HOUSE RESEARCH ORGANIZATION • TEXAS HOUSE OF REPRESENTATIVES
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HOUSE RESEARCH ORGANIZATION

daily floor report

Tuesday, April 22, 2025
89th Legislature, Number 47
The House convenes at 11 a.m.
Part One

One bill is on the Major State Calendar, one resolution is on the Constitutional Amendments Calendar, and 44 bills are on the General State Calendar for second reading consideration. The list of bills in Part One of the *Daily Floor Report* appears on the following page.

Gary VanDeaver
Chairman
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HOUSE RESEARCH ORGANIZATION

Daily Floor Report
Tuesday, April 22, 2025
89th Legislature, Number 47
Part 1

SUBJECT: Creating the Texas Advanced Nuclear Energy Office and grant programs

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 10 ayes — King, Anchía, Darby, Geren, Hull, McQueeney, Metcalf, Phelan, Raymond, Turner

1 nay — Y. Davis

4 absent — Hernandez, Guillen, Smithee, Thompson

WITNESSES: For - Armond Cohen, Clean Air Task Force; W. A. Andy Meyers, Fort Bend County Conference of Urban Counties; John Kotek, Nuclear Energy Institute; Reed Clay, Texas Nuclear Alliance; Jimmy Glotfelty (*Registered, but did not testify*: Brian Christian, Advocates for Responsible Disposal in Texas; Mark Bell, Association of Electric Companies of Texas; Martha Landwehr, BASF; Melissa Shannon, Bexar County Commissioners Court; Carrie Simmons, Conservative Texans for Energy Innovation; Christopher Smith, Constellation; VA Stephens, Consumer Energy Alliance/Texas Consumers for Nuclear Power; Zanir Ali, CPS Energy; Sam Gammage, Dow; Hugo Berlanga, Encore Energy; Scott Hutchinson, Ryland Ramos, Entergy Texas; Aaron Gregg, General Matter; Laura Alexander, Greater Houston Partnership; Ky Ash, Natura Resources; Jennifer Rodriguez, North Texas Commission; Matt Creel, Opportunity Austin; James Mathis, Oxy; Walt Baum, Powering Texans; Caleb Troxclair, REPLOY Power; Elizabeth Montgomery, Samsung Austin Semiconductor, LLC.; Michael Ruggieri, Southwestern Elec. Power Co. (SWEPCO); John Kroll, Switch, Inc; Aaron Taliaferro, Tarrant County Administrator's Office; Jeremy B. Mazur, Texas 2036; Gabriela Perdichizzi, Texas Association of Business; Kyle Bush, Texas Association of Manufacturers; Kolton McDougald, Texas Chemistry Council; Matt Abel, Texas Economic Development Council; Julia Harvey, Texas Electric Cooperatives; John Pitts, Jr, Texas Energy Buyers Alliance; Blake Roach, Texas Farm Bureau; Carson Clayton, Texas Public Policy Foundation; Taylor Kilroy, Texas Public Power Association; Nzingha Williams-Eugene, Victoria Economic Development Corporation; Mance Zachary, Vistra Corporation; Damon Withrow, Xcel energy)

Against - Cyrus Reed, Lone Star Chapter Sierra Club; John Umphress, Public Citizen; Craig Nazor, Sierra Club; Karen Hadden, Texas Nuclear Watchdogs; Carolyn Croom; Susybelle Gosslee; Richard Halpin; Beki Halpin (*Registered, but did not testify*: Adrian Shelley, Public Citizen; Marlene Plua, Sierra Club; Wendy Kalthoff)

On - (*Registered, but did not testify*: David Patterson, Bridge to Nuclear; Barksdale English, Public Utility Commission of Texas; Ashley Forbes, Texas Commission on Environmental Quality)

DIGEST:

CSHB 14 would create the Texas Advanced Nuclear Energy Office in the Office of the Governor, the Advanced Nuclear Energy Fund, and associated grant programs. The bill also would require Texas Workforce Commission (TWC) to establish an advanced nuclear industry workforce development program and authorize the Public Utility Commission of Texas (PUC) to administer an advanced nuclear completion grant program under the Texas Energy Fund (TEF).

Definitions. CSHB 14 would define "advanced nuclear reactor" as a range of nuclear reactor technologies determined by the office to be either of generation III or generation IV, including large light water reactors, small modular reactors, microreactors, and nuclear cogeneration.

The bill would define "advanced nuclear reactor project" to mean an electric generation facility that relied on an advanced nuclear reactor to generate power, a nuclear fuel cycle facility that supplied advanced nuclear reactors, or associated technologies supporting the advanced nuclear energy industry.

Texas Advanced Nuclear Energy Office. CSHB 14 would establish the Texas Advanced Nuclear Energy Office within the Office of the Governor. The purposes of the office would be to:

- provide strategic leadership for the state's advanced nuclear reactor system;

- collaborate with stakeholders and state and local leaders to craft an advanced nuclear energy public outreach program;
- promote the development of advanced nuclear reactor projects for dispatchable electric generation while creating high-wage advanced manufacturing jobs in the state;
- lead the transition to a balanced energy future by advancing innovative nuclear energy generation technologies while delivering safe, reliable, and clean energy solutions that addressed the state's growing demand;
- enhance the state's energy security, foster economic growth, and ensure the safety of future nuclear energy generation development;
- identify barriers to the financial viability of nuclear energy generation and regulatory and licensing complexities that increased risk to nuclear energy developers;
- provide recommendations to the governor and the Legislature on advanced nuclear energy;
- leverage the expertise and capacity of higher education institutions, the nuclear industry, and regulatory stakeholders to create a plan for developing nuclear energy; and
- support the development of an advanced nuclear energy supply chain.

The office would be required to conduct a study to determine the necessity and feasibility of undertaking regulatory functions related to nuclear energy generation facilities in the state. The study would have to be submitted to the Legislature by December 1, 2026.

The governor would be required to appoint a director of the office who had demonstrated experience in advanced nuclear energy and executive and organizational ability. The director would be required to:

- manage the office's affairs;
- advise PUC on the provision of TEF grants for nuclear generation facilities;
- administer the office's programs as established by the bill;

- establish standards to ensure proper use of money by the office; and
- facilitate the location, expansion, and retention of advanced nuclear reactor projects in the state.

The director would have to submit to the governor and the Legislative Budget Board a biennial strategic plan for furthering the office's purposes by December 1 of each even-numbered year.

The director could employ a nuclear permitting coordinator to assist businesses throughout the permitting and regulatory process. The coordinator would be required to have familiarity with the state's permitting and regulatory process and a network of state government contacts. The coordinator would be required to:

- act as a single point of contact for stakeholders during the permitting process;
- identify active or likely siting opportunities, required permits, and required approvals for nuclear energy generation sites and key personnel;
- provide tailored assistance for navigating regulations; and
- share information on the state's economic incentives for advanced nuclear reactor projects.

Advanced Nuclear Development Fund. CSHB 14 would create the Texas Advanced Nuclear Development Fund as a dedicated account in the general revenue fund. The Texas Advanced Nuclear Energy Office could use money in the fund to provide reimbursement-based grants to businesses, nonprofits, and governmental entities through the office's programs, and to pay for reasonable and necessary staff support costs necessary to facilitate the office's work.

The office would be required to establish grant programs to be administered by its director. The office could provide a grant only to reimburse expenses paid using a recipient's own funds, and could not provide a grant to reimburse expenses paid by a recipient using financial assistance or incentives from any government source. Before awarding a

grant, the office would have to enter into a written agreement with the grant recipient specifying benchmarks for the completion of the grant project and requiring the recipient to repay the state if the benchmarks were not reached.

Project Development and Supply Chain Reimbursement Program. CSHB 14 would authorize the office to provide reimbursement grants from the Texas Advanced Nuclear Development Fund for expenses associated with the initial development of an advanced nuclear reactor project in the state. The director would be required to allocate 25 percent of the money appropriated to the fund each biennium to fund projects that qualified for this program. Qualifying expenses would be limited to those attributable or allocable to:

- technology development;
- feasibility studies;
- site planning;
- front-end engineering design;
- site and environmental characterization;
- Nuclear Regulatory Commission (NRC) early site permit work;
- construction permit preparation or combined license application to NRC;
- expanding existing nuclear assets in the state;
- developing manufacturing capacity and readiness;
- fuel processing, manufacturing, and fabrication activities essential to the fuel cycle supply; and
- preparation of local, state, and non-NRC government permits.

These grants could not exceed the lesser of 50 percent of a project's qualifying expenses or $12.5 million.

Advanced Nuclear Construction Reimbursement Program. The office also would be authorized to provide reimbursement grants from the Texas Advanced Nuclear Development Fund for expenses associated with the construction of an advanced nuclear reactor project in the state. Qualifying expenses would be limited to those associated with the NRC's review of the construction permit or combined license application, procurement of

long-lead components, or construction activities. These grants could not exceed the lesser of 50 percent of the project's qualifying expenses or $200 million. The office could not provide such a grant until the applicant had filed a construction permit or combined license application with the NRC.

Application evaluation. The office would be required to evaluate grant applications based on the applicant's quality of services and management; efficiency of operations, access to essential operation resources, application or docketing of a permit or license with the NRC, and evidence of creditworthiness and ability to repay. Information submitted in a grant application would be confidential and not subject to disclosure under the Public Information Act.

The Texas Advanced Nuclear Energy Office and associated grant programs would sunset on September 1, 2040. The Office of the Governor would be required to implement the bill's provisions related to the Texas Advanced Nuclear Energy Office and Texas Advanced Nuclear Development Fund only if the Legislature appropriated money specifically for that purpose. Otherwise, the governor's office could, but would not be required to, implement these provisions using other available appropriations.

Advanced Nuclear Energy Workforce Development Program. CSHB 14 would require TWC, in collaboration with the Texas Higher Education Coordinating Board and the Texas Advanced Nuclear Energy Office, to establish and administer a workforce development program to address urgent skilled labor demands in the advanced nuclear energy industry in the state. Under the program, TWC would have to create a plan to address labor supply gaps and talent retention issues in the industry and provide financial assistance to incentivize and support advanced nuclear energy education, training, research, and leadership development initiatives in higher education.

TWC also would have to develop customized curriculum requirements for degree and certificate programs offered by higher education institutions to prepare students for high-wage jobs in the advanced nuclear energy industry. TWC would be required to submit a report summarizing

program activities to each legislative standing committee with primary jurisdiction over workforce development, higher education, or energy industry matters by September 1 of each year. The report could include recommendations for legislative or other action.

Advanced Nuclear Completion Grant Program. CSHB 14 would authorize PUC to provide, using money available in the TEF, a grant for the costs associated with the completion and operation of an advanced nuclear reactor project in the state that was capable of interconnection with the ERCOT power grid. PUC would be required to establish by rule grant amounts on a per megawatt basis according to the generation capacity of the project. PUC also would have to establish by rule procedures for grant applications and awards, grant program administration, and the provision of grants according to a tiered system based on the amount of electricity in megawatts provided to the ERCOT grid by a project.

PUC could not provide a grant before June 2, 2029. The bill would exempt these grants from certain restrictions on TEF loans and grants, including a prohibition on a loan or grant to a facility that primarily serves an industrial load or private use network. Information submitted in applications for these grants would be confidential and not subject to disclosure under the Public Information Act.

The bill would require PUC to establish a separate account for this grant program within the TEF, and to transfer to the account returns received after September 1, 2025, from fund investments, unspent money remaining on May 31, 2029, and money repaid from loan recipients.

Effective date. The bill would take effect September 1, 2025.

SUPPORTERS SAY:

CSHB 14 would help establish Texas as national leader in nuclear industry renewal and innovation by providing funding mechanisms for development, construction, and completion of advanced nuclear energy projects in the state, establishing a nuclear workforce development program, and providing for permitting guidance to nuclear enterprises through an advanced nuclear energy office under the governor’s office.

Texas' existing conventional nuclear reactors produce a significant amount of reliable, dispatchable energy. Despite these advantages, nuclear energy has not yet been prioritized in the state's approach to expanding energy resources. By incentivizing the development of advanced nuclear reactors, CSHB 14 would help strengthen the resiliency of the state's grid and meet the challenge of greatly-increased power demand due to population growth and emerging, high-energy-consuming industries such as artificial intelligence and the electrification of oil and gas production.

Expanding nuclear energy would complement the growth of renewable energy in Texas, as it could help make up for the intermittency of wind and solar power without significant environmental impact, since nuclear power is carbon-free and does not use much land. Nuclear energy advancement also could help address the state's water crisis by providing for nuclear power plants to be co-located with desalination facilities.

A nuclear renaissance in Texas could add thousands of well-paying jobs and billions to the state's economy. Advancing nuclear would also be strategically important to Texas' national and international energy leadership. States that move early to deploy advanced nuclear reactors will garner the most economic benefit. In addition, advanced nuclear development could help the United States compete for energy dominance on the global stage with international rivals who are also pursuing nuclear expansion.

While nuclear energy has the potential to provide long-term energy stability, the industry faces substantial upfront costs and financial risks that have slowed its development. By providing grants for initial development and construction costs, CSHB 14 would help minimize delays and potential risks associated with advanced nuclear projects.

By specifically focusing on advanced, rather than conventional, nuclear reactors, CSHB 14 would help spur nuclear innovations that mitigate many of the longstanding concerns about the industry, including about safety and waste. Due to the use of alternative fuel types and other design factors, advanced nuclear reactors are safer and generate much less waste than conventional reactors. New technology could even potentially

mitigate some of the waste problems by facilitating the recycling of nuclear fuel rod waste.

By providing financial incentives, workforce development efforts, and guidance for permitting processes, CSHB 14 would reduce barriers to nuclear expansion in Texas. Combined with the state's significant uranium assets, regulatory efficiency, and energy leadership, these measures would position Texas to become a global leader and economic hub for advanced nuclear technology.

CRITICS SAY:

CSHB 14 would not do enough to ensure that nuclear projects receiving state funding were safe, reliable, and clean. The bill would facilitate the spending of taxpayer money on risky and expensive projects based on unproven technology and would benefit a particular private industry without guaranteeing that projects would add energy to the ERCOT grid within a reasonable time frame. Under CSHB 14, projects could receive funds for development or construction before providing any energy at all. By exempting TEF completion grants under the bill from certain requirements, a completed reactor funded through the program would be allowed to sell its power to a single industrial customer without being required to add electricity to the ERCOT wholesale market.

Nuclear energy is expensive, slow to develop, and presents significant safety challenges, including the creation of dangerous waste. Nuclear is significantly more expensive than other forms of energy, including renewables, and is not truly dispatchable because it may not be able to adjust to sudden changes in demand. Nuclear projects have an established history of cost overruns and expensive delays. Because of these patterns, it is possible that, even with state funding, no new nuclear plants would be operational in Texas in the near future.

CSHB 14 should include more guardrails to address cost, safety, and life cycle management for nuclear projects. The bill should specify standards for emergency response, decommissioning reactors, and waste management. The bill also should authorize loans, rather than grants, for advanced nuclear projects. By providing only grants, the financing proposed in CSHB 14 would not align with the Texas Energy Fund, which

offers assistance mostly in the form of loans rather than grants to ensure that developers share financial risk with the state.

The advanced nuclear industry should have to compete in the free energy market rather than being subsidized by the state, as taxpayers should not bear the significant financial risks associated with nuclear development.

In addition, the bill should house the Texas Advanced Nuclear Energy Office under PUC, rather than the Office of the Governor, to provide for more extensive oversight. The bill also should require the director of the office to be confirmed by the Senate to ensure legislative accountability.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of $4,077,299 to general revenue related funds through the biennium. The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement its provisions.

SUBJECT: Amending constitutional tax exemptions related to farm products

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 12 ayes — Meyer, Martinez Fischer, Bernal, Button, Capriglione, Gervin-Hawkins, Hickland, Noble, V. Perez, Troxclair, Turner, Vasut

0 nays

1 absent — Muñoz

WITNESSES: For — (*Registered, but did not testify*: Bill Carson, Native Texas Nursery; Drew Fuller, Texas Farm Bureau; Curtis Smith, Texas Nursery and Landscape Association)

Against — (*Registered, but did not testify*: Fran Rhodes, True Texas Project)

DIGEST: HJR 31 would propose an amendment to the Texas Constitution that would revise the exemption from all taxation of farm products, livestock, and poultry in the hands of the producer by removing livestock and poultry from the items expressly exempted from taxation. The amendment also would authorize the Legislature to define "farm products" and "in the hands of the producer," and allow the Legislature to include livestock, poultry, timber, and supplies used or produced in a farming operation in the definition of "farm products."

The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: "The constitutional amendment authorizing the legislature to define certain terms for purposes of the exemption from ad valorem taxation of farm products in the hands of the producer."

SUPPORTERS SAY: HJR 31 would incentivize agricultural contributions in the state by expanding the definition of "farm products" to allow tax exemptions for farming and ranching inputs like seeds, fertilizer, feed, and other supplies that are not exempt under current law. Allowing the Legislature to define exempted "farm products" and clarify when they are "in the hands of the

producer" would lower property tax burdens on farmers and ranchers who contribute significantly to the state's economy and help stabilize the cost of producing food and agricultural goods. The resolution would protect consumers from potential price increases driven by higher input taxes and reduce pressure on small and mid-sized family farms to help them remain competitive with large agricultural interests, allowing all producers to continue their vital operations in agricultural production.

CRITICS SAY:

HJR 31 would narrow the tax base in favor of the agricultural industry, which could place a burden on average consumers with higher tax rates. Instead, legislation should focus on broad-based tax relief that would benefit all Texans.

NOTES:

The enabling legislation for HJR 31 is HB 255, which is not on the daily House calendar for second reading today.

According to the Legislative Budget Board, the constitutional amendment would have no cost to the state other than the cost of publication, which would be $191,689.

SUBJECT: Expanding certain financial assistance programs for agricultural producers

COMMITTEE: Agriculture & Livestock — committee substitute recommended

VOTE: 7 ayes — Guillen, Cain, Hopper, Kitzman, J. Lopez, McLaughlin, Money

0 nays

2 absent — Guerra, Muñoz

WITNESSES: For — John Steelhammer, Coastal Plains Cotton Company, Texas Cotton Ginners' Association; Steve Olson, Greg Taylor, Plains Cotton Growers; Russell Boening, Texas Farm Bureau; Robert Braden, Texas Grain & Feed Association; Giovana Benitez; Emilee Haubner; Morgan Hodges; Rodney Schronk (*Registered, but did not testify*: Dale Burnett, Burnett's Pest; Roy Herrera, FrontRunner Pest Control, Inc.; Charles Maley, South Texans' Property Rights Association; Peyton Schumann, Texas & Southwestern Cattle Raisers Association; J Pete Laney, Texas Association of Dairymen, Texas Citrus Mutual, Texas Quarter Horse Association; Joe Morris, Texas Beekeepers Association, Texas Sheep and Goat Raisers Association; Todd Kercheval, Texas Conservation Association of Water and Soil, Texas Pest Control Association; Kenneth Hodges, Texas Corn Producers; Rob Hughes, Texas Forestry Association; Curtis Smith, Texas Nursery & Landscape Association; Martin Hubert, Texas Pork Producers, Texas Poultry Federation; Trent Hightower, Royce Poinsett, Texas Veterinary Medical Association)

Against — None

On — Dan Hunter, Texas Department of Agriculture (*Registered, but did not testify*: Rick Avery, Larry Redmon, Texas A&M AgriLife Extension Service)

BACKGROUND: Agriculture Code ch. 58 establishes the Texas Agricultural Finance Authority (TAFA) under the Texas Department of Agriculture (TDA) to support the state agriculture industry.

Through resources from the Texas Agricultural Fund, TAFA administers several financial assistance programs, including the Young Farmer's Grant Program, which provides grants to agriculture producers between the ages of 18 and 46 in amounts ranging from $5,000-$20,000. These grants require dollar-for-dollar matching funds from recipients. TAFA also provides the Young Farmer Interest Rate Reduction Program, which grants to farmers between the ages of 18 and 46 a loan of no more than $500,000 with up to four percent interest rates from eligible lending institutions headquartered in the state.

The programs are overseen by a board of directors with 11 members selected by the commissioner of agriculture according to criteria under Agriculture Code sec. 58.012(a). These members consist of:

- the director of the Institute for International Agribusiness Studies at Prairie View A&M University;
- the commissioner of agriculture, and nine members appointed by the commissioner, including one elected or appointed official of a municipality or county;
- four people who are knowledgeable about agricultural lending practices;
- one person who represents agricultural businesses,
- one person who represents agriculture related entities; and
- two people who represent young farmers and their interests.

DIGEST:

CSHB 43 would amend provisions in Agriculture Code ch. 58 regarding TAFA and its agricultural financial assistance programs. The bill would modify certain definitions, the composition and duties of TAFA's board of directors, the eligibility criteria for inclusion in TAFA's grant and loan programs, and the financial assistance amounts of such programs.

Definitions. The bill would amend the definition of an "agricultural business" to include a nonprofit organization whose primary purpose is to maintain the agricultural use of land and would remove nonagricultural businesses located in rural areas and those that provide recreational activities such as hunting, fishing, hiking, or any other outdoor activities associated with enjoying nature on agricultural land.

TAFA board of directors. CSHB 43 would require that the board of directors consist of 9, rather than 11 members, four of whose terms would expire on January 1 of each odd-numbered year. Of the board members, the governor, rather than the commissioner, would appoint six individuals, including two representatives of agriculture related entities, two people who represent young famers or ranchers and their interests, two people who each operate a family farm or ranch in the state, and the commissioner of agriculture. The commissioner would be required to appoint two members who must be knowledgeable about agricultural lending practices.

Vacancies for unexpired terms would be filled in the same way as provided for appointments.

TAFA duties and authority. Under the bill, TAFA would be required to submit to the Legislative Budget Board a report containing a complete operating and financial statement detailing its revenues and expenditures for each program for the preceding fiscal year.

Additionally, CSHB 43 would specify that TAFA could implement agriculture-related rural economic development projects, rather than rural economic development projects.

Maximum aggregate loan amounts. The bill would remove provisions establishing that the maximum aggregate amount of loans made to or guaranteed, insured, coinsured, or reinsured for an eligible agricultural business by TAFA is $2 million, and that TAFA may provide for such a loan in an aggregate amount not exceeding $5 million with approval by a two-thirds vote of present board members.

Financial assistance programs. The bill would extend TAFA's young farmer grant program, the young farmer interest rate reduction program, and the young farmer loan guarantee program to applicants of all ages by removing the age eligibility requirements for program participation. To reflect this change, CSHB 43 would replace the former program names with "agriculture grant program," "farmer interest rate reduction program," and "agricultural loan guarantee program," respectively.

Agriculture grant program. The bill would require that grants under the agriculture grant program be used for maintaining agricultural businesses,

uses of land, or fostering supply chain resiliency in addition to creating and expanding agricultural businesses. The bill also would:

- expand the grant recipient criteria to include agriculture businesses or producers;
- lower producers' fund-matching requirement from dollar-for-dollar to at least ten percent of the grant they receive; and
- increase the maximum grant amount from $20,000 to $500,000.

Farmer interest rate reduction program. The bill would amend this program by increasing the maximum loan threshold from $500,000 to $1 million and removing the condition that eligible lending institutions be headquartered in the state. The bill also would lower the maximum interest rate lenders could charge above the state-set deposit rate from four percent to one percent. The bill would authorize board members to disperse loans under the farmer interest rate reduction program quarterly, annually, biennially, or on another disbursement schedule it determined necessary after considering the needs of the loan recipient.

Pest and disease control and depredation program. CSHB 43 would establish a financial assistance program supported by the Texas Agricultural Fund for which the Texas Animal Health Commission (TAHC), the Texas A&M AgriLife Extension Service, or the Texas A&M AgriLife Research could apply. These entities would be required to use the grant money to create programs to control agriculture-related diseases, pests, or predators to mitigate an agricultural business's losses. The board would be required to adopt rules to implement these changes, as well as rules governing the program's operation.

Effective date. Changes made to provisions on the TAFA board of directors would apply only to members appointed on or after the bill's effective date and would not prohibit a current board member from reappointment if they still qualified under the bill. The commissioner of agriculture would be required to adopt rules to implement the bill as soon as practicable following the effective date.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2025.

SUPPORTERS SAY:

By revising Texas Agricultural Finance Authority (TAFA) programs and grants, CSHB 43 would support agriculture producers who have struggled to remain in business throughout the ongoing agriculture crisis that has impacted farmers of all ages. Maximum awards under the current grant program often do not cover growing input costs, such as the cost of purchasing new equipment or repairing damaged infrastructure, and rising inflation and insurance costs have led tens of thousands of farmers and ranchers to go out of business. The bill would allow farmers to receive more funds and secure larger loan amounts with reduced interest, alleviating unaffordable operating costs for agricultural producers.

Removing age limits from financial assistance programs would help struggling farmers and ranchers of all ages and agricultural businesses that have operated for generations to stay afloat. Additionally, increasing grant award amounts, lowering the grant matching requirements from 100 to 10 percent, and decreasing fixed rates for loans would provide significant relief for producers whose operations and livelihoods have been impacted by severe drought and other natural disasters, loss of agricultural land, commodity price drops, and rising input and production costs.

Establishing a pest and disease control and depredation program for state agencies and institutions of higher education would help minimize further agricultural losses due to pests, diseases, and predators, strengthening state agriculture through meaningful investments in research. The bill would ensure that the state protects production agriculture, a key industry that has supported national security for generations through responsible stewardship of the state food supply.

CRITICS SAY:

CSHB 43 could compromise the competitive business environment by aiding one of the state's largest industries. The bill could require the state to provide substantial funds to farmers who have not sufficiently adjusted their business models to changing environments and market conditions. Furthermore, the bill could harm some of the farmers it was designed to benefit by supporting industry farmers over young agricultural producers who often lack the equity and assets to compete with big industries and who would struggle to repay high loans.

NOTES:

According to the Legislative Budget Board, the fiscal implications of the bill cannot be determined due to the number and amounts of loans and

grants that would be provided under the increased maximum amounts and the resulting interest earnings to the Texas Agricultural Fund being unknown.

SUBJECT: Establishing the Rural Health Stabilization and Innovation Act

COMMITTEE: Public Health — committee substitute recommended

VOTE: 13 ayes — VanDeaver, Campos, Bucy, Collier, Cunningham, Frank, Johnson, J. Jones, Olcott, Pierson, Schofield, Shofner, Simmons

0 nays

WITNESSES: For - Freddy Olivarez, Medical Arts Hospital; Trace George, North Runnels Hospital District; John Henderson, Texas Organization of Rural & Community Hospitals (TORCH) (*Registered, but did not testify*: Kristilyn Moses, AAMA TSMA; Charles Cascio, AARP Texas; Rick Thompson, County Judges and Commissioners Association of Texas; Josie Castro Garcia, Dallas County; Katherine Strandberg, Every Body Texas; Christine Yanas, Methodist Healthcare Ministries; Greg Hansch, National Alliance on Mental Illness (NAMI) Texas; Tessa Galloso, Texans Care for Children; Charles Miller, Texas 2036; Daniel Gonzalez, Texas Academy of Family Physicians; Blake Hutson, Texas Association of Health Plans; David Reynolds, Texas Chapter American College of Physicians; Andrea Chevalier, Texas Council of Administrators of Special Education (TCASE); Kelsey Bernstein, Texas Council of Community Centers; Nora Cox, Texas e-Health Alliance; Dinah Welsh, Texas EMS, Trauma & Acute Care Foundation; Drew Fuller, Texas Farm Bureau; McCann Turner, Texas Health Resources (THR); Benjamin Williams, Texas Hospital Association; Matt Dowling, Texas Medical Association; Clayton Travis, Texas Pediatric Society; Rachel Wolleben, Texas Women's Healthcare Coalition; Jason Sabo, The Immunization Partnership; Sarah Berel-harrop)

Against - None

On - Victoria Grady, Health and Human Services Commission; Kia Parsi, Texas A&M Health Science Center-Rural and Community Health Institute

DIGEST:

CSHB 18, known as the Rural Health Stabilization and Innovation Act, would establish or make changes to several offices, programs, and services that administer or provide health care services to rural counties of the state.

Rural Hospital Services Strategic Plan. CSHB 18 would require the statewide Rural Hospital Services Strategic Plan to include a rural hospital financial needs assessment and financial vulnerability index quantifying the likelihood that a rural hospital will be able to maintain its current level of services, meet its financial obligations, and remain operational during the next two-year period.

The bill would transfer reporting responsibility from the Health and Human Services Commission (HHSC) to the State Office of Rural Hospital Finance created by the bill. This office also would be responsible for the submission of the plan to the Legislature, the governor, and the Legislative Budget Board. The bill would change the reporting deadline from November 1 to December 1 of each even-numbered year.

State Office of Rural Hospital Finance. The bill would require HHSC to establish and maintain the State Office of Rural Hospital Finance within HHSC to provide technical assistance for rural hospitals and health care systems in rural areas that participated or sought to participate in state or federal financial programs, including Medicaid.

Definitions. CSHB 18 would establish definitions of "rural hospital" and "rural health care clinic" and repeal the definition of "non-urban healthcare facility." The bill would make conforming changes to replace the term "non-urban healthcare facility." The bill would define a rural county as a county with a population of 68,750 or less.

Creation of the Texas Rural Hospital Officers Academy. CSHB 18 would, if funds were appropriated by the Legislature for that purpose, establish the Texas Rural Hospital Officers Academy. HHSC would be required by December 1, 2025, to contract with at least two but no more than four higher education institutions to administer the academy. The academy would be required to provide at least 100 hours of annual coursework and technical training on matters that impact the financial

stability of rural hospitals and rural healthcare systems, including relevant state and federal regulations and financial programs, business administration and revenue maximization, organizational management, and other applicable topics.

HHSC would be required by January 1, 2026, to create an interagency advisory committee to oversee the academy's curriculum development. The committee would be composed of representatives from relevant state agencies, institutions of higher education, and rural hospitals appointed by the HHSC executive commissioner. The committee would be abolished on the earlier of the date a curriculum was adopted or September 1, 2027. The provisions related to the establishment and duties of the committee would expire on September 1, 2028.

HHSC would be required to establish selection criteria for applicants to an academy and include the criteria in each contract with participating institutions. Participation in an academy would be limited to individuals responsible for, or expected to be responsible for, rural hospital or health care system financial stability. Institutions contracted to administer an academy would be required to accept new participants each year, would be required to offer reimbursement for travel expenses, and could not charge for admission or participation.

Grant programs for rural hospitals. CSHB 18 would require HHSC to establish several grant programs for rural hospitals or rural hospital districts, authorities, or organizations. The bill would require the State Office of Rural Hospital Finance to administer the grant programs established under the bill, including setting application and eligibility criteria, executing contracts with grant recipients, and ensuring appropriate use of funds. HHSC would only be required to implement grant programs under the bill if the Legislature appropriated money specifically for that purpose.

To the extent practicable, grants would have to be awarded within 180 days of application receipt. Funding could not be used to supplant non-Medicaid federal funding or cover costs obligated to be reimbursed or paid by another funding source, including Medicaid. The solicitation of

applicants for a grant under the bill would not be subject to certain general Government Code provisions on uniform grant and contract management.

Financial Stabilization Grant Program. The Financial Stabilization Grant Program would be established to support rural hospitals, hospital districts, and hospital authorities at moderate or high risk of financial instability. This risk would be required to be made using the hospital financial needs assessment and vulnerability index developed under the strategic plan.

The office would also be required to develop a formula to allocate funds under the program, which could consider:

- the degree of financial vulnerability of the applicant;
- whether the applicant was the sole hospital provider in the county;
- whether the applicant was within 35 miles of a hospital; and
- other factors determined to be relevant by the office.

For applications submitted before December 1, 2026, the office would have to determine grant eligibility by reviewing financial data published by HHSC. This provision would expire on September 1, 2027.

Emergency Hardship Grant Program. The Emergency Hardship Grant Program would be established to assist rural hospitals, hospital districts, and hospital authorities that had experienced:

- a man-made or natural disaster that resulted in a loss of assets; or
- an unforeseeable or unmitigable circumstance that was likely to cause facility closure or an inability to fund payroll within 180 days of applying for a grant.

Innovation Grant Program. The Innovation Grant Program would be established to support rural hospitals, hospital districts, and hospital authorities that undertake initiatives:

- to provide health care access and improve the quality of rural health care;
- that are likely to improve the recipient's financial stability; and

- that are estimated to become sustainable without future state funding.

In awarding these grants, the office would be required to prioritize funding for initiatives improving health care facilities or services for women who were pregnant or recently gave birth, individuals under age 20, older adults in rural counties, or uninsured individuals.

Rural Hospital Support Grant Program. The rural hospital support grant program would be established to support rural hospitals, hospital districts, hospital authorities, and hospital organizations in improving financial stability, continuing operations, and supporting the long-term viability of the grant recipient.

Rural hospital reimbursement methodologies. CSHB 18 would remove language specifying that the biennial cost-based Medicaid reimbursement methodology for rural hospitals adopted by the executive commissioner of HHSC is subject to limitations on appropriations. To the extent allowed by federal law, the bill also would require the HHSC executive commissioner to develop and calculate an annual add-on reimbursement rate for rural hospitals with obstetrics and gynecology departments.

Pediatric Tele-Connectivity Resource Program for Rural Texas. The bill would revise certain provisions on the Pediatric Tele-Connectivity Resource Program for Rural Texas, including establishing that the program applied to rural hospitals and health clinics rather than nonurban health care facilities. The bill would authorize the program to award grants to rural hospitals and clinics to connect them with an institution of higher education that was a member of the Texas Child Mental Health Care Consortium.

The bill would remove various eligibility criteria for program grant recipients. To the extent practicable, HHSC would be required to award a grant under the program within 180 days of receiving a program application. HHSC also could combine the required biennial report on the program with the report for the Strategic Plan on Rural Hospital Services.

The bill would repeal provisions authorizing the creation of a work group to assist with the program.

Rural Pediatric Mental Health Care Access Program. Using the existing network of child psychiatry access centers, CSHB 18 would establish or expand provider consultation programs to assist health care practitioners providing services at rural hospitals or health clinics to identify and assess the behavioral health needs of and to identify necessary mental health care services to improve access to mental health care services for pediatric and perinatal patients seeking services at the hospital or clinic.

In collaboration with a rural hospital organization, the Texas Child Mental Health Care Consortium would be required to develop and implement a plan by September 1, 2026, to expand telemedicine or telehealth programs for these purposes. The bill would allow for the plan to include limitations on when telemedicine services are available, and require that the level of access to mental health care services for pediatric patients be the same or substantially similar to that of services provided to students attending a school in a school district for which the consortium has made services available.

Mental health care services for minors under the program could only be provided with the written consent of the child's parent, guardian, or the adult with whom the child primarily resides. The consortium would be required to develop a model consent form to be posted on its website.

The bill would require the consortium's biennial report to also be submitted to the Legislative Budget Board. The report would have to include information about the rural hospitals and health clinics to which the program provided mental health access services and the cost to maintain the program.

Other provisions. If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request the waiver and could delay implementation until the waiver or authorization was granted.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2025.

SUPPORTERS SAY:

By establishing the State Office of Rural Hospital Finance, creating the Texas Rural Hospital Officers Academy, establishing several new grant programs for rural hospitals, and amending existing programs, CSHB 18, the Rural Health Stabilization and Innovation Act, would help meet the growing needs of rural hospitals across the state and ensure that Texans in rural communities have access to hospitals and essential health care services.

Over the past two decades, Texas has experienced a troubling decline in the number of hospitals operating in rural areas. According to the Texas Hospital Association, more than 20 rural hospitals have closed in the past decade, while many more have had to reduce or eliminate critical services, such as labor and delivery services, to remain open. CSHB 18 would help prevent the closure of rural hospitals by providing critical financial support through stabilization and innovation grants, as well as targeted Medicaid rate enhancements. These tools would increase access to health care in rural counties by addressing immediate funding gaps, supporting long-term sustainability, and providing rural hospitals with the time and resources to improve their operations.

CSHB 18 would build upon existing programs and initiatives aimed at supporting rural hospitals while providing resources for critical areas, including rural obstetrics, pediatric behavioral health, financial training for rural hospital leadership, and rural collaboratives. The Texas Rural Officers Academy would establish a formal way to train rural hospital leaders, helping address gaps in financial operational roles and improving hospital management capacity. Many rural hospitals do not have the resources or capacity to invest in innovative initiatives or professional development opportunities, and the bill would help close these gaps.

The bill also would reduce administrative barriers to Medicaid supplemental payments by providing technical assistance, helping hospitals avoid missed reimbursements due to the complex process. Additionally, the telemedicine pediatric mental health program under the

bill would help ensure that children in rural areas can receive access to mental health services.

CRITICS SAY:

By authorizing new programs, CSHB 18 would expand the scope of state government and increase spending. The bill could shift financial responsibility of rural health systems to the state without sufficiently addressing structural inefficiencies.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of about $48.7 million to general revenue related funds through the biennium.

SUBJECT: Requiring oil and gas operators to maintain overhead power lines

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 13 ayes — King, Hernandez, Darby, Y. Davis, Geren, Guillen, Hull, McQueeney, Metcalf, Phelan, Raymond, Thompson, Turner

0 nays

2 absent — Anchía, Smithee

WITNESSES: For - (*Registered, but did not testify*: Paige Holbrooks, Texas & Southwestern Cattle Raisers Association; Julia Harvey, Texas Electric Cooperatives)

Against - None

On - (*Registered, but did not testify*: Travis Baer, Railroad Commission of Texas)

DIGEST: CSHB 106 would require the operator of an oil or gas well to maintain, according to Railroad Commission of Texas (RRC) rules, an overhead electrical distribution system line that was owned or controlled by the operator and associated with oil and gas production operations.

Upon determining that an operator had violated a rule adopted under the bill, RRC would be required to assess a penalty against the operator in the manner established by provisions of the Natural Resources Code for certain other civil penalties related to oil and gas.

The bill would take effect September 1, 2025.

SUPPORTERS SAY: CSHB 106 would help prevent wildfires by requiring oil and gas operators to maintain their power lines at well sites. Some of the most destructive wildfires in the Texas panhandle have been started by power lines. Lack of clear regulation in current law has allowed oil and gas operators to neglect dangerous electrical safety problems around well sites. CSHB 106

would clearly establish that oil and gas operators were responsible for power lines they own that are associated with oil and gas production.

CRITICS SAY:

No concerns identified.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of $12,071,062 to general revenue related funds through the biennium.

SUBJECT: Requiring monitoring of certain family violence offenders, victim assistance

COMMITTEE: Criminal Jurisprudence — committee substitute recommended

VOTE: 11 ayes — Smithee, Wu, Bowers, Cook, J. Jones, Little, Louderback, Money, Moody, Rodríguez Ramos, Virdell

0 nays

WITNESSES: For – Angel Carroll, Measure; Aaron Johnson, President, Texas Association of Pretrial Services; Johnrice Newton, Tapestry ministries; Heather Bellino, Texas Advocacy Project; Molly Voyles, Texas Council on Family Violence; Keith Maples, Texas Family Law Foundation; Eden Casey; Leslee Matthews; Chassina Whitlock (*Registered, but did not testify*: Philip Mack Furlow, 106th Judicial District Attorney; Eric Carcerano, Chambers County District Attorney's Office; Nadia Islam, City of San Antonio; Jennifer Tharp, Comal County Criminal District Attorney; Jennifer Szimanski, Combined Law Enforcement Associations of Texas (CLEAT); Andy Kahan, Crime Stoppers; M. Paige Williams, Dallas Criminal District Attorney John Creuzot; Rebekah Chenelle, Dallas Regional Chamber; Ana O'Quin, Girls Empowerment Network; Cory Lee, Professional Bondmen of Texas; Bo Stallman, Sheriffs' Association of Texas (SAT); Amy Bresnen, Texas Family Law Foundation; Nicole Golden, Texas Gun Sense; Robert Watson, Texas Impact; John Wilkerson, Texas Municipal Police Association (TMPA); Scott Rubin, Texas Police Chiefs Association; Nikki Pressley, Texas Public Policy Foundation; Michelle Venegas-Matula, Texas Unitarian Universalist Justice Ministry; Jose Escribano, Travis County Constable Pct 3; and 27 individuals)

Against – None

DIGEST: CSHB 36 would require the use of global positioning system (GPS) monitoring devices for certain high-risk family violence offenders as a condition of bond or a protective order. The bill also would establish procedures for notifying victims of violations, expand the collection and

reporting of data related to protective measures, and create programs to support victims and local governments.

Conditions of bond for family violence offenders. CSHB 36 would require a magistrate to order a defendant charged with an offense involving family violence to wear a GPS monitoring device as a condition of release on bond if the defendant posed a continuing threat to the victim. A defendant would be considered to pose a continuing threat if the defendant had been convicted of an offense involving the use or threatened use of a firearm or had a history of:

- conduct violating offenses against the person under Penal Code, Title 5;
- violating a protective order issued to protect any person; or
- threats to or against the victim.

A magistrate issuing such an order would be required to send a copy to the state's attorney, local law enforcement, and the victim. The receiving law enforcement agency would have to enter the information into the statewide law enforcement database within three business days. The magistrate would be required to instruct the monitoring entity to notify the court, the Department of Public Safety (DPS), local law enforcement, and the victim if a condition of bond was violated.

A magistrate issuing an emergency protective order would be required to impose the same monitoring condition if applicable. The bill also would revise existing law to prohibit a defendant from satisfying this condition by carrying the device rather than wearing it.

If a defendant was at or near a prohibited location, CSHB 36 would allow the victim to receive a contemporaneous notification from the monitoring system either through an electronic receptor device or notification software installed on the victim’s personal device. Notifications would have to be immediate, automatic, and specify the defendant's location if the violation involved a prohibited area.

Except for indigent defendants, and with the victim’s consent, the bill would authorize a magistrate to order a defendant to pay a reimbursement

fee for providing the device or software to the victim. The bill also would expand the information that magistrates must provide victims regarding GPS monitoring devices, including information on criminal penalties for violating bond conditions.

Protective orders for family violence. CSHB 36 would require a court to order a respondent subject to a protective order for family violence to wear a GPS monitoring device and pay a reimbursement fee for the associated costs if the respondent posed a continuing threat to a protected person. A respondent would be considered a continuing threat if the respondent:

- had a history of conduct violating a provision of Title 5 of the Penal Code;
- had a history of violating a previous protective order issued to protect any person;
- had a history of threats to or against a person protected by the order;
- had been convicted of an offense involving the use or threatened use of a firearm; or
- in the five-year period preceding the order, had been convicted of an offense under Title 5 of the Penal Code for which a family violence finding was made.

With the protected person's consent, the court could authorize the reimbursement fee to include the cost of providing the protected person with an electronic receptor device or notification software capable of receiving information from the monitoring device and providing contemporaneous notification if the respondent entered a prohibited area.

If the court found that a respondent was indigent, it could reduce the reimbursement fee based on a locally adopted sliding scale. Monitoring entities would be required to accept a partial fee from an indigent respondent as payment in full, and counties would not be responsible for the remaining costs.

Before issuing a GPS monitoring order, the court would be required to provide the protected person with information about:

- the person's right to participate in or refuse the monitoring system and the procedure to request termination;
- how the monitoring technology functions and its risks and limitations;
- locations included in the protective order and any minimum distances required;
- applicable criminal penalties and sanctions for violations;
- steps to take if the system fails or a violation occurs;
- support services and community resources; and
- the fact that communications with the court regarding the monitoring system and restrictions on the respondent's movements are not confidential.

The bill would require a court ordering a monitoring system to instruct the monitoring entity to provide immediate notification to the court, DPS, the victim, and local law enforcement if a respondent violated the protective order. Notifications would have to be automatic and specify the respondent's location if the violation involved entering a prohibited area.

Victim assistance program and database. CSHB 36 would require DPS, in consultation with other relevant state agencies, to administer a victim assistance program for individuals affected by family violence. The program would be required to:

- provide resources to help victims access necessary services; and
- facilitate direct communication among victims, service providers, family violence centers, and law enforcement.

The bill would require DPS to create and manage a searchable database of assistance programs for family violence victims.

Statewide law enforcement information system. CSHB 36 would require DPS to include additional information in the statewide law enforcement database for individuals subject to active protective orders or

magistrates' orders for emergency protection. This information would include:

- whether the individual was required to wear a GPS monitoring device; and
- the method by which the protected person received contemporaneous notifications of any violations.

The bill also would add that the database must include specific identifying and case-related information for defendants subject to active bond conditions in family violence, sexual assault or abuse, indecent assault, stalking, or trafficking cases. This information would include:

- personal identifying details of the defendant and victim;
- locations the defendant must avoid;
- whether a GPS monitoring device was required;
- how victims were notified of violations, if applicable; and
- any other conditions of bond imposed.

After December 1, 2026, DPS would be required to submit an annual report to the Legislature, based on collected data, on the effectiveness of global positioning monitoring in reducing repeat offenses.

Grant program. CSHB 36 would require the criminal justice division of the governor's office to use its existing grant program to reimburse counties for all or part of the costs incurred from monitoring respondents subject to protective orders for family violence under the bill.

Tampering with monitoring devices. CSHB 36 would expand the felony offense of tampering with an electronic monitoring device to include individuals required to wear a GPS monitoring device under an emergency protective order or protective order for family violence.

Effective date. The bill would take effect September 1, 2025, and would apply only to a person arrested on or after that date or to a cost incurred or an offense committed on or after that date.

SUPPORTERS SAY:

CSHB 36 would enhance victim safety by requiring real-time GPS monitoring of high-risk offenders. The bill would require courts and magistrates to impose monitoring conditions in certain cases where a defendant posed a continuing threat to the victim. Requiring active systems rather than passive ones could help prevent further harm by alerting victims immediately when an offender entered a prohibited area. This would give victims time to take protective action and could save lives, particularly during the high-risk period following separation from an abuser. The bill could address concerns about limited eligibility by allowing courts to consider threats and prior protective order violations, even in the absence of a conviction.

The bill would help prevent repeat violence by automatically notifying victims and law enforcement of protective order violations. These violations would be communicated immediately, providing victims with timely information to make informed safety decisions. This could deter offenders from violating orders and assist law enforcement responses. By offering victims a monitoring tool, the bill also could reduce the need for relocation, allowing survivors to stay in their communities and jobs.

In addition, the bill's requirement that protective order and bond condition data be promptly entered into the DPS information system would improve coordination and close communication gaps among law enforcement entities. Notifying officers when a protective order includes GPS monitoring could help them respond more effectively to family violence.

CSHB 36 would modernize existing supervision practices. Active monitoring would deliver immediate alerts and live location tracking, unlike passive systems that report movements after the fact. This would provide victims and law enforcement with timely information needed to intervene quickly and would reflect best practices already in use by some probation departments. Some counties already have GPS infrastructure in place, and the bill would make use of an existing grant program administered by the governor's office to help support implementation.

CRITICS SAY:

By requiring GPS monitoring of individuals who had not been tried or convicted of a crime, based on factors such as prior protective order

violations or threats, the bill could infringe on constitutional protections for due process and privacy and undermine the presumption of innocence.

The bill also could expand state authority beyond what was necessary to achieve its goals. Without a sunset or review mechanism, the bill could contribute to a more centralized and prescriptive criminal justice model.

OTHER CRITICS SAY:

CSHB 36 could be too limited in scope to cover all high-risk situations. Requiring a specific set of past behaviors, such as a conviction involving a firearm or a violation of a previous protective order, could prevent courts from ordering monitoring in cases where an offender posed a serious risk but did not meet these criteria. A first-time abuser could still present a lethal threat, and the bill should allow magistrates and judges broader discretion to impose monitoring based on the totality of the circumstances. Providing courts with more discretion, rather than prescribing mandatory conditions, could allow for orders better tailored to each case.

Requiring monitoring without funding or clear supervision mechanisms could burden counties and result in uneven enforcement across the state. Pretrial supervision in Texas is not currently funded at the state level, and existing infrastructure may not be sufficient to support the proposed monitoring, particularly in jurisdictions with limited resources.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of $2,153,360 to general revenue related funds through the biennium. Expanding the offense of tampering with an electronic monitoring device could result in additional demands on state and local correctional resources. However, the impact on state correctional populations could not be determined due to the unknown number of individuals who would meet the GPS monitoring criteria.

SUBJECT: Allowing MCOs to offer nutrition counseling and instruction services

COMMITTEE: Human Services — favorable, without amendment

VOTE: 11 ayes — Hull, Manuel, A. Davis, Dorazio, C. Morales, Noble, Richardson, Rose, Schatzline, Slawson, Swanson

0 nays

WITNESSES: For - Hawley Evilsizer, Texas Academy of Nutrition and Dietetics; Valerie Smith, Texas Pediatric Society, Texas Medical Association (*Registered, but did not testify*: Alyssa Jones, Baylor Scott and White Health; Sydney Baker, Buckner International; Michael Dole, Driscoll Health System; Calley Means, End Chronic Disease; Laurie Vanhoose, Episcopal Health Foundation; Travis McCormick, Make Texans Healthy Again; Christine Yanas, Methodist Healthcare Ministries; Tessa Galloso, Texans Care for Children; Preston Poole, Texas Association of Community Health Centers; Jason Baxter, Texas Association of Health Plans; Stephanie Battaglia, Texas CASA; Amanda Tollett, Texas Medical Association; Desiree Ingram, Texas Women's Healthcare Coalition)

Against - None

On - Emily Sentilles, Health & Services Commissioner; Carolina Cano, Houston Food Bank (*Registered, but did not testify*: Mariah Ramon, Health and Human Services Commission)

DIGEST: HB 26 would require Medicaid managed care contracts to include provisions permitting Medicaid managed care organizations (MCOs) to offer, in lieu of other services specified in the state Medicaid plan, medically appropriate, cost-effective, evidence-based nutrition counseling and instruction services that were approved by the state Medicaid managed care advisory committee.

The list of approved nutrition counseling and instruction services could not include home-delivered meals, food prescriptions, or grocery support.

If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request the waiver and could delay implementation until the waiver or authorization was granted.

The bill would take effect September 1, 2025, and would apply to a contract entered into or renewed on or after the effective date.

SUPPORTERS SAY:

HB 26 would improve long-term health outcomes and reduce healthcare costs by allowing Medicaid managed care organizations (MCOs) to offer medically appropriate, cost-effective nutrition counseling and instruction in lieu of other state Medicaid plan services. Poor nutrition is a risk factor for chronic diseases, hypertension, and obesity. Addressing dietary needs through counseling could reduce preventable hospitalizations and empower families to make healthier choices. The bill also would allow MCOs to tailor services to meet beneficiary needs while excluding home-delivered meals, food prescriptions, or grocery support.

The bill would not burden MCOs, since offering in-lieu-of services under the bill would be optional.

CRITICS SAY:

HB 26 could place an additional burden on managed care organizations.

SUBJECT: Regulating AI systems in agency use, establishing the Texas AI Council

COMMITTEE: Delivery of Government Efficiency — committee substitute recommended

VOTE: 13 ayes — Capriglione, Bhojani, Alders, Bowers, Cain, Campos, Cook, Curry, Garcia, Linda, Olcott, Rodríguez Ramos, Tinderholt, Troxclair

0 nays

WITNESSES: For - Tanner Jones, Cicero Action; David Dunmoyer, Texas Public Policy Foundation; Haseeb Abdullah (*Registered, but did not testify*: Clifford Sparks, City of Dallas; Lisa Atkinson)

Against - James Czerniawski, Americans for Prosperity

On - Albert Betts, Insurance Council of Texas; Renzo Soto, TechNet; Glenn Hamer, Texas Association of Business (*Registered, but did not testify*: Rebekah Chenelle, Dallas Regional Chamber; Amanda Crawford, Jennie Hoelscher, John Hoffman, Department of Information Resources; Nora Cox, Texas e-Health Alliance; Darren Ferguson)

DIGEST: CSHB 149 would establish regulations for the use of artificial intelligence (AI) systems, protections for consumers, the AI Regulatory Sandbox Program, and the Texas Artificial Intelligence Council.

The bill would require its provisions to be broadly construed and applied to promote the underlying purposes of facilitating and advancing the responsible development of artificial intelligence (AI) systems, protecting individuals from the reasonably foreseeable risks associated with AI, providing transparency regarding risks in the development, deployment and use of AI, and providing reasonable notice regarding the use or contemplated use of AI systems by state agencies.

CSHB 149 would establish general definitions and protections in the use of AI. Language regarding AI protection could not be construed to impose a requirement that adversely affected the rights or freedoms of any person,

including freedom of speech, nor could they be construed to authorize any department or agency other than the Department of Insurance to regulate or oversee the business of insurance. The bill would supersede and preempt any ordinance, resolution, rule, or other regulation adopted by a political subdivision regarding the use of artificial intelligence systems.

The bill would establish certain definitions related to AI protections:

- "Artificial intelligence system" would mean machine learning and related technology that used data to train statistical models for the purpose of enabling computer systems to perform tasks normally associated with human intelligence or perception, such as computer vision, speech or natural language processing, and content generation;
- "Consumer" would mean an individual who was a resident of this state acting only in an individual or household context. The term would not include an individual acting in a commercial or employment context; and
- "Biometric data" would mean data generated by automatic measurements of an individual's biological characteristics. The term would include a fingerprint, voiceprint, eye retina or iris, or other unique biological pattern or characteristic that was used to identify a specific individual. A physical or digital photograph or data generated from a physical or digital photograph, a video or audio recording or data generated from a video or audio recording, or information collected, used, or stored for health care treatment, payment, or operations under the Health Insurance Portability and Accountability Act of 1996 would not be included.

Duties and prohibitions on use of AI. The bill would establish certain requirements for operators of AI systems and prohibit the use of AI for certain purposes.

Disclosure to consumers. A government agency that made an AI system available for interaction with consumers would be required to disclose to the consumers that they were interacting with an AI system before or during the interaction. A person also would be required to make the

disclosure regardless of whether it would be obvious to a reasonable consumer that the consumer was interacting with an AI system. The disclosure would have to be clear and conspicuous, written in plain language, and could not use a dark pattern interface designed to substantially subvert or impair user autonomy, decision-making, or choice. The disclosure could be provided to the consumer:

- by using a hyperlink to direct a consumer to a separate web page; or
- as part of any waivers or forms signed by a patient at the start of service, for an AI system related to health care services.

Manipulation of human behavior. A person would be prohibited from developing or deploying an AI system in a manner that intentionally aimed to incite or encourage a person to commit physical self-harm, including suicide, harm another person, or engage in criminal activity.

Social scoring. A governmental entity could not use or deploy an AI system that evaluated or classified a natural person or group of natural persons based on social behavior or personal characteristics, whether known, inferred, or predicted, with the intent to calculate or assign a social score or similar categorical estimation or valuation of people that resulted or could result in:

- a detrimental or unfavorable treatment of a person or group of persons in a social context unrelated to the context in which the behavior or characteristics were observed;
- a detrimental or unfavorable treatment of a person or group of persons that is unjustified or disproportionate to the nature or gravity of the observed behavior or characteristics; or
- the infringement of any right guaranteed under the U.S. Constitution, Texas Constitution, or state or federal law.

Capture of biometric data. HB 149 would prohibit a governmental entity from developing or deploying an AI system for the purpose of uniquely identifying a specific individual using biometric data or the targeted or untargeted gathering of images or other media from the internet or any other publicly available source without the individual's consent, if the

gathering of this information would infringe on any right of the individual under the U.S. or Texas Constitution or state or federal law.

The bill also would add to existing statutory restrictions on the capture of biometric data by specifying that the existence of an image or other media containing one or more biometric identifiers of an individual on the internet or other publicly available source would not mean that an individual had been informed of and had provided consent for the capture or storage of a biometric identifier of an individual for a commercial purpose.

These restrictions on biometric data capture would not apply to the training, processing, or storage of biometric identifiers involved in AI systems, unless the training, processing, or storage was performed to uniquely identify a specific individual. If a biometric identifier captured for the training of an AI system was subsequently used for a commercial purpose, the person possessing the biometric identifier would be subject to provisions related to the capture and use of biometric identifiers and penalties associated with a violation of those provisions.

Political viewpoint discrimination. A person would be prohibited from developing or deploying an AI system with the intent for the system to limit an individual's ability to express or receive the expression of others' beliefs or opinions based solely on the individual's political beliefs, opinions, or affiliations or otherwise infringe on an individual's freedom of association or ability to freely express beliefs or opinions.

A person would be prohibited from using an AI system on an interactive computer service to intentionally:

- block, ban, remove, deplatform, demonetize, debank, de-boost, restrict, or otherwise limit an individual;
- engage in behavior limiting the expression of beliefs or opinions; or
- modify or manipulate content posted by an individual to censor the individual's political speech.

This restriction would apply regardless of whether the interactive computer service was automated or overseen by an individual. Restrictions on political viewpoint discrimination would not apply to speech that:

- was illegal under state or federal law;
- constituted a credible threat of violence or incitement to imminent lawless action;
- contained obscene material as defined in state law;
- contained a deep fake video produced or distributed in violation of state law;
- violated intellectual property rights; or
- violated a developer's or deployer's publicly available terms of service.

This restriction would have to be construed as consistent with applicable federal law.

Unlawful discrimination. The bill would prohibit a person from developing or deploying an AI system with the intent to unlawfully discriminate against a protected class in violation of state or federal law. A disparate impact would not be sufficient by itself to demonstrate an intent to discriminate for the purposes of the bill.

The restriction would not apply to an insurance entity for the purposes of providing insurance services if the entity was subject to applicable statutes regulating unfair discrimination, unfair methods of competition, or unfair or deceptive acts or practices related to insurance business.

The bill would define an insurance entity to mean an entity to which certain sanctions provisions of the Insurance Code applied, as a fraternal benefit society regulated under the Insurance Code, or the developer of an AI system used by one of these entities.

Sexually explicit videos, images, and child pornography. CSHB 149 would prohibit a person from developing or distributing an AI system

with the sole intent of producing, assisting, or aiding in producing or distributing:

- visual material in violation of state law on possessing or promoting child pornography; or
- deep fake videos or images in violation of state law on the production or distribution of certain sexually explicit videos.

The bill would require a court determining sole intent under these provisions to consider marketing materials or terms of use associated with the AI system.

Enforcement. CSHB 149 would exclusively authorize the attorney general to enforce provisions of the bill, except to the extent provided for by the bill's provisions regarding enforcement by state agencies. The attorney general would be required to create and maintain an online mechanism on the attorney general's website through which a consumer could submit a complaint under the bill. If the attorney general received a complaint alleging a violation of the bill, the attorney general could issue a civil investigative demand to determine if a violation occurred. The attorney general could request from the person who submitted a complaint descriptions of the AI system, data used to train the program, categories of data processed as inputs, outputs produced, limitations, and other relevant documentation reasonably necessary to conduct the investigation.

Notice of violation, opportunity to cure. The attorney general would be required to notify a person in writing if the attorney general determined that the person had committed a violation, identifying the specific provisions of the bill alleged to have been violated. The attorney general would be prohibited from bringing an action against the person within 60 days of providing the notice or if the person, within 60 days of receiving the notice, cured the violation and provided a written statement that the person had:

- cured the violation;
- notified the Texas Artificial Intelligence Council and, if feasible, the consumer who submitted the complaint that the complaint had been addressed;

- provided supporting documentation to show the manner in which the person cured the violation; and
- made any necessary changes to internal policies to reasonably prevent further violation of the bill.

Civil penalty; injunction. If a person who violated the bill did not cure a violation, the person would be liable for a civil penalty in the amount of:

- between $10,000 to $12,000 for each violation the court determined was curable or a breach of a the statement submitted to the attorney general that the violation had been cured;
- between $80,000 and $200,000 for each violation the court determined to be incurable, and
- for a continued violation, between $12,000 and $40,000 for each day the violation continued.

The attorney general could bring an action in the name of the state to collect a civil penalty, seek injunctive relief against further violations, and recover attorney's fees and reasonable court costs. There would be rebuttal presumption that a person used reasonable care as required under the bill. A defendant in such an action could seek an expedited hearing or other process, including a request for declaratory judgment if the person believed in good faith that the person had not violated the bill.

A defendant could not be found liable if another person used the AI system affiliated with the defendant in a prohibited manner, or the defendant discovered a violation of the bill through:

- feedback from the developer, deployer, or other person who believed that a violation had occurred;
- testing, including adversarial testing or red-team testing;
- following guidelines set by applicable state agencies; or
- an internal review process, if the defendant substantially complied with the most recent version of the "Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile" published by the National Institute of Standards and Technology or another nationally or

internationally recognized risk management framework for artificial intelligence systems.

The attorney general would be prohibited from collecting a civil penalty for an AI system that had not been deployed.

Enforcement action by state agencies. A state agency could impose sanctions against a person licensed, registered, or certified by that agency for a violation under the bill if the person was found in violation of the bill by the attorney general under the aforementioned process and the attorney general recommended additional enforcement by the applicable agency. Sanctions could include suspension, probation, or revocation of a license, registration, certificate, or other authorization to engage in an activity, and a monetary penalty up to $100,000.

Artificial Intelligence Regulatory Sandbox Program. Under the bill, the Texas Department of Information Resources (DIR), in consultation with the Texas Artificial Intelligence Council, would be required to create a regulatory sandbox program that enabled a person to obtain legal protection and limited access to the market in Texas to test innovative AI systems without obtaining a license, registration, or other regulatory authorization. The program would be designed to:

- promote the safe and innovative use of AI systems across various sectors, including healthcare, finance, education, and public services;
- encourage responsible deployment of AI systems while balancing consumer protection, privacy, and public safety;
- provide clear guidelines for a person who developed AI systems to test systems while certain laws and regulations were waived or suspended; and
- allow a person to engage in research, training, testing, or other pre-deployment activities to develop an AI system.

A state agency or the attorney general would be prohibited from filing or pursuing certain punitive action against a sandbox program participant for violation of a law or regulation waived under the bill that occurred during the testing period. Provisions of the bill specifying duties and prohibitions

on the use of AI could not be waived, and the attorney general or a state agency could file charges if a program participant violated these provisions.

An approved participant could test and deploy an AI system for up to 36 months. DIR could extend a test if it found good cause for the test to continue.

Application for program participation. A person would have to obtain approval from DIR before testing an AI system under the program. Under the bill, DIR would have to prescribe the application form. The form would have to require the participant to:

- provide a detailed description of the AI system the applicant desired to test in the program, and its intended use;
- include a benefit assessment that addressed potential impacts on consumers, privacy, and public safety;
- describe the applicant's plan for mitigating any adverse consequences that could occur during the test; and
- provide proof of compliance with any applicable federal AI laws and regulations.

Oversight and compliance. DIR would have to coordinate with all applicable agencies to oversee the operation of a program participant. The Texas Artificial Intelligence Council or an applicable agency could recommend to DIR that a program participant be removed from the program if the applicable agency found that the participant's AI system:

- posed an undue risk to public safety or welfare;
- violated any federal law or regulation; or
- violated any state law or regulation not waived under the program.

Periodic report by program participant. A program participant would be required to provide a quarterly report to DIR, including performance metrics, updates on risk mitigation, and feedback from consumers and stakeholders using the AI system being tested. DIR would be required to

maintain confidentiality regarding intellectual property, trade secrets, and other sensitive information it obtained through the program.

Annual report by DIR. DIR would be required to submit an annual report to the Legislature, including the number of program participants, overall performance if AI systems under the program, and recommendations on changes to laws or regulations for future legislative consideration.

Texas Artificial Intelligence Council. The bill would establish the Texas Artificial Intelligence Council to:

- ensure AI systems in Texas were ethical and developed in the public's best interest;
- ensure artificial intelligence did not harm public safety or undermine individual freedoms by finding issues and making recommendations to the Legislature;
- identify existing laws and regulations that impeded innovation in the development of AI systems and recommend appropriate reforms;
- analyze opportunities to improve the efficiency and effectiveness of state government operations through the use of AI systems;
- make recommendations to applicable state agencies regarding the use of AI systems to improve efficiency;
- investigate and evaluate potential instances of regulatory capture, including undue influence by technology companies or disproportionate burdens on smaller innovators caused by the use of AI systems;
- investigate and evaluate the influence of technology companies on other companies and determine the existence or use of tools or processes designed to censor competitors or users through the use of AI systems;
- offer guidance and recommendations to the Legislature on the ethical and legal use of AI systems;
- conduct and publish the results of a study on the current regulatory environment for AI systems; and
- monitor and make recommendations for the improvement of the Sandbox program.

The council would be administratively attached to DIR, and DIR would be required to provide administrative support to the council. The council also would be required to conduct training programs for state agencies and local governments on the use of AI.

Council membership. The council would be composed of ten members, including four public members appointed by the governor, two by the lieutenant governor, two by the speaker of the House, one senator appointed by the lieutenant governor as a nonvoting member, and one member of the House appointed by the speaker as a nonvoting member. Voting members of the council would serve staggered four-year terms, with the terms of four members expiring every two years. The governor would be required to appoint the chair from among the members, and the council would be required to elect the vice chair from its membership.

The council could establish an advisory board composed of individuals from the public who possessed expertise directly related to the council's functions, including technical, ethical, regulatory, and other relevant areas.

Qualifications of council members. Council members would have to be Texas residents with knowledge or expertise in one or more of the following areas:

- AI systems;
- data privacy and security;
- ethics in technology law;
- public policy and regulation;
- risk management related to AI systems;
- improve the efficiency of governmental operations; or
- anticompetitive practices and market fairness.

The council could hire an executive director and other personnel as necessary to perform its duties.

Limitation of authority. The council would be prohibited from adopting rules or promulgating guidance that was binding for any entity, interfering

with or overriding the operation of a state agency, or performing a duty or exercising power not granted by the bill.

Issuance of reports. The council could issue reports to the Legislature regarding the use of AI systems in the state, the compliance of AI systems with state laws, the ethical implications of deploying AI systems, data privacy and security concerns related to AI systems, or potential liability or legal risks associated with the use of AI systems in Texas.

Applicability. The bill would apply to individuals or entities that operated businesses, produced products and services, or developed or implemented AI systems in the state, except for certain provisions of the Business and Commerce Code on biometric data capture and certain provisions of the Government Code amended by the bill.

Other provisions. The bill would amend criteria used by the Sunset Advisory Commission to review a state agency by requiring the commission to also consider an assessment of the agency's use of AI systems in its operations, its oversight of the use of AI systems by persons under the agency's jurisdiction, and any related impact on the agency's ability to achieve its mission, goals, and objectives.

The bill would add to the information that DIR was required to collect from a state agency for its information technology infrastructure report an evaluation of the use or considered use of AI systems by the agency. DIR's information resources deployment review would have to include an inventory of the agency's AI systems.

For the purposes of provisions on consumer data protection, the bill would add to the duties of a processor of personal data by requiring that a processor assist a controller of personal data in adhering to the requirements of security of processing, if applicable, data collected, stored, and processed by an artificial intelligence system.

The bill would take effect January 1, 2026.

SUPPORTERS SAY:

By establishing a comprehensive regulatory framework for artificial intelligence systems and creating oversight mechanisms within the state

government, CSHB 149 would address the urgent need for responsible AI policy in Texas and help to mitigate negative AI outcomes while still ensuring a business-friendly climate in Texas. The bill would emphasize consumer protection, transparency, and accountability, helping to promote trust in AI systems. Costs associated with the implementation of the bill would be a worthwhile investment to more effectively guide industry as it moves forward with developments in AI systems. The bill would ultimately help to highlight Texas as an AI innovation hub and encourage significant investment in the state.

Many AI companies are based in Texas, and regulations placed on these businesses must be careful not to limit technological innovation. By creating an AI Council within DIR to assess the ethical use and innovation of new AI tools with a focus on outcomes rather than capabilities and to identify overly burdensome restrictions, the bill would support clear and responsible governance of AI systems while avoiding regulatory overreach. As the council would be prohibited from enforcing binding guidelines against an entity, the bill would help to clarify the regulatory framework without creating further restrictions. Additionally, CSHB 149 would focus on compliance and corrective action rather than punishment by allowing a 60-day curing period for any individual or entity in violation of the law and allowing companies to redress their grievances in cases of unintentional harm.

Under the bill, AI developers and users would be protected against allegations of unlawful discrimination unless someone could prove that the AI systems in question were developed with the intent to discriminate against protected classes such as race, religion, or sex. This would establish safeguards against discrimination while avoiding penalizing instances wherein AI introduced unintentional bias. The bill would also prevent frivolous lawsuits by distinguishing which AI uses were and were not prohibited under the law.

The regulatory sandbox program in CSHB 149 would encourage AI developers, deployers, and regulators to get up to speed with technology development without fear of being investigated if the proper precautions were taken. The sandbox program also would help prevent undue

constraints placed on technological innovation, which could stifle competition and diminish AI's benefits to the marketplace and consumers.

CSHB 149 would protect consumers by creating safeguards around the storage and use of personal information as well as permissible interactions with AI systems online. The bill would clarify language permitting the use of biometric data use or personal information for applications such as social media algorithms and the creation of social scoring programs, thereby enhancing an individual's control over the individual's digital identity. In addition, the bill would protect consumer rights by requiring an agency to disclose, using clear and conspicuous language, that a consumer was interacting with an AI system. By prohibiting a person from developing AI systems that intentionally encourage actions that harm oneself or others, CSHB 149 could protect a person from potentially dangerous discourse with AI that could result in self-harm or encourage criminal activity. The bill would also create a clearer legal pathway by which defendants could pursue legal remedies by codifying a distinct legal process regarding consumers' rights in relation to AI systems.

While the 88th Legislature updated the state's child pornography laws, the use of AI systems to create child sexual abuse material (CSAM) has made it difficult for law enforcement to catch bad actors creating child pornography. CSHB 149 would further close the enforcement gap by prohibiting an individual from developing or distributing an AI system with the intent of producing CSAM. In addition, a reporting system would be established to allow any individual aware of AI-generated CSAM being produced to file a complaint with the attorney general's office, creating an additional safeguard against the proliferation of such materials.

The focus of the enforcement mechanisms established by CSHB 149 would be to ensure that creators of commonly-used software and social media platforms that used AI were held accountable for their impact, not to unduly regulate the growth and progress of small companies.

While some have suggested that the bill could limit social media platforms from using AI to engage in content moderation, the bill would not place an undue burden on these platforms, as many social media

companies already filter out content that is prohibited under the bill, such as hate speech against protected classes and child pornography.

The bill's provisions relating to unlawful discrimination would not apply to the insurance industry, which would continue to be governed by the Insurance Code and prevent duplication in the statute. The bill's definitions would apply to AI systems currently in development and use and could be updated for emerging technologies through future legislation.

CRITICS SAY:

CSHB 149 would create a layered regulatory approach with unnecessary oversight and bureaucracy that could deter innovation and entrepreneurship. The high financial and administrative penalties established by the bill for violations of AI regulations could create compliance burdens, especially for small businesses and open-source developers. The bill could also result in increased state spending as DIR implemented additional oversight and enforcement procedures.

CSHB 149 could raise First Amendment concerns and other conflicts with constitutional precedent. By prohibiting the development of AI systems that could potentially separate audiences based on political viewpoints, CSHB 149 could be considered to be treating one's political persuasion as a protected class, which could expose the legislation to costly legal challenges. Additionally, the bill would prohibit social media companies from using AI for content moderation in a way that could conflict with Supreme Court rulings affirming the protection of editorial discretion under the First Amendment. Rather than focusing on content moderation practices, the bill should prioritize preventing government overreach that can unduly influence how a social media platform handles an inherently partisan issue.

The insurance code already addresses unlawful discrimination, including prohibitions based on protected classes. Furthermore, the Insurance Code grants the attorney general's office authority to enforce rules related to unfair practices by insurance companies. The bill should align with existing law to ensure consistency and avoid conflicting provisions or dual enforcement mechanisms.

The bill's definition of artificial intelligence would include tasks normally associated with human intelligence or perception and would leave out emerging technologies such as drones designed to mimic insect or bird behavior. To ensure the definition remains relevant as AI evolves, the bill should include provisions allowing for regular updates of this framework.

NOTES:

According to the Legislative Budget Board, CSHB 149 would have a negative impact of about $23.9 million to general revenue related funds through the biennium.

SUBJECT: Amending school safety provisions

COMMITTEE: Public Education — committee substitute recommended

VOTE: 12 ayes — Buckley, Allen, Ashby, Bryant, Cunningham, Frank, Hunter, Kerwin, Leach, Leo Wilson, Schoolcraft, Talarico

1 nay — Hinojosa

2 absent — Bernal, Dutton

WITNESSES: For – William King, Justin Marston, Campus Guardian Angel; Russ Johnson, Lorena ISD; Conner Praba (*Registered, but did not testify*: Josh Sanderson, Equity Center; Colby Nichols, Texas Association of Community Schools; Kelly Rasti, Texas Association of School Boards; HD Chambers, Texas School Alliance; Thomas Parkinson)

Against – None

On – (*Registered, but did not testify*: John Scott, TEA; Carrie Griffith, Texas State Teachers Association; Steve Swanson)

DIGEST: CSHB 121 would establish and amend various school safety provisions in the Education Code, Local Government Code, and Code of Criminal Procedure related to school safety measures.

Texas Education Agency peace officers. The bill would authorize the Texas Education Agency (TEA) to commission as a peace officer an employee who had been certified as qualified to be a peace officer by the Texas Commission on Law Enforcement. An employee commissioned as a peace officer by TEA would have the powers, privileges, and immunities of a peace officer while carrying out peace officer duties.

Armed security officer requirements. For a school district whose board of trustees claimed a good cause exception that the district was unable to comply with armed security officer requirements, the bill would revise provisions requiring the board to develop an alternative standard with

which the district was able to comply. The bill would allow the alternative standard to include providing a district employee or person contracted by the district to act as an armed security officer who, by the 180th day after the employee or person began duties in this role, completed certain training in consultation with the district's police department or a local law enforcement agency in:

- active shooter response;
- school safety and emergency management;
- crisis intervention;
- incident command;
- first aid administration;
- mental health; and
- qualifications relating to the carrying or use of a firearm.

The bill would establish that a good cause exception claimed by a district's board of trustees expired on the first anniversary of the claim. On the expiration, the board would be required to reevaluate whether the district was able to comply with armed security officer requirements, and if not, renew the claim for an exception and the alternative standard.

Multihazard emergency operations plans. CSHB 121 would require the Texas School Safety Center to provide to each school district's superintendent and each public junior college district's president notice of any other requirements regarding multihazard emergency operations plans established by the center, TEA, and the Texas Higher Education Coordinating Board.

A school district would be required to include in its multihazard emergency operations plan TEA-determined provisions for ensuring the safety of students, staff, and spectators during district extracurricular activities. A district also would be required to include in its plan certification that the district had provided the necessary silent alarm technology for each district classroom.

The bill would require a school district or junior college district to maintain a copy of the report from the statutorily mandated safety and security audit the district was required to conduct.

TEA report on school safety. CSHB 121 would require TEA, by December 31 of each year, to prepare and submit to the governor, lieutenant governor, speaker of the House, and relevant standing committees a report that included the deidentified results of the vulnerability assessments and intruder detection audits conducted during the preceding year. The report would be required to include recommendations and possible corrective actions for specific deficiencies in campus security identified at multiple school districts and charter schools.

Threat assessments of special education students. If a special education student was the subject of a threat assessment, the team conducting the assessment would be required to include at least one of following persons who had specific knowledge of the student's disability and the disability's manifestations:

- a special education teacher who provided instruction to the student;
- a licensed behavior analyst;
- a licensed clinical or master social worker; or
- a licensed school psychology specialist.

Texas School Safety Center board. The bill would require that a public junior college administrator was included on the Texas School Safety Center board of directors, to be appointed by the governor by February 1, 2026.

Safe firearm storage resources. The bill would require each school district and open-enrollment charter school to provide Texas School Safety Center information and resources on safe firearm storage to a parent or guardian of each enrolled student at least three times per school year.

Facility standards compliance. CSHB 121 would establish that a school safety and security facility standard good cause exception claimed by a

school district would expire on the fifth anniversary of the claim. On the expiration of the exception, the district would be required to reevaluate whether the district was able to comply with each facility standard and if not, renew the claim and the alternative performance standard.

School safety allotment. The bill would include interior doors on the list of safety and security upgrades to doors and windows for which funds allocated under the school safety allotment could be used. The bill also would amend school safety and security measures that could be funded using the school safety allotment to include providing behavioral interventionists and individuals trained in other discipline management practices, in addition to restorative discipline and justice practices.

School safety meetings. CSHB 121 would amend the Local Government Code to require the sheriff of a county with a population of less than 350,000 in which a school district or charter school, rather than a public school, was located to call and conduct a meeting at least twice each calendar year, at least three months apart, rather than semiannual meetings, to discuss certain school safety policy issues. The sheriff could discuss school safety policies for more than one district or charter school in a meeting.

Conforming changes for peace officers. The bill would amend the Code of Criminal Procedure to conform to certain legislation passed by the 88th Legislature and provisions established by the bill by including the following officers as peace officers:

- a peace officer commissioned by a private school;
- an officer appointed by the inspector general of the Texas Juvenile Justice Department;
- a fire marshal or any officer, inspector, or investigator of a municipality who holds a permanent peace officer license;
- an Alamo complex ranger commissioned by the General Land Office; and
- an officer commissioned by TEA.

The bill would make conforming changes throughout.

The bill would repeal Education Code sec. 37.2161, which requires the Texas School Safety Center to periodically provide a school safety and security progress report to the governor, the Legislature, the State Board of Education, and TEA.

The bill would apply beginning with the 2025-2026 school year. To the extent of any conflict, the bill would prevail over another act of the 89th Legislature.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2025.

SUPPORTERS SAY:

CSHB 121 would expand and improve upon the lifesaving provisions of HB 3, passed by the 88th Legislature in 2023, to address safety and security in Texas public schools. School safety continues to be a significant concern among students, teachers, parents, and other school community members across the state. CSHB 121 would help make Texas schools safer by expanding the authorized uses of school safety allotment funds and bolstering school security measures and plans. By authorizing TEA to hire peace officers, the bill would ensure that the agency had staff who were knowledgeable about law enforcement matters and could act as liaisons with local law enforcement when needed. By adopting these and other recommendations made following the implementation of HB 3, CSHB 121 also would strengthen the ability of the Texas School Safety Center to improve the quality of school safety measures in public schools across the state.

CRITICS SAY:

CSHB 121 would inappropriately expand the authority of TEA. It would not be fiscally responsible to grant more funding to TEA to create new full-time positions when student performance has declined as the number of full-time employees has risen. TEA should focus on hiring and retaining teachers rather than hiring armed security officers.

OTHER CRITICS SAY:

CSHB 121 should allow for school safety allotment funds to be used for artificial intelligence and drone technologies to improve school safety measures. Using such technology could help combat active shooters or

other dangerous persons by providing additional surveillance or non-lethal responses. This would modernize the state's approach to school safety and could help to better protect Texas students.

SUBJECT: Prohibiting counties from requiring cash bonds for pipeline projects

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 11 ayes — Darby, E. Morales, Craddick, Dean, Dyson, J. Garcia, Gates, Gerdes, Guerra, Reynolds, Rosenthal

0 nays

WITNESSES: For — Vincent DiCosimo, Targa Resources (*Registered, but did not testify*: Jimmy Carlile, Fasken Oil and Ranch; Royce Poinsett, Kinder Morgan; Anne Billingsley, ONEOK, Inc.; Ryan Paylor, Texas Independent Producers & Royalty Owners Association; Jason Modglin, Western Midstream)

Against — Julie Range, Commission Shift Action (*Registered, but did not testify*: Jeff Branick, Jefferson County, Texas; Byron Ryder, Leon County and County Judges and Commissioners Association of Texas)

On — Jim Allison, County Judges and Commissioners Association of Texas

DIGEST: CSHB 206 would prohibit counties from requiring a cash bond as a condition for approving pipeline construction within the county's boundaries.

The provision would apply only to a pipeline construction application filed with the county on or after the bill's effective date.

The bill would take effect September 1, 2025.

SUPPORTERS SAY: CSHB 206 would reduce financial and regulatory burdens on pipeline developers by prohibiting counties from requiring cash bonds as a condition for project approval. By eliminating this requirement, the bill would prevent delays to critical infrastructure projects, enhance regulatory certainty, and reduce the often difficult process of developers recovering funds once they were allocated or spent by counties. The bill also would

promote greater regulatory consistency across counties and shrink project timelines by standardizing the application process and protecting smaller companies from excessive cash bond demands.

While some have suggested that the bill would bar small companies that have difficulty securing a letter of credit or a performance surety bond from using cash bonds, the bill would still allow such bonds to be used on a voluntary basis.

CRITICS SAY:

By prohibiting cash bond requirements, CSHB 206 could hinder counties' ability to ensure necessary infrastructure repairs caused by heavy pipeline construction equipment, which often damages local roads and bridges.

OTHER CRITICS SAY:

Instead of prohibiting counties from requiring cash bonds, the bill should require that any cash bond be held in escrow and used solely for infrastructure restoration. If the funds are not used for that purpose, the bond should be refunded to the developer. This approach would strike a better balance between supporting development and protecting county infrastructure.

SUBJECT: Requiring Medicaid reimbursement for lactation consulting services

COMMITTEE: Human Services — committee substitute recommended

VOTE: 11 ayes — Hull, Manuel, A. Davis, Dorazio, C. Morales, Noble, Richardson, Rose, Schatzline, Slawson, Swanson

0 nays

WITNESSES: For - Janet Jones, Breastfeeding Success; Kristine Keller, Dallas Lactation Consultant Association, National Lactation Conultant Alliance Ally; Tara Poland, Sentido health (*Registered, but did not testify*: Charles E Lee Brown, American College of Obstetricians and Gynecologists; John Litzler, Baptist General Convention of Texas Christian Life Commission; Elisa Hernandez, El Paso Health; Laurie Vanhoose, Episcopal Health Foundation; Katherine Strandberg, Every Body Texas; Katelyn Caldwell, Harris County Commissioners Court; Christine Yanas, Methodist Healthcare Ministries; Eric Glenn, Superior Health Plan; Nzingha Williams-Eugene, Teaching Hospitals of Texas; Diana Forester, Texans Care for Children; Marshall Kenderdine, Texas Academy of Family Physicians; Shelby Tracy, Texas Association of Community Health Centers; Janet Walker, Texas Association of Community Health Plans; Madison Kieschnick, Texas Association of Health Plans; Jennifer Mudge, Texas Council on Family Violence; Morgan Miles, Texas Doula Association, GALS Austin; McCann Turner, Texas Health Resources (THR); Will Holleman, Texas Hospital Association; Kyle Riley, Texas Impact; Amanda Tollett, Texas Medical Association; Stefanie Page, Texas Pediatric Society; Desiree Ingram, Texas Women's Healthcare Coalition; Cicely Kay, Travis County Commissioners Court; Ashley Harris, United Ways of Texas; Andrew Smith, University Health; Sarah Berel-Harrop; Gail Gresham; Kristen Rosin)

Against - None

On - Tonja Carpenter, Lactation Services of Waco and Community Doulas of Waco (*Registered, but did not testify*: Michelle Erwin, Sarah Gonzaga, Health and Human Services Commission (HHSC)

DIGEST:

CSHB 136 would require the Health and Human Services Commission (HHSC) to provide Medicaid reimbursement for lactation consultation services delivered by lactation consultants certified by an HHSC-approved international or national certification program. The bill also would direct the HHSC executive commissioner to create a separate provider type for lactation consultants for purposes of Medicaid enrollment and reimbursement.

If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request the waiver and could delay implementation until the waiver or authorization was granted.

The bill would take effect September 1, 2025.

SUPPORTERS SAY:

CSHB 136 would expand Medicaid reimbursement to include certified lactation consultants, including doulas, which would increase access to postpartum clinical breastfeeding support for low-income families. Professional breastfeeding guidance can improve maternal and infant health outcomes and reduce reliance on formula, which could help to reduce chronic conditions and hospitalizations and lower costs for families. The bill would generate long-term cost savings by supporting breastfeeding as a preventative health measure and would allow providers already delivering these services to Medicaid enrollees to receive reimbursement and sustain operations.

CRITICS SAY:

CSHB 136 would increase government spending and could expand the government's role in healthcare.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of about $2 million to general revenue related funds through the biennium.

SUBJECT: Removing certain Capitol view corridors, amending height restrictions

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 13 ayes — K. King, Hernandez, Darby, Y. Davis, Geren, Guillen, Hull, McQueeney, Metcalf, Phelan, Raymond, Thompson, Turner

0 nays

2 absent — Anchía, Smithee

WITNESSES: For - (*Registered, but did not testify*: Katrina Miller, Farm &City; Thomas Parkinson)

Against - None

On - (*Registered, but did not testify*: Brent Stringfellow, UT Austin)

BACKGROUND: Government Code sec. 3151.002 establishes "Capitol view corridors," which restrict construction in 30 view corridors and elevations around Austin that would obstruct views of the Capitol dome. Among other exceptions, this section does not apply to the construction, renovation, or equipment of the Darrell K Royal-Texas Memorial Stadium or to improvements related to the stadium, except that the height of the stadium or a related improvement may not exceed 666 feet above sea level.

DIGEST: HB 3114 would remove the following four Capitol view corridors at which construction exceeding a certain height was prohibited:

- the Robert Mueller Airport Corridor;
- the Martin Luther King Boulevard at IH-35 Corridor;
- the South-Bound Lanes of the Upper Deck of IH-35 between Concordia College and the Martin Luther King Boulevard Overpass Corridor; and
- the Oakwood Cemetery Corridor.

The bill would amend the exception for the Darrell K Royal-Texas Memorial Stadium to establish that, other than the north end of the stadium or a related improvement to the north end, the height of the stadium or a related improvement could not exceed 670 feet above sea level.

SUPPORTERS SAY:

By removing certain Capitol view corridors and amending height restrictions for the Darrell K Royal-Texas Memorial Stadium, HB 3114 would allow The University of Texas at Austin to move forward with the construction of two state-of-the-art medical centers and modernize the north end of the Darrell K Royal-Texas Memorial Stadium. Several Capitol view corridors reference landmarks in Austin that no longer exist and will be significantly impacted by the IH-35 expansion projects. While some Capitol views from IH-35 would be obstructed by the medical facilities, these views are expected to be blocked soon by the expansion of the highway. Other views, such as the view from the LBJ Presidential Library, would not be affected by the bill.

CRITICS SAY:

No concerns identified.

SUBJECT: Prohibiting electronic solicitations of certain professional services

COMMITTEE: Judiciary & Civil Jurisprudence — favorable, without amendment

VOTE: 10 ayes — Leach, Johnson, Dutton, Dyson, Flores, J. González, Hayes, LaHood, Moody, Schofield

0 nays

1 absent — Landgraf

WITNESSES: For — Charlie Ginn, Texas Trial Lawyers Association (*Registered, but did not testify*: Lee Parsley, Texans for Lawsuit Reform; Ware Wendell, Texas Watch; Kaitlyn Murphy, Thomas J. Henry Law)

Against — None

BACKGROUND: Penal Code secs. 38.12(a),(d) establish that an attorney, chiropractor, physician, surgeon, private investigator, and certain other health professionals commit an offense of barratry and solicitation of professional employment if:

- with intent to obtain an economic benefit, the person solicits employment in person or by telephone, for the person or another; or
- with the intent to obtain professional employment for the person or another, the person provides or knowingly permits to be provided to an individual who has not sought the person's employment, legal representation, advice, or care certain written communications or solicitations, including a solicitation in person or by telephone.

DIGEST: HB 2733 would expand the offense of barratry and solicitation of professional employment under Penal Code secs. 38.12(a),(d) to include solicitations with the intent to obtain an economic benefit or professional employment through direct messages on a social media platform, or by other electronic communications.

The bill would add a direct message on a social media platform or by another electronic communication to the specified solicitation methods under these provisions.

The bill would take effect September 1, 2025.

SUPPORTERS SAY:

HB 2733 would modernize state law prohibiting barratry and solicitation of professional employment by prohibiting solicitations through direct messages on social media or by other electronic communications in addition to in-person or telephone solicitations. Solicitations of professional services have increasingly shifted to digital communications. HB 2733 would close the loophole that allows online targeting of specific individuals by prohibiting solicitations via social media or other electronic platforms.

CRITICS SAY:

No concerns identified.

SUBJECT: Prohibiting massage licensure for individuals with certain assault offenses

COMMITTEE: Licensing & Administrative Procedures — favorable, without amendment

VOTE: 11 ayes — Phelan, Gerdes, Geren, Harless, Hernandez, Longoria, McQueeney, Patterson, M. Perez, Romero, Walle

0 nays

2 absent — Thompson, Harris

WITNESSES: For – None

Against – None

On – (*Registered, but did not testify*: John Medlock, TDLR)

DIGEST: HB 1732 would reenact and amend Section 455.152 of the Occupations Code to conform to changes made under Chapters 13 and 440 of the Occupations Code in the 88th legislative session to make a person ineligible for a license as a massage establishment, massage school, massage therapist, or massage therapy instructor if the person has been convicted of, entered a plea of nolo contendere or guilty to, or received deferred adjudication for indecent assault offenses.

The bill also would amend Section 455.251(b) of the Occupations Code to include sexual assault, indecent assault, aggravated assault, or any other offense that would make a person ineligible for a massage license under Section. 455.152 as offenses that constitute grounds for mandatory revocation of a license.

The Texas Commission of Licensing and Regulation would be required to adopt any rules necessary to implement these changes as soon as practicable after the bill's effective date.

The bill would take effect September 1, 2025.

SUPPORTERS SAY:

HB 1732 would ensure a safer massage industry by expanding the list of sexual offenses that would bar a person from obtaining or maintaining a massage license. The bill would address law enforcement concerns that individuals convicted of indecent assault are still allowed to practice in the industry and create more uniform prohibitions that could help keep massage licenses out of the hands of individuals with a history of certain sexual assault offenses.

CRITICS SAY:

No concerns identified.

SUBJECT: Requiring TWC to develop measures to combat fraud, waste, and abuse

COMMITTEE: Delivery of Government Efficiency — committee substitute recommended

VOTE: 11 ayes — Capriglione, Alders, Bowers, Cain, Campos, Cook, Curry, L. Garcia, Olcott, Tinderholt, Troxclair

0 nays

2 absent — Bhojani, Rodríguez Ramos

WITNESSES: For - None

Against - None

On - Jason Stalinsky, Texas Workforce Commission

DIGEST: CSHB 3700 would require the Texas Workforce Commission (TWC) to develop:

- procedures to prevent, detect, and investigate fraud, waste, and abuse in programs administered by TWC, under contract with TWC, or by a person awarded a grant by TWC;
- systems to detect fraud, waste, and abuse in such programs;
- methods to report to TWC fraud, waste, and abuse in the delivery of such programs, including through the agency's website.

TWC would be authorized to obtain any information or technology necessary to meet its responsibilities under the bill or other law in regard to the prevention, detection, and investigation of fraud, waste, and abuse in TWC programs.

The bill would take effect September 1, 2025.

SUPPORTERS SAY:

CSHB 3700 would expressly require TWC to carry out activities aimed at preventing fraud, waste, and abuse across all of its programs. While measures exist in statute to combat fraud, waste, and abuse in TWC's subsidized child-care program, these provisions do not apply to other programs such as workforce development and vocational rehabilitation services, which has raised questions of whether TWC has the statutory authority to investigate fraud, waste, and abuse in other programs. CSHB 3700 would close this regulatory gap and ensure TWC has the tools to prevent, detect, and investigate fraud, waste, and abuse for all agency programs.

CRITICS SAY:

No concerns identified.