless the person is:

(1) a peace officer;

(2) an individual [~~endorsed or~~] licensed as a private investigator [~~or the manager of a licensed investigations company~~]; or

(3) a commissioned security officer employed by a licensed guard company.

SECTION 5.110. Section 1702.387(a), Occupations Code, is amended to read as follows:

(a) A person commits an offense if the person fails to surrender or immediately return to the department [~~board~~] the person's [~~registration,~~] commission, pocket card, or other identification issued to the person by the department under this chapter [~~board~~] on notification of a summary suspension or summary denial under Section 1702.364.

SECTION 5.111. Section 1702.3875(a), Occupations Code, is amended to read as follows:

(a) A person commits an offense if the person:

(1) impersonates a commissioned or noncommissioned security officer with the intent to induce another to submit to the person's pretended authority or to rely on the person's pretended acts of a security officer; or

(2) knowingly purports to exercise any function that requires licensure [~~registration~~] as a noncommissioned security officer or a security officer commission.

SECTION 5.112. Section 1702.388(b), Occupations Code, is amended to read as follows:

(b) An offense under this section is a Class A misdemeanor, except that the offense is a felony of the third degree if the person has previously been convicted under this chapter of failing to hold a license, [~~registration, endorsement,~~] certificate of insurance, or commission that the person is required to hold under this chapter.

SECTION 5.113. Section 411.042(b), Government Code, is amended to read as follows:

(b) The bureau of identification and records shall:

(1) procure and file for record photographs, pictures, descriptions, fingerprints, measurements, and other pertinent information of all persons arrested for or charged with a criminal offense or convicted of a criminal offense, regardless of whether the conviction is probated;

(2) collect information concerning the number and nature of offenses reported or known to have been committed in the state and the legal steps taken in connection with the offenses, and other information useful in the study of crime and the administration of justice, including information that enables the bureau to create a statistical breakdown of:

(A) offenses in which family violence was involved;

(B) offenses under Sections 22.011 and 22.021, Penal Code; and

(C) offenses under Sections 20A.02, 43.02(a), 43.02(b), 43.03, and 43.05, Penal Code;

(3) make ballistic tests of bullets and firearms and chemical analyses of bloodstains, cloth, materials, and other substances for law enforcement officers of the state;

(4) cooperate with identification and crime records bureaus in other states and the United States Department of Justice;

(5) maintain a list of all previous background checks for applicants for any position regulated under Chapter 1702, Occupations Code, who have undergone a criminal history background check as required by that chapter [~~under Section 411.119~~], if the check indicates a Class B misdemeanor or equivalent offense or a greater offense;

(6) collect information concerning the number and nature of protective orders and magistrate's orders of emergency protection and all other pertinent information about all persons subject to active orders, including pertinent information about persons subject to conditions of bond imposed for the protection of the victim in any family violence, sexual assault or abuse, stalking, or trafficking case. Information in the law enforcement information system relating to an active order shall include:

(A) the name, sex, race, date of birth, personal descriptors, address, and county of residence of the person to whom the order is directed;

(B) any known identifying number of the person to whom the order is directed, including the person's social security number or driver's license number;

(C) the name and county of residence of the person protected by the order;

(D) the residence address and place of employment or business of the person protected by the order, unless that information is excluded from the order under Article 17.292(e), Code of Criminal Procedure;

(E) the child-care facility or school where a child protected by the order normally resides or which the child normally attends, unless that information is excluded from the order under Article 17.292(e), Code of Criminal Procedure;

(F) the relationship or former relationship between the person who is protected by the order and the person to whom the order is directed;

(G) the conditions of bond imposed on the person to whom the order is directed, if any, for the protection of a victim in any family violence, sexual assault or abuse, stalking, or trafficking case;

(H) any minimum distance the person subject to the order is required to maintain from the protected places or persons; and

(I) the date the order expires;

(7) grant access to criminal history record information in the manner authorized under Subchapter F;

(8) collect and disseminate information regarding offenders with mental impairments in compliance with Chapter 614, Health and Safety Code; and

(9) record data and maintain a state database for a computerized criminal history record system and computerized juvenile justice information system that serves:

(A) as the record creation point for criminal history record information and juvenile justice information maintained by the state; and

(B) as the control terminal for the entry of records, in accordance with federal law and regulations, federal executive orders, and federal policy, into the federal database maintained by the Federal Bureau of Investigation.

SECTION 5.114. (a) Section 411.119, Government Code, is repealed.

(b) The following provisions of the Occupations Code are repealed:

(1) Section 1702.002(1-b);
(2) Section 1702.002(3);
(3) Section 1702.002(6-b);
(4) Section 1702.002(11);
(5) Section 1702.002(12);
(6) Section 1702.002(13);
(7) Section 1702.002(14);
(8) Section 1702.002(19);
(9) Section 1702.002(20);
(10) Section 1702.027(c);
(11) Section 1702.030;
(12) Section 1702.043;
(13) Section 1702.047;
(14) Section 1702.0611;
(15) Section 1702.0612;
(16) Section 1702.066;
(17) Section 1702.081;
(18) Section 1702.082;
(19) Section 1702.083;
(20) Section 1702.1045;
(21) Section 1702.109;
(22) Section 1702.111;
(23) Section 1702.113(d);
(24) Section 1702.116;
(25) Section 1702.119;
(26) Section 1702.120;
(27) Section 1702.121;
(28) Section 1702.183;
(29) Section 1702.225;

(30) Section 1702.227;
(31) Section 1702.228;
(32) Sections 1702.301(a), (d), (e), (f), and (g);
(33) Section 1702.304;
(34) Section 1702.307;
(35) Section 1702.3615;
(36) Section 1702.362;
(37) Sections 1702.364(g), (h), and (i);
(38) Section 1702.371;
(39) Section 1702.385; and
(40) Subchapter Q, Chapter 1702.

SECTION 5.115. (a) On September 1, 2019, the terms of the members serving on the Texas Private Security Board expire and the Texas Private Security Board is abolished.

(b) As soon as practicable after the effective date of this Act, the Public Safety Commission shall appoint members to the Texas Private Security Advisory Committee in accordance with Section 1702.021, Occupations Code, as amended by this Act. A board member whose term expired under Subsection (a) of this section is eligible for reappointment to the advisory committee.

(c) The members of the Texas Private Security Board whose terms expire under Subsection (a) of this section shall continue to provide advice to the Department of Public Safety until a majority of the members of the Texas Private Security Advisory Committee are appointed under Subsection (b) of this section and qualified.

SECTION 5.116. (a) In this section:

(1) "Commission" means the Public Safety Commission.
(2) "Department" means the Department of Public Safety.
(3) "Former board" means the Texas Private Security Board.

(b) On September 1, 2019:

(1) all functions and activities performed by the former board immediately before that date are transferred to the department;

(2) all rules, fees, policies, procedures, decisions, and forms adopted by the former board are continued in effect as rules, fees, policies, procedures, decisions, and forms of the commission or the department, as applicable, and remain in effect until amended or replaced by the commission or department;

(3) a complaint, investigation, contested case, or other proceeding before the former board that is pending on September 1, 2019, is transferred without change in status to the department or the commission, as appropriate;

(4) all money, contracts, leases, property, and obligations of the former board are transferred to the department;

(5) all property in the custody of the former board is transferred to the department; and

(6) the unexpended and unobligated balance of any money appropriated by the legislature for the former board is transferred to the department.

(c) The former board shall provide the department with access to any systems or information necessary for the department to accept the program transferred under this Act.

(d) A license, certificate, or other authorization issued by the former board is continued in effect as a license, certificate, or other authorization of the department.

SECTION 5.117. On September 1, 2019, the following expire:

(1) any license, registration, endorsement, or other authorization required to operate as a guard dog company or trainer of a dog used to protect persons or property or to conduct investigations, as described by Chapter 1702, Occupations Code, as that chapter existed immediately before the effective date of this Act; and

(2) any license, registration, endorsement, or other authorization required to operate as a security salesperson, private security consultant, or private security consulting company, as described by Chapter 1702, Occupations Code, as that chapter existed immediately before the effective date of this Act.

SECTION 5.118. As soon as practicable after the effective date of this Act, the Public Safety Commission shall adopt rules necessary to implement the changes in law made by this Act to Chapter 1702, Occupations Code.

SECTION 5.119. The changes in law made by this Act amending Chapter 1702, Occupations Code, do not affect the validity of a disciplinary action or other proceeding that was initiated before the effective date of this Act and that is pending before a court or other governmental entity on the effective date of this Act.

SECTION 5.120. (a) A violation of Chapter 1702, Occupations Code, that is repealed or amended by this Act is governed by the law in effect when the violation was committed, and the former law is continued in effect for that purpose.

(b) For purposes of this section, a violation was committed before the effective date of this Act if any element of the violation occurred before that date.

ARTICLE 6. CONDITIONAL TRANSFER OF DRIVER'S LICENSE PROGRAMS FROM DEPARTMENT OF PUBLIC SAFETY TO DEPARTMENT OF MOTOR VEHICLES

SECTION 6.001. Sections 521.001(a)(1-a) and (2), Transportation Code, are amended to read as follows:

(1-a) "Department" means the Texas Department of Motor Vehicles [~~Public Safety~~].

(2) "Director" means the executive [~~public safety~~] director of the department.

SECTION 6.002. Section 521.001(c), Transportation Code, is amended to read as follows:

(c) The department by rule may define types of vehicles that are "motorcycles" for the purposes of this chapter, in addition to those defined under Subsection (a)(6-a), and[~~. The Texas Department of Motor Vehicles by rule may define the types of vehicles that are "motorcycles"~~] for the purposes of Chapters 501, 502, and 503. This subsection applies only to vehicles manufactured by a manufacturer licensed under Chapter 2301, Occupations Code.

SECTION 6.003. Subchapter A, Chapter 521, Transportation Code, is amended by adding Section 521.0015 to read as follows:

Sec. 521.0015. STATUTORY REFERENCES. A statutory reference to the Department of Public Safety means the Texas Department of Motor Vehicles if the statutory reference concerns:

(1) the administration of the programs established by this chapter, Chapter 522, and other law that license a person to operate a motor vehicle, as defined by Section 501.002, or a commercial motor vehicle, as defined by Section 522.003, in this state; or

(2) the administration of Chapter 521A.

SECTION 6.004. (a) In this section:

(1) "Former administrator" means the Department of Public Safety.

(2) "Licensing program" means:

(A) the programs established by Chapters 521 and 522, Transportation Code, and other law, that license a person to operate in this state a motor vehicle, as defined by Section 501.002, Transportation Code, or a commercial motor vehicle, as defined by Section 522.003, Transportation Code; and

(B) the program to issue election identification certificates under Chapter 521A, Transportation Code.

(3) "New administrator" means the Texas Department of Motor Vehicles.

(4) "Work group" means the work group established under Subsection (b) of this section.

(b) As soon as practicable after the effective date of this section, the former administrator and the new administrator shall establish a work group to plan the transfer of the licensing program from the former administrator to the new administrator.

(c) The work group shall:

(1) adopt a transition plan to provide for the orderly transfer of powers, duties, functions, programs, and activities related to the licensing program, including:

(A) a plan that ensures the transfer of the licensing program will be completed on or before August 31, 2021; and

(B) completion dates for substantial phases of the licensing program's transfer;

(2) implement the transition plan described by Subdivision (1) of this subsection; and

(3) provide a quarterly report of the work group's progress in developing and implementing the transition plan described by Subdivision (1) of this subsection to:

(A) the presiding officer of each house of the legislature;

(B) the governor; and

(C) the Sunset Advisory Commission.

(d) To prepare for the transfer, the former administrator shall provide the new administrator with access to any systems, information, property, records, or personnel necessary for the new administrator to administer the licensing program transferred under this article.

(e) As soon as practicable after the effective date of this section:

(1) the new administrator shall study the most effective use of available state and county resources, including personnel, property, and resources potentially available through the adoption of intergovernmental agreements, to administer the licensing program, prioritizing:

(A) administrative efficiency and cost savings; and

(B) accessibility of the licensing program for the citizens of this state, including citizens residing in rural areas of this state; and

(2) the former administrator shall assist in the study described by Subdivision (1) of this subsection as requested by the new administrator.

(f) On September 1, 2021:

(1) all licensing program functions and activities performed by the former administrator immediately before that date are transferred to the new administrator;

(2) all licensing program rules, fees, policies, procedures, decisions, and forms adopted by the former administrator are continued in effect as rules, fees, policies, procedures, decisions, and forms of the new administrator and remain in effect until amended or replaced by the new administrator;

(3) a licensing program complaint, investigation, contested case, or other proceeding before the former administrator that is pending on September 1, 2021, is transferred without change in status to the new administrator;

(4) all licensing program money, contracts, leases, property, and obligations of the former administrator are transferred to the new administrator;

(5) all licensing program property in the custody of the former administrator is transferred to the new administrator; and

(6) the unexpended and unobligated balance of any money appropriated by the legislature to the former administrator for the purpose of administering the licensing program is transferred to the new administrator.

(g) On September 1, 2021, a license, certificate, endorsement, or other form of authorization issued by the former administrator and related to the licensing program is continued in effect as a license, certificate, endorsement, or other form of authorization of the new administrator.

(h) On September 1, 2021, all full-time equivalent employee positions at the former administrator that primarily concern the administration or enforcement of the licensing program become positions at the new administrator.

SECTION 6.005. (a) In this section, "driver's license program" means:

(1) the programs established by Chapters 521 and 522, Transportation Code, and other law, that license a person to operate in this state a motor vehicle, as defined by Section 501.002, Transportation Code, or a commercial motor vehicle, as defined by Section 522.003, Transportation Code; and

(2) the program to issue election identification certificates under Chapter 521A, Transportation Code.

(b) The Department of Public Safety shall enter into a contract with an independent, third-party contractor to conduct a feasibility study that examines and makes recommendations on the management and operating structure of the driver's license program and the opportunities and challenges of transferring the driver's license program.

(b-1) The solicitation documents for the contract described by Subsection (b) of this section must be submitted to the contract advisory team for review under Subchapter C, Chapter 2262, Government Code, before the Department of Public Safety may solicit any contractor for the contract, including publishing advertising regarding the contract.

(c) Not later than September 1, 2020, the contractor described by Subsection (b) of this section shall submit a report on the study conducted under that subsection to the legislature, the governor, the Sunset Advisory Commission, the Department of Public Safety, and the Texas Department of Motor Vehicles.

(d) In conducting the study required by Subsection (b) of this section, the Department of Public Safety, the Texas Department of Motor Vehicles, or the independent, third-party contractor described by that subsection may not disclose any personal information obtained in conducting the study. In this subsection, "personal information" means information that identifies a holder of a driver's license or election identification certificate, including a name, address, date of birth, social security number, telephone number, physical characteristic, or similar identifier.

SECTION 6.006. (a) Subject to Subsection (b) of this section, this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2019.

(b) Sections 6.001, 6.002, 6.003, and 6.004 of this article take effect only if the report required by Section 6.005 of this article is not submitted within the period prescribed by that section.

ARTICLE 7. EXPIRATION DATES OF DRIVER'S LICENSES AND COMMERCIAL DRIVER'S LICENSES

SECTION 7.001. Sections 521.271(a) and (b), Transportation Code, are amended to read as follows:

(a) Each original driver's license, provisional license, learner license, or occupational driver's license issued to an applicant who is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States expires as follows:

(1) except as provided by Section 521.2711, a driver's license expires on the first birthday of the license holder occurring after the eighth [~~sixth~~] anniversary of the date of the application;

(2) a provisional license expires on the 18th birthday of the license holder;

(3) a learner license expires on the 18th birthday of the license holder;

(4) an occupational driver's license expires on the first anniversary of the court order granting the license; and

(5) unless an earlier date is otherwise provided, a driver's license issued to a person whose residence or domicile is a correctional facility or a parole facility expires on the first birthday of the license holder occurring after the first anniversary of the date of issuance.

(b) Except as provided by Section 521.2711, a driver's license that is renewed expires on the earlier of:

(1) the eighth [~~sixth~~] anniversary of the expiration date before renewal if the applicant is a citizen, national, or legal permanent resident of the United States or a refugee or asylee lawfully admitted into the United States;

(1-a) for an applicant not described by Subdivision (1):

(A) the earlier of:

(i) the eighth [~~sixth~~] anniversary of the expiration date before renewal; or

(ii) the expiration date of the applicant's authorized stay in the United States; or

(B) the first anniversary of the date of issuance, if there is no definite expiration date for the applicant's authorized stay in the United States; or

(2) for a renewal driver's license issued to a person whose residence or domicile is a correctional facility or a parole facility, the first birthday of the license holder occurring after the first anniversary of the date of issuance unless an earlier date is otherwise provided.

SECTION 7.002. Sections 521.421(a) and (b), Transportation Code, are amended to read as follows:

(a) The fee for issuance or renewal of a license not otherwise provided for by this section is $32 [~~$24~~].

(b) The fee for renewal of a Class M license or for renewal of a license that includes authorization to operate a motorcycle is $43 [~~$32~~].

SECTION 7.003. Section 521.421(f), Transportation Code, as added by Chapter 1372 (H.B. No. 1200), Acts of the 75th Legislature, Regular Session, 1997, is amended to read as follows:

(f) If a Class A, B, or C driver's license includes an authorization to operate a motorcycle or moped, the fee for the driver's license is increased by $11 [~~$8~~].

SECTION 7.004. Section 522.029, Transportation Code, is amended by amending Subsection (a) and adding Subsection (m) to read as follows:

(a) The fee for a commercial driver's license issued by the department is $96 [~~$60~~], except as provided by Subsections (f), (h), (j), [~~and~~] (k), and (m).

(m) The fee for a commercial driver's license with a hazardous materials endorsement issued by the department is $60, except as provided by Subsections (h), (j), and (k).

SECTION 7.005. Section 522.051, Transportation Code, is amended by amending Subsections (a), (b), (c), (d), and (f) and adding Subsections (i), (j), (k), and (l) to read as follows:

(a) Except as provided by Subsections [~~Subsection~~] (f) and (i) and Sections 522.013(e), 522.033, and 522.054, an original commercial driver's license expires eight [~~five~~] years after the applicant's next birthday.

(b) Except as provided by Subsection (j) and Section 522.054, a commercial driver's license issued to a person holding a Texas Class A, B, C, or M license that would expire one year or more after the date of issuance of the commercial driver's license expires eight [~~five~~] years after the applicant's next birthday.

(c) Except as provided by Subsection (k) and Section 522.054, a commercial driver's license issued to a person holding a Texas Class A, B, C, or M license that would expire less than one year after the date of issuance of the commercial driver's license or that has been expired for less than one year expires eight [~~five~~] years after the expiration date shown on the Class A, B, C, or M license.

(d) Except as provided by Subsection (l) and Section 522.054, a commercial driver's license issued to a person holding a Texas Class A, B, C, or M license that has been expired for at least one year but not more than two years expires eight [~~five~~] years after the applicant's last birthday.

(f) Except as provided by Section 522.013, a non-domiciled commercial driver's license other than a temporary non-domiciled commercial driver's license under Section 522.013(e) expires on:

(1) the earlier of:

(A) the first birthday of the license holder occurring after the eighth [~~fifth~~] anniversary of the date of the application; or

(B) the expiration date of the license holder's lawful presence in the United States as determined by the appropriate United States agency in compliance with federal law; or

(2) the first anniversary of the date of issuance, if there is no definitive expiration date for the applicant's authorized stay in the United States.

(i) Except as provided by Subsection (f) and Sections 522.013(e), 522.033, and 522.054, an original commercial driver's license with a hazardous materials endorsement expires five years after the applicant's next birthday.

(j) Except as provided by Section 522.054, a commercial driver's license with a hazardous materials endorsement issued to a person holding a Texas Class A, B, C, or M license that would expire one year or more after the date of issuance of the commercial driver's license expires five years after the applicant's next birthday.

(k) Except as provided by Section 522.054, a commercial driver's license with a hazardous materials endorsement issued to a person holding a Texas Class A, B, C, or M license that would expire less than one year after the date of issuance of the commercial driver's license or that has been expired for less than one year expires five years after the expiration date shown on the Class A, B, C, or M license.

(l) Except as provided by Section 522.054, a commercial driver's license with a hazardous materials endorsement issued to a person holding a Texas Class A, B, C, or M license that has been expired for at least one year but not more than two years expires five years after the applicant's last birthday.

SECTION 7.006. Section 522.052, Transportation Code, is amended by amending Subsections (b) and (c) and adding Subsections (k) and (l) to read as follows:

(b) Except as provided by Section 522.054, a renewal of a commercial driver's license that has been expired for less than one year expires eight [~~five~~] years after the expiration date shown on the commercial driver's license.

(c) Except as provided by Section 522.054, a renewal of a commercial driver's license that has been expired for at least one year but not more than two years expires seven [~~six~~] years after the applicant's last birthday.

(k) Except as provided by Section 522.054, a renewal of a commercial driver's license with a hazardous materials endorsement that has been expired for less than one year expires five years after the expiration date shown on the commercial driver's license.

(l) Except as provided by Section 522.054, a renewal of a commercial driver's license with a hazardous materials endorsement that has been expired for at least one year but not more than two years expires five years after the applicant's last birthday.

SECTION 7.007. The changes in law made by this Act to Sections 521.271 and 521.421, Transportation Code, apply only to a driver's license issued or renewed on or after June 1, 2020. A driver's license issued or renewed before June 1, 2020, is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 7.008. The changes in law made by this Act to Sections 522.029, 522.051, and 522.052, Transportation Code, apply only to a commercial driver's license issued or renewed on or after June 1, 2020. A commercial driver's license issued or renewed before June 1, 2020, is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

ARTICLE 8. MOTORCYCLE AND OFF-HIGHWAY VEHICLE OPERATOR TRAINING PROGRAMS

SECTION 8.001. Chapter 662, Transportation Code, is amended by adding Section 662.0005 to read as follows:

Sec. 662.0005. DEFINITIONS. In this chapter:

(1) "Commission" means the Texas Commission of Licensing and Regulation.

(2) "Department" means the Texas Department of Licensing and Regulation.

(3) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(4) "Instructor" means an individual who holds a license issued under this chapter that entitles the individual to provide instruction on motorcycle operation and safety as an employee of or under contract with a motorcycle school.

(5) "Motorcycle school" means a person who holds a license issued under this chapter that entitles the person to offer and conduct courses on motorcycle operation and safety for consideration as part of the motorcycle operator training and safety program.

SECTION 8.002. Section 662.001, Transportation Code, is amended to read as follows:

Sec. 662.001. ADMINISTRATION OF PROGRAM [~~DESIGNATED STATE AGENCY~~]. The department [~~governor~~] shall [~~designate a state agency to establish and~~] administer a motorcycle operator training and safety program and enforce the laws governing the program.

SECTION 8.003. The heading to Section 662.002, Transportation Code, is amended to read as follows:

Sec. 662.002. PURPOSE OF PROGRAM[~~; CURRICULUM~~].

SECTION 8.004. Chapter 662, Transportation Code, is amended by adding Sections 662.0033, 662.0035, and 662.0037 to read as follows:

Sec. 662.0033. MINIMUM CURRICULUM STANDARDS. (a) The commission by rule shall establish minimum curriculum standards for courses provided under the motorcycle operator training and safety program.

(b) The department shall approve all courses that meet the curriculum standards established under Subsection (a).

(c) In establishing the minimum curriculum standards for entry-level courses, the commission shall consider the standards for motorcycle operator training and safety courses adopted by the National Highway Traffic Safety Administration.

Sec. 662.0035. FEES. The commission may set fees in amounts reasonable and necessary to cover the costs of administering this chapter, including fees for:

(1) the issuance and renewal of a motorcycle school license and instructor license; and

(2) courses provided under the motorcycle operator training and safety program.

Sec. 662.0037. MOTORCYCLE SAFETY ADVISORY BOARD. (a) The commission shall establish an advisory board to advise the department on matters related to the motorcycle operator training and safety program established under this chapter.

(b) The advisory board must consist of nine members appointed by the presiding officer of the commission, on approval of the commission, as follows:

(1) three members:

(A) each of whom must be a licensed instructor or represent a licensed motorcycle school; and

(B) who must collectively represent the diversity in size and type of the motorcycle schools licensed under this chapter;

(2) one member who represents the motorcycle dealer retail industry;

(3) one representative of a law enforcement agency;

(4) one representative of the Texas A&M Transportation Institute;

(5) one representative of the Texas A&M Engineering Extension Service; and

(6) two public members who hold a valid Class M driver's license issued under Chapter 521.

(c) The advisory board members serve staggered six-year terms. The terms of three members expire September 1 of each odd-numbered year.

(d) If a vacancy occurs on the advisory board, the presiding officer of the commission, on approval of the commission, shall appoint a replacement who meets the qualifications for the vacant position to serve for the remainder of the term.

(e) The presiding officer of the commission, on approval of the commission, shall designate a member of the advisory board to serve as the presiding officer of the advisory board for a one-year term. The presiding officer of the advisory board may vote on any matter before the advisory board.

(f) The advisory board shall meet at the call of the executive director or the presiding officer of the commission.

(g) An advisory board member may not receive compensation for service on the advisory board but is entitled to reimbursement for actual and necessary expenses incurred in performing the functions as a member of the advisory board, subject to the General Appropriations Act.

(h) Chapter 2110, Government Code, does not apply to the advisory board.

(i) The department may call a joint meeting of the advisory board and the advisory committee established under Section 1001.058, Education Code, for the committees to collaborate on matters determined by the department.

SECTION 8.005. Section 662.005, Transportation Code, is amended to read as follows:

Sec. 662.005. CONTRACTS. (a) The department [~~designated state agency~~] may [~~license or~~] contract with qualified persons, including institutions of higher education, to:

(1) offer and conduct motorcycle operator training and safety courses under the [~~administer or operate the motorcycle operator training and safety~~] program; or

(2) research motorcycle safety in this state.

(b) The department shall consult with the motorcycle safety advisory board regarding any proposal to contract under this section.

SECTION 8.006. Section 662.006(a), Transportation Code, is amended to read as follows:

(a) A person may not offer or conduct training in motorcycle operation for consideration unless the person:

(1) is licensed as a motorcycle school under this chapter;

(2) offers and conducts training in accordance with a motorcycle operator training curriculum approved by the department; and

(3) employs or contracts with an instructor licensed under this chapter to conduct the training [~~by or contracts with the designated state agency~~].

SECTION 8.007. Chapter 662, Transportation Code, is amended by adding Sections 662.0062, 662.0064, and 662.0068 to read as follows:

Sec. 662.0062. ELIGIBILITY; APPLICATION. (a) To be eligible for an instructor license, an applicant must:

(1) have completed a commission-approved training program on motorcycle operator training and safety instruction administered by the Texas A&M Engineering Extension Service;

(2) have held for the two years preceding the date of submitting the application a valid driver's license that entitles the applicant to operate a motorcycle on a public road; and

(3) have accumulated less than 10 points under the driver responsibility program established by Chapter 708.

(b) The commission by rule may adopt additional requirements for issuance of an instructor license.

(c) To be eligible for a motorcycle school license, an applicant must meet the minimum standards established by commission rule for:

(1) health and safety;

(2) the school's facility; and

(3) consumer protection.

(d) The department shall issue a license to an applicant who meets the eligibility requirements established under this chapter and department rule and who pays the required fee.

(e) The department may prescribe an application form for applicants to submit when applying for a license under this section.

Sec. 662.0064. INSTRUCTOR TRAINING; ADMINISTRATOR. The Texas A&M Engineering Extension Service, in consultation with the department, shall administer the training program required by Section 662.0062(a)(1).

Sec. 662.0068. PROGRAM CERTIFICATES. The department shall issue a certificate of completion to a person who completes a department-approved motorcycle operator training and safety course conducted by a motorcycle school on receipt of notice from the motorcycle school that conducted the course. The department may develop a process that allows a motorcycle school to issue a certificate of completion to the person.

SECTION 8.008. Section 662.008, Transportation Code, is amended to read as follows:

Sec. 662.008. DENIAL, SUSPENSION, OR REVOCATION [~~CANCELLATION~~] OF INSTRUCTOR OR MOTORCYCLE SCHOOL LICENSE [~~APPROVAL~~]. (a) The executive director or commission [~~designated state agency~~] may deny an application for, suspend, or revoke a license issued [~~cancel its approval for a program sponsor to conduct or for an instructor to teach a course offered~~] under this chapter if the applicant, instructor, or motorcycle school [~~sponsor~~]:

(1) does not satisfy the requirements established under this chapter to receive or retain the license [~~approval~~];

(2) permits fraud or engages in a fraudulent practice with reference to an application for [~~to~~] the license [~~agency~~];

(3) induces or countenances fraud or a fraudulent practice by a person applying for a driver's license or permit;

(4) permits fraud or engages in a fraudulent practice in an action between the applicant or license holder and the public; or

(5) fails to comply with this chapter or rules adopted under this chapter [~~of the state agency~~].

(b) Following denial of an application for a license or the[~~,~~] suspension[~~,~~] or revocation of a license issued under this chapter [~~cancellation of the approval of a program sponsor or an instructor~~], notice and opportunity for a hearing must be given as provided by:

(1) Chapter 2001, Government Code; and

(2) Chapter 53, Occupations Code.

SECTION 8.009. Section 662.009, Transportation Code, is amended to read as follows:

Sec. 662.009. RULES. The commission [~~designated state agency~~] may adopt rules to administer this chapter.

SECTION 8.010. Section 662.010, Transportation Code, is amended to read as follows:

Sec. 662.010. NONAPPLICABILITY OF CERTAIN OTHER LAW. Chapter 1001, Education Code [~~332, Acts of the 60th Legislature, Regular Session, 1967 (Article 4413(29c), Vernon's Texas Civil Statutes)~~], does not apply to training offered or conducted under this chapter.

SECTION 8.011. Section 662.011, Transportation Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) Money deposited to the credit of the motorcycle education fund account may be used only to defray the cost of:

(1) administering the motorcycle operator training and safety program; [~~and~~]

(2) conducting the motorcyclist safety and share the road campaign described by Section 201.621; and

(3) administering the grant program under Section 662.0115.

(d) The department may apply for and accept gifts, grants, and donations from any organization to be deposited in the motorcycle education fund account for the purpose of improving motorcycle safety in this state.

SECTION 8.012. Chapter 662, Transportation Code, is amended by adding Section 662.0115 to read as follows:

Sec. 662.0115. MOTORCYCLE SAFETY GRANT PROGRAM. (a) Using money from the motorcycle education fund account, the department may establish and administer a grant program to improve motorcycle safety in this state.

(b) The department may award a person a grant to:

(1) promote the motorcycle operator training and safety program or any other motorcycle safety program in this state;

(2) increase the number of individuals seeking motorcycle operator training or licensure as an instructor to conduct motorcycle operator training; or

(3) support any other goal reasonably likely to improve motorcycle safety in this state.

(c) To administer the grant program, the department shall prescribe:

(1) grant application procedures;

(2) guidelines relating to grant amounts; and

(3) criteria for evaluating grant applications.

(d) The department shall consult with the motorcycle safety advisory board regarding any proposal to award a grant under this section.

(e) An institution of higher education is eligible to receive a grant awarded under this section and, if applicable, may use the grant money awarded to perform a duty imposed under Section 662.0064 or 662.013.

SECTION 8.013. Section 662.012, Transportation Code, is amended to read as follows:

Sec. 662.012. REPORTS. (a) The department [~~designated state agency~~] shall require each motorcycle school [~~provider of a motorcycle operator training and safety program~~] to report on the school's program in the form and manner prescribed by the department [~~compile and forward to the agency each month a report on the provider's programs~~]. The report must include:

(1) the number and types of courses provided in the reporting period;

(2) the number of persons who took each course in the reporting period;

(3) the number of instructors available to provide training under the school's [~~provider's~~] program in the reporting period;

(4) information collected by surveying persons taking each course as to the length of any waiting period the person experienced before being able to enroll in the course;

(5) the number of persons on a waiting list for a course at the end of the reporting period; and

(6) any other information the department [~~agency~~] reasonably requires.

(b) The department [~~designated state agency~~] shall maintain [~~a compilation of~~] the reports submitted under Subsection (a) on a by-site basis. [~~The agency shall update the compilation as soon as practicable after the beginning of each month.~~]

(c) The department [~~designated state agency~~] shall provide without charge a copy of the most recent reports submitted [~~compilation~~] under Subsection (a) [~~(b)~~] to any member of the legislature on request.

SECTION 8.014. Chapter 662, Transportation Code, is amended by adding Section 662.013 to read as follows:

Sec. 662.013. RESEARCH, ADVOCACY, AND EDUCATION. The Texas A&M Transportation Institute, in consultation with the department, shall:

(1) research motorcycle safety in this state;

(2) provide advocacy on motorcycle safety issues in this state; and

(3) provide education to the public on motorcycle safety issues in this state.

SECTION 8.015. Section 663.001, Transportation Code, is amended by amending Subdivision (1-b) and adding Subdivisions (1-c) and (1-d) to read as follows:

(1-b) "Commission" means the Texas Commission of Licensing and Regulation.

(1-c) "Department" means the Texas Department of Licensing and Regulation.

(1-d) "Off-highway vehicle" means:

(A) an all-terrain vehicle or recreational off-highway vehicle, as those terms are defined by Section 502.001; or

(B) a utility vehicle.

SECTION 8.016. Section 663.011, Transportation Code, is amended to read as follows:

Sec. 663.011. ADMINISTRATION OF PROGRAM [~~DESIGNATED DIVISION OR STATE AGENCY~~]. The department [~~governor~~] shall [~~designate a division of the governor's office or a state agency to establish and~~] administer an off-highway vehicle operator education and certification program and enforce the laws governing the program.

SECTION 8.017. Section 663.013, Transportation Code, is amended to read as follows:

Sec. 663.013. PROGRAM STANDARDS [~~OFF-HIGHWAY VEHICLE SAFETY COORDINATOR~~]. (a) The department [~~designated division or state agency shall employ an off-highway vehicle safety coordinator.~~

[~~(b) The coordinator~~] shall supervise the off-highway vehicle operator education and certification program and shall determine:

(1) locations at which courses will be offered;

(2) fees for the courses;

(3) qualifications of instructors;

(4) course curriculum; and

(5) standards for operator safety certification.

(b) [~~(c)~~] In establishing standards for instructors, curriculum, and operator certification, the department [~~coordinator~~] shall consult and be guided by standards established by recognized off-highway vehicle safety organizations.

SECTION 8.018. Section 663.014, Transportation Code, is amended to read as follows:

Sec. 663.014. CONTRACTS. To administer the education program and certify off-highway vehicle operators, the department [~~designated division or state agency~~] may contract with nonprofit safety organizations, nonprofit educational organizations, institutions of higher education, or agencies of local governments.

SECTION 8.019. Section 663.015(a), Transportation Code, is amended to read as follows:

(a) If the department [~~off-highway vehicle safety coordinator~~] determines that vehicle operation is not feasible in a program component or at a particular program location, the operator education and certification program for persons who are at least 14 years of age may use teaching or testing methods that do not involve the actual operation of an off-highway vehicle.

SECTION 8.020. Section 663.017, Transportation Code, is amended to read as follows:

Sec. 663.017. DENIAL, SUSPENSION, OR CANCELLATION OF APPROVAL. (a) The executive director or commission [~~designated division or state agency~~] may deny, suspend, or cancel its approval for a program sponsor to conduct or for an instructor to teach a course offered under this chapter if the applicant, sponsor, or instructor:

(1) does not satisfy the requirements established under this chapter to receive or retain approval;

(2) permits fraud or engages in fraudulent practices with reference to an application to the department [~~division or agency~~];

(3) induces or countenances fraud or fraudulent practices by a person applying for a driver's license or permit;

(4) permits or engages in a fraudulent practice in an action between the applicant or license holder and the public; or

(5) fails to comply with rules of the department [~~division or agency~~].

(b) Before the executive director or commission [~~designated division or agency~~] may deny, suspend, or cancel the approval of a program sponsor or an instructor, notice and opportunity for a hearing must be given as provided by:

(1) Chapter 2001, Government Code; and

(2) Chapter 53, Occupations Code.

SECTION 8.021. Section 663.018, Transportation Code, is amended to read as follows:

Sec. 663.018. RULES. The commission [~~designated division or state agency~~] may adopt rules to administer this chapter.

SECTION 8.022. Section 663.019, Transportation Code, is amended to read as follows:

Sec. 663.019. EXEMPTIONS. The commission [~~designated division or state agency~~] by rule may temporarily exempt the residents of any county from Section 663.015 or from Section 663.031(a)(1) until the appropriate education and certification program is established at a location that is reasonably accessible to the residents of that county.

SECTION 8.023. Section 663.033(d), Transportation Code, is amended to read as follows:

(d) The department or executive director [~~coordinator~~] may exempt off-highway vehicles that are participating in certain competitive events from the requirements of this section.

SECTION 8.024. Section 663.037(e), Transportation Code, is amended to read as follows:

(e) The commission [~~director of the Department of Public Safety~~] shall adopt standards and specifications that apply to the color, size, and mounting position of the flag required under Subsections (d)(2) and (g)(2).

SECTION 8.025. Sections 662.002(b), 662.003, 662.004, and 662.007, Transportation Code, are repealed.

SECTION 8.026. (a) In this section:

(1) "Department" means the Department of Public Safety.

(2) "Program" means the motorcycle operator training and safety program established under Chapter 662, Transportation Code, as that chapter existed before the effective date of this Act.

(b) As soon as practicable after the effective date of this article and not later than August 31, 2020, the department shall dispose of motorcycles and other equipment related to the program that the department possesses or has leased to entities offering training under the program. The plan must conform with the requirements of Subsection (c) of this section.

(c) The department shall dispose of the motorcycles and other equipment related to the program in the following manner:

(1) not later than February 28, 2020, the department shall provide to any entity to whom the department leased a motorcycle or other equipment related to the program a reasonable period determined by the department to purchase from the department or return the motorcycle or other equipment;

(2) after the expiration of the period described by Subdivision (1) of this subsection, but not later than May 31, 2020, the department shall:

(A) determine the need of the Texas Department of Licensing and Regulation, the Texas A&M Transportation Institute, and the Texas A&M Engineering Extension Service for motorcycles and other equipment necessary to provide motorcycle operator training for the instructors under the program; and

(B) subject to the need determined under Paragraph (A) of this subdivision and the availability of motorcycles and other equipment related to the program, transfer the motorcycles and equipment to the Texas Department of Licensing and Regulation, institute, or service under that paragraph, as applicable; and

(3) after the determination and any transfer under Subdivision (2) of this subsection, but not later than August 31, 2020, inform the Texas Facilities Commission under Section 2175.182, Government Code, that any remaining motorcycles and related equipment of the program are surplus or salvage property and must be disposed of in accordance with Chapter 2175, Government Code.

(d) Except for the fee described by Section 2175.188, Government Code, all revenue generated by the disposition of motorcycles and other equipment related to the program under this section shall be deposited in the motorcycle education fund account established under Section 662.011, Transportation Code.

(e) Not later than August 31, 2020, the department and the Texas Department of Licensing and Regulation shall enter into a memorandum of understanding regarding any property acquired by the department by lease or purchase using money from the motorcycle education fund account established under Section 662.011, Transportation Code, to ensure that the Department of Public Safety appropriately compensates the fund for those assets.

SECTION 8.027. (a) In this section:

(1) "Former administrator" means the Texas Department of Public Safety.

(2) "Licensing commission" means the Texas Commission of Licensing and Regulation.

(3) "Licensing department" means the Texas Department of Licensing and Regulation.

(4) "Program" means the:

(A) motorcycle operator training and safety program under Chapter 662, Transportation Code; and

(B) off-highway vehicle operator education and certification program under Chapter 663, Transportation Code.

(b) On September 1, 2020:

(1) all functions and activities related to the program performed by the former administrator immediately before that date are transferred to the licensing department;

(2) all rules, fees, policies, procedures, decisions, and forms related to the program adopted by the former administrator are continued in effect as rules, fees, policies, procedures, decisions, and forms of the licensing commission or the licensing department, as applicable, and remain in effect until amended or replaced by the licensing commission or licensing department;

(3) a complaint, investigation, contested case, or other proceeding related to the program before the former administrator that is pending on September 1, 2020, is transferred without change in status to the licensing department or the licensing commission, as appropriate;

(4) all money, contracts, leases, property, and obligations related to the program of the former administrator are transferred to the licensing department;

(5) all property related to the program in the custody of the former administrator is transferred to the licensing department; and

(6) the unexpended and unobligated balance of any money appropriated by the legislature for the former administrator for the purpose of administering the program is transferred to the licensing department.

(c) The former administrator shall provide the licensing department with access to any systems or information necessary for the department to accept the program transferred under this Act.

(d) A license or certificate issued by the former administrator is continued in effect as a license or certificate of the licensing department.

(e) On September 1, 2020, all full-time equivalent employee positions at the former administrator that primarily concern the administration or enforcement of the program become positions at the licensing department.

SECTION 8.028. (a) Except as provided by Subsection (b) of this section, this article takes effect September 1, 2020.

(b) Section 8.026 of this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Section 8.026 takes effect on the 91st day after the last day of the legislative session.

ARTICLE 9. EFFECTIVE DATE

SECTION 9.001. Except as otherwise provided by this Act, this Act takes effect September 1, 2019.

The Conference Committee Report on **SB 616** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
HOUSE BILL 3148

Senator Bettencourt submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 3148** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

BETTENCOURT	PARKER
PERRY	ALLISON
KOLKHORST	FRANK
HINOJOSA	SPRINGER
MENÉNDEZ	ORTEGA
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 3148** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON SENATE BILL 562

Senator Zaffirini submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 562** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

ZAFFIRINI	PRICE
FLORES	LARSON
HUFFMAN	MINJAREZ
PERRY	MOODY
RODRÍGUEZ	PADDIE
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to criminal or juvenile procedures regarding persons who are or may be persons with a mental illness or intellectual disability and the operation and effects of successful completion of a mental health court program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 8(a), Article 42.09, Code of Criminal Procedure, is amended to read as follows:

(a) A county that transfers a defendant to the Texas Department of Criminal Justice under this article shall deliver to an officer designated by the department:

(1) a copy of the judgment entered pursuant to Article 42.01, completed on a standardized felony judgment form described by Section 4 of that article;

(2) a copy of any order revoking community supervision and imposing sentence pursuant to Article 42A.755, including:

(A) any amounts owed for restitution, fines, and court costs, completed on a standardized felony judgment form described by Section 4, Article 42.01; and

(B) a copy of the client supervision plan prepared for the defendant by the community supervision and corrections department supervising the defendant, if such a plan was prepared;

(3) a written report that states the nature and the seriousness of each offense and that states the citation to the provision or provisions of the Penal Code or other law under which the defendant was convicted;

(4) a copy of the victim impact statement, if one has been prepared in the case under Article 56.03;

(5) a statement as to whether there was a change in venue in the case and, if so, the names of the county prosecuting the offense and the county in which the case was tried;

(6) if requested, information regarding the criminal history of the defendant, including the defendant's state identification number if the number has been issued;

(7) a copy of the indictment or information for each offense;

(8) a checklist sent by the department to the county and completed by the county in a manner indicating that the documents required by this subsection and Subsection (c) accompany the defendant;

(9) if prepared, a copy of a presentence or postsentence report prepared under Subchapter F, Chapter 42A;

(10) a copy of any detainer, issued by an agency of the federal government, that is in the possession of the county and that has been placed on the defendant;

(11) if prepared, a copy of the defendant's Texas Uniform Health Status Update Form; [~~and~~]

(12) a written description of a hold or warrant, issued by any other jurisdiction, that the county is aware of and that has been placed on or issued for the defendant; and

(13) a copy of any mental health records, mental health screening reports, or similar information regarding the mental health of the defendant.

SECTION 2. Article 46B.001, Code of Criminal Procedure, is amended to read as follows:

Art. 46B.001. DEFINITIONS. In this chapter:

(1) "Adaptive behavior" means the effectiveness with or degree to which a person meets the standards of personal independence and social responsibility expected of the person's age and cultural group.

(2) "Commission" means the Health and Human Services Commission.

(3) "Competency restoration" means the treatment or education process for restoring a person's ability to consult with the person's attorney with a reasonable degree of rational understanding, including a rational and factual understanding of the court proceedings and charges against the person.

(4) "Developmental period" means the period of a person's life from birth through 17 years of age.

(5) "Electronic broadcast system" means a two-way electronic communication of image and sound between the defendant and the court and includes secure Internet videoconferencing.

(6) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission.

(7) "Inpatient mental health facility" has the meaning assigned by Section 571.003, Health and Safety Code.

(8) [~~(2)~~] "Intellectual disability" means significantly subaverage general intellectual functioning that is concurrent with deficits in adaptive behavior and originates during the developmental period [~~has the meaning assigned by Section 591.003, Health and Safety Code~~].

(9) [~~(3)~~] "Local mental health authority" has the meaning assigned by Section 571.003, Health and Safety Code.

(10) [~~(4)~~] "Local intellectual and developmental disability authority" has the meaning assigned by Section 531.002, Health and Safety Code.

(11) [~~(5)~~] "Mental health facility" has the meaning assigned by Section 571.003, Health and Safety Code.

(12) [~~(6)~~] "Mental illness" means an illness, disease, or condition, other than epilepsy, dementia, substance abuse, or intellectual disability, that grossly impairs:

(A) a person's thought, perception of reality, emotional process, or judgment; or

(B) behavior as demonstrated by recent disturbed behavior [~~has the meaning assigned by Section 571.003, Health and Safety Code~~].

(13) [~~(7)~~] "Residential care facility" has the meaning assigned by Section 591.003, Health and Safety Code.

(14) "Subaverage general intellectual functioning" means a measured intelligence two or more standard deviations below the age-group mean, using a standardized psychometric instrument.

[~~(8) "Electronic broadcast system" means a two-way electronic communication of image and sound between the defendant and the court and includes secure Internet videoconferencing.~~

[~~(9) "Competency restoration" means the treatment or education process for restoring a person's ability to consult with the person's attorney with a reasonable degree of rational understanding, including a rational and factual understanding of the court proceedings and charges against the person.~~]

SECTION 3. Subchapter A, Chapter 46B, Code of Criminal Procedure, is amended by adding Article 46B.0021 to read as follows:

Art. 46B.0021. FACILITY DESIGNATION. The commission may designate for the commitment of a defendant under this chapter only a facility operated by the commission or under a contract with the commission for that purpose.

SECTION 4. Article 46B.073(c), Code of Criminal Procedure, is amended to read as follows:

(c) If the defendant is charged with an offense listed in Article 17.032(a)[~~, other than an offense under Section 22.01(a)(1), Penal Code,~~] or if the indictment alleges an affirmative finding under Article 42A.054(c) or (d), the court shall enter an order committing the defendant for competency restoration services to a [~~the maximum security unit of any~~] facility designated by the commission [~~Department of State Health Services, to an agency of the United States operating a mental hospital, or to a Department of Veterans Affairs hospital~~].

SECTION 5. Subchapter D, Chapter 46B, Code of Criminal Procedure, is amended by adding Article 46B.0831 to read as follows:

Art. 46B.0831. DETERMINATION WHETHER DEFENDANT IS MANIFESTLY DANGEROUS. A defendant committed to a maximum security unit by the commission may be assessed, at any time before the defendant is restored to competency, by the review board established under Section 46B.105 to determine

whether the defendant is manifestly dangerous. If the review board determines the defendant is not manifestly dangerous, the commission shall transfer the defendant to a non-maximum security facility designated by the commission.

SECTION 6. Article 46B.104, Code of Criminal Procedure, is amended to read as follows:

Art. 46B.104. CIVIL COMMITMENT PLACEMENT: FINDING OF VIOLENCE. A defendant committed to a facility as a result of proceedings initiated under this chapter shall be committed to the [~~maximum security unit of any~~] facility designated by the commission [~~Department of State Health Services~~] if:

(1) the defendant is charged with an offense listed in Article 17.032(a)[~~, other than an offense listed in Article 17.032(a)(6)~~]; or

(2) the indictment charging the offense alleges an affirmative finding under Article 42A.054(c) or (d).

SECTION 7. Articles 46B.105(a), (b), and (e), Code of Criminal Procedure, are amended to read as follows:

(a) Unless a defendant committed to a maximum security unit by the commission is determined to be manifestly dangerous by a review board established under Subsection (b), not later than the 60th day after the date the defendant arrives at the maximum security unit, the defendant shall be transferred to:

(1) a unit of an inpatient mental health facility other than a maximum security unit;

(2) a residential care facility; or

(3) a program designated by a local mental health authority or a local intellectual and developmental disability authority.

(b) The executive commissioner [~~of state health services~~] shall appoint a review board of five members, including one psychiatrist licensed to practice medicine in this state and two persons who work directly with persons with mental illness or an intellectual disability, to determine whether the defendant is manifestly dangerous and, as a result of the danger the defendant presents, requires continued placement in a maximum security unit.

(e) If the superintendent of the facility at which the maximum security unit is located disagrees with the determination, the matter shall be referred to the executive commissioner [~~of state health services~~]. The executive commissioner shall decide whether the defendant is manifestly dangerous.

SECTION 8. Article 46B.106(a), Code of Criminal Procedure, is amended to read as follows:

(a) A defendant committed to a facility as a result of the proceedings initiated under this chapter, other than a defendant described by Article 46B.104, shall be committed to:

(1) a facility designated by the commission [~~Department of State Health Services or the Department of Aging and Disability Services, as appropriate~~]; or

(2) an outpatient treatment program.

SECTION 9. Articles 46B.107(a) and (d), Code of Criminal Procedure, are amended to read as follows:

(a) The release of a defendant committed under this chapter from the commission [~~Department of State Health Services, the Department of Aging and Disability Services~~], an outpatient treatment program, or another facility is subject to disapproval by the committing court if the court or the attorney representing the state has notified the head of the facility or outpatient treatment provider, as applicable, to which the defendant has been committed that a criminal charge remains pending against the defendant.

(d) The court shall, on receiving notice from the head of a facility or outpatient treatment provider of intent to release the defendant under Subsection (b) [~~may, on motion of the attorney representing the state or on its own motion~~], hold a hearing to determine whether release is appropriate under the applicable criteria in Subtitle C or D, Title 7, Health and Safety Code. The court may, on motion of the attorney representing the state or on its own motion, hold a hearing to determine whether release is appropriate under the applicable criteria in Subtitle C or D, Title 7, Health and Safety Code, regardless of whether the court receives notice that the head of a facility or outpatient treatment provider provides notice of intent to release the defendant under Subsection (b). The court may conduct the hearing:

(1) at the facility; or

(2) by means of an electronic broadcast system as provided by Article 46B.013.

SECTION 10. Article 46B.151(c), Code of Criminal Procedure, is amended to read as follows:

(c) Notwithstanding Subsection (b), a defendant placed in a facility of the commission [~~Department of State Health Services or the Department of Aging and Disability Services~~] pending civil hearing under this article may be detained in that facility only with the consent of the head of the facility and pursuant to an order of protective custody issued under Subtitle C, Title 7, Health and Safety Code.

SECTION 11. Articles 46C.001(1) and (2), Code of Criminal Procedure, are amended to read as follows:

(1) "Commission" means the Health and Human Services Commission [~~"Commissioner" means the commissioner of state health services~~].

(2) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission [~~"Department" means the Department of State Health Services~~].

SECTION 12. Subchapter A, Chapter 46C, Code of Criminal Procedure, is amended by adding Article 46C.0011 to read as follows:

Art. 46C.0011. FACILITY DESIGNATION. The commission may designate for the commitment of a defendant under this chapter only a facility operated by the commission or under a contract with the commission for that purpose.

SECTION 13. Article 46C.104, Code of Criminal Procedure, is amended to read as follows:

Art. 46C.104. ORDER COMPELLING DEFENDANT TO SUBMIT TO EXAMINATION. (a) For the purposes described by this chapter, the court may order any defendant to submit to examination, including a defendant who is free on bail. If the defendant fails or refuses to submit to examination, the court may order the

defendant to custody for examination for a reasonable period not to exceed 21 days. Custody ordered by the court under this subsection may include custody at a facility operated by the commission [~~department~~].

(b) If a defendant who has been ordered to a facility operated by the commission [~~department~~] for examination remains in the facility for a period that exceeds 21 days, the head of that facility shall cause the defendant to be immediately transported to the committing court and placed in the custody of the sheriff of the county in which the committing court is located. That county shall reimburse the facility for the mileage and per diem expenses of the personnel required to transport the defendant, calculated in accordance with the state travel rules in effect at that time.

(c) The court may not order a defendant to a facility operated by the commission [~~department~~] for examination without the consent of the head of that facility.

SECTION 14. Article 46C.106(b), Code of Criminal Procedure, is amended to read as follows:

(b) The county in which the indictment was returned or information was filed shall reimburse a facility operated by the commission [~~department~~] that accepts a defendant for examination under this subchapter for expenses incurred that are determined by the commission [~~department~~] to be reasonably necessary and incidental to the proper examination of the defendant.

SECTION 15. Article 46C.160(b), Code of Criminal Procedure, is amended to read as follows:

(b) The court may order a defendant detained in a facility of the commission [~~department or a facility of the Department of Aging and Disability Services~~] under this article only with the consent of the head of the facility.

SECTION 16. Article 46C.202(a), Code of Criminal Procedure, is amended to read as follows:

(a) Notwithstanding Article 46C.201(b), a person placed in a commission [~~department~~] facility [~~or a facility of the Department of Aging and Disability Services~~] pending civil hearing as described by that subsection may be detained only with the consent of the head of the facility and under an Order of Protective Custody issued under Subtitle C or D, Title 7, Health and Safety Code.

SECTION 17. Articles 46C.251(a) and (b), Code of Criminal Procedure, are amended to read as follows:

(a) The court shall order the acquitted person to be committed for evaluation of the person's present mental condition and for treatment to the [~~maximum security unit of any~~] facility designated by the commission [~~department~~]. The period of commitment under this article may not exceed 30 days.

(b) The court shall order that:

(1) a transcript of all medical testimony received in the criminal proceeding be prepared as soon as possible by the court reporter and the transcript be forwarded to the facility to which the acquitted person is committed; and

(2) the following information be forwarded to the facility and[~~, as applicable,~~] to the commission [~~department or the Department of Aging and Disability Services~~]:

(A) the complete name, race, and gender of the person;

(B) any known identifying number of the person, including social security number, driver's license number, or state identification number;

(C) the person's date of birth; and

(D) the offense of which the person was found not guilty by reason of insanity and a statement of the facts and circumstances surrounding the alleged offense.

SECTION 18. Article 46C.260, Code of Criminal Procedure, is amended to read as follows:

Art. 46C.260. TRANSFER OF COMMITTED PERSON TO NON-MAXIMUM SECURITY [~~NONSECURE~~] FACILITY. (a) A person committed to a facility under this subchapter shall be committed to a [~~the maximum security unit of any~~] facility designated by the commission [~~department~~].

(b) A person committed under this subchapter shall be transferred to the designated facility [~~maximum security unit~~] immediately on the entry of the order of commitment.

(c) Unless a [~~the~~] person committed to a maximum security unit by the commission is determined to be manifestly dangerous by a review board under this article [~~within the department~~], not later than the 60th day following the date of the person's arrival at the maximum security unit the person shall be transferred to a non-maximum security [~~nonsecure~~] unit of a facility designated by the commission [~~department or the Department of Aging and Disability Services, as appropriate~~].

(d) The executive commissioner shall appoint a review board of five members, including one psychiatrist licensed to practice medicine in this state and two persons who work directly with persons with mental illnesses or with mental retardation, to determine whether the person is manifestly dangerous and, as a result of the danger the person presents, requires continued placement in a maximum security unit.

(e) If the head of the facility at which the maximum security unit is located disagrees with the determination, then the matter shall be referred to the executive commissioner. The executive commissioner shall decide whether the person is manifestly dangerous.

SECTION 19. Article 55.01, Code of Criminal Procedure, is amended by amending Subsection (a) and adding Subsection (a-4) to read as follows:

(a) A person who has been placed under a custodial or noncustodial arrest for commission of either a felony or misdemeanor is entitled to have all records and files relating to the arrest expunged if:

(1) the person is tried for the offense for which the person was arrested and is:

(A) acquitted by the trial court, except as provided by Subsection (c); or

(B) convicted and subsequently:

(i) pardoned for a reason other than that described by Subparagraph (ii); or

(ii) pardoned or otherwise granted relief on the basis of actual innocence with respect to that offense, if the applicable pardon or court order clearly indicates on its face that the pardon or order was granted or rendered on the basis of the person's actual innocence; or

(2) the person has been released and the charge, if any, has not resulted in a final conviction and is no longer pending and there was no court-ordered community supervision under Chapter 42A for the offense, unless the offense is a Class C misdemeanor, provided that:

(A) regardless of whether any statute of limitations exists for the offense and whether any limitations period for the offense has expired, an indictment or information charging the person with the commission of a misdemeanor offense based on the person's arrest or charging the person with the commission of any felony offense arising out of the same transaction for which the person was arrested:

(i) has not been presented against the person at any time following the arrest, and:

(a) at least 180 days have elapsed from the date of arrest if the arrest for which the expunction was sought was for an offense punishable as a Class C misdemeanor and if there was no felony charge arising out of the same transaction for which the person was arrested;

(b) at least one year has elapsed from the date of arrest if the arrest for which the expunction was sought was for an offense punishable as a Class B or A misdemeanor and if there was no felony charge arising out of the same transaction for which the person was arrested;

(c) at least three years have elapsed from the date of arrest if the arrest for which the expunction was sought was for an offense punishable as a felony or if there was a felony charge arising out of the same transaction for which the person was arrested; or

(d) the attorney representing the state certifies that the applicable arrest records and files are not needed for use in any criminal investigation or prosecution, including an investigation or prosecution of another person; or

(ii) if presented at any time following the arrest, was dismissed or quashed, and the court finds that the indictment or information was dismissed or quashed because:

(a) the person completed a veterans treatment court program created under Chapter 124, Government Code, or former law, subject to Subsection (a-3);

(b) the person completed a mental health court program created under Chapter 125, Government Code, or former law, subject to Subsection (a-4);

(c) the person completed a pretrial intervention program authorized under Section 76.011, Government Code, other than a veterans treatment court program created under Chapter 124, Government Code, or former law, or a mental health court program created under Chapter 125, Government Code, or former law;

(d) [~~(c)~~] the presentment had been made because of mistake, false information, or other similar reason indicating absence of probable cause at the time of the dismissal to believe the person committed the offense; or

(e) [~~(d)~~] the indictment or information was void; or

(B) prosecution of the person for the offense for which the person was arrested is no longer possible because the limitations period has expired.

(a-4) A person is eligible under Subsection (a)(2)(A)(ii)(b) for an expunction of arrest records and files only if:

(1) the person has not previously received an expunction of arrest records and files under that sub-subparagraph; and

(2) the person submits to the court an affidavit attesting to that fact.

SECTION 20. Section 1a, Article 55.02, Code of Criminal Procedure, is amended by adding Subsection (a-2) to read as follows:

(a-2) A trial court dismissing a case following a person's successful completion of a mental health court program created under Chapter 125, Government Code, or former law, if the trial court is a district court, or a district court in the county in which the trial court is located may, with the consent of the attorney representing the state, enter an order of expunction for a person entitled to expunction under Article 55.01(a)(2)(A)(ii)(b) not later than the 30th day after the date the court dismisses the case or receives the information regarding that dismissal, as applicable. Notwithstanding any other law, a court that enters an order for expunction under this subsection may not charge any fee or assess any cost for the expunction.

SECTION 21. Article 102.006(a), Code of Criminal Procedure, is amended to read as follows:

(a) In addition to any other fees required by other law and except as provided by Subsections [~~Subsection~~] (b) and (b-1), a petitioner seeking expunction of a criminal record in a district court shall pay the following fees:

(1) the fee charged for filing an ex parte petition in a civil action in district court;

(2) $1 plus postage for each certified mailing of notice of the hearing date; and

(3) $2 plus postage for each certified mailing of certified copies of an order of expunction.

SECTION 22. Article 102.006(b), Code of Criminal Procedure, as amended by Chapters 693 (H.B. 322) and 1149 (H.B. 557), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended to read as follows:

(b) The fees under Subsection (a) or the fee under Subsection (a-1), as applicable, shall be waived if the petitioner [~~:~~

[~~(1)~~] seeks expunction of a criminal record that relates to an arrest for an offense of which the person was acquitted, other than an acquittal for an offense described by Article 55.01(c), and the petition for expunction is filed not later than the 30th day after the date of the acquittal [~~; or~~

[~~(2) is entitled to expunction under Article 55.01(a)(2)(A)(ii)(a) after successful completion of a veterans treatment court program created under Chapter 124, Government Code, or former law~~].

SECTION 23. Article 102.006, Code of Criminal Procedure, is amended by adding Subsection (b-1) to read as follows:

(b-1) The fees under Subsection (a) shall be waived if the petitioner is entitled to expunction:

(1) under Article 55.01(a)(2)(A)(ii)(a) after successful completion of a veterans treatment court program created under Chapter 124, Government Code, or former law; or

(2) under Article 55.01(a)(2)(A)(ii)(b) after successful completion of a mental health court program created under Chapter 125, Government Code, or former law.

SECTION 24. Section 125.001, Government Code, is amended to read as follows:

Sec. 125.001. MENTAL HEALTH COURT PROGRAM DEFINED; PROCEDURES FOR CERTAIN DEFENDANTS. (a) In this chapter, "mental health court program" means a program that has the following essential characteristics:

(1) the integration of mental illness treatment services and mental retardation services in the processing of cases in the judicial system;

(2) the use of a nonadversarial approach involving prosecutors and defense attorneys to promote public safety and to protect the due process rights of program participants;

(3) early identification and prompt placement of eligible participants in the program;

(4) access to mental illness treatment services and mental retardation services;

(5) ongoing judicial interaction with program participants;

(6) diversion of potentially mentally ill or mentally retarded defendants to needed services as an alternative to subjecting those defendants to the criminal justice system;

(7) monitoring and evaluation of program goals and effectiveness;

(8) continuing interdisciplinary education to promote effective program planning, implementation, and operations; and

(9) development of partnerships with public agencies and community organizations, including local mental retardation authorities.

(b) If a defendant successfully completes a mental health court program, after notice to the attorney representing the state and a hearing in the mental health court at which that court determines that a dismissal is in the best interest of justice, the mental health court shall provide to the court in which the criminal case is pending information about the dismissal and shall include all of the information required about the defendant for a petition for expunction under Section 2(b), Article 55.02, Code of Criminal Procedure. The court in which the criminal case is pending shall dismiss the case against the defendant and:

(1) if that trial court is a district court, the court may, with the consent of the attorney representing the state, enter an order of expunction on behalf of the defendant under Section 1a(a-2), Article 55.02, Code of Criminal Procedure; or

(2) if that trial court is not a district court, the court may, with the consent of the attorney representing the state, forward the appropriate dismissal and expunction information to enable a district court with jurisdiction to enter an order of expunction on behalf of the defendant under Section 1a(a-2), Article 55.02, Code of Criminal Procedure.

SECTION 25. Chapter 125, Government Code, is amended by adding Sections 125.0025 and 125.005 to read as follows:

Sec. 125.0025. ESTABLISHMENT OF REGIONAL PROGRAM. The commissioners courts of two or more counties may elect to establish a regional mental health court program under this chapter for the participating counties.

Sec. 125.005. PROGRAM IN CERTAIN COUNTIES MANDATORY. (a) The commissioners court of a county with a population of more than 200,000 shall:

(1) establish a mental health court program under Section 125.002; and

(2) direct the judge, magistrate, or coordinator to comply with Section 121.002(c)(1).

(b) A county required under this section to establish a mental health court program shall apply for federal and state funds available to pay the costs of the program. The criminal justice division of the governor's office may assist a county in applying for federal funds as required by this subsection.

(c) Notwithstanding Subsection (a), a county is required to establish a mental health court program under this section only if:

(1) the county receives federal or state funding specifically for that purpose in an amount sufficient to pay the fund costs of the mental health court program; and

(2) the judge, magistrate, or coordinator receives the verification described by Section 121.002(c)(2).

(d) A county that is required under this section to establish a mental health court program and fails to establish or to maintain that program is ineligible to receive grant funding from this state or any state agency.

SECTION 26. Section 532.013(a), Health and Safety Code, is amended to read as follows:

(a) In this section:

(1) "Forensic patient" means a person with mental illness or a person with an intellectual disability who is:

(A) examined on the issue of competency to stand trial by an expert appointed under Subchapter B, Chapter 46B, Code of Criminal Procedure;

(B) found incompetent to stand trial under Subchapter C, Chapter 46B, Code of Criminal Procedure;

(C) committed to court-ordered mental health services under Subchapter E, Chapter 46B, Code of Criminal Procedure; [~~or~~]

(D) found not guilty by reason of insanity under Chapter 46C, Code of Criminal Procedure;

(E) examined on the issue of fitness to proceed with juvenile court proceedings by an expert appointed under Chapter 51, Family Code; or

(F) found unfit to proceed under Subchapter C, Chapter 55, Family Code.

(2) "Forensic services" means a competency examination, competency restoration services, or mental health or intellectual disability services provided to a current or former forensic patient in the community or at a department facility.

SECTION 27. (a) This Act applies only to a proceeding under Chapter 46B or 46C, Code of Criminal Procedure, that begins on or after the effective date of this Act, regardless of when the defendant committed the underlying offense for which the

defendant became subject to the proceeding. A proceeding that begins before the effective date of this Act is governed by the law in effect on the date the proceeding began, and the former law is continued in effect for that purpose.

(b) Except as provided by Subsection (c) of this section, the changes in law made to Articles 55.01 and 55.02, Code of Criminal Procedure, apply to the expunction of arrest records and files for a person who successfully completes a mental health court program under Chapter 125, Government Code, or former law before, on, or after the effective date of this Act, regardless of when the underlying arrest occurred.

(c) The change in law made by this Act to Article 102.006, Code of Criminal Procedure, applies to the fees charged or costs assessed for an expunction order entered on or after the effective date of this Act, regardless of whether the underlying arrest occurred before, on, or after the effective date of this Act.

(d) For a person who is entitled to expunction under Article 55.01(a)(2)(A)(ii)(b), Code of Criminal Procedure, as amended by this Act, based on a successful completion of a mental health court program under Chapter 125, Government Code, or former law before the effective date of this Act, notwithstanding the 30-day time limit provided for the court to enter an automatic order of expunction under Section 1a(a-2), Article 55.02, Code of Criminal Procedure, as added by this Act, the court may, with the consent of the attorney representing the state, enter an order of expunction for the person as soon as practicable after the court receives written notice from any party to the case about the person's entitlement to the expunction.

SECTION 28. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

The Conference Committee Report on **SB 562** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 3842

Senator Hinojosa submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 3842** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

HINOJOSA	T. KING
FLORES	GEREN
HUGHES	GOLDMAN
ZAFFIRINI	CANALES
	HARLESS
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 3842** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
HOUSE BILL 1053

Senator Lucio submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 1053** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

LUCIO	GUILLEN
CREIGHTON	BURNS
HINOJOSA	LEMAN
	MEZA
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 1053** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON
SENATE BILL 2432

Senator Taylor submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **SB 2432** have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

TAYLOR	SANFORD
BETTENCOURT	HARRIS
HALL	HUBERTY
HUGHES	
CAMPBELL	
On the part of the Senate	On the part of the House

A BILL TO BE ENTITLED
AN ACT

relating to the removal of a public school student from the classroom following certain conduct.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 37.006(a), Education Code, is amended to read as follows:

(a) A student shall be removed from class and placed in a disciplinary alternative education program as provided by Section 37.008 if the student:

(1) engages in conduct involving a public school that contains the elements of the offense of false alarm or report under Section 42.06, Penal Code, or terroristic threat under Section 22.07, Penal Code; or

(2) commits the following on or within 300 feet of school property, as measured from any point on the school's real property boundary line, or while attending a school-sponsored or school-related activity on or off of school property:

(A) engages in conduct punishable as a felony;

(B) engages in conduct that contains the elements of the offense of assault under Section 22.01(a)(1), Penal Code;

(C) sells, gives, or delivers to another person or possesses or uses or is under the influence of:

(i) marihuana or a controlled substance, as defined by Chapter 481, Health and Safety Code, or by 21 U.S.C. Section 801 et seq.; or

(ii) a dangerous drug, as defined by Chapter 483, Health and Safety Code;

(D) sells, gives, or delivers to another person an alcoholic beverage, as defined by Section 1.04, Alcoholic Beverage Code, commits a serious act or offense while under the influence of alcohol, or possesses, uses, or is under the influence of an alcoholic beverage;

(E) engages in conduct that contains the elements of an offense relating to an abusable volatile chemical under Sections 485.031 through 485.034, Health and Safety Code; [~~or~~]

(F) engages in conduct that contains the elements of the offense of public lewdness under Section 21.07, Penal Code, or indecent exposure under Section 21.08, Penal Code; or

(G) engages in conduct that contains the elements of the offense of harassment under Section 42.07(a)(1), (2), (3), or (7), Penal Code, against an employee of the school district.

SECTION 2. This Act applies beginning with the 2019-2020 school year.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

The Conference Committee Report on **SB 2432** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 2858

Senator Schwertner submitted the following Conference Committee Report:

Austin, Texas
May 24, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 2858** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

CREIGHTON	TOTH
CAMPBELL	CAPRIGLIONE
JOHNSON	MIDDLETON
	PATTERSON
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 2858** was filed with the Secretary of the Senate.

CONFERENCE COMMITTEE REPORT ON HOUSE BILL 3

Senator Taylor submitted the following Conference Committee Report:

Austin, Texas
May 23, 2019

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on **HB 3** have had the same under consideration, and beg to report it back with the recommendation that it do pass.

TAYLOR	HUBERTY
CAMPBELL	ASHBY
NELSON	BERNAL
WATSON	M. GONZÁLEZ
WEST	K. KING
On the part of the Senate	On the part of the House

The Conference Committee Report on **HB 3** was filed with the Secretary of the Senate.

CO-SPONSOR OF HOUSE BILL 1495

On motion of Senator Creighton, Senator Rodríguez will be shown as Co-sponsor of **HB 1495**.

CO-SPONSOR OF HOUSE BILL 2856

On motion of Senator Kolkhorst, Senator Alvarado will be shown as Co-sponsor of **HB 2856**.

RESOLUTIONS OF RECOGNITION

The following resolutions were adopted by the Senate:

Memorial Resolutions

SR 823 by Hughes, In memory of Shirley June Lee.

SR 824 by Hughes, In memory of Bobby Lynn Renson.

Congratulatory Resolutions

SR 817 by Creighton, Commending Michael Zalewski for achieving the rank of Eagle Scout.

SR 818 by Creighton, Commending Joshua Vickers for achieving the rank of Eagle Scout.

SR 819 by Creighton, Recognizing the Port Arthur Education Foundation for its contributions to area school systems.

SR 820 by Creighton, Recognizing the Conroe/Lake Conroe Chamber of Commerce on the occasion of its 85th anniversary.

SR 821 by Hughes, Recognizing Eileen and J. M. Coffman on the occasion of their 50th wedding anniversary.

SR 822 by Hughes, Recognizing Michael J. McNally for receiving the Smith County Bar Foundation 2019 Justinian Award.

SR 826 by Lucio, Recognizing Jay Novacek for being named the 2019 Texas Legend for the Eddie Lucio Scholarship Fund.

SR 827 by Lucio, Recognizing Austin Morrison for being commissioned as officer in the United States Marine Corps.

SR 828 by Lucio, Recognizing Lupe Torres for her service to the League of United Latin American Citizens.

SR 829 by Lucio, Recognizing the Texas chapter of the League of United Latin American Citizens on the occasion of the organization's 90th anniversary.

ADJOURNMENT

On motion of Senator Menéndez, the Senate at 4:27 p.m. adjourned until 1:30 p.m. tomorrow.

APPENDIX

BILLS AND RESOLUTIONS ENROLLED

May 23, 2019

SB 38, **SB 68**, **SB 207**, **SB 232**, **SB 284**, **SB 289**, **SB 339**, **SB 340**, **SB 341**, **SB 479**, **SB 504**, **SB 548**, **SB 550**, **SB 575**, **SB 688**, **SB 708**, **SB 747**, **SB 810**, **SB 902**, **SB 907**, **SB 943**, **SB 948**, **SB 952**, **SB 976**, **SB 981**, **SB 986**, **SB 1125**, **SB 1147**, **SB 1164**, **SB 1180**, **SB 1217**, **SB 1221**, **SB 1230**, **SB 1271**, **SB 1283**, **SB 1336**, **SB 1374**, **SB 1386**, **SB 1397**, **SB 1414**, **SB 1422**, **SB 1441**, **SB 1476**, **SB 1494**, **SB 1593**, **SB 1623**, **SB 1640**, **SB 1642**, **SB 1778**, **SB 1788**, **SB 1806**, **SB 1827**, **SB 1828**, **SB 1852**, **SB 1859**, **SB 1887**, **SB 1928**, **SB 1943**, **SB 1969**, **SB 1971**, **SB 1978**, **SB 2011**, **SB 2015**, **SB 2060**, **SB 2073**, **SB 2083**, **SB 2119**, **SB 2143**, **SB 2168**, **SB 2215**, **SB 2223**, **SB 2248**, **SB 2270**, **SB 2296**, **SB 2309**, **SB 2315**, **SB 2330**, **SB 2364**, **SB 2410**, **SB 2445**, **SB 2456**, **SB 2531**, **SB 2558**, **SR 806**, **SR 811**, **SR 812**, **SR 813**, **SR 814**, **SR 815**

In Memory

of

Augie Garrido

Senate Resolution 825

WHEREAS, University of Texas sports fans bade farewell to a renowned college baseball coach with the passing of August Edmun Garrido Jr. on March 15, 2018, at the age of 79; and

WHEREAS, Augie Garrido was born in Vallejo, California, on February 6, 1939; a member of the Fresno State University baseball team, he was named all-conference and competed in the 1959 College World Series; following graduation in 1961, he signed with the Cleveland Indians and played six seasons in the minor leagues; and

WHEREAS, After launching his coaching career in 1966 at Sierra High School in Tollhouse, California, Mr. Garrido rose to the college ranks when he became head coach at San Francisco State University in 1969, and he took charge of the Cal Poly program the following year; named head coach at California State University, Fullerton, in 1973, he produced three College World Series champions in 21 total years with the Titans, and he also won two Big 10 Conference titles at the University of Illinois; and

WHEREAS, Coach Garrido brought his distinctive coaching style to The University of Texas at Austin in 1997; under his guidance, the Longhorns broke a six-year drought with a berth in the 2000 College World Series and went on to make seven additional College World Series appearances and to claim two national championships; UT also won seven Big 12 Conference titles during his tenure, and when he retired in 2016, he was college baseball's all-time winningest coach with 1,975 victories; and

WHEREAS, Credited with the development of 15 Major League Baseball first-round draft picks, Coach Garrido also mentored four National Players of the Year and 53 All-Americans over the course of his legendary career; moreover, he was a six-time National Coach of the Year and was inducted into the National College Baseball Hall of Fame and the Texas Sports Hall of Fame; and

WHEREAS, Widely considered one of the greatest college baseball coaches of all time, Augie Garrido was beloved for his wit, wisdom, and unique psychological approach to the game, and his myriad achievements will continue to be remembered and admired for many years to come; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 86th Legislature, hereby pay tribute to the life of August Edmun Garrido Jr. and extend heartfelt sympathy to all those who mourn his passing; and, be it further

RESOLVED, That an official copy of this Resolution be prepared for his family and that when the Senate adjourns this day, it do so in memory of Augie Garrido.

ZAFFIRINI