

1-1 By: Goldman (Senate Sponsor - Buckingham) H.B. No. 1560
1-2 (In the Senate - Received from the House May 3, 2021;
1-3 May 10, 2021, read first time and referred to Committee on Business
1-4 & Commerce; May 21, 2021, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 21, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1560 By: Paxton

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the continuation and functions of the Texas Department
1-22 of Licensing and Regulation.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 ARTICLE 1. GENERAL POWERS AND DUTIES

1-25 SECTION 1.01. Section 51.002, Occupations Code, is amended
1-26 to read as follows:

1-27 Sec. 51.002. APPLICATION OF SUNSET ACT. ~~[(a)]~~ The Texas
1-28 Commission of Licensing and Regulation and the Texas Department of
1-29 Licensing and Regulation are subject to Chapter 325, Government
1-30 Code (Texas Sunset Act). Unless continued in existence as provided
1-31 by that chapter, the commission and the department are abolished
1-32 September 1, 2033 ~~[2021]~~.

1-33 ~~[(b) The review of the commission and department by the
1-34 Sunset Advisory Commission under this section may not include a
1-35 review of any program that was transferred to the department on or
1-36 after September 1, 2016.]~~

1-37 SECTION 1.02. Section 51.054, Occupations Code, is amended
1-38 by amending Subsection (b) and adding Subsection (d) to read as
1-39 follows:

1-40 (b) The training program must provide the person with
1-41 information regarding:

1-42 (1) the law governing ~~[legislation that created the]~~
1-43 department operations ~~[and the commission];~~

1-44 (2) the programs, functions, rules, and budget of
1-45 [operated by] the department;

1-46 (3) the scope of and limitations on the rulemaking
1-47 authority of the commission ~~[role and functions of the department];~~

1-48 (4) ~~[the rules of the department, with an emphasis on
1-49 the rules that relate to disciplinary and investigatory authority,~~

1-50 ~~[(5) the current budget for the department,~~

1-51 ~~[(6)] the results of the most recent formal audit of
1-52 the department;~~

1-53 (5) ~~[(7)]~~ the requirements of:

1-54 (A) laws relating to ~~[the]~~ open meetings, [law,
1-55 Chapter 551, Government Code,

1-56 ~~[(B) the] public information, [law, Chapter 552,~~
1-57 ~~Government Code,~~

1-58 ~~[(C) the] administrative procedure, and~~
1-59 disclosing conflicts of interest ~~[law, Chapter 2001, Government~~
1-60 ~~Code]; and~~

2-1 (B) [~~(D)~~] other laws applicable to members of a
2-2 state policy-making body in performing their duties [~~relating to~~
2-3 ~~public officials, including conflict-of-interest laws~~]; and

2-4 (6) [~~(8)~~] any applicable ethics policies adopted by
2-5 the department or the Texas Ethics Commission.

2-6 (d) The executive director of the department shall create a
2-7 training manual that includes the information required by
2-8 Subsection (b). The executive director shall distribute a copy of
2-9 the training manual annually to each member of the commission. Each
2-10 member of the commission shall sign and submit to the executive
2-11 director a statement acknowledging that the member received and has
2-12 reviewed the training manual.

2-13 SECTION 1.03. Section 51.209, Occupations Code, is amended
2-14 by adding Subsections (a-1) and (a-2) to read as follows:

2-15 (a-1) An advisory board shall meet at the call of the
2-16 executive director or the presiding officer of the commission.

2-17 (a-2) An advisory board may meet by telephone conference
2-18 call, videoconference, or other similar telecommunication method,
2-19 provided that each portion of the meeting that is required to be
2-20 open to the public shall be audible to the public and, in the case of
2-21 a meeting held by videoconference, visible to the public. If a
2-22 problem occurs that causes a meeting to no longer be visible or
2-23 audible to the public as required under this subsection, the
2-24 meeting must be recessed until the problem is resolved. If the
2-25 problem is not resolved in six hours or less, the meeting must be
2-26 adjourned. The face of each participant in a meeting held by
2-27 videoconference, while that participant is speaking, must be
2-28 clearly visible, and the participant's voice must be audible, to
2-29 each other participant and, during the open portion of the meeting,
2-30 to the members of the public. A meeting held by telephone
2-31 conference call, videoconference, or other similar
2-32 telecommunication method is not subject to the requirements of
2-33 Sections 551.127(a-3), (b), (c), (e), (f), (h), (i), and (j),
2-34 Government Code.

2-35 SECTION 1.04. Subchapter D, Chapter 51, Occupations Code,
2-36 is amended by adding Sections 51.2095 and 51.211 to read as follows:

2-37 Sec. 51.2095. INTERDISCIPLINARY ADVISORY BOARDS. The
2-38 executive director or the presiding officer of the commission may
2-39 appoint interdisciplinary advisory boards consisting of members
2-40 from various businesses, industries, general trades, or
2-41 occupations to provide expertise related to a program regulated by
2-42 the department.

2-43 Sec. 51.211. RISK-BASED INSPECTIONS. (a) The department
2-44 shall conduct risk-based inspections that prioritize inspections
2-45 based on key risk factors identified by the department, including:

2-46 (1) whether a license holder has previously violated a
2-47 law establishing a regulatory program administered by the
2-48 department or a rule or order of the commission or executive
2-49 director; and

2-50 (2) the number of violations committed by a license
2-51 holder.

2-52 (b) The department may use alternative inspection methods,
2-53 including the use of videoconference technology or other methods
2-54 instead of conducting an in-person inspection, in circumstances the
2-55 department considers appropriate.

2-56 SECTION 1.05. Section 51.251, Occupations Code, is amended
2-57 by adding Subsection (c) to read as follows:

2-58 (c) The executive director shall establish methods by which
2-59 consumers and service recipients are notified of the name, mailing
2-60 address, and telephone number of the department for the purpose of
2-61 directing complaints to the department.

2-62 SECTION 1.06. Section 51.252, Occupations Code, is amended
2-63 by amending Subsections (a) and (c) and adding Subsection (b-2) to
2-64 read as follows:

2-65 (a) The department shall maintain a system to promptly and
2-66 efficiently act on complaints filed with the department. The
2-67 department shall maintain information about parties to the
2-68 complaint, the subject matter of the complaint, a summary of the
2-69 results of the review or investigation of the complaint, and its

3-1 ~~disposition [The executive director shall establish methods by~~
3-2 ~~which consumers and service recipients are notified of the name,~~
3-3 ~~mailing address, and telephone number of the department for the~~
3-4 ~~purpose of directing complaints to the department. The department~~
3-5 ~~shall provide to the person filing the complaint and to each person~~
3-6 ~~who is a subject of the complaint information about the~~
3-7 ~~department's policies and procedures relating to complaint~~
3-8 ~~investigation and resolution].~~

3-9 (b-2) The department shall make information available
3-10 describing its procedures for complaint investigation and
3-11 resolution.

3-12 ~~(c) The department [at least quarterly and until final~~
3-13 ~~disposition of the complaint,] shall periodically notify the~~
3-14 ~~[person filing the] complaint parties [and each person who is a~~
3-15 ~~subject of the complaint] of the status of the complaint until final~~
3-16 ~~disposition [investigation] unless the notice would jeopardize an~~
3-17 ~~[undercover] investigation.~~

3-18 SECTION 1.07. Subchapter E, Chapter 51, Occupations Code,
3-19 is amended by adding Sections 51.2521 and 51.255 to read as follows:

3-20 Sec. 51.2521. COMPLAINT INVESTIGATION. (a) The department
3-21 shall assign priorities and investigate complaints based on risk to
3-22 the public of the conduct alleged in the complaint.

3-23 (b) If the department determines at any time that an
3-24 allegation made or formal complaint submitted by a person is
3-25 inappropriate or without merit, the department shall dismiss the
3-26 complaint.

3-27 Sec. 51.255. STATISTICAL ANALYSIS OF COMPLAINTS. (a) The
3-28 department shall make available on the department's Internet
3-29 website a statistical analysis of the complaints received by the
3-30 department.

3-31 (b) The analysis under this section must include aggregate
3-32 information on the number, source, type, and disposition of
3-33 complaints received during the preceding state fiscal year and must
3-34 include, as applicable, the following information for each program
3-35 regulated by the department:

3-36 (1) the number of license holders;
3-37 (2) the number of complaints received against license
3-38 holders;

3-39 (3) the number of complaints resolved and the manner
3-40 in which they were resolved, including:

3-41 (A) the number of complaints dismissed and the
3-42 reasons for dismissal;

3-43 (B) the number of contested cases referred to and
3-44 heard by the State Office of Administrative Hearings;

3-45 (C) the number of cases appealed to a district
3-46 court;

3-47 (D) the number of complaints resulting in
3-48 disciplinary action, the disciplinary action taken, and whether the
3-49 disciplinary action was imposed by an agreed settlement or default
3-50 order issued by the executive director or a final order issued by
3-51 the commission;

3-52 (E) a breakdown of the nature of the alleged
3-53 violations in:

3-54 (i) complaints opened for investigation;

3-55 and
3-56 (ii) cases that resulted in disciplinary
3-57 action; and

3-58 (F) the number of complaints resolved,
3-59 categorized by whether the complaint originated from department
3-60 staff or from the public;

3-61 (4) the average time required to resolve a complaint;

3-62 (5) the average amount of administrative penalties
3-63 assessed; and

3-64 (6) the number and amount of refunds ordered by the
3-65 commission or executive director or obtained through an informal
3-66 resolution.

3-67 SECTION 1.08. Section 51.351, Occupations Code, is amended
3-68 by adding Subsection (e) to read as follows:

3-69 (e) The department may take action under Section 51.353 for

4-1 a violation identified during an inspection.

4-2 SECTION 1.09. Subchapter G, Chapter 51, Occupations Code,
4-3 is amended by adding Section 51.359 to read as follows:

4-4 Sec. 51.359. REFUND. (a) Subject to Subsection (b), the
4-5 commission or executive director may order a license holder to pay a
4-6 refund to a consumer as provided in an agreed settlement, default
4-7 order, or commission order instead of or in addition to imposing an
4-8 administrative penalty or sanction.

4-9 (b) The amount of a refund ordered may not exceed the amount
4-10 the consumer paid to the license holder for a service regulated by
4-11 the department. The commission or executive director may not
4-12 require payment of other damages or estimate harm in a refund order.

4-13 SECTION 1.10. Section 51.4012(a), Occupations Code, is
4-14 amended to read as follows:

4-15 (a) Notwithstanding any other law, the commission may
4-16 determine that a person is not eligible for a license based on the
4-17 person's criminal history [~~or other information that indicates that~~
4-18 ~~the person lacks the honesty, trustworthiness, and integrity to~~
4-19 ~~hold a license issued by the department~~].

4-20 SECTION 1.11. Section 51.405, Occupations Code, is amended
4-21 to read as follows:

4-22 Sec. 51.405. CONTINUING EDUCATION. (a) The department
4-23 [~~commission~~] shall recognize, prepare, or administer continuing
4-24 education programs for license holders. A license holder must
4-25 participate in the programs to the extent required by the
4-26 commission to keep the person's license.

4-27 (b) Notwithstanding other law, the commission by rule may:

4-28 (1) establish a minimum number of hours of continuing
4-29 education required for license renewal;

4-30 (2) provide for the registration and renewal of
4-31 continuing education providers and the approval of continuing
4-32 education courses; and

4-33 (3) assess reasonable and necessary fees on continuing
4-34 education providers.

4-35 (c) In adopting rules under this section for a program
4-36 regulated by the department, the commission shall consult, if
4-37 applicable, with the advisory board established for the program.

4-38 SECTION 1.12. Subchapter H, Chapter 51, Occupations Code,
4-39 is amended by adding Section 51.409 to read as follows:

4-40 Sec. 51.409. FINANCIAL DISCLOSURE STATEMENT. (a) The
4-41 commission by rule may require a person, other than an individual,
4-42 applying for a license issued by the department to submit with the
4-43 license application a financial disclosure statement. The rules
4-44 may require any of the following information to be disclosed based
4-45 on the type of license for which the application is submitted:

4-46 (1) the name of the applicable business entity;

4-47 (2) the name of each person who has a direct financial
4-48 investment in the business;

4-49 (3) the name of each person, other than an individual,
4-50 who:

4-51 (A) has a financial investment in the business;

4-52 and

4-53 (B) is not otherwise disclosed under Subdivision
4-54 (2);

4-55 (4) the total amount or percentage of the financial
4-56 investment made by each person described by Subdivision (2); and

4-57 (5) the name of each of the following persons
4-58 associated with the business, if the person is not otherwise
4-59 disclosed under Subdivision (2) or (3):

4-60 (A) a partner;

4-61 (B) an officer;

4-62 (C) a director;

4-63 (D) a managing employee;

4-64 (E) an owner or person who controls the owner;

4-65 and

4-66 (F) a person who acts as a controlling person of
4-67 the business through the exercise of direct or indirect influence
4-68 or control over the management of the business, the expenditure of
4-69 money by the business, or a policy of the business, including:

5-1 (i) any management company, landlord,
5-2 marketing company, or similar person who operates or contracts for
5-3 the operation of the business and, if the business is a publicly
5-4 traded corporation or is controlled by a publicly traded
5-5 corporation, any officer or director of the corporation;

5-6 (ii) an individual who has a personal,
5-7 familial, or other relationship with an owner, manager, landlord,
5-8 tenant, or provider of a business that allows the individual to
5-9 exercise actual control of the business; and

5-10 (iii) any other person the commission by
5-11 rule requires to be included based on the person's exercise of
5-12 direct or indirect influence or control other than a shareholder or
5-13 lender of the corporation.

5-14 (b) The department may deny an application for the issuance
5-15 or renewal of a license or may suspend or revoke a license on the
5-16 grounds that an applicant or license holder:

5-17 (1) fails to disclose a relationship for which
5-18 disclosure is required by rules adopted under this section; or

5-19 (2) discloses a relationship for which disclosure is
5-20 required by rules adopted under this section with a person whose
5-21 license was revoked or who has failed to comply with an order of the
5-22 commission or executive director.

5-23 SECTION 1.13. Section 202.505, Occupations Code, is amended
5-24 to read as follows:

5-25 Sec. 202.505. REEXAMINATION IF LICENSE SUSPENDED OR
5-26 REVOKED. The department may refuse to reinstate a license or to
5-27 issue a new license until a podiatrist has passed the regular
5-28 license examination if the commission or executive director
5-29 suspended or revoked the license for:

5-30 (1) failure to satisfy continuing education
5-31 requirements [under Section 202.305]; or

5-32 (2) nonpayment of the license renewal fee.

5-33 SECTION 1.14. Section 402.207(c), Occupations Code, is
5-34 amended to read as follows:

5-35 (c) An apprentice permit holder shall work under the
5-36 supervision of a license holder for at least one year. [During the
5-37 apprentice year, the apprentice permit holder shall complete 20
5-38 hours of classroom continuing education as required by Section
5-39 402.303 for a license holder.]

5-40 SECTION 1.15. Section 402.305, Occupations Code, is amended
5-41 to read as follows:

5-42 Sec. 402.305. CONTINUING EDUCATION EXEMPTIONS. The
5-43 department may renew the license of a license holder who does not
5-44 comply with the applicable continuing education requirements [~~of~~
5-45 ~~Section 402.303 or 402.304]~~ if the license holder:

5-46 (1) was licensed for the first time during the 24
5-47 months before the reporting date; or

5-48 (2) submits proof from an attending physician that the
5-49 license holder suffered a serious or disabling illness or physical
5-50 disability that prevented compliance with the continuing education
5-51 requirements during the 24 months before the reporting date.

5-52 SECTION 1.16. Section 802.062(b), Occupations Code, is
5-53 amended to read as follows:

5-54 (b) An [The] inspection by the department must be conducted
5-55 during the facility's normal business hours, and the licensed
5-56 breeder or a representative of the licensed breeder must be given a
5-57 reasonable opportunity to be present during the inspection.

5-58 SECTION 1.17. Section 1151.1581, Occupations Code, is
5-59 amended to read as follows:

5-60 Sec. 1151.1581. CONTINUING EDUCATION. (a) [~~The commission~~
5-61 ~~shall recognize, prepare, or administer continuing education~~
5-62 ~~programs for registrants under this chapter.~~

5-63 [~~(b)~~] The comptroller must review and approve any [all]
5-64 continuing education programs for registrants.

5-65 (b) [~~(c)~~] A registrant must participate in the programs to
5-66 the extent required by the department to keep the person's
5-67 certificate of registration.

5-68 [~~(d)~~] The commission may set fees for continuing education
5-69 courses and providers of continuing education courses in amounts

6-1 ~~reasonable and necessary to cover the department's costs in~~
6-2 ~~administering the department's duties under this section.~~

6-3 ~~[(e)]~~ The comptroller may set fees for any continuing
6-4 education courses and providers of continuing education courses in
6-5 amounts reasonable and necessary to cover the comptroller's costs
6-6 in administering the comptroller's duties under this section.

6-7 ~~[(f)]~~ ~~As part of the continuing education requirements for a~~
6-8 ~~registered professional appraiser who is the chief appraiser of an~~
6-9 ~~appraisal district, the commission by rule shall require the~~
6-10 ~~registrant to complete:~~

6-11 ~~[(1)]~~ ~~at least half of the required hours in a program~~
6-12 ~~devoted to one or more of the topics listed in Section 1151.164(b),~~
6-13 ~~and~~

6-14 ~~[(2)]~~ ~~at least two of the required hours in a program of~~
6-15 ~~professional ethics specific to the chief appraiser of an appraisal~~
6-16 ~~district, including a program on the importance of maintaining the~~
6-17 ~~independence of an appraisal office from political pressure.]~~

6-18 SECTION 1.18. Section 1152.106, Occupations Code, is
6-19 amended to read as follows:

6-20 Sec. 1152.106. ~~[MEETINGS,]~~ VOTE REQUIRED FOR ACTION. ~~[(a)]~~
6-21 ~~The council shall meet at least semiannually at the call of the~~
6-22 ~~presiding officer or at the call of a majority of its members.~~

6-23 ~~[(b)]~~ A decision of the council is not effective unless it
6-24 receives the affirmative vote of at least four members.

6-25 SECTION 1.19. Section 1953.106, Occupations Code, is
6-26 amended to read as follows:

6-27 Sec. 1953.106. RENEWAL OF CERTIFICATE. ~~[(a)]~~ To renew a
6-28 certificate of registration under this chapter, a professional
6-29 sanitarian must:

6-30 (1) pay to the department a renewal fee prescribed by
6-31 the commission by rule; and

6-32 (2) provide proof of completion of any applicable
6-33 continuing education requirements prescribed by the commission by
6-34 rule.

6-35 SECTION 1.20. Section 1958.104, Occupations Code, is
6-36 amended to read as follows:

6-37 Sec. 1958.104. RULES REGARDING LICENSE APPLICATION. The
6-38 commission shall adopt rules regarding a license application. The
6-39 commission shall adopt rules that establish minimum requirements
6-40 for a license, including:

6-41 (1) the type of license;

6-42 (2) the qualifications for the license, including any
6-43 previous training required under Section 1958.106;

6-44 (3) renewal requirements for the license ~~[, including~~
6-45 ~~ongoing continuing education required under Section 1958.106];~~ and

6-46 (4) liability insurance requirements for the license.

6-47 SECTION 1.21. Section 1958.106, Occupations Code, is
6-48 amended to read as follows:

6-49 Sec. 1958.106. TRAINING ~~[, CONTINUING EDUCATION]~~. (a) The
6-50 commission shall adopt rules regarding training required under this
6-51 chapter ~~[and continuing education required for a license holder~~
6-52 ~~under this chapter]~~.

6-53 (b) The rules may include requirements regarding training
6-54 ~~[and continuing education]~~ providers, including rules
6-55 establishing:

6-56 (1) accreditation by the department;

6-57 (2) curriculum requirements; and

6-58 (3) qualifications.

6-59 SECTION 1.22. Section 2308.157, Occupations Code, is
6-60 amended to read as follows:

6-61 Sec. 2308.157. REQUIREMENT FOR INITIAL RENEWAL OF INCIDENT
6-62 MANAGEMENT TOWING OPERATOR'S LICENSE ~~[CONTINUING EDUCATION]~~. ~~[(a)]~~
6-63 ~~The commission by rule shall recognize, prepare, or administer~~
6-64 ~~continuing education programs for license holders. Except as~~
6-65 ~~provided by Subsection (c), each license holder must complete a~~
6-66 ~~continuing education program before the license holder may renew~~
6-67 ~~the license holder's license.~~

6-68 ~~[(b)]~~ ~~A person recognized by the commission to offer a~~
6-69 ~~continuing education program must:~~

7-1 [~~(1) register with the department, and~~
7-2 [~~(2) comply with rules adopted by the commission~~
7-3 ~~relating to continuing education.~~

7-4 [(c)] To renew an incident management towing operator's
7-5 license the first time, a license holder must complete a
7-6 professional development course relating to incident management
7-7 towing that is approved and administered by the department [~~under~~
7-8 ~~this section~~].

7-9 SECTION 1.23. Section 2308.159(c), Occupations Code, is
7-10 amended to read as follows:

7-11 (c) A license holder may renew a license issued under this
7-12 chapter by:

7-13 (1) submitting an application on a form prescribed by
7-14 the executive director;

7-15 (2) submitting evidence demonstrating compliance with
7-16 the requirements for the license type as required by this chapter or
7-17 commission rule;

7-18 (3) paying a renewal fee; and

7-19 (4) completing any applicable continuing education
7-20 requirements [as required by Section 2308.157].

7-21 SECTION 1.24. The following provisions are repealed:

7-22 (1) Section 1001.058(h), Education Code;

7-23 (2) Section 469.053(e), Government Code;

7-24 (3) Section 754.012(d), Health and Safety Code;

7-25 (4) Section 754.0174, Health and Safety Code;

7-26 (5) Section 755.016, Health and Safety Code;

7-27 (6) Section 51.0021, Occupations Code;

7-28 (7) Section 51.252(d), Occupations Code;

7-29 (8) Section 202.305, Occupations Code;

7-30 (9) Section 202.5085, Occupations Code;

7-31 (10) Section 203.304, Occupations Code;

7-32 (11) Section 203.406, Occupations Code;

7-33 (12) Section 401.355, Occupations Code;

7-34 (13) Section 402.303, Occupations Code;

7-35 (14) Section 403.152, Occupations Code;

7-36 (15) Section 455.0571, Occupations Code;

7-37 (16) Section 506.105, Occupations Code;

7-38 (17) Section 605.261, Occupations Code;

7-39 (18) Section 701.303, Occupations Code;

7-40 (19) Section 701.512, Occupations Code;

7-41 (20) Section 802.062(a), Occupations Code;

7-42 (21) Section 802.065(e), Occupations Code;

7-43 (22) Section 1152.204, Occupations Code;

7-44 (23) Section 1302.208(a), Occupations Code;

7-45 (24) Section 1305.055, Occupations Code;

7-46 (25) Section 1305.168, Occupations Code;

7-47 (26) Section 1901.107(a), Occupations Code;

7-48 (27) Section 1952.1051, Occupations Code;

7-49 (28) Section 1958.056(b), Occupations Code;

7-50 (29) Section 2303.056(b), Occupations Code;

7-51 (30) Section 2308.055, Occupations Code;

7-52 (31) Section 2309.056, Occupations Code; and

7-53 (32) Section 2309.106(a), Occupations Code.

7-54 SECTION 1.25. (a) Except as provided by Subsection (b) of
7-55 this section, Section 51.054, Occupations Code, as amended by this
7-56 article, applies to a member of the Texas Commission of Licensing
7-57 and Regulation appointed before, on, or after September 1, 2021.

7-58 (b) A member of the Texas Commission of Licensing and
7-59 Regulation who, before September 1, 2021, completed the training
7-60 program required by Section 51.054, Occupations Code, as that law
7-61 existed before September 1, 2021, is only required to complete
7-62 additional training on the subjects added by this article to the
7-63 training program required by Section 51.054, Occupations Code. A
7-64 member described by this subsection may not vote, deliberate, or be
7-65 counted as a member in attendance at a meeting of the commission
7-66 held on or after December 1, 2021, until the member completes the
7-67 additional training.

7-68 ARTICLE 2. DEREGULATION

7-69 SECTION 2.01. The following provisions of the Occupations

8-1 Code are repealed:

8-2 (1) Chapter 1703; and

8-3 (2) Section 2052.002(11-a).

8-4 SECTION 2.02. Section 54.0405(d), Family Code, is amended

8-5 to read as follows:

8-6 (d) A polygraph examination required as a condition of

8-7 probation under Subsection (a) must be administered by an

8-8 individual who is [+

8-9 ~~[(1)]~~ specified by the local juvenile probation

8-10 department supervising the child [~~+~~and

8-11 ~~[(2)] licensed as a polygraph examiner under Chapter~~

8-12 ~~1703, Occupations Code].~~

8-13 SECTION 2.03. Sections 411.0074(c) and (d), Government

8-14 Code, are amended to read as follows:

8-15 (c) The polygraph examination required by this section may

8-16 only be administered by a polygraph examiner [~~licensed under~~

8-17 ~~Chapter 1703, Occupations Code,~~] who:

8-18 (1) is a peace officer commissioned by the department;

8-19 or

8-20 (2) has a minimum of two years of experience

8-21 conducting preemployment polygraph examinations for a law

8-22 enforcement agency.

8-23 (d) The department and the polygraph examiner shall

8-24 maintain the confidentiality of the results of a polygraph

8-25 examination administered under this section, except that [+

8-26 ~~[(1)] the department and the polygraph examiner may~~

8-27 ~~disclose the results in accordance with Section 1703.306,~~

8-28 ~~Occupations Code, and~~

8-29 ~~[(2)] notwithstanding Section 1703.306, Occupations~~

8-30 ~~Code,~~] the department may disclose any admission of criminal

8-31 conduct made during the course of an examination to another

8-32 appropriate governmental entity.

8-33 SECTION 2.04. Section 245.053(d), Human Resources Code, is

8-34 amended to read as follows:

8-35 (d) A polygraph examination required as a condition of

8-36 release under Subsection (a) must be administered by an individual

8-37 who is [+

8-38 ~~[(1)]~~ specified by the department [~~+~~and

8-39 ~~[(2)] licensed as a polygraph examiner under Chapter~~

8-40 ~~1703, Occupations Code].~~

8-41 SECTION 2.05. Section 2052.107, Occupations Code, is

8-42 amended to read as follows:

8-43 Sec. 2052.107. OTHER COMBATIVE SPORTS LICENSES. Unless a

8-44 person holds a license or registration issued under this chapter,

8-45 the person may not act as a combative sports:

8-46 (1) professional contestant;

8-47 (2) manager of a professional contestant;

8-48 (3) referee; or

8-49 (4) judge [~~+~~

8-50 ~~[(5)] second,~~

8-51 ~~[(6)] matchmaker, or~~

8-52 ~~[(7)] event coordinator].~~

8-53 SECTION 2.06. On September 1, 2021, the Polygraph Advisory

8-54 Committee is abolished.

8-55 SECTION 2.07. On September 1, 2021, a pending regulatory

8-56 action, including a complaint investigation, disciplinary action,

8-57 or administrative penalty proceeding, of the Texas Department of

8-58 Licensing and Regulation with respect to a license, permit, or

8-59 certification issued under a law repealed by this article, is

8-60 terminated.

8-61 SECTION 2.08. On September 1, 2021, a license, permit, or

8-62 certification issued under a law repealed by this article expires.

8-63 SECTION 2.09. Not later than January 1, 2023, the Texas

8-64 Department of Licensing and Regulation, in consultation with the

8-65 Auctioneer Advisory Board, shall study the regulation of

8-66 auctioneering and prepare a report with any findings and

8-67 recommendations to improve public safety and the department's

8-68 processes and to eliminate inefficiencies, including any necessary

8-69 legislative changes. In conducting the study, the department may

9-1 consult with any interested organizations, associations, and
9-2 stakeholders. The department shall submit the report to the
9-3 standing legislative committees with jurisdiction over the
9-4 department.

9-5 ARTICLE 3. BARBERING AND COSMETOLOGY

9-6 SECTION 3.01. Section 1603.001, Occupations Code, is
9-7 amended to read as follows:

9-8 Sec. 1603.001. GENERAL DEFINITIONS. ~~[(a)]~~ In this
9-9 chapter:

9-10 (1) "Advisory board" means the Barbering and
9-11 Cosmetology Advisory Board.

9-12 (2) "Commission" means the Texas Commission of
9-13 Licensing and Regulation.

9-14 (3) ~~[(2)]~~ "Department" means the Texas Department of
9-15 Licensing and Regulation.

9-16 (4) "Establishment" means a place:
9-17 (A) in which barbering or cosmetology is
9-18 practiced; and
9-19 (B) that is required to hold a license issued
9-20 under Subchapter E-2.

9-21 (5) ~~[(3)]~~ "Executive director" means the executive
9-22 director of the department.

9-23 (6) "Manager" means the person who controls or directs
9-24 the business of an establishment or directs the work of a person
9-25 employed in an establishment.

9-26 (7) "School" means a public secondary school, public
9-27 postsecondary school, or private postsecondary school:

9-28 (A) in which barbering or cosmetology is taught;
9-29 and

9-30 (B) that is required to hold a license issued
9-31 under Subchapter E-3.

9-32 ~~[(b) Unless the context clearly indicates otherwise, the~~
9-33 ~~definitions in Chapters 1601 and 1602 apply to this chapter.]~~

9-34 SECTION 3.02. Subchapter A, Chapter 1603, Occupations Code,
9-35 is amended by adding Sections 1603.0011, 1603.0012, and 1603.0013
9-36 to read as follows:

9-37 Sec. 1603.0011. PRACTICE OF BARBERING OR COSMETOLOGY. (a)
9-38 The practices of barbering and cosmetology consist of performing or
9-39 offering to perform for compensation any of the following services:

9-40 (1) treating a person's hair by:
9-41 (A) providing any method of treatment as a
9-42 primary service, including arranging, beautifying, bleaching,
9-43 cleansing, coloring, cutting, dressing, dyeing, processing,
9-44 shaping, singeing, straightening, styling, tinting, or waving;

9-45 (B) providing a necessary service that is
9-46 preparatory or ancillary to a service under Paragraph (A),
9-47 including bobbing, clipping, cutting, or trimming a person's hair
9-48 or shaving a person's neck with a safety razor; or

9-49 (C) cutting the person's hair as a separate and
9-50 independent service for which a charge is directly or indirectly
9-51 made separately from charges for any other service;

9-52 (2) treating a person's mustache or beard by
9-53 arranging, beautifying, coloring, processing, styling, trimming,
9-54 or shaving with a safety razor;

9-55 (3) cleansing, stimulating, or massaging a person's
9-56 scalp, face, neck, shoulders, or arms:

9-57 (A) by hand or by using a device, apparatus, or
9-58 appliance; and

9-59 (B) with or without the use of any cosmetic
9-60 preparation, antiseptic, tonic, lotion, or cream;

9-61 (4) beautifying a person's face, neck, shoulders, or
9-62 arms using a cosmetic preparation, antiseptic, tonic, lotion,
9-63 powder, oil, clay, cream, or appliance;

9-64 (5) administering facial treatments;

9-65 (6) removing superfluous hair from a person's body
9-66 using depilatories, preparations or chemicals, tweezers, or other
9-67 devices or appliances of any kind or description;

9-68 (7) treating a person's nails by:
9-69 (A) cutting, trimming, polishing, tinting,

10-1 coloring, cleansing, manicuring, or pedicuring; or
10-2 (B) attaching false nails;
10-3 (8) massaging, cleansing, treating, or beautifying a
10-4 person's hands or feet; or
10-5 (9) weaving a person's hair by using any method to
10-6 attach commercial hair to a person's hair or scalp.
10-7 (b) In addition to the services described by Subsection (a),
10-8 the practice of barbering includes performing or offering to
10-9 perform for compensation the service of shaving a person's face,
10-10 neck, mustache, or beard with a razor of any type.
10-11 (c) In addition to the services described by Subsection (a),
10-12 the practice of cosmetology includes performing or offering to
10-13 perform for compensation the service of applying semipermanent,
10-14 thread-like extensions composed of single fibers to a person's
10-15 eyelashes.
10-16 (d) Advertising or representing to the public in any manner
10-17 that a person is licensed to perform a barbering or cosmetology
10-18 service under this chapter, or that a location or place of business
10-19 is an establishment or school, constitutes the practice of
10-20 barbering or cosmetology.
10-21 (e) In this section, "safety razor" means a razor that is
10-22 fitted with a guard close to the cutting edge of the razor that is
10-23 intended to:
10-24 (1) prevent the razor from cutting too deeply; and
10-25 (2) reduce the risk and incidence of accidental cuts.
10-26 Sec. 1603.0012. SERVICES NOT CONSTITUTING BARBERING OR
10-27 COSMETOLOGY. Barbering and cosmetology do not include:
10-28 (1) threading, which involves removing unwanted hair
10-29 from a person by using a piece of thread that is looped around the
10-30 hair and pulled to remove the hair and includes the incidental
10-31 trimming of eyebrow hair; or
10-32 (2) servicing a person's wig, toupee, or artificial
10-33 hairpiece on a person's head or on a block after the initial retail
10-34 sale in any manner described by Section 1603.0011(a)(1).
10-35 Sec. 1603.0013. APPLICATION OF CHAPTER. This chapter does
10-36 not apply to a person who:
10-37 (1) does not represent or advertise to the public
10-38 directly or indirectly that the person is authorized by the
10-39 department to practice barbering or cosmetology and the person is:
10-40 (A) licensed in this state to practice medicine,
10-41 dentistry, podiatry, chiropractic, or nursing and operating within
10-42 the scope of the person's license;
10-43 (B) a commissioned or authorized medical or
10-44 surgical officer of the United States armed forces; or
10-45 (C) an inmate in the institutional division of
10-46 the Texas Department of Criminal Justice who performs barbering or
10-47 cosmetology during the person's incarceration;
10-48 (2) provides a service in an emergency;
10-49 (3) is in the business of or receives compensation for
10-50 makeup applications only;
10-51 (4) provides a cosmetic service as a volunteer or an
10-52 employee performing regular duties at a licensed nursing or
10-53 convalescent custodial or personal care home to a patient residing
10-54 in the home;
10-55 (5) owns, operates, or manages a licensed nursing or
10-56 convalescent custodial or personal care home that allows a person
10-57 with an operator license to perform cosmetic services for patients
10-58 residing in the home on an occasional but not daily basis;
10-59 (6) provides an incidental cosmetic service, or owns,
10-60 operates, or manages the location where that service is provided,
10-61 if the primary purpose of the service is to enable or assist the
10-62 recipient of the service to participate as the subject of:
10-63 (A) a photographic sitting at a permanent
10-64 establishment that charges a fee exclusively for a photographic
10-65 sitting;
10-66 (B) a television appearance; or
10-67 (C) the filming of a motion picture; or
10-68 (7) performs only natural hair braiding, including
10-69 braiding a person's hair, trimming hair extensions only as

11-1 applicable to the braiding process, and attaching commercial hair
11-2 by braiding and without the use of chemicals or adhesives.

11-3 SECTION 3.03. Section 1603.002, Occupations Code, is
11-4 amended to read as follows:

11-5 Sec. 1603.002. REGULATION OF BARBERING AND COSMETOLOGY BY
11-6 DEPARTMENT OF LICENSING AND REGULATION. The department shall
11-7 administer this chapter. This chapter ~~[and Chapters 1601 and 1602.~~
11-8 ~~A reference in this chapter to the commission's or department's~~
11-9 ~~powers or duties applies only in relation to those chapters, except~~
11-10 ~~that this section]~~ does not limit the department's or commission's
11-11 general powers under Chapter 51.

11-12 SECTION 3.04. Subchapter B, Chapter 1603, Occupations Code,
11-13 is amended to read as follows:

11-14 SUBCHAPTER B. ~~[ADVISORY BOARDS FOR]~~ BARBERING AND COSMETOLOGY
11-15 ADVISORY BOARD

11-16 Sec. 1603.051. ADVISORY BOARD; MEMBERSHIP. The Barbering
11-17 and Cosmetology Advisory Board consists of nine members appointed
11-18 by the presiding officer of the commission, with the commission's
11-19 approval, as follows:

11-20 (1) four members who each hold an individual
11-21 practitioner license under Subchapter E-1, including:

11-22 (A) at least one holder of a Class A barber
11-23 license; and

11-24 (B) at least one holder of a cosmetology operator
11-25 license;

11-26 (2) two members who each hold an establishment
11-27 license;

11-28 (3) two members who each hold a school license; and

11-29 (4) one member who represents the public.

11-30 Sec. 1603.052. DUTIES OF ADVISORY BOARD. (a) The advisory
11-31 board ~~[boards established under Chapters 1601 and 1602]~~ shall
11-32 advise the commission and the department on:

11-33 (1) education and curricula for applicants;

11-34 (2) the content of examinations;

11-35 (3) proposed rules and standards on technical issues
11-36 related to barbering and cosmetology; and

11-37 (4) other issues affecting ~~[administering this~~
11-38 ~~chapter and Chapters 1601 and 1602 regarding]~~ barbering and ~~[or]~~
11-39 ~~cosmetology[, as applicable].~~

11-40 (b) The advisory board shall respond to questions from the
11-41 commission and the department regarding barbering and cosmetology.

11-42 Sec. 1603.053. TERMS; VACANCY. (a) Members of the advisory
11-43 board serve staggered six-year terms, with the terms of three
11-44 members expiring January 31 of each odd-numbered year.

11-45 (b) If a vacancy occurs during a member's term, the
11-46 presiding officer of the commission, with the commission's
11-47 approval, shall appoint a replacement to fill the unexpired term.

11-48 Sec. 1603.054. PRESIDING OFFICER. The presiding officer of
11-49 the commission shall appoint one of the advisory board members to
11-50 serve as the presiding officer of the advisory board for a term of
11-51 two years.

11-52 SECTION 3.05. Section 1603.101, Occupations Code, is
11-53 amended to read as follows:

11-54 Sec. 1603.101. RULES. The commission shall adopt rules
11-55 consistent with this chapter for ~~[+~~

11-56 ~~[(1)]~~ the administration of this chapter and the
11-57 operations of the department in regulating barbering and
11-58 cosmetology ~~[, and~~

11-59 ~~[(2) the administration of Chapters 1601 and 1602].~~

11-60 SECTION 3.06. Section 1603.103(a), Occupations Code, is
11-61 amended to read as follows:

11-62 (a) Until the department determines, by inspection, that
11-63 the person has established the school in compliance with this
11-64 chapter, [Chapter 1601, or Chapter 1602,] a person may not operate a
11-65 school licensed [or permitted] under this chapter[~~, Chapter 1601,~~
11-66 or Chapter 1602].

11-67 SECTION 3.07. The heading to Section 1603.104, Occupations
11-68 Code, is amended to read as follows:

11-69 Sec. 1603.104. [PERIODIC] INSPECTIONS.

12-1 SECTION 3.08. Sections 1603.104(a) and (d), Occupations
12-2 Code, are amended to read as follows:

12-3 (a) The department may enter and inspect at any time during
12-4 business hours:

12-5 (1) the place of business of any person regulated
12-6 under this chapter [~~Chapter 1601, or Chapter 1602~~]; or

12-7 (2) any place in which the department has reasonable
12-8 cause to believe that a [~~certificate,~~] license [~~or~~] or permit holder
12-9 is practicing in violation of this chapter [~~Chapter 1601, or~~
12-10 ~~Chapter 1602~~] or in violation of a rule or order of the commission
12-11 or executive director.

12-12 (d) An inspector who discovers a violation of this chapter [~~or~~
12-13 ~~Chapter 1601, or Chapter 1602~~] or of a rule or order of the
12-14 commission or executive director shall [~~+~~

12-15 [~~(1)~~] provide written notice of the violation to the
12-16 license [~~, certificate,~~] or permit holder on a form prescribed by
12-17 the department [~~, and~~

12-18 [~~(2) file a complaint with the executive director~~].

12-19 SECTION 3.09. Section 1603.1045, Occupations Code, is
12-20 amended to read as follows:

12-21 Sec. 1603.1045. CONTRACT TO PERFORM INSPECTIONS. The
12-22 department may contract with a person to perform for the department
12-23 inspections of a school or establishment [~~, shop, or other facility~~
12-24 ~~under this chapter, Chapter 1601, or Chapter 1602~~].

12-25 SECTION 3.10. Subchapter C, Chapter 1603, Occupations Code,
12-26 is amended by adding Section 1603.106 to read as follows:

12-27 Sec. 1603.106. CERTAIN BUILDING AND FACILITY STANDARDS
12-28 PROHIBITED. The commission may not establish building or facility
12-29 standards for a school that are not related to health and safety,
12-30 including a requirement that a building or facility of the school
12-31 have a specific:

- 12-32 (1) square footage of floor space;
- 12-33 (2) number of chairs; or
- 12-34 (3) number of sinks.

12-35 SECTION 3.11. Section 1603.151, Occupations Code, is
12-36 amended to read as follows:

12-37 Sec. 1603.151. NOTIFICATION OF PUBLIC INTEREST INFORMATION
12-38 AND PARTICIPATION. The commission by rule shall establish methods
12-39 by which consumers and service recipients are notified of the name,
12-40 mailing address, and telephone number of the department for the
12-41 purpose of directing complaints to the department regarding
12-42 barbering and cosmetology. The department may provide for that
12-43 notice:

12-44 (1) on each registration form, application, or written
12-45 contract for services of a person regulated under this chapter [~~or~~
12-46 ~~Chapter 1601, or Chapter 1602~~];

12-47 (2) on a sign prominently displayed in the place of
12-48 business of each person regulated under this chapter [~~Chapter~~
12-49 ~~1601, or Chapter 1602~~]; or

12-50 (3) in a bill for service provided by a person
12-51 regulated under this chapter [~~Chapter 1601, or Chapter 1602~~].

12-52 SECTION 3.12. The heading to Subchapter E, Chapter 1603,
12-53 Occupations Code, is amended to read as follows:

12-54 SUBCHAPTER E. GENERAL [CERTIFICATE,] LICENSE [or] AND PERMIT
12-55 PROVISIONS [REQUIREMENTS]

12-56 SECTION 3.13. Subchapter E, Chapter 1603, Occupations Code,
12-57 is amended by adding Section 1603.2001 to read as follows:

12-58 Sec. 1603.2001. RULES FOR ISSUANCE OF LICENSE OR PERMIT.
12-59 (a) The commission by rule shall establish requirements for the
12-60 issuance of:

- 12-61 (1) a license for an individual practitioner,
12-62 establishment, or school; and
- 12-63 (2) a student permit.

12-64 (b) Requirements established by the commission under
12-65 Subsection (a) for an individual practitioner may include
12-66 requirements regarding an applicant's:

- 12-67 (1) minimum age;
- 12-68 (2) education level; and
- 12-69 (3) completed hours of instruction.

13-1 (c) In establishing a requirement under this section for the
13-2 issuance of a license, the commission shall consider whether the
13-3 requirement is the least restrictive requirement possible to ensure
13-4 public safety without creating a barrier to entry into the licensed
13-5 occupation.

13-6 (d) Requirements established under this section:

13-7 (1) for an individual practitioner specialty license
13-8 may not be more stringent than requirements for a Class A barber
13-9 license or a cosmetology operator license; and

13-10 (2) for a specialty establishment license may not be
13-11 more stringent than requirements for an establishment license.

13-12 (e) The commission shall establish standardized
13-13 requirements within license categories.

13-14 SECTION 3.14. Sections 1603.201 and 1603.202, Occupations
13-15 Code, are amended to read as follows:

13-16 Sec. 1603.201. APPLICATION FORM. An application for a
13-17 [~~certificate,~~] license[~~,~~] or permit under this chapter must be made
13-18 on a form prescribed [~~and provided~~] by the department.

13-19 Sec. 1603.202. DUPLICATE [~~CERTIFICATE,~~] LICENSE[~~,~~] OR
13-20 PERMIT. The department shall issue a duplicate [~~certificate,~~] license[~~,~~]
13-21 or permit to an applicant who:

13-22 (1) submits an application for a duplicate
13-23 [~~certificate,~~] license[~~,~~] or permit to the department; and

13-24 (2) pays the required fee.

13-25 SECTION 3.15. Subchapter E, Chapter 1603, Occupations Code,
13-26 is amended by adding Section 1603.2025 to read as follows:

13-27 Sec. 1603.2025. TEMPORARY LICENSE. (a) The department may
13-28 issue a temporary license.

13-29 (b) The commission by rule may establish requirements for
13-30 the issuance of a temporary license.

13-31 (c) A temporary license expires on the 60th day after the
13-32 date the license is issued. A temporary license may not be renewed.

13-33 SECTION 3.16. Sections 1603.203 and 1603.204, Occupations
13-34 Code, are amended to read as follows:

13-35 Sec. 1603.203. PROVISIONAL [~~CERTIFICATE OR~~] LICENSE. (a)
13-36 The department may issue a provisional [~~certificate or~~] license to
13-37 an applicant currently licensed in another jurisdiction who seeks a
13-38 [~~certificate or~~] license in this state and who:

13-39 (1) has been licensed in good standing in the
13-40 profession for which the person seeks the [~~certificate or~~] license
13-41 for at least two years in another jurisdiction, including a foreign
13-42 country, that has requirements substantially equivalent to the
13-43 requirements of this chapter [~~, Chapter 1601, or Chapter 1602, as~~
13-44 ~~appropriate~~]; and

13-45 (2) has passed a national or other examination
13-46 recognized by the department [~~commission~~] relating to the practice
13-47 of that profession.

13-48 (b) A provisional [~~certificate or~~] license is valid until
13-49 the date the department approves or denies the provisional
13-50 [~~certificate or~~] license holder's application. The department
13-51 shall issue a [~~certificate or~~] license to the provisional
13-52 [~~certificate or~~] license holder if:

13-53 (1) the provisional [~~certificate or~~] license holder is
13-54 eligible to hold a [~~certificate or~~] license under this chapter
13-55 [~~Chapter 1601 or Chapter 1602~~]; or

13-56 (2) the provisional [~~certificate or~~] license holder
13-57 passes the part of the examination [~~under Chapter 1601 or Chapter~~
13-58 ~~1602~~] that relates to the applicant's knowledge and understanding
13-59 of the laws and rules relating to the practice of the profession in
13-60 this state and:

13-61 (A) the department verifies that the provisional
13-62 [~~certificate or~~] license holder meets the education [~~academic~~] and
13-63 experience requirements for the [~~certificate or~~] license; and

13-64 (B) the provisional [~~certificate or~~] license
13-65 holder satisfies any other [~~certificate or~~] license requirements.

13-66 (c) The department must approve or deny a provisional
13-67 [~~certificate or~~] license holder's application for a [~~certificate~~
13-68 ~~or~~] license not later than the 180th day after the date the
13-69 provisional [~~certificate or~~] license is issued. The department may

14-1 extend the 180-day period if the results of an examination have not
 14-2 been received by the department before the end of that period.

14-3 Sec. 1603.204. SUBSTANTIALLY EQUIVALENT [~~RECIPROCAL~~
 14-4 ~~CERTIFICATE,~~] LICENSE [~~, OR PERMIT~~]. (a) A person who holds a
 14-5 license [~~, certificate, or permit~~] to practice barbering or
 14-6 cosmetology from another state or country that has standards or
 14-7 work experience requirements that are substantially equivalent to
 14-8 the requirements of this chapter [~~, Chapter 1601, or Chapter 1602~~]
 14-9 may apply for a license [~~, certificate, or permit~~] to perform the
 14-10 same acts of barbering or cosmetology in this state that the person
 14-11 practiced in the other state or country.

14-12 (b) The person must:

14-13 (1) submit an application for the license [~~,
 14-14 certificate, or permit~~] to the department; and

14-15 (2) pay fees in an amount prescribed by the
 14-16 commission, including any applicable license [~~, certificate, or
 14-17 permit~~] fee.

14-18 (c) A person issued a license [~~, certificate, or permit~~]
 14-19 under this section:

14-20 (1) may perform the acts of barbering or cosmetology
 14-21 authorized by [~~stated on~~] the license [~~, certificate, or permit~~];
 14-22 and

14-23 (2) is subject to the renewal procedures and fees
 14-24 provided in this chapter [~~, Chapter 1601, or Chapter 1602~~] for the
 14-25 performance of those acts of barbering or cosmetology.

14-26 SECTION 3.17. Sections 1603.208(a)(2) and (3), Occupations
 14-27 Code, are amended to read as follows:

14-28 (2) "Digitally prearranged remote service" means a
 14-29 barbering or cosmetology service performed for compensation by a
 14-30 person holding a license [~~, certificate of registration, or permit~~]
 14-31 under Subchapter E-1 [~~Chapter 1601 or 1602 or this chapter~~] that is:

14-32 (A) prearranged through a digital network; and

14-33 (B) performed at a location other than an
 14-34 establishment [~~a place of business that is~~] licensed [~~or permitted~~]
 14-35 under Subchapter E-2 [~~Chapter 1601 or 1602 or this chapter~~].

14-36 (3) "Remote service business" means a corporation,
 14-37 partnership, sole proprietorship, or other entity that, for
 14-38 compensation, enables a client to schedule a digitally prearranged
 14-39 remote service with a person holding a license [~~, certificate of
 14-40 registration, or permit~~] under Subchapter E-1 [~~Chapter 1601 or 1602
 14-41 or this chapter~~].

14-42 SECTION 3.18. Sections 1603.208(c), (d), (f), (g), and (i),
 14-43 Occupations Code, are amended to read as follows:

14-44 (c) Sections 1603.2108 and 1603.2109 [~~1601.453, 1601.455,
 14-45 1602.251(c), and 1602.407~~] do not apply to a digitally prearranged
 14-46 remote service scheduled through a remote service business.

14-47 (d) A person who holds a license [~~, certificate of
 14-48 registration, or permit~~] to practice barbering or cosmetology and
 14-49 who performs a digitally prearranged remote service shall:

14-50 (1) comply with this section and the rules adopted
 14-51 under this section; and

14-52 (2) practice within the scope of the person's
 14-53 license [~~, certificate of registration, or permit~~].

14-54 (f) Before a person licensed [~~, registered, or permitted~~] to
 14-55 practice barbering or cosmetology performs a digitally prearranged
 14-56 remote service for a client requesting the service, a remote
 14-57 service business must [~~shall~~] provide through the entity's digital
 14-58 network:

14-59 (1) the following information regarding the person who
 14-60 will perform the service:

14-61 (A) the person's first and last name;

14-62 (B) the [~~number of the~~] person's license number [~~,
 14-63 certificate of registration, or permit, as applicable~~]; and

14-64 (C) a photograph of the person;

14-65 (2) the following information regarding the business:

14-66 (A) Internet website address; and

14-67 (B) telephone number; and

14-68 (3) the department's Internet website address and
 14-69 telephone number and notice that the client may contact the

15-1 department to file a complaint against the business or person.
 15-2 (g) Within a reasonable time after completion of a digitally
 15-3 prearranged remote service, the remote service business shall issue
 15-4 to the client who requested the service a receipt that includes:
 15-5 (1) the date the service was provided;
 15-6 (2) a description of the service;
 15-7 (3) the first and last name of the person who performed
 15-8 the service;
 15-9 (4) the ~~[number of the]~~ person's license number~~[-~~
 15-10 ~~certificate of registration, or permit, as applicable];~~
 15-11 (5) the following information regarding the business:
 15-12 (A) Internet website address; and
 15-13 (B) telephone number; and
 15-14 (6) the department's Internet website address and
 15-15 telephone number and notice that the client may contact the
 15-16 department to file a complaint against the business or person.
 15-17 (i) A remote service business shall terminate a person's
 15-18 access to the business's digital network if the business or
 15-19 department determines the person violated:
 15-20 (1) this chapter; or
 15-21 (2) a rule adopted under this chapter~~[-~~
 15-22 ~~[(3) Chapter 1601 or 1602; or~~
 15-23 ~~[(4) a rule adopted under Chapter 1601 or 1602].~~

15-24 SECTION 3.19. Subchapter E, Chapter 1603, Occupations Code,
 15-25 is amended by adding Section 1603.209 to read as follows:

15-26 Sec. 1603.209. INFECTIOUS AND CONTAGIOUS DISEASES. (a) A
 15-27 person holding a license or permit issued under Subchapter E-1 may
 15-28 not perform any practice of barbering or cosmetology if the person
 15-29 knows the person is suffering from an infectious or contagious
 15-30 disease for which the person is not entitled to protection under the
 15-31 federal Americans with Disabilities Act of 1990 (42 U.S.C. Section
 15-32 12101 et seq.).

15-33 (b) A person holding an establishment or school license may
 15-34 not employ a person to perform any practice of barbering or
 15-35 cosmetology or to instruct in the practice of barbering or
 15-36 cosmetology if the license holder knows that the person is
 15-37 suffering from an infectious or contagious disease for which the
 15-38 person is not entitled to protection under the federal Americans
 15-39 with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.).

15-40 SECTION 3.20. Chapter 1603, Occupations Code, is amended by
 15-41 adding Subchapters E-1, E-2, and E-3 to read as follows:

15-42 SUBCHAPTER E-1. INDIVIDUAL PRACTITIONER LICENSES; STUDENT PERMIT;
 15-43 PRACTICE

15-44 Sec. 1603.2101. INDIVIDUAL PRACTITIONER LICENSE OR STUDENT
 15-45 PERMIT REQUIRED; USE OF CERTAIN TERMS WITHOUT LICENSE PROHIBITED.

15-46 (a) A person may not perform or offer or attempt to perform any act
 15-47 of barbering or cosmetology unless the person holds a license or
 15-48 permit issued under this subchapter to perform that act.

15-49 (b) Unless the person holds an appropriate license issued
 15-50 under this subchapter, a person may not directly or indirectly use
 15-51 or cause to be used as a professional or business identification,
 15-52 title, name, representation, asset, or means of advantage or
 15-53 benefit:

- 15-54 (1) the term "barber" or "barbering";
- 15-55 (2) the term "cosmetologist" or "cosmetology"; or
- 15-56 (3) any combination, variation, or abbreviation of the
 15-57 terms listed in Subdivisions (1) and (2).

15-58 Sec. 1603.2102. ISSUANCE OF INDIVIDUAL PRACTITIONER
 15-59 LICENSE. The department shall issue an individual practitioner
 15-60 license to an applicant who:

- 15-61 (1) meets the applicable eligibility requirements;
- 15-62 (2) passes the applicable examination;
- 15-63 (3) pays the required fee;
- 15-64 (4) has not committed an act that constitutes a ground
 15-65 for denial of the license; and
- 15-66 (5) submits an application on a form prescribed by the
 15-67 department.

15-68 Sec. 1603.2103. INDIVIDUAL PRACTITIONER LICENSES. (a) A
 15-69 person holding:

16-1 (1) a Class A barber license may perform any barbering
16-2 service;
16-3 (2) a cosmetology operator license may perform any
16-4 cosmetology service;
16-5 (3) a manicurist license may perform any service
16-6 described by Section 1603.0011(a)(7) or (8);
16-7 (4) an esthetician license may perform any service
16-8 described by Section 1603.0011(a)(3), (4), (5), or (6) or (c);
16-9 (5) a manicurist/esthetician license may perform any
16-10 service described by Section 1603.0011(a)(3), (4), (5), (6), (7),
16-11 or (8) or (c);
16-12 (6) a hair weaving specialist license may perform any
16-13 service described by Section 1603.0011(a)(9);
16-14 (7) a hair weaving specialist/esthetician license may
16-15 perform any service described by Section 1603.0011(a)(3), (4), (5),
16-16 (6), or (9) or (c); and
16-17 (8) an eyelash extension specialist license may
16-18 perform any service described by Section 1603.0011(c).
16-19 (b) The commission by rule shall provide for the issuance
16-20 of:
16-21 (1) a Class A barber license to a person who holds a
16-22 cosmetology operator license; and
16-23 (2) a cosmetology operator license to a person who
16-24 holds a Class A barber license.
16-25 Sec. 1603.2104. WAIVER OF CERTAIN LICENSE REQUIREMENTS.
16-26 (a) The department may waive any requirement for a license issued
16-27 under this subchapter for an applicant holding a license from
16-28 another jurisdiction that has license requirements substantially
16-29 equivalent to those of this state.
16-30 (b) The department shall issue a license to an applicant
16-31 under Subsection (a) if the applicant:
16-32 (1) submits an application on a form prescribed by the
16-33 department;
16-34 (2) pays the application fee; and
16-35 (3) provides proof that the applicant holds a current
16-36 license to engage in the same or a similar activity issued by
16-37 another jurisdiction that has license requirements substantially
16-38 equivalent to those of this state.
16-39 (c) The department may not require a personal interview as
16-40 part of the application process under this section.
16-41 (d) A license issued under this section may be renewed as
16-42 provided by Subchapter G.
16-43 Sec. 1603.2105. STUDENT PERMIT. (a) A student enrolled in
16-44 a school licensed under Subchapter E-3 must hold a permit stating
16-45 the student's name and the name of the school.
16-46 (b) The department shall issue a student permit to an
16-47 applicant who submits an application to the department for a
16-48 student permit accompanied by the required fee.
16-49 (c) A separate application is required for each enrollment.
16-50 The application fee applies only to the first enrollment. The
16-51 department may not charge the application fee for any later
16-52 enrollment.
16-53 Sec. 1603.2106. TRANSFER OF LICENSE OR PERMIT PROHIBITED.
16-54 A license or permit issued under this subchapter is not
16-55 transferable.
16-56 Sec. 1603.2107. DISPLAY OF LICENSE OR PERMIT. (a) The
16-57 holder of a license issued under this subchapter shall:
16-58 (1) display the original license and an attached
16-59 photograph of the license holder in a conspicuous place near the
16-60 license holder's work chair in the establishment in which the
16-61 holder is working; or
16-62 (2) make available at the reception desk of the
16-63 establishment in which the holder is working, in the manner
16-64 prescribed by the department:
16-65 (A) the original license and an attached
16-66 photograph of the license holder; or
16-67 (B) a digital image of the license and photograph
16-68 of the license holder.
16-69 (b) The holder of a student permit issued under this

17-1 subchapter shall display the permit in a reasonable manner at the
17-2 school in which the permit holder is enrolled.

17-3 Sec. 1603.2108. LOCATION OF PRACTICE. A person holding a
17-4 license or permit issued under this subchapter may practice
17-5 barbering or cosmetology only at a licensed establishment or
17-6 school.

17-7 Sec. 1603.2109. SERVICE AT UNLICENSED LOCATION. (a) In
17-8 this section, "licensed facility" means:

17-9 (1) an establishment licensed under Subchapter E-2; or
17-10 (2) a school licensed under Subchapter E-3.

17-11 (b) A person holding a license under this subchapter may
17-12 perform a service within the scope of the license at a location
17-13 other than a licensed facility for a client:

17-14 (1) who, because of illness or physical or mental
17-15 incapacitation, is unable to receive the service at a licensed
17-16 facility; or

17-17 (2) in preparation for and at the location of a special
17-18 event, including a wedding.

17-19 (c) An appointment for a service performed under this
17-20 section must be made through a licensed facility.

17-21 SUBCHAPTER E-2. ESTABLISHMENT LICENSES; OPERATION

17-22 Sec. 1603.2201. LICENSE REQUIRED. (a) A person may not
17-23 own, operate, or manage an establishment in which an act of
17-24 barbering or cosmetology is practiced unless the person holds a
17-25 license issued under this subchapter to operate the establishment.

17-26 (b) A person may not lease space on the premises of a
17-27 licensed establishment to engage in the practice of barbering or
17-28 cosmetology as an independent contractor unless the person holds a
17-29 license issued under Subchapter E-1.

17-30 Sec. 1603.2202. ISSUANCE OF LICENSE. The department shall
17-31 issue the applicable establishment license under this subchapter to
17-32 an applicant if:

17-33 (1) the applicant:

17-34 (A) owns or rents the establishment;

17-35 (B) verifies the application;

17-36 (C) complies with the application requirements
17-37 of this chapter;

17-38 (D) pays the required inspection and license
17-39 fees; and

17-40 (E) has not committed an act that constitutes a
17-41 ground for denial of a license; and

17-42 (2) the establishment:

17-43 (A) meets the commission's minimum health
17-44 standards for an establishment; and

17-45 (B) complies with all commission rules.

17-46 Sec. 1603.2203. ESTABLISHMENT LICENSES. (a) An
17-47 establishment licensed as:

17-48 (1) an establishment may provide any barbering or
17-49 cosmetology service;

17-50 (2) a manicurist specialty establishment may provide
17-51 any service described by Section 1603.0011(a)(7) or (8);

17-52 (3) an esthetician specialty establishment may
17-53 provide any service described by Section 1603.0011(a)(3), (4), (5),
17-54 or (6) or (c);

17-55 (4) a manicurist/esthetician specialty establishment
17-56 may provide any service described by Section 1603.0011(a)(3), (4),
17-57 (5), (6), (7), or (8) or (c);

17-58 (5) a hair weaving specialty establishment may provide
17-59 any service described by Section 1603.0011(a)(9);

17-60 (6) an eyelash extension specialty establishment may
17-61 provide any service described by Section 1603.0011(c);

17-62 (7) a mini-establishment may provide any barbering or
17-63 cosmetology service; and

17-64 (8) a mobile establishment may provide any barbering
17-65 or cosmetology service.

17-66 (b) In this section:

17-67 (1) "Mini-establishment" includes a room or suite of
17-68 rooms that is one of a number of connected establishments in a
17-69 single premises that open onto a common hallway or another

18-1 configuration of operations as authorized by the department in
 18-2 which a person practices under a license issued under Subchapter
 18-3 E-1.

18-4 (2) "Mobile establishment" means a facility that is
 18-5 readily movable and where barbering, cosmetology, or both are
 18-6 practiced other than at a fixed location.

18-7 Sec. 1603.2204. TRANSFER OF LICENSE PROHIBITED. A license
 18-8 issued under this subchapter is not transferable.

18-9 Sec. 1603.2205. USE OF ESTABLISHMENT AS SLEEPING QUARTERS
 18-10 PROHIBITED. (a) An owner or manager of a licensed establishment
 18-11 may not permit a person to sleep in a room used as part of the
 18-12 establishment.

18-13 (b) A person may not perform an act for which a license is
 18-14 required in a room in an establishment that is used as sleeping
 18-15 quarters.

18-16 SUBCHAPTER E-3. SCHOOL LICENSES; OPERATION

18-17 Sec. 1603.2301. LICENSE REQUIRED. A person may not operate
 18-18 a school for instruction in the practice of barbering or
 18-19 cosmetology unless the person holds a license issued under this
 18-20 subchapter to operate the school.

18-21 Sec. 1603.2302. ISSUANCE OF LICENSE. The department shall
 18-22 issue a license under this subchapter to an applicant who, as
 18-23 applicable:

18-24 (1) submits an application on a form prescribed by the
 18-25 department;

18-26 (2) pays the required fee;

18-27 (3) provides to the department adequate proof of
 18-28 financial responsibility;

18-29 (4) meets the health and safety standards established
 18-30 by the commission; and

18-31 (5) satisfies any other requirements of this chapter
 18-32 or commission rule.

18-33 Sec. 1603.2303. SCHOOL LICENSES; INSTRUCTORS; ENFORCEMENT.

18-34 (a) The holder of a public secondary school license, public
 18-35 postsecondary school license, or private postsecondary school
 18-36 license:

18-37 (1) may provide instruction in the barbering or
 18-38 cosmetology services for which the license holder has been approved
 18-39 by the department; and

18-40 (2) may only employ to provide the instruction
 18-41 described by Subdivision (1) a person who holds a license issued
 18-42 under Subchapter E-1 to perform the acts of barbering or
 18-43 cosmetology for which the person will provide instruction.

18-44 (b) The department may take any disciplinary or other
 18-45 enforcement action against a person who violates Subsection (a)(2).

18-46 Sec. 1603.2304. CHANGE OF SCHOOL OWNERSHIP OR LOCATION.

18-47 (a) If a licensed school changes ownership:

18-48 (1) the outgoing owner shall notify the department of
 18-49 the change not later than the 10th day before the date the change
 18-50 takes effect; and

18-51 (2) the new owner shall obtain a license under this
 18-52 subchapter in accordance with commission rule.

18-53 (b) A school may not change the location of the school
 18-54 unless the school obtains approval from the department before the
 18-55 change by showing that the proposed location meets the requirements
 18-56 of this chapter and commission rules.

18-57 Sec. 1603.2305. SIGNS REQUIRED. The holder of a school
 18-58 license shall place a sign on the front outside portion of the
 18-59 school's building in a prominent place that reads "SCHOOL--STUDENT
 18-60 PRACTITIONERS" in:

18-61 (1) at least 10-inch block letters; or

18-62 (2) a manner prescribed by the department.

18-63 Sec. 1603.2306. INFORMATION PROVIDED TO PROSPECTIVE
 18-64 STUDENT. The holder of a school license shall provide to each
 18-65 prospective student, as applicable:

18-66 (1) a course outline;

18-67 (2) a schedule of the tuition and other fees assessed;

18-68 (3) the school's refund policy required under Section

18-69 1603.3602;

19-1 (4) the school's grading policy and rules relating to
19-2 incomplete grades;
19-3 (5) the school's rules of operation and conduct,
19-4 including rules relating to absences;
19-5 (6) the department's name, mailing address, and
19-6 telephone number for the purpose of directing complaints to the
19-7 department; and
19-8 (7) the current job placement rates and employment
19-9 rates of students who complete a course of instruction.
19-10 Sec. 1603.2307. COURSE LENGTH AND CURRICULUM CONTENT. (a)
19-11 A school shall design course length and curriculum content to
19-12 reasonably ensure that a student develops the job skills and
19-13 knowledge necessary for employment.
19-14 (b) A school must submit to the department for approval the
19-15 course length and curriculum content for each course offered by the
19-16 school. The school may not implement a course length and curriculum
19-17 content without the approval of the department.
19-18 (c) Before issuing or renewing a license under this
19-19 subchapter, the department must require the school to account for
19-20 each course length and curriculum content.
19-21 Sec. 1603.2308. REQUIRED COURSES. (a) A school shall
19-22 instruct students in the theory and practice of subjects necessary
19-23 and beneficial to the practice of barbering and cosmetology.
19-24 (b) The commission by rule shall establish the subjects in
19-25 which students shall receive instruction.
19-26 (c) A school may not increase, decrease, or withhold for any
19-27 reason the number of hours earned by a student.
19-28 Sec. 1603.2309. DAILY ATTENDANCE RECORDS. (a) A school
19-29 shall maintain an attendance record showing the students' daily
19-30 attendance.
19-31 (b) The department may inspect a school's attendance
19-32 records at any time.
19-33 Sec. 1603.2310. INSTRUCTOR-TO-STUDENT RATIO. A licensed
19-34 school must have at least one instructor for every 25 students on
19-35 the school's premises.
19-36 Sec. 1603.2311. REPORTS TO DEPARTMENT. (a) A licensed
19-37 school shall maintain a monthly progress report regarding each
19-38 student attending the school. The report must certify the daily
19-39 attendance record of each student and the number of hours earned by
19-40 each student during the previous month.
19-41 (b) On a student's completion of a prescribed course of
19-42 instruction, the school shall notify the department that the
19-43 student has completed the required number of hours and is eligible
19-44 to take the appropriate examination.
19-45 (c) The holder of a school license shall provide to the
19-46 department on request:
19-47 (1) the current course completion rates of students
19-48 who attend a course of instruction offered by the school; and
19-49 (2) job placement rates and employment rates of
19-50 students who complete a course of instruction.
19-51 Sec. 1603.2312. ADDITIONAL DUTIES OF LICENSE HOLDER. The
19-52 holder of a school license shall:
19-53 (1) maintain a sanitary premises;
19-54 (2) establish regular class and instruction hours and
19-55 grades;
19-56 (3) hold examinations before issuing diplomas; and
19-57 (4) maintain a copy of the school's curriculum in a
19-58 conspicuous place and verify that the curriculum is being followed.
19-59 Sec. 1603.2313. TRANSFER OF HOURS OF INSTRUCTION. (a) A
19-60 student at a licensed school may transfer completed hours of
19-61 instruction to another licensed school in this state.
19-62 (b) In order for the hours of instruction to be transferred,
19-63 a transcript showing the completed courses and number of hours
19-64 certified by the school in which the instruction was given must be
19-65 submitted to the department.
19-66 (c) In evaluating a student's transcript, the department
19-67 shall determine whether the agreed tuition has been paid. If the
19-68 tuition has not been paid, the department shall notify the student
19-69 that the student's transcript cannot be certified to the school to

20-1 which the student seeks a transfer until proof is provided that the
20-2 tuition has been paid.

20-3 (d) On evaluation and approval, the department shall
20-4 certify in writing to the student and to the school to which the
20-5 student seeks a transfer that:

20-6 (1) the stated courses and hours have been
20-7 successfully completed; and

20-8 (2) the student is not required to repeat the hours of
20-9 instruction.

20-10 Sec. 1603.2314. IDENTIFICATION OF AND WORK PERFORMED BY
20-11 STUDENT. (a) Each licensed school shall maintain in a conspicuous
20-12 place a list of the names and identifying pictures of the students
20-13 who are enrolled in the school's courses.

20-14 (b) A school may not receive compensation for work done by a
20-15 student unless the student has completed 10 percent of the required
20-16 number of hours for a license under Subchapter E-1.

20-17 (c) If a school violates this section, the license of the
20-18 school may be revoked or suspended.

20-19 SECTION 3.21. Section 1603.252(b), Occupations Code, is
20-20 amended to read as follows:

20-21 (b) The executive director shall determine uniform
20-22 standards for acceptable performance on an examination for a
20-23 license under Subchapter E-1 [~~or certificate under Chapter 1601 and~~
20-24 ~~for a license or certificate under Chapter 1602].~~

20-25 SECTION 3.22. Sections 1603.253 and 1603.255, Occupations
20-26 Code, are amended to read as follows:

20-27 Sec. 1603.253. WRITTEN EXAMINATION. The department
20-28 [~~commission~~] shall select an examination for each written
20-29 examination required under this chapter [~~, Chapter 1601, or Chapter~~
20-30 ~~1602]. The written examination must be:~~

20-31 (1) validated by an independent testing professional;
20-32 or

20-33 (2) purchased from a national testing service.

20-34 Sec. 1603.255. EARLY EXAMINATION. The ~~commission by rule~~
20-35 [~~department~~] may allow for the early written examination of a
20-36 student [~~who has completed the following number of hours of~~
20-37 ~~instruction in a department-approved training program:~~

20-38 [~~(1) 1,000 hours for a student seeking a Class A barber~~
20-39 ~~certificate in a private barber school;~~

20-40 [~~(2) 900 hours for a student seeking an operator~~
20-41 ~~license in a private cosmetology school; or~~

20-42 [~~(3) 900 hours for a student seeking a Class A barber~~
20-43 ~~certificate or operator license in a publicly funded barber or~~
20-44 ~~cosmetology school].~~

20-45 SECTION 3.23. Sections 1603.256(a) and (c), Occupations
20-46 Code, are amended to read as follows:

20-47 (a) The commission may require a practical examination as it
20-48 considers necessary for a license [~~or certificate~~] issued under
20-49 Subchapter E-1 [~~Chapter 1601 or 1602].~~

20-50 (c) The following persons may administer a practical
20-51 examination [~~required under this subchapter~~]:

20-52 (1) the department;

20-53 (2) a person with whom the department contracts under
20-54 Section 1603.252;

20-55 (3) a licensed [~~barber~~] school [~~, private beauty~~
20-56 ~~culture school, or a public secondary or postsecondary beauty~~
20-57 ~~culture school]~~ that is approved by the department to administer
20-58 the examination under Section 1603.252; or

20-59 (4) the Windham School District.

20-60 SECTION 3.24. Subchapter G, Chapter 1603, Occupations Code,
20-61 is amended to read as follows:

20-62 SUBCHAPTER G. [~~CERTIFICATE,~~] LICENSE [~~, AND PERMIT]~~ RENEWAL

20-63 Sec. 1603.3001. LICENSE TERMS. (a) Except as provided by
20-64 Subsection (b), a license other than a temporary license expires on
20-65 the second anniversary of the date the license is issued.

20-66 (b) A school license expires on the first anniversary of the
20-67 date the license is issued.

20-68 Sec. 1603.3002. RENEWAL RULES. (a) The commission by rule
20-69 may establish requirements for the renewal of a license issued

21-1 under this chapter, including continuing education requirements.

21-2 (b) The commission may establish separate requirements for:

21-3 (1) the initial renewal of a license; and

21-4 (2) subsequent renewals of a license.

21-5 (c) Before establishing continuing education requirements
21-6 under this section, the commission must consider the potential
21-7 impact of continuing education with respect to:

21-8 (1) identifying and assisting trafficked persons; and

21-9 (2) providing license holders with opportunities to
21-10 acquire new skills.

21-11 Sec. 1603.3003. ISSUANCE OF RENEWAL LICENSE. The
21-12 department shall issue a renewal license on receipt of:

21-13 (1) a renewal application in the form prescribed by
21-14 the department; and

21-15 (2) any renewal fee.

21-16 Sec. 1603.3004. RENEWAL WHILE IN ARMED FORCES. (a) The
21-17 department may not require the holder of a license issued under
21-18 Subchapter E-1 who is serving on active duty in the United States
21-19 armed forces to renew the person's license.

21-20 (b) The department shall issue a renewal license on
21-21 application and payment of the required renewal fee not later than
21-22 the 90th day after the date the person is released or discharged
21-23 from active duty in the United States armed forces.

21-24 Sec. 1603.301. DENIAL OF RENEWAL DUE TO ADMINISTRATIVE
21-25 PENALTY. The department may deny a person's request to renew a
21-26 [~~certificate,~~] license[~~, or permit~~] issued under this chapter[~~,~~
21-27 ~~Chapter 1601, or Chapter 1602~~] if the person has not paid an
21-28 administrative penalty imposed under Subchapter F, Chapter
21-29 51. This section does not apply if:

21-30 (1) the person's time to pay or request a hearing has
21-31 not expired under Section 51.304;

21-32 (2) the person has requested a hearing under Section
21-33 51.304, but the person's time to pay has not expired under Section
21-34 51.307; or

21-35 (3) the penalty is stayed.

21-36 SECTION 3.25. The heading to Subchapter H, Chapter 1603,
21-37 Occupations Code, is amended to read as follows:

21-38 SUBCHAPTER H. PRACTICE PROVISIONS APPLICABLE TO MORE THAN ONE
21-39 LICENSE TYPE [CHAPTERS 1601 AND 1602]

21-40 SECTION 3.26. Section 1603.351, Occupations Code, is
21-41 amended to read as follows:

21-42 Sec. 1603.351. MINIMUM CURRICULUM FOR SCHOOLS; DISTANCE
21-43 EDUCATION. (a) The commission shall prescribe the minimum
21-44 curriculum, including the subjects and the number of hours in each
21-45 subject, taught by a licensed school [~~licensed under this chapter,~~
21-46 ~~Chapter 1601, or Chapter 1602~~].

21-47 (a-1) Notwithstanding any other law, the commission may
21-48 adopt rules to:

21-49 (1) authorize a licensed school [~~licensed under this~~
21-50 ~~chapter, Chapter 1601, or Chapter 1602~~] to account for any hours of
21-51 instruction completed under this chapter [~~those chapters~~] on the
21-52 basis of clock hours or credit hours; and

21-53 (2) establish standards for determining the
21-54 equivalency and conversion of clock hours to credit hours and
21-55 credit hours to clock hours.

21-56 (b) The commission may adopt rules allowing distance
21-57 education only for the theory portion of the curriculum taught by a
21-58 licensed school [~~licensed under this chapter, Chapter 1601, or~~
21-59 ~~Chapter 1602~~].

21-60 (c) Distance education does not satisfy the requirements of
21-61 the practical portion of the curriculum taught by a licensed school
21-62 [~~licensed under this chapter, Chapter 1601, or Chapter 1602~~].

21-63 SECTION 3.27. Sections 1603.352(a) and (b), Occupations
21-64 Code, are amended to read as follows:

21-65 (a) A person who holds a license[~~, certificate,~~] or permit
21-66 issued under this chapter[~~, Chapter 1601, or Chapter 1602~~] and who
21-67 performs a [~~barbering service described by Section 1601.002(1)(E)~~
21-68 ~~or (F) or a cosmetology~~] service described by Section
21-69 1603.0011(a)(7) or (8) [~~1602.002(a)(8) or (9)~~] shall, before

22-1 performing the service, clean, disinfect, and sterilize with an
 22-2 autoclave or dry heat sterilizer or sanitize with an ultraviolet
 22-3 sanitizer, in accordance with the sterilizer or sanitizer
 22-4 manufacturer's instructions, each metal instrument, including
 22-5 metal nail clippers, cuticle pushers, cuticle nippers, and other
 22-6 metal instruments, used to perform the service.

22-7 (b) The owner or manager of a licensed establishment or
 22-8 [barber shop, barber] school[, beauty shop, specialty shop, beauty
 22-9 culture school, or other facility licensed under this chapter,
 22-10 Chapter 1601, or Chapter 1602,] is responsible for providing an
 22-11 autoclave, a dry heat sterilizer, or an ultraviolet sanitizer for
 22-12 use in the establishment [~~shop~~] or school as required by Subsection
 22-13 (a).

22-14 SECTION 3.28. Subchapter H, Chapter 1603, Occupations Code,
 22-15 is amended by adding Sections 1603.353, 1603.354, 1603.355,
 22-16 1603.356, 1603.357, and 1603.358 to read as follows:

22-17 Sec. 1603.353. EMPLOYMENT OF LICENSE HOLDER. (a) A
 22-18 licensed school may not employ a person holding a license issued
 22-19 under Subchapter E-1 solely to perform the practices of barbering
 22-20 or cosmetology for which the person is licensed.

22-21 (b) A person holding a license for an establishment may not
 22-22 employ or lease to a person to practice barbering or cosmetology at
 22-23 the establishment unless the person holds a license issued under
 22-24 Subchapter E-1.

22-25 Sec. 1603.354. NECESSARY EQUIPMENT. The owner, operator,
 22-26 or manager of a licensed establishment or school shall equip the
 22-27 establishment or school with the facilities, supplies, appliances,
 22-28 furnishings, and materials necessary to enable a person employed on
 22-29 the premises to comply with this chapter.

22-30 Sec. 1603.355. DISPLAY OF LICENSE. A licensed school or
 22-31 establishment shall display the license in a conspicuous place in
 22-32 the school or establishment for which the license is issued.

22-33 Sec. 1603.356. DISPLAY OF HUMAN TRAFFICKING INFORMATION.
 22-34 (a) A licensed school or establishment shall display a sign
 22-35 approved by or acceptable to the commission or the department
 22-36 concerning services and assistance available to victims of human
 22-37 trafficking.

22-38 (b) The sign required by this section must:
 22-39 (1) be in English, Spanish, Vietnamese, and any other
 22-40 language required by commission rule; and
 22-41 (2) include a toll-free telephone number of a
 22-42 nationally recognized information and referral hotline for victims
 22-43 of human trafficking.

22-44 (c) The commission by rule shall establish requirements
 22-45 regarding the posting of signs under this section.

22-46 Sec. 1603.357. DISPLAY OF SANITATION RULES. A licensed
 22-47 school or establishment shall display a copy of the commission's
 22-48 sanitation rules.

22-49 Sec. 1603.358. OPERATION OF ESTABLISHMENT AND SCHOOL ON
 22-50 SINGLE PREMISES. A person may not operate an establishment on the
 22-51 same premises as a school unless the facilities are separated by
 22-52 walls of permanent construction without an opening between the
 22-53 facilities.

22-54 SECTION 3.29. Chapter 1603, Occupations Code, is amended by
 22-55 adding Subchapter H-1 to read as follows:

22-56 SUBCHAPTER H-1. FINANCIAL PROVISIONS APPLICABLE TO PRIVATE
 22-57 POSTSECONDARY SCHOOLS

22-58 Sec. 1603.3601. CANCELLATION AND SETTLEMENT POLICY. The
 22-59 holder of a private postsecondary school license shall maintain a
 22-60 cancellation and settlement policy that provides a full refund of
 22-61 money paid by a student if the student:

22-62 (1) cancels the enrollment agreement or contract not
 22-63 later than midnight of the third day after the date the agreement or
 22-64 contract is signed by the student, excluding Saturdays, Sundays,
 22-65 and legal holidays; or

22-66 (2) entered into the enrollment agreement or contract
 22-67 because of a misrepresentation made:

22-68 (A) in the advertising or promotional materials
 22-69 of the school; or

(B) by an owner or representative of the school.

Sec. 1603.3602. REFUND POLICY. (a) The holder of a private postsecondary school license shall maintain a refund policy to provide for the refund of any unused parts of tuition, fees, and other charges paid by a student who, at the expiration of the cancellation period established under Section 1603.3601:

(1) fails to enter the course of training;

(2) withdraws from the course of training; or

(3) is terminated from the course of training before completion of the course.

(b) The refund policy must provide that:

(1) the refund is based on the period of the student's enrollment, computed on the basis of course time expressed in scheduled hours, as specified by an enrollment agreement, contract, or other document acceptable to the department;

(2) the effective date of the termination for refund purposes is the earliest of:

(A) the last date of attendance, if the student is terminated by the school;

(B) the date the license holder receives the student's written notice of withdrawal; or

(C) 10 school days after the last date of attendance; and

(3) the school may retain not more than \$100 if:

(A) tuition is collected before the course of training begins; and

(B) the student does not begin the course of training before the cancellation period established under Section 1603.3601 expires.

Sec. 1603.3603. WITHDRAWAL OR TERMINATION OF STUDENT. (a) If a student at a private postsecondary school begins a course of training that is scheduled to run not more than 12 months and, during the last 50 percent of the course, withdraws from the course or is terminated by the school, the school:

(1) may retain 100 percent of the tuition and fees paid by the student; and

(2) is not obligated to refund any additional outstanding tuition.

(b) If a student at a private postsecondary school begins a course of training that is scheduled to run not more than 12 months and, before the last 50 percent of the course, withdraws from the course or is terminated by the school, the school shall refund:

(1) 90 percent of any outstanding tuition for a withdrawal or termination that occurs during the first week or first 10 percent of the course, whichever period is shorter;

(2) 80 percent of any outstanding tuition for a withdrawal or termination that occurs after the first week or first 10 percent of the course, whichever period is shorter, but within the first three weeks of the course;

(3) 75 percent of any outstanding tuition for a withdrawal or termination that occurs after the first three weeks of the course but not later than the completion of the first 25 percent of the course; and

(4) 50 percent of any outstanding tuition for a withdrawal or termination that occurs not later than the completion of the first 50 percent of the course.

(c) A refund owed under this section must be paid not later than the 30th day after the date the student becomes eligible for the refund.

Sec. 1603.3604. INTEREST ON REFUND. (a) If tuition is not refunded within the period required by Section 1603.3603, the private postsecondary school shall pay interest on the amount of the refund for the period beginning the first day after the date the refund period expires and ending the day preceding the date the refund is made.

(b) If tuition is refunded to a lending institution, the interest shall be paid to that institution and applied against the student's loan.

(c) The commissioner of education shall annually set the

24-1 interest rate at a rate sufficient to deter a school from retaining
 24-2 money paid by a student.

24-3 (d) The department may exempt a school from the payment of
 24-4 interest if the school makes a good faith effort to refund the
 24-5 tuition but is unable to locate the student. The school shall
 24-6 provide to the department on request documentation of the effort to
 24-7 locate the student.

24-8 Sec. 1603.3605. REENTRY OF STUDENT AFTER WITHDRAWAL. If a
 24-9 student voluntarily withdraws or is terminated after completing 50
 24-10 percent of the course at a private postsecondary school, the school
 24-11 shall allow the student to reenter at any time during the 48-month
 24-12 period following the date of withdrawal or termination unless the
 24-13 student presents a danger to the other students or staff of the
 24-14 school.

24-15 Sec. 1603.3606. EFFECT OF STUDENT WITHDRAWAL. (a) A
 24-16 private postsecondary school shall record a grade of incomplete for
 24-17 a student who withdraws but is not entitled to a refund under
 24-18 Section 1603.3603 if the student:

24-19 (1) requests the grade at the time the student
 24-20 withdraws; and

24-21 (2) withdraws for an appropriate reason unrelated to
 24-22 the student's academic status.

24-23 (b) A student who receives a grade of incomplete may
 24-24 reenroll in the program during the 48-month period following the
 24-25 date the student withdraws and complete the subjects without
 24-26 payment of additional tuition.

24-27 Sec. 1603.3607. EFFECT OF PRIVATE POSTSECONDARY SCHOOL
 24-28 CLOSURE. (a) If a private postsecondary school closes, the
 24-29 department shall attempt to arrange for students enrolled in the
 24-30 closed school to attend another private postsecondary school.

24-31 (b) If a student from a closed school is placed in another
 24-32 private postsecondary school, the expense incurred by the school in
 24-33 providing training directly related to educating the student,
 24-34 including the applicable tuition for the period for which the
 24-35 student paid tuition, shall be paid from the barbering and
 24-36 cosmetology school tuition protection account.

24-37 (c) If a student from a closed private postsecondary school
 24-38 cannot be placed in another private postsecondary school, the
 24-39 student's tuition and fees shall be refunded as provided by Section
 24-40 1603.3602. If a student from a closed private postsecondary school
 24-41 does not accept a place that is available and reasonable in another
 24-42 private postsecondary school, the student's tuition and fees shall
 24-43 be refunded as provided by Section 1603.3603. A refund under this
 24-44 subsection shall be paid from the barbering and cosmetology school
 24-45 tuition protection account. The amount of the refund may not exceed
 24-46 \$35,000.

24-47 (d) If another private postsecondary school assumes
 24-48 responsibility for the closed school's students and there are no
 24-49 significant changes in the quality of the training, the student
 24-50 from the closed school is not entitled to a refund under Subsection
 24-51 (c).

24-52 Sec. 1603.3608. BARBERING AND COSMETOLOGY SCHOOL TUITION
 24-53 PROTECTION ACCOUNT. (a) If on January 1 of any year the amount in
 24-54 the barbering and cosmetology school tuition protection account is
 24-55 less than \$225,000, the department shall collect a fee from each
 24-56 private postsecondary school during that year by applying a
 24-57 percentage to the school's renewal fee at a rate that will bring the
 24-58 balance of the account to \$225,000.

24-59 (b) The department shall administer claims made against the
 24-60 account.

24-61 (c) The comptroller shall invest the account in the same
 24-62 manner as other state funds.

24-63 (d) Sufficient money from the account shall be appropriated
 24-64 to the department for the purpose described by Section 1603.3607.

24-65 (e) Attorney's fees, court costs, or damages may not be paid
 24-66 from the account.

24-67 Sec. 1603.3609. RULES. The commission by rule may:

24-68 (1) adjust any tuition reimbursement limit
 24-69 established under this subchapter; and

25-1 (2) adopt procedures regarding the collection of fees
 25-2 from private postsecondary schools under Section 1603.3608.

25-3 SECTION 3.30. Section 1603.401, Occupations Code, is
 25-4 amended to read as follows:

25-5 Sec. 1603.401. DENIAL, SUSPENSION, OR REVOCATION. The
 25-6 department may [~~shall~~] deny an application for issuance or renewal
 25-7 of, or may [~~shall~~] suspend or revoke, a [~~certificate,~~] license[~~]~~
 25-8 or permit if the applicant or person holding the [~~certificate,~~] license[~~]~~
 25-9 or permit:

25-10 (1) engages in gross malpractice;
 25-11 (2) knowingly continues to practice while having an
 25-12 infectious or contagious disease;
 25-13 (3) knowingly makes a false or deceptive statement in
 25-14 advertising;

25-15 (4) advertises, practices, or attempts to practice
 25-16 under another person's name or trade name;

25-17 (5) engages in fraud or deceit in obtaining a
 25-18 [~~certificate,~~] license[~~]~~ or permit; or

25-19 (6) engages in an act that violates this chapter or [~~]~~
 25-20 Chapter 51[~~, Chapter 1601, or Chapter 1602~~] or a rule or order
 25-21 adopted or issued under this chapter or Chapter 51 [~~these~~
 25-22 ~~chapters~~].

25-23 SECTION 3.31. The heading to Subchapter J, Chapter 1603,
 25-24 Occupations Code, is amended to read as follows:

25-25 SUBCHAPTER J. OTHER [~~PENALTIES AND~~] ENFORCEMENT PROVISIONS

25-26 SECTION 3.32. Sections 1603.453 and 1603.454, Occupations
 25-27 Code, are amended to read as follows:

25-28 Sec. 1603.453. APPEAL BOND NOT REQUIRED. The department is
 25-29 not required to give an appeal bond in a cause arising under this
 25-30 chapter[~~, Chapter 1601, or Chapter 1602~~].

25-31 Sec. 1603.454. ENFORCEMENT BY ATTORNEY GENERAL. The
 25-32 attorney general shall represent the department in an action to
 25-33 enforce this chapter[~~, Chapter 1601, or Chapter 1602~~].

25-34 SECTION 3.33. The following provisions of the Occupations
 25-35 Code are repealed:

- 25-36 (1) Chapters 1601 and 1602;
- 25-37 (2) Sections 1603.104(b), (c), and (c-1);
- 25-38 (3) Section 1603.205;
- 25-39 (4) Section 1603.206;
- 25-40 (5) Section 1603.207;
- 25-41 (6) Section 1603.254;
- 25-42 (7) Section 1603.451;
- 25-43 (8) Section 1603.452;
- 25-44 (9) Section 1603.455; and
- 25-45 (10) Section 1603.456.

25-46 SECTION 3.34. (a) To ensure that licensed schools offering
 25-47 instruction in barbering and cosmetology maintain accreditation
 25-48 and that students of those schools continue to qualify for federal
 25-49 aid, the Texas Commission of Licensing and Regulation shall, as
 25-50 soon as practicable after September 1, 2021, adopt any rules
 25-51 necessary for the orderly implementation of the changes in law made
 25-52 by this article to the licensing system and curricula requirements
 25-53 and standards for schools offering instruction in barbering and
 25-54 cosmetology.

25-55 (b) Not later than September 1, 2023:

25-56 (1) the Texas Commission of Licensing and Regulation
 25-57 shall adopt any additional rules necessary to implement the changes
 25-58 in law made by this article; and

25-59 (2) the Texas Department of Licensing and Regulation
 25-60 shall begin to issue and renew licenses and permits under
 25-61 Subchapters E-1, E-2, and E-3, Chapter 1603, Occupations Code, as
 25-62 added by this article.

25-63 SECTION 3.35. Notwithstanding the repeal by this article of
 25-64 Chapters 1601 and 1602, and Sections 1603.205, 1603.206, and
 25-65 1603.207, Occupations Code, the Texas Department of Licensing and
 25-66 Regulation may continue to issue until September 1, 2023, a
 25-67 certificate, license, or permit under those provisions as they
 25-68 existed immediately before September 1, 2021, and those provisions
 25-69 are continued in effect for that purpose.

26-1 SECTION 3.36. Notwithstanding the repeal by this article of
 26-2 Chapters 1601 and 1602, Occupations Code, until the Texas
 26-3 Commission of Licensing and Regulation adopts rules regarding
 26-4 written and practical examination requirements for the issuance of
 26-5 licenses under Chapter 1603, Occupations Code, as amended by this
 26-6 article, the Texas Department of Licensing and Regulation shall
 26-7 continue to operate under the requirements regarding written and
 26-8 practical examinations in former Chapters 1601 and 1602,
 26-9 Occupations Code, as those chapters were in effect immediately
 26-10 before September 1, 2021, and those provisions are continued in
 26-11 effect for that purpose.

26-12 SECTION 3.37. (a) A certificate, license, or permit issued
 26-13 under former Chapter 1601 or 1602, Occupations Code, or under
 26-14 former Section 1603.205, 1603.206, or 1603.207, Occupations Code,
 26-15 before September 1, 2023, continues to be valid until the
 26-16 certificate, license, or permit expires, and those chapters and
 26-17 sections are continued in effect for that purpose.

26-18 (b) A person who on September 1, 2021, holds a certificate,
 26-19 license, or permit issued under former Chapter 1601 or 1602,
 26-20 Occupations Code, or under former Section 1603.205, 1603.206, or
 26-21 1603.207, Occupations Code, is entitled on expiration of that
 26-22 certificate, license, or permit to issuance of a comparable license
 26-23 or permit under the applicable provision of Chapter 1603,
 26-24 Occupations Code, as amended by this article, if the person
 26-25 otherwise meets the requirements for the license or permit.

26-26 (c) A person who on September 1, 2021, holds an instructor
 26-27 license issued under former Chapter 1601 or 1602, Occupations Code,
 26-28 is entitled on expiration of that license to issuance of a license
 26-29 under the applicable provision of Chapter 1603, Occupations Code,
 26-30 as amended by this article, that is comparable to the individual
 26-31 practitioner license required for the issuance of the instructor
 26-32 license if the person otherwise meets the requirements for the
 26-33 license under Chapter 1603.

26-34 SECTION 3.38. Notwithstanding any other law, on September
 26-35 1, 2021, a person holding a permit under former Subchapter G,
 26-36 Chapter 1601, Occupations Code, a facility license under former
 26-37 Subchapter G, Chapter 1602, Occupations Code, or a license or
 26-38 permit under former Section 1603.205, 1603.206, or 1603.207,
 26-39 Occupations Code, before September 1, 2021, may employ or contract
 26-40 with any qualified individual practitioner holding a certificate,
 26-41 license, or permit issued under Chapter 1601 or 1602, Occupations
 26-42 Code, before September 1, 2021, without regard to the chapter under
 26-43 which the practitioner was issued the certificate, license, or
 26-44 permit.

26-45 SECTION 3.39. Notwithstanding any other law, on September
 26-46 1, 2021, the holder of a license issued under former Section
 26-47 1601.256, 1601.262, or 1601.263, Occupations Code, before that date
 26-48 may perform the services described by Sections 1603.0011(a)(6) and
 26-49 (c), Occupations Code, as added by this Act.

26-50 SECTION 3.40. (a) Not later than December 1, 2021, the
 26-51 presiding officer of the Texas Commission of Licensing and
 26-52 Regulation shall appoint members to the Barbering and Cosmetology
 26-53 Advisory Board in accordance with Section 1603.051, Occupations
 26-54 Code, as amended by this article.

26-55 (b) On December 1, 2021, the Advisory Board on Barbering and
 26-56 the Advisory Board on Cosmetology are abolished.

26-57 (c) Notwithstanding Section 1603.053, Occupations Code, as
 26-58 added by this article, in making the initial appointments to the
 26-59 Barbering and Cosmetology Advisory Board, the presiding officer of
 26-60 the Texas Commission of Licensing and Regulation shall designate
 26-61 three members of the advisory board to serve terms expiring January
 26-62 31, 2023, three members to serve terms expiring January 31, 2025,
 26-63 and three members to serve terms expiring January 31, 2027.

26-64 SECTION 3.41. As soon as practicable after September 1,
 26-65 2021, the comptroller of public accounts shall transfer to the
 26-66 barbering and cosmetology school tuition protection account the
 26-67 unexpended and unencumbered balance of the barber school tuition
 26-68 protection account and the unexpended and unencumbered balance of
 26-69 the private beauty culture school tuition protection account.

27-1 SECTION 3.42. (a) The changes in law made by this article
27-2 do not affect the validity of a disciplinary action or other
27-3 proceeding that was initiated before September 1, 2021, and that is
27-4 pending on September 1, 2021. A disciplinary action that is pending
27-5 on September 1, 2021, is governed by the law in effect immediately
27-6 before September 1, 2021, and the former law is continued in effect
27-7 for that purpose.

27-8 (b) The repeal of a law by this article does not entitle a
27-9 person to a refund of a certificate, license, or permit fee paid by
27-10 the person before September 1, 2021.

27-11 ARTICLE 4. DRIVER TRAINING

27-12 SECTION 4.01. Section 1001.001, Education Code, is amended
27-13 by amending Subdivisions (2), (8), (9), (13), and (14) and adding
27-14 Subdivisions (6-a), (6-b), (14-b), and (14-c) to read as follows:

27-15 (2) "Classroom instruction" includes instruction
27-16 provided in a traditional classroom setting or through other
27-17 physical means or remotely through the Internet [~~"Approved driving~~
27-18 ~~safety course" means a driving safety course approved by the~~
27-19 ~~department].~~

27-20 (6-a) "Driver education instructor" means an
27-21 individual who holds a license to teach or provide driver education
27-22 issued under Section 1001.251.

27-23 (6-b) "Driver education provider" means an in-person
27-24 driver education provider, an online driver education provider, or
27-25 a parent-taught driver education provider.

27-26 (8) "Driver training" means:
27-27 (A) driver education provided by a driver
27-28 education provider [~~school~~]; or
27-29 (B) driving safety training provided by a driving
27-30 safety provider [~~school~~].

27-31 (9) "Driver training provider [~~school~~]" means a driver
27-32 education provider [~~school~~] or driving safety provider [~~school~~].

27-33 (13) "Driving safety provider" means a business that
27-34 provides a driving safety course [~~school~~]" means an enterprise that:
27-35 ~~[(A) maintains a place of business or solicits~~
27-36 ~~business in this state; and~~
27-37 ~~[(B) is operated by an individual, association,~~
27-38 ~~partnership, or corporation for educating and training persons in~~
27-39 ~~driving safety].~~

27-40 (14) "In-person driver education provider
27-41 [~~Instructor~~]" means a business that provides driver education
27-42 courses in person, including behind-the-wheel instruction,
27-43 observation instruction, or driver's license examinations [~~an~~
27-44 individual who holds a license for the type of instruction being
27-45 given].

27-46 (14-b) "Online driver education provider" means a
27-47 business that provides driver education courses to students
27-48 remotely through the Internet.

27-49 (14-c) "Parent-taught driver education provider"
27-50 means a business that provides driver education course materials
27-51 through physical means or remotely through the Internet to persons
27-52 who conduct parent-taught driver education under Section 1001.112.

27-53 SECTION 4.02. Section 1001.003, Education Code, is amended
27-54 to read as follows:

27-55 Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL
27-56 BUSINESSES. It is the intent of the legislature that commission
27-57 rules that affect driver training providers [~~schools~~] that qualify
27-58 as small businesses be adopted and administered so as to have the
27-59 least possible adverse economic effect on the providers [~~schools~~].

27-60 SECTION 4.03. Section 1001.004(b), Education Code, is
27-61 amended to read as follows:

27-62 (b) The department may charge a fee to each driver education
27-63 provider [~~school~~] in an amount not to exceed the actual expense
27-64 incurred in the regulation of driver education courses established
27-65 under Section 1001.1015.

27-66 SECTION 4.04. Section 1001.051, Education Code, is amended
27-67 to read as follows:

27-68 Sec. 1001.051. JURISDICTION OVER PROVIDERS [~~SCHOOLS~~]. The
27-69 department has jurisdiction over and control of driver training

28-1 providers [~~schools~~] regulated under this chapter.

28-2 SECTION 4.05. Sections 1001.053(a) and (b), Education Code,
28-3 are amended to read as follows:

28-4 (a) The department and executive director, as appropriate,
28-5 shall:

28-6 (1) administer this chapter;

28-7 (2) enforce minimum standards for driver training
28-8 providers [~~schools~~] under this chapter;

28-9 (3) enforce rules adopted by the commission that are
28-10 necessary to administer this chapter; and

28-11 (4) inspect a driver training provider [~~school or~~
28-12 ~~course provider~~] and reinspect the [~~school or course~~] provider for
28-13 compliance with this chapter.

28-14 (b) The executive director may designate a person
28-15 knowledgeable in the administration of regulating driver training
28-16 providers [~~schools~~] to administer this chapter.

28-17 SECTION 4.06. Section 1001.054, Education Code, is amended
28-18 to read as follows:

28-19 Sec. 1001.054. RULES RESTRICTING ADVERTISING. [~~(e)~~] The
28-20 commission by rule may restrict advertising by a branch location of
28-21 an in-person [~~a~~] driver education provider [~~training school~~] so
28-22 that the location adequately identifies the main business [~~primary~~]
28-23 location of the provider [~~school~~] in a solicitation.

28-24 SECTION 4.07. Sections 1001.055(a), (a-1), and (a-2),
28-25 Education Code, are amended to read as follows:

28-26 (a) The department shall provide to each licensed driver
28-27 education provider or exempt driver education school [~~and to each~~
28-28 ~~parent-taught course provider approved under this chapter~~] driver
28-29 education certificates or certificate numbers to enable the [~~school~~
28-30 ~~or approved parent-taught course~~] provider or school to issue
28-31 department-approved driver education certificates to certify
28-32 completion of an approved driver education course and satisfy the
28-33 requirements of Sections 521.204(a)(2), Transportation Code,
28-34 521.1601, Transportation Code, as added by Chapter 1253 (H.B. 339),
28-35 Acts of the 81st Legislature, Regular Session, 2009, and 521.1601,
28-36 Transportation Code, as added by Chapter 1413 (S.B. 1317), Acts of
28-37 the 81st Legislature, Regular Session, 2009.

28-38 (a-1) A certificate issued by a driver education [~~school or~~
28-39 ~~parent-taught course~~] provider licensed [~~approved~~] under this
28-40 chapter must:

28-41 (1) be in a form required by the department; and

28-42 (2) include an identifying certificate number
28-43 provided by the department that may be used to verify the
28-44 authenticity of the certificate with the [~~driver education school~~
28-45 ~~or approved parent-taught course~~] provider.

28-46 (a-2) A driver education [~~school or parent-taught course~~]
28-47 provider licensed [~~approved~~] under this chapter that purchases
28-48 driver education certificate numbers shall issue original and
28-49 duplicate certificates in a manner that, to the greatest extent
28-50 possible, prevents the unauthorized production or the misuse of the
28-51 certificates. The [~~driver education school or approved~~
28-52 ~~parent-taught course~~] provider shall electronically submit to the
28-53 department in the manner established by the department data
28-54 identified by the department relating to issuance of
28-55 department-approved driver education certificates with the
28-56 certificate numbers.

28-57 SECTION 4.08. Sections 1001.056(b), (c-1), (d), (e), and
28-58 (g), Education Code, are amended to read as follows:

28-59 (b) The department shall provide each licensed driving
28-60 safety [~~course~~] provider with course completion certificate
28-61 numbers to enable the provider to issue department-approved uniform
28-62 certificates of course completion.

28-63 (c-1) A driving safety [~~course~~] provider shall provide for
28-64 the issuance of original and duplicate certificates in a manner
28-65 that, to the greatest extent possible, prevents the unauthorized
28-66 production or the misuse of the certificates.

28-67 (d) A certificate under this section must:

28-68 (1) be in a form required by the department; and

28-69 (2) include an identifying number by which the

29-1 department, a court, or the Department of Public Safety may verify
 29-2 its authenticity with the driving safety ~~[course]~~ provider.

29-3 (e) The commission by rule shall establish a fee for each
 29-4 course completion certificate number. ~~[A course provider that
 29-5 supplies a certificate to an operator shall collect from the
 29-6 operator a fee equal to the amount of the fee paid to the department
 29-7 for the certificate number.]~~

29-8 (g) A driving safety ~~[course]~~ provider shall issue a
 29-9 duplicate certificate by United States mail or commercial or
 29-10 electronic delivery. The commission by rule shall determine the
 29-11 amount of the fee for issuance of a duplicate certificate under this
 29-12 subsection.

29-13 SECTION 4.09. Section 1001.058(b), Education Code, is
 29-14 amended to read as follows:

29-15 (b) The advisory committee consists of nine ~~[eleven]~~
 29-16 members appointed for staggered six-year terms by the presiding
 29-17 officer of the commission, with the approval of the commission, as
 29-18 follows:

29-19 (1) three driver education providers ~~[one member
 29-20 representing a driver education school that offers a traditional
 29-21 classroom course and in-car training];~~

29-22 (2) three driving safety providers ~~[one member
 29-23 representing a driver education school that offers a traditional
 29-24 classroom course, alternative methods of instruction, or in-car
 29-25 training];~~

29-26 (3) ~~[one member representing a driving safety school
 29-27 offering a traditional classroom course or providing an alternative
 29-28 method of instruction;~~

29-29 ~~[(4) one member representing a driving safety course
 29-30 provider approved for a traditional classroom course and for an
 29-31 alternative method of instruction;~~

29-32 ~~[(5) one member representing a driving safety course
 29-33 provider approved for a traditional classroom course or for an
 29-34 alternative method of instruction;~~

29-35 ~~[(6) one driver education~~ [licensed] instructor;

29-36 (4) the division head ~~[(7) one representative]~~ of the
 29-37 Department of Public Safety driver license division or the division
 29-38 head's designee;

29-39 ~~[(8) one member representing a drug and alcohol
 29-40 driving awareness program course provider;~~

29-41 ~~[(9) one member representing a parent-taught course
 29-42 provider;]~~ and

29-43 (5) one member of ~~[(10) two members representing]~~ the
 29-44 public.

29-45 SECTION 4.10. Section 1001.059(b), Education Code, is
 29-46 amended to read as follows:

29-47 (b) The department may collaborate with another state
 29-48 agency or contract with a licensed driver education provider
 29-49 ~~[school]~~ or a driver education instructor to create the course.

29-50 SECTION 4.11. Subchapter B, Chapter 1001, Education Code,
 29-51 is amended by adding Section 1001.060 to read as follows:

29-52 Sec. 1001.060. COORDINATION WITH DEPARTMENT OF PUBLIC
 29-53 SAFETY. (a) The department shall enter into a memorandum of
 29-54 understanding with the Department of Public Safety for:

29-55 (1) the interagency development of the content of
 29-56 driver's license examinations and examination reference materials;
 29-57 and

29-58 (2) any other matter the agencies consider
 29-59 appropriate.

29-60 (b) The memorandum of understanding must authorize the
 29-61 Department of Public Safety to share with the department any
 29-62 relevant information, including information related to examination
 29-63 results.

29-64 SECTION 4.12. The heading to Subchapter C, Chapter 1001,
 29-65 Education Code, is amended to read as follows:

29-66 SUBCHAPTER C. [OPERATION OF] DRIVER EDUCATION AND DRIVING SAFETY
 29-67 CURRICULUM [SCHOOL]

29-68 SECTION 4.13. Section 1001.101, Education Code, is amended
 29-69 to read as follows:

30-1 Sec. 1001.101. ADULT AND MINOR DRIVER EDUCATION COURSE
30-2 CURRICULUM AND TEXTBOOKS. (a) The commission by rule shall
30-3 establish or approve the curriculum and designate the educational
30-4 materials to be used in a driver education course for minors and
30-5 adults, including a driver education course conducted by a school
30-6 district, driver education provider ~~[school]~~, or parent or other
30-7 individual under this chapter.

30-8 (b) The commission by rule shall prescribe the minimum
30-9 number of hours of classroom instruction, observation instruction,
30-10 and behind-the-wheel instruction that must be completed for a [A]
30-11 driver education course to be approved under this chapter [must
30-12 require the student to complete:

30-13 ~~[(1) 7 hours of behind-the-wheel instruction in the~~
30-14 ~~presence of a person who holds a driver education instructor~~
30-15 ~~license or who meets the requirements for a driver education course~~
30-16 ~~conducted by a parent or other individual under Section 1001.112;~~

30-17 ~~[(2) 7 hours of observation instruction in the~~
30-18 ~~presence of a person who holds a driver education instructor~~
30-19 ~~license or who meets the requirements for a driver education course~~
30-20 ~~conducted by a parent or other individual under Section 1001.112;~~
30-21 ~~and~~

30-22 ~~[(3) 30 hours of behind-the-wheel instruction,~~
30-23 ~~including at least 10 hours of instruction that takes place at~~
30-24 ~~night, in the presence of an adult who meets the requirements of~~
30-25 ~~Section 521.222(d)(2), Transportation Code].~~

30-26 SECTION 4.14. Sections 1001.1015(b) and (d), Education
30-27 Code, are amended to read as follows:

30-28 (b) A driver education course under Subsection (a) must:

30-29 (1) provide at least the minimum number of hours of
30-30 classroom instruction required by commission rule [be a six-hour
30-31 course]; and

30-32 (2) include instruction in:

30-33 (A) alcohol and drug awareness;

30-34 (B) the traffic laws of this state;

30-35 (C) highway signs, signals, and markings that
30-36 regulate, warn, or direct traffic; and

30-37 (D) the issues commonly associated with motor
30-38 vehicle accidents, including poor decision-making, risk taking,
30-39 impaired driving, distraction, speed, failure to use a safety belt,
30-40 driving at night, failure to yield the right-of-way, and using a
30-41 wireless communication device while operating a vehicle.

30-42 (d) A driving safety course ~~[or a drug and alcohol driving~~
30-43 ~~awareness program]~~ may not be approved as a driver education course
30-44 under Subsection (a).

30-45 SECTION 4.15. Sections 1001.1016(b) and (c), Education
30-46 Code, are amended to read as follows:

30-47 (b) The commission by rule shall require an in-person [a]
30-48 driver education provider or online driver education provider
30-49 [school providing a driver education course] to:

30-50 (1) in the manner described by the Americans with
30-51 Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.), make
30-52 reasonable modifications and provide aids and services when
30-53 providing the classroom instruction portion of a driver education
30-54 [the] course that are necessary to ensure that a student who is deaf
30-55 or hard of hearing may fully participate in the course; and

30-56 (2) provide to the department the provider's
30-57 [school's] plan for complying with the rules adopted under this
30-58 section as a condition of obtaining a license under Section
30-59 1001.211 or renewing a license ~~[under Section 1001.303]~~.

30-60 (c) The rules adopted under Subsection (b) must allow an
30-61 in-person [a] driver education provider or online driver education
30-62 provider [school] to comply with the requirements of this section
30-63 by playing a video that presents the classroom instruction portion
30-64 of the driver education course in a manner that complies with the
30-65 requirements of this section.

30-66 SECTION 4.16. Subchapter C, Chapter 1001, Education Code,
30-67 is amended by adding Section 1001.1017 to read as follows:

30-68 Sec. 1001.1017. COURSE APPROVAL. A driver training
30-69 provider shall submit to the commission for approval the course

31-1 length and curriculum content for each course offered by the
31-2 provider. The provider may implement a course length and
31-3 curriculum content only after approval by the commission.

31-4 SECTION 4.17. Section 1001.112, Education Code, is amended
31-5 to read as follows:

31-6 Sec. 1001.112. PARENT-TAUGHT DRIVER EDUCATION. (a) A
31-7 person who is eligible under Subsection (b) may conduct [The
31-8 commission by rule shall provide for approval of] a driver
31-9 education course approved under Section 1001.1017 for another
31-10 [conducted by the following persons with the noted relationship to
31-11 a] person who is required to complete a driver education course to
31-12 obtain a Class C license. In conducting the course, the person must
31-13 use course materials provided by a parent-taught driver education
31-14 provider.

31-15 (b) A person is eligible to conduct a driver education
31-16 course for another person as provided by Subsection (a) if the
31-17 person:

31-18 (1) is either:
31-19 (A) a parent, stepparent, foster parent, legal
31-20 guardian, grandparent, or step-grandparent of the other person; or

31-21 (B) [(2)] an individual who:

31-22 (i) [(A)] has been designated on a form
31-23 prescribed by the department for purposes of this section by a
31-24 parent or [7-a] legal guardian of the other person [7] or by a judge
31-25 of a court with jurisdiction over the other person [on a form
31-26 prescribed by the department];

31-27 (ii) [(B)] is at least 25 years of age [or
31-28 older];

31-29 (iii) [(C)] does not charge a fee for
31-30 conducting the course; and

31-31 (iv) [(D)] has at least seven years of
31-32 driving experience;

31-33 (2) has possessed [and
31-34 [(E) otherwise qualifies to conduct a course
31-35 under Subsection (a-1).

31-36 [(a-1) The rules must provide that the student driver spend
31-37 a minimum number of hours in classroom and behind-the-wheel
31-38 instruction.

31-39 [(a-2) The rules must provide that the person conducting the
31-40 course:

31-41 [(1) possess] a valid license for the preceding three
31-42 years that has not been suspended, revoked, or forfeited in the past
31-43 three years for an offense that involves the operation of a motor
31-44 vehicle;

31-45 (3) [(2)] has not been convicted of:
31-46 (A) criminally negligent homicide; or
31-47 (B) driving while intoxicated in the past seven

31-48 years; and

31-49 (4) [(3)] has not been convicted during the preceding
31-50 three years of:

31-51 (A) three or more moving violations described by
31-52 Section 542.304, Transportation Code, including violations that
31-53 resulted in an accident; or

31-54 (B) two or more moving violations described by
31-55 Section 542.304, Transportation Code, that resulted in an accident.

31-56 (c) A person conducting a driver education course under this
31-57 section may provide the classroom instruction portion, the
31-58 behind-the-wheel instruction portion, or both portions.

31-59 (d) [(b)] The department may [approve a course described by
31-60 Subsection (a) if the department determines that the course
31-61 materials are at least equal to those required in a course approved
31-62 by the department, and the department may] not require for a course
31-63 conducted under this section that:

31-64 (1) the classroom instruction be provided in a room
31-65 with particular characteristics or equipment; or

31-66 (2) the vehicle used for the behind-the-wheel
31-67 instruction have equipment other than the equipment otherwise
31-68 required by law for operation of the vehicle on a highway while the
31-69 vehicle is not being used for driver training.

32-1 (e) A parent-taught driver education provider ~~[(c) The~~
32-2 ~~rules must provide a method by which:~~

32-3 ~~[(1) approval of a course is obtained,~~
32-4 ~~[(2) an applicant submits proof of completion of the~~
32-5 ~~course,~~

32-6 ~~[(3) approval for delivering course materials by an~~
32-7 ~~alternative method, including electronic means, is obtained,~~

32-8 ~~[(4) a provider of a course approved under this~~
32-9 ~~section] may administer to an applicant the highway sign and~~
32-10 ~~traffic law parts of the examination as provided by Section~~
32-11 ~~521.1655(a-1), Transportation Code, through electronic means[~~and~~~~

32-12 ~~[(5) an applicant submits proof of passage of an~~
32-13 ~~examination administered under Subdivision (4)].~~

32-14 (f) ~~[(d) Completion of a driver education course approved~~
32-15 ~~under this section has the same effect under this chapter as~~
32-16 ~~completion of a driver education course approved by the department.~~

32-17 ~~[(e)]~~ The department may not charge a fee for the submission
32-18 of proof of:

32-19 (1) completion of a [the] course conducted under this
32-20 section; or

32-21 (2) passage of an examination administered under
32-22 Subsection (e) [(c)].

32-23 SECTION 4.18. Sections 1001.151(b) and (c), Education Code,
32-24 are amended to read as follows:

32-25 (b) The commission by rule shall establish a fee for:

32-26 (1) an initial in-person driver education provider
32-27 [school] license and for each branch location;

32-28 (2) an initial online driver education provider
32-29 [driving safety school] license;

32-30 (3) an initial parent-taught driver education
32-31 [course] provider license ~~[, except that the executive director may~~
32-32 ~~waive the fee];~~

32-33 (4) an initial driving safety provider license;

32-34 (5) the annual renewal for a [course provider,
32-35 driving safety provider [school], driver education provider
32-36 [school], or branch location of an in-person driver education
32-37 provider, except that the executive director may waive the fee if
32-38 revenue generated by the issuance of course completion certificate
32-39 numbers and driver education certificates is sufficient to cover
32-40 the cost of administering this chapter and Article 45.0511, Code of
32-41 Criminal Procedure;

32-42 (6) ~~[(5)]~~ a change of address [of a driver education
32-43 provider [school, driving safety school,] or driving safety
32-44 [course] provider; and

32-45 (7) ~~[(6)]~~ a change of name of:

32-46 (A) a driver education ~~[school or course]~~
32-47 provider or an owner of a driver education [school or course]
32-48 provider; or

32-49 (B) a driving safety provider [school] or an
32-50 owner of a driving safety provider [school];

32-51 ~~[(7) each additional driver education or driving~~
32-52 ~~safety course at a driver training school; and~~

32-53 ~~[(8) an initial application for approval of a driving~~
32-54 ~~safety course that has not been evaluated by the department].~~

32-55 (c) An application for an initial driver education ~~[or~~
32-56 ~~driving safety] instructor license~~ must be accompanied by a
32-57 processing fee and an annual license fee, except that the
32-58 department may not collect the processing fee from an applicant
32-59 ~~[for a driver education instructor license]~~ who is currently
32-60 teaching a driver education course in a public school in this state.

32-61 SECTION 4.19. The heading to Subchapter E, Chapter 1001,
32-62 Education Code, is amended to read as follows:

32-63 SUBCHAPTER E. LICENSING OF DRIVER TRAINING [SCHOOLS AND COURSE]
32-64 PROVIDERS

32-65 SECTION 4.20. Section 1001.201, Education Code, is amended
32-66 to read as follows:

32-67 Sec. 1001.201. LICENSE REQUIRED. (a) A person may not
32-68 provide:

32-69 (1) ~~[operate a school that provides]~~ a driver

33-1 education course:

33-2 (A) in person unless the person holds an

33-3 in-person [~~a~~] driver education provider [~~school~~] license; or

33-4 (B) online unless the person holds an online

33-5 driver education provider license;

33-6 (2) driver education course materials to persons

33-7 conducting parent-taught driver education under Section 1001.112

33-8 unless the person holds a parent-taught driver education provider

33-9 license; or

33-10 (3) [~~operate a school that provides~~] driving safety

33-11 courses unless the person holds a driving safety provider [~~school~~]

33-12 license[~~, or~~

33-13 [~~(3) operate as a course provider unless the person~~

33-14 holds a course provider license].

33-15 (b) The commission by rule shall provide for the issuance

33-16 of:

33-17 (1) an in-person driver education provider license to

33-18 a person who holds an online driver education provider license, a

33-19 parent-taught driver education provider license, or both of those

33-20 licenses;

33-21 (2) an online driver education provider license to a

33-22 person who holds an in-person driver education provider license, a

33-23 parent-taught driver education provider license, or both of those

33-24 licenses; and

33-25 (3) a parent-taught driver education provider license

33-26 to a person who holds an in-person driver education provider

33-27 license, an online driver education provider license, or both of

33-28 those licenses.

33-29 SECTION 4.21. Section 1001.202, Education Code, is amended

33-30 to read as follows:

33-31 Sec. 1001.202. LOCATIONS FOR IN-PERSON DRIVER EDUCATION

33-32 PROVIDERS. An in-person [~~a~~] driver education provider [~~school~~]

33-33 that teaches a driver education course at one or more branch

33-34 locations must obtain a separate in-person driver education

33-35 provider [~~school~~] license for its main business location and for

33-36 each branch location. An in-person [A] driver education provider

33-37 [~~school~~] may not operate a branch location of a branch location.

33-38 [~~(b) A driving safety school may use multiple classroom~~

33-39 locations to teach a driving safety course if each location is

33-40 approved by the department.]

33-41 SECTION 4.22. Section 1001.204, Education Code, is amended

33-42 to read as follows:

33-43 Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION PROVIDER

33-44 [~~SCHOOL~~] LICENSE. (a) The commission by rule shall establish the

33-45 criteria applicable to each [~~for a~~] driver education provider

33-46 [~~school~~] license.

33-47 (b) The department shall approve an application for a driver

33-48 education provider [~~school~~] license if the application is submitted

33-49 on a form approved by the department, the application is

33-50 accompanied by the fee, and the department determines that the

33-51 applicant [~~school~~]:

33-52 (1) has courses, curricula, and instruction of a

33-53 quality, content, and length that reasonably and adequately achieve

33-54 the stated objective for which the courses, curricula, and

33-55 instruction are offered;

33-56 (2) [~~has adequate space, equipment, instructional~~

33-57 ~~material, and instructors to provide training of good quality in~~

33-58 ~~the classroom and behind the wheel, if applicable;~~

33-59 [~~(3) has instructors who have adequate educational~~

33-60 ~~qualifications and experience;~~

33-61 [~~(4)~~] provides to each student before enrollment or

33-62 each person before contracting for driver education course

33-63 materials, to the extent applicable:

33-64 (A) a copy of:

33-65 (i) the refund policy;

33-66 (ii) the schedule of tuition, fees, and

33-67 other charges; and

33-68 (iii) the regulations relating to absence,

33-69 grading policy, and rules of operation and conduct; and

34-1 (B) the department's name, mailing address,
34-2 telephone number, and Internet website address for the purpose of
34-3 directing complaints to the department;

34-4 (3) to the extent applicable, ~~[(4)]~~ maintains adequate
34-5 records as prescribed by the department to show attendance and
34-6 progress or grades and enforces satisfactory standards relating to
34-7 attendance, progress, and conduct;

34-8 (4) ~~[(6)]~~ on completion of training, issues each
34-9 student a certificate indicating the course name and satisfactory
34-10 completion;

34-11 (5) ~~[(7)]~~ complies with all county, municipal, state,
34-12 and federal laws ~~[regulations]~~, including ~~[fire, building, and~~
34-13 ~~sanitation codes and]~~ assumed name registration and other ~~[, if]~~
34-14 applicable requirements;

34-15 (6) ~~[(8)]~~ is financially sound and capable of
34-16 fulfilling its commitments for training;

34-17 (7) ~~[(9)]~~ maintains and publishes as part of its
34-18 student enrollment contract or materials contract, as applicable,
34-19 the proper policy for the refund of the unused portion of tuition,
34-20 fees, and other charges if a student fails to take the course or
34-21 withdraws or is discontinued from the provider ~~[school]~~ at any time
34-22 before completion;

34-23 (8) ~~[(10)]~~ does not use erroneous or misleading
34-24 advertising, either by actual statement, omission, or intimation,
34-25 as determined by the department;

34-26 (9) ~~[(11)]~~ does not use a name similar to the name of
34-27 another existing driver education provider ~~[school]~~ or
34-28 tax-supported educational institution in this state, unless
34-29 specifically approved in writing by the executive director;

34-30 (10) ~~[(12)]~~ submits to the department for approval the
34-31 applicable course hour lengths and curriculum content for each
34-32 course offered by the provider ~~[school]~~;

34-33 (11) ~~[(13)]~~ does not owe an administrative penalty for
34-34 a violation of this chapter;

34-35 (12) meets all requirements applicable to the license
34-36 type under Section 1001.2041, 1001.2042, or 1001.2043; and

34-37 (13) ~~[(14)]~~ meets any additional criteria required by
34-38 the department, including any applicable inspection requirements ~~[~~
34-39 ~~and~~

34-40 ~~[(15) provides adequate testing and security measures~~
34-41 ~~for the school's method of instruction].~~

34-42 SECTION 4.23. Subchapter E, Chapter 1001, Education Code,
34-43 is amended by adding Sections 1001.2041, 1001.2042, and 1001.2043
34-44 to read as follows:

34-45 Sec. 1001.2041. REQUIREMENTS FOR IN-PERSON DRIVER
34-46 EDUCATION PROVIDER. Before an in-person driver education provider
34-47 license may be issued, the department must determine that the
34-48 applicant has adequate space, equipment, instructional material,
34-49 and driver education instructors to provide training of good
34-50 quality in the classroom and behind the wheel.

34-51 Sec. 1001.2042. REQUIREMENTS FOR ONLINE DRIVER EDUCATION
34-52 PROVIDER. Before an online driver education provider license may
34-53 be issued, the department must determine that the applicant has:

34-54 (1) adequate driver education instructors to provide
34-55 training of good quality; and

34-56 (2) adequate testing and security measures to validate
34-57 a student's identity and active participation in a driver education
34-58 course.

34-59 Sec. 1001.2043. REQUIREMENTS FOR PARENT-TAUGHT DRIVER
34-60 EDUCATION PROVIDER. (a) Before a parent-taught driver education
34-61 provider license may be issued, the department must determine that
34-62 the applicant has:

34-63 (1) an adequate method by which a person completing a
34-64 parent-taught driver education course under Section 1001.112 using
34-65 the provider's course materials may submit proof of:

34-66 (A) completion of the course; or

34-67 (B) passage of an examination administered by the
34-68 provider under Section 1001.112(e);

34-69 (2) hired or contracted with only driver education

35-1 instructors, if the provider elects to hire or contract with an
35-2 instructor to assist with driver education; and

35-3 (3) adequate testing and security measures to validate
35-4 a student's active participation in a driver education course
35-5 conducted using course materials provided remotely through the
35-6 Internet.

35-7 (b) Except as specifically provided by this chapter, a
35-8 parent-taught driver education provider that provides driver
35-9 education course materials remotely through the Internet is not
35-10 subject to any course or curriculum requirements established by the
35-11 commission or department for online driver education providers.

35-12 SECTION 4.24. Section 1001.206, Education Code, is amended
35-13 to read as follows:

35-14 Sec. 1001.206. REQUIREMENTS FOR DRIVING SAFETY [~~COURSE~~]
35-15 PROVIDER LICENSE. (a) The commission by rule shall establish
35-16 criteria for a driving safety [~~course~~] provider license.

35-17 (b) The department shall approve an application for a
35-18 driving safety [~~course~~] provider license if the application is
35-19 submitted on a form approved by the executive director, includes
35-20 the fee, and [~~on inspection of the premises of the school~~] the
35-21 department determines that the applicant:

35-22 (1) has driving safety courses, curricula, and
35-23 instruction of a quality, content, and length that reasonably and
35-24 adequately achieve the stated objective for which the courses,
35-25 curricula, and instruction are offered [~~the course provider has an~~
35-26 ~~approved course that at least one licensed driving safety school is~~
35-27 ~~willing to offer~~];

35-28 (2) provides [~~the course provider has adequate~~
35-29 ~~educational qualifications and experience;~~

35-30 [~~(3) the course provider will:~~
35-31 [~~(A) develop and provide~~] to each student before
35-32 enrollment:

35-33 (A) [~~driving safety school that offers the~~
35-34 ~~approved course~~] a copy of:

35-35 (i) the refund policy; [~~and~~
35-36 (ii) the schedule of tuition, fees, and

35-37 other charges; and
35-38 (iii) the regulations relating to absence,
35-39 grading policy, and rules of operation and conduct; and

35-40 (B) [~~provide to the driving safety school~~] the
35-41 department's name, mailing address, telephone number, and Internet
35-42 website address for the purpose of directing complaints to the
35-43 department;

35-44 (3) [~~(4) a copy of the information provided to each~~
35-45 ~~driving safety school under Subdivision (3) will be provided to~~
35-46 ~~each student by the school before enrollment;~~

35-47 [~~(5)] not later than the 15th working day after the date~~

35-48 a person successfully completes the course, issues [~~the course~~
35-49 ~~provider will issue~~] and delivers [~~deliver~~] to the person by United
35-50 States mail or commercial or electronic delivery a uniform
35-51 certificate of course completion indicating the course name and
35-52 successful completion;

35-53 (4) [~~(6) the course provider~~] maintains adequate
35-54 records as prescribed by the department to show attendance and
35-55 progress or grades and enforces satisfactory standards relating to
35-56 attendance, progress, and conduct;

35-57 (5) [~~(7) the course provider~~] complies with all
35-58 county, municipal, state, and federal laws, including assumed name
35-59 registration and other applicable requirements;

35-60 (6) [~~(8) the course provider~~] is financially sound and
35-61 capable of fulfilling its commitments for training;

35-62 (7) [~~(9) the course provider~~] maintains and publishes
35-63 as a part of its student enrollment contract the proper policy for
35-64 the refund of the unused portion of tuition, fees, and other charges
35-65 if a student fails to take the course or withdraws or is
35-66 discontinued from the provider [~~school~~] at any time before
35-67 completion;

35-68 (8) [~~(10) the course provider~~] does not use erroneous
35-69 or misleading advertising, either by actual statement, omission, or

36-1 intimation, as determined by the department;
 36-2 (9) [~~(11) the course provider~~] does not use a name
 36-3 similar to the name of another existing driving safety provider
 36-4 [~~school~~] or tax-supported educational institution in this state,
 36-5 unless specifically approved in writing by the executive director;
 36-6 (10) submits to the department for approval the
 36-7 applicable course hour lengths and curriculum content for each
 36-8 course offered by the provider;
 36-9 (11) [~~(12) the course provider~~] does not owe an
 36-10 administrative penalty for a violation of this chapter;
 36-11 (12) provides adequate testing and security measures
 36-12 for the provider's method of instruction to validate a student's
 36-13 identity and active participation in a driving safety course; and
 36-14 (13) [~~the course provider~~] meets any additional
 36-15 criteria required by the department.

36-16 SECTION 4.25. Section 1001.207, Education Code, is amended
 36-17 to read as follows:

36-18 Sec. 1001.207. BOND REQUIREMENTS: DRIVER EDUCATION
 36-19 PROVIDER [~~SCHOOL~~]. (a) Before a driver education provider
 36-20 [~~school~~] may be issued a license, the provider [~~school~~] must file a
 36-21 corporate surety bond with the department in the amount of:

36-22 (1) \$10,000 [~~for the primary location of the school~~];
 36-23 and
 36-24 (2) for an in-person driver education provider, \$5,000
 36-25 for each branch location of the provider.

36-26 (b) A bond issued under Subsection (a) must be:
 36-27 (1) issued in a form approved by the department;
 36-28 (2) issued by a company authorized to do business in
 36-29 this state;

36-30 (3) payable to the department to be used only for
 36-31 payment of a refund due to a student or potential student;

36-32 (4) conditioned on the compliance of the provider
 36-33 [~~school~~] and its officers, agents, and employees with this chapter
 36-34 and rules adopted under this chapter; and

36-35 (5) issued for a period corresponding to the term of
 36-36 the license.

36-37 (c) Posting of a bond in the amount required under
 36-38 Subsection (a) satisfies the requirements for financial stability
 36-39 for driver education providers [~~schools~~] under this chapter.

36-40 (d) A driver education provider who files a bond under
 36-41 Subsection (a)(1) or provides an alternate form of security under
 36-42 Section 1001.210 to obtain one type of driver education provider
 36-43 license may not be required to file an additional bond under
 36-44 Subsection (a)(1) or provide an alternate form of security under
 36-45 Section 1001.210 for any other type of driver education provider
 36-46 license.

36-47 SECTION 4.26. Section 1001.209, Education Code, is amended
 36-48 to read as follows:

36-49 Sec. 1001.209. BOND REQUIREMENTS: DRIVING SAFETY [~~COURSE~~]
 36-50 PROVIDER. (a) Before a license may be issued to a driving safety
 36-51 [~~course~~] provider, the [~~course~~] provider must provide a corporate
 36-52 surety bond in the amount of \$10,000.

36-53 (b) A bond issued under Subsection (a) must be:
 36-54 (1) issued by a company authorized to do business in
 36-55 this state;

36-56 (2) payable to the department to be used:
 36-57 (A) for payment of a refund due a student of the
 36-58 [~~course~~] provider's approved driving safety courses [~~course~~];

36-59 (B) to cover the payment of unpaid fees or
 36-60 penalties assessed by the executive director or the commission; or

36-61 (C) to recover any cost associated with providing
 36-62 course completion certificate numbers, including the cancellation
 36-63 of certificate numbers;

36-64 (3) conditioned on the compliance of the [~~course~~]
 36-65 provider and its officers, agents, and employees with this chapter
 36-66 and rules adopted under this chapter; and

36-67 (4) issued for a period corresponding to the term of
 36-68 the license.

36-69 SECTION 4.27. Section 1001.210, Education Code, is amended

37-1 to read as follows:

37-2 Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the
37-3 bond required by Section 1001.207 or 1001.209, a driver education
37-4 provider [school] or driving safety [course] provider may provide
37-5 another form of security that is:

37-6 (1) approved by the department; and

37-7 (2) in the amount required for a comparable bond under
37-8 Section 1001.207 or 1001.209.

37-9 SECTION 4.28. Sections 1001.211(b) and (c), Education Code,
37-10 are amended to read as follows:

37-11 (b) A license must be in a form determined by the department
37-12 and must show in a clear and conspicuous manner:

37-13 (1) the date of issuance, effective date, and term of
37-14 the license;

37-15 (2) the name and address of the driver training
37-16 [~~school or course~~] provider;

37-17 (3) the authority for and conditions of approval; and

37-18 (4) any other fair and reasonable representation that
37-19 is consistent with this chapter and that the department considers
37-20 necessary.

37-21 (c) An applicant may obtain both a driver education provider
37-22 [~~school~~] license and a driving safety provider [school] license.

37-23 SECTION 4.29. Sections 1001.213(b), (c), and (d), Education
37-24 Code, are amended to read as follows:

37-25 (b) If a change in ownership of a driver training [~~school or~~
37-26 ~~course~~] provider is proposed, a new owner shall apply for a new
37-27 [~~school or course~~] provider license at least 30 days before the date
37-28 of the change.

37-29 (c) The commission by rule may establish fees for a new
37-30 driver training [~~education school or course~~] provider license under
37-31 Subsection (b) and, if applicable, for each branch location of an
37-32 in-person driver education provider if:

37-33 (1) the new owner is substantially similar to the
37-34 previous owner; and

37-35 (2) there is no significant change in the management
37-36 or control of the [~~driver education school or course~~] provider.

37-37 (d) The department may inspect a driver training provider's
37-38 main [school] or [a] branch location, as applicable, after a change
37-39 of ownership.

37-40 SECTION 4.30. Section 1001.214, Education Code, is amended
37-41 to read as follows:

37-42 Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may
37-43 be issued to a driver training [~~school or course~~] provider if:

37-44 (1) the original license is lost or destroyed; and

37-45 (2) an affidavit of that fact is filed with the
37-46 department.

37-47 SECTION 4.31. Section 1001.251(a), Education Code, is
37-48 amended to read as follows:

37-49 (a) Except as authorized under Section 1001.112, a [A]
37-50 person may not teach or provide driver education[~~, either as an~~
37-51 individual or in a driver education school,] or conduct any phase of
37-52 driver education[~~]~~ unless the person holds a driver education
37-53 instructor license issued by the executive director.

37-54 SECTION 4.32. Section 1001.2511(e), Education Code, is
37-55 amended to read as follows:

37-56 (e) The commission may adopt rules to administer this
37-57 section, including rules establishing:

37-58 (1) deadlines for a person to submit fingerprints and
37-59 photographs in compliance with this section;

37-60 (2) sanctions for a person's failure to comply with the
37-61 requirements of this section, including suspension or revocation of
37-62 or refusal to issue a license described by Subsection (a); and

37-63 (3) notification to a driver education provider
37-64 [~~school~~] of relevant information obtained by the department under
37-65 this section.

37-66 SECTION 4.33. Section 1001.2512, Education Code, is amended
37-67 to read as follows:

37-68 Sec. 1001.2512. FEES FOR CRIMINAL HISTORY RECORD
37-69 INFORMATION REVIEW. The commission by rule shall require a person

38-1 submitting to a national criminal history record information review
38-2 under Section 1001.2511 or the driver education provider ~~[school]~~
38-3 employing the person, as determined by the department, to pay a fee
38-4 for the review in an amount not to exceed the amount of any fee
38-5 imposed on an application for certification under Subchapter B,
38-6 Chapter 21, for a national criminal history record information
38-7 review under Section 22.0837.

38-8 SECTION 4.34. Section 1001.2513, Education Code, is amended
38-9 to read as follows:

38-10 Sec. 1001.2513. CONFIDENTIALITY OF INFORMATION. A social
38-11 security number, driver's license number, other identification
38-12 number, or fingerprint record collected for a person to comply with
38-13 Section 1001.2511:

38-14 (1) may not be released except:

38-15 (A) to provide relevant information to driver
38-16 education providers ~~[schools]~~ or otherwise to comply with Section
38-17 1001.2511;

38-18 (B) by court order; or

38-19 (C) with the consent of the person who is the
38-20 subject of the information;

38-21 (2) is not subject to disclosure as provided by
38-22 Chapter 552, Government Code; and

38-23 (3) shall be destroyed by the requestor or any
38-24 subsequent holder of the information not later than the first
38-25 anniversary of the date the information is received.

38-26 SECTION 4.35. Sections 1001.2514(a) and (d), Education
38-27 Code, are amended to read as follows:

38-28 (a) A driver education provider ~~[school]~~ shall discharge or
38-29 refuse to hire as an instructor an employee or applicant for
38-30 employment if the department obtains information through a criminal
38-31 history record information review that:

38-32 (1) the employee or applicant has been convicted of:

38-33 (A) a felony offense under Title 5, Penal Code;

38-34 (B) an offense on conviction of which a defendant
38-35 is required to register as a sex offender under Chapter 62, Code of
38-36 Criminal Procedure; or

38-37 (C) an offense under the laws of another state or
38-38 federal law that is equivalent to an offense under Paragraph (A) or
38-39 (B); and

38-40 (2) at the time the offense occurred, the victim of the
38-41 offense described by Subdivision (1) was under 18 years of age or
38-42 was enrolled in a public school.

38-43 (d) A driver education provider ~~[school]~~ may discharge an
38-44 employee who serves as an instructor if the provider ~~[school]~~
38-45 obtains information of the employee's conviction of a felony or of a
38-46 misdemeanor involving moral turpitude that the employee did not
38-47 disclose to the provider ~~[school]~~ or the department. An employee
38-48 discharged under this subsection is considered to have been
38-49 discharged for misconduct for purposes of Section 207.044, Labor
38-50 Code.

38-51 SECTION 4.36. Section 1001.2531(b), Education Code, is
38-52 amended to read as follows:

38-53 (b) An applicant for a driver education instructor license
38-54 under this section must:

38-55 (1) apply to the department on a form prescribed by the
38-56 department and under rules adopted by the commission;

38-57 (2) submit with the application a nonrefundable
38-58 application fee in an amount set by commission rule; and

38-59 (3) present satisfactory evidence to the department
38-60 that the applicant:

38-61 (A) is at least 21 years of age; and

38-62 (B) ~~[holds a high school diploma or high school
38-63 equivalency certificate, and~~

38-64 ~~[(C)]~~ meets any other requirement established by
38-65 commission rule.

38-66 SECTION 4.37. Sections 1001.255(a), (b), and (c), Education
38-67 Code, are amended to read as follows:

38-68 (a) The department shall regulate as a driver education
38-69 provider of the type determined appropriate by the department

39-1 ~~[school]~~ a driver education instructor who:

39-2 (1) teaches driver education courses in a county

39-3 having a population of 50,000 or less; and

39-4 (2) does not teach more than 200 students annually.

39-5 (b) An instructor described by Subsection (a) must submit to

39-6 the department an application for an initial or renewal driver

39-7 education provider ~~[school]~~ license, together with all required

39-8 documentation and information.

39-9 (c) The executive director may waive initial or renewal

39-10 driver education provider ~~[school]~~ license fees.

39-11 SECTION 4.38. Section 1001.301, Education Code, is amended

39-12 to read as follows:

39-13 Sec. 1001.301. EXPIRATION OF DRIVER TRAINING ~~[SCHOOL OR~~

39-14 ~~COURSE]~~ PROVIDER LICENSE. The term of a driver training ~~[education~~

39-15 ~~school, driving safety school, or course]~~ provider license may not

39-16 exceed one year.

39-17 SECTION 4.39. Section 1001.302, Education Code, is amended

39-18 to read as follows:

39-19 Sec. 1001.302. EXPIRATION OF DRIVER EDUCATION INSTRUCTOR

39-20 LICENSE. The term of a driver education instructor ~~[or driving~~

39-21 ~~safety instructor]~~ license may not exceed one year.

39-22 SECTION 4.40. Section 1001.351, Education Code, is amended

39-23 to read as follows:

39-24 Sec. 1001.351. DRIVING SAFETY ~~[COURSE]~~ PROVIDER

39-25 RESPONSIBILITIES. (a) Not later than the 15th working day after

39-26 the course completion date, a driving safety ~~[course]~~ provider or a

39-27 person at the ~~[course]~~ provider's facilities shall issue and

39-28 deliver by United States mail or commercial or electronic delivery

39-29 a uniform certificate of course completion to a person who

39-30 successfully completes an approved driving safety course.

39-31 (b) A driving safety ~~[course]~~ provider shall electronically

39-32 submit to the department in the manner established by the

39-33 department data identified by the department relating to uniform

39-34 certificates of course completion issued by the ~~[course]~~ provider.

39-35 ~~[(c) A course provider shall conduct driving safety~~

39-36 ~~instructor development courses for its approved driving safety~~

39-37 ~~courses.]~~

39-38 SECTION 4.41. Section 1001.352, Education Code, is amended

39-39 to read as follows:

39-40 Sec. 1001.352. FEES FOR DRIVING SAFETY COURSE. A driving

39-41 safety ~~[course]~~ provider shall charge each student:

39-42 (1) at least \$25 for a driving safety course; and

39-43 (2) a fee of at least \$3 for course materials and for

39-44 supervising and administering the course.

39-45 SECTION 4.42. Section 1001.353, Education Code, is amended

39-46 to read as follows:

39-47 Sec. 1001.353. DRIVER TRAINING COURSE AT PUBLIC OR PRIVATE

39-48 SCHOOL. A driver training provider ~~[school]~~ may conduct a driver

39-49 training course at a public or private school for students of the

39-50 public or private school as provided by an agreement with the public

39-51 or private school. The course is subject to any law applicable to a

39-52 course conducted at the main business location of the driver

39-53 training provider ~~[school]~~.

39-54 SECTION 4.43. Section 1001.355, Education Code, is amended

39-55 to read as follows:

39-56 Sec. 1001.355. WITHHOLDING CERTAIN RECORDS. A driver

39-57 training provider ~~[school]~~ may withhold a student's diploma or

39-58 certificate of completion until the student fulfills the student's

39-59 financial obligation to the provider ~~[school]~~.

39-60 SECTION 4.44. Section 1001.356, Education Code, is amended

39-61 to read as follows:

39-62 Sec. 1001.356. REQUIREMENT TO CARRY LICENSE. A driver

39-63 education instructor ~~[or driving safety instructor]~~ shall carry the

39-64 person's instructor license at all times while instructing a driver

39-65 education course ~~[or driving safety course]~~.

39-66 SECTION 4.45. Section 1001.357, Education Code, is amended

39-67 to read as follows:

39-68 Sec. 1001.357. CONTRACT WITH UNLICENSED DRIVER TRAINING

39-69 PROVIDER ~~[SCHOOL]~~. A contract entered into with a person for a

40-1 course of instruction by or on behalf of a person operating an
40-2 unlicensed driver training provider [~~school~~] is unenforceable.

40-3 SECTION 4.46. Section 1001.401, Education Code, is amended
40-4 to read as follows:

40-5 Sec. 1001.401. CANCELLATION AND SETTLEMENT POLICY. As a
40-6 condition for obtaining a driver training [~~education school license~~
40-7 ~~or course~~] provider license, the [~~school or course~~] provider must
40-8 maintain a cancellation and settlement policy that provides a full
40-9 refund of all money paid by a student if:

40-10 (1) the student cancels the enrollment contract before
40-11 midnight of the third day, other than a Saturday, Sunday, or legal
40-12 holiday, after the date the enrollment contract is signed by the
40-13 student, unless the student successfully completes the course or
40-14 receives a failing grade on the course examination; or

40-15 (2) the enrollment of the student was procured as a
40-16 result of a misrepresentation in:

40-17 (A) advertising or promotional materials of the
40-18 [~~school or course~~] provider; or

40-19 (B) a representation made by an owner or employee
40-20 of the [~~school or course~~] provider.

40-21 SECTION 4.47. Section 1001.402, Education Code, is amended
40-22 to read as follows:

40-23 Sec. 1001.402. TERMINATION POLICY. (a) As a condition for
40-24 obtaining a driver training provider [~~education school~~] license,
40-25 the provider [~~school~~] must maintain a policy for the refund of the
40-26 unused portion of tuition, fees, and other charges if a student,
40-27 after expiration of the cancellation period described by Section
40-28 1001.401, does not enter the course or withdraws or is discontinued
40-29 from the course at any time before completion.

40-30 (b) The policy must provide that:

40-31 (1) refunds are based on the period of enrollment
40-32 computed on the basis of course time expressed in clock hours;

40-33 (2) the effective date of the termination for refund
40-34 purposes is the earliest of:

40-35 (A) the last day of attendance, if the student's
40-36 enrollment is terminated by the provider [~~school~~];

40-37 (B) the date the provider [~~school~~] receives
40-38 written notice from the student; or

40-39 (C) the 10th school day after the last day of
40-40 attendance;

40-41 (3) if tuition is collected in advance of entrance and
40-42 if a student does not enter the course [~~school~~], terminates
40-43 enrollment, or withdraws, the provider [~~school~~]:

40-44 (A) may retain not more than \$50 as an
40-45 administrative expense; and

40-46 (B) shall refund that portion of the student's
40-47 remaining classroom tuition and fees and behind-the-wheel tuition
40-48 and fees that corresponds to services the student does not receive;

40-49 (4) the provider [~~school~~] shall refund items of extra
40-50 expense to the student, including instructional supplies, books,
40-51 laboratory fees, service charges, rentals, deposits, and all other
40-52 charges not later than the 30th day after the effective date of
40-53 enrollment termination if:

40-54 (A) the extra expenses are separately stated and
40-55 shown in the information provided to the student before enrollment;
40-56 and

40-57 (B) the student returns to the provider [~~school~~]
40-58 any provider [~~school~~] property in the student's possession; and

40-59 (5) refunds shall be completed not later than the 30th
40-60 day after the effective date of enrollment termination.

40-61 SECTION 4.48. Section 1001.403, Education Code, is amended
40-62 to read as follows:

40-63 Sec. 1001.403. REFUND FOR DISCONTINUED COURSE. On the
40-64 discontinuation of a course by a driver training [~~education school~~
40-65 ~~or a course~~] provider that prevents a student from completing the
40-66 course, all tuition and fees paid become refundable.

40-67 SECTION 4.49. Sections 1001.404(a) and (c), Education Code,
40-68 are amended to read as follows:

40-69 (a) If a refund is not timely made, the driver training

41-1 [~~education school or course~~] provider shall pay interest on the
41-2 amount of the refund. Interest begins to accrue on the first day
41-3 after the expiration of the refund period and ends on the day
41-4 preceding the date the refund is made.

41-5 (c) The department may except a driver training [~~education~~
41-6 ~~school or course~~] provider from the payment of interest if the
41-7 [~~school or course~~] provider makes a good-faith effort to refund
41-8 tuition, fees, and other charges but is unable to locate the student
41-9 to whom the refund is owed. On request of the department, the
41-10 driver training [~~school or course~~] provider shall document the
41-11 effort to locate a student.

41-12 SECTION 4.50. Subchapter I, Chapter 1001, Education Code,
41-13 is amended by adding Section 1001.405 to read as follows:

41-14 Sec. 1001.405. APPLICABILITY TO PARENT-TAUGHT DRIVER
41-15 EDUCATION PROVIDER. The commission shall adopt rules as necessary
41-16 to ensure this subchapter applies as appropriate to a parent-taught
41-17 driver education provider.

41-18 SECTION 4.51. Section 1001.451, Education Code, is amended
41-19 to read as follows:

41-20 Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

41-21 (1) use advertising that is false, misleading, or
41-22 deceptive;

41-23 (2) fail to notify the department of the
41-24 discontinuance of the operation of a driver training provider
41-25 [~~school~~] before the 15th working day after the date of cessation of
41-26 classes and make available accurate records as required by this
41-27 chapter;

41-28 (3) issue, sell, trade, or transfer:

41-29 (A) a uniform certificate of course completion or
41-30 driver education certificate to a person or driver training
41-31 provider [~~school~~] not authorized to possess the certificate;

41-32 (B) a uniform certificate of course completion to
41-33 a person who has not successfully completed an approved [~~six-hour~~]
41-34 driving safety course; or

41-35 (C) a driver education certificate to a person
41-36 who has not successfully completed a department-approved driver
41-37 education course;

41-38 (4) negotiate a promissory instrument received as
41-39 payment of tuition or another charge before the student completes
41-40 75 percent of the course, except that before that time the
41-41 instrument may be assigned to a purchaser who becomes subject to any
41-42 defense available against the provider [~~school~~] named as payee; or

41-43 (5) conduct any part of an approved driver education
41-44 course [~~or driving safety course~~] without having an instructor
41-45 adequately available [~~physically present in appropriate proximity~~]
41-46 to the student for the type of instruction being given.

41-47 SECTION 4.52. Section 1001.452, Education Code, is amended
41-48 to read as follows:

41-49 Sec. 1001.452. COURSE OF INSTRUCTION OR PROVISION OF
41-50 MATERIALS. A driver training provider [~~school~~] may not conduct a
41-51 course of instruction or provide driver education course materials,
41-52 as applicable, in this state before the date the provider [~~school~~]
41-53 receives the necessary [a] driver training provider [~~school~~]
41-54 license from the department.

41-55 SECTION 4.53. The heading to Section 1001.453, Education
41-56 Code, is amended to read as follows:

41-57 Sec. 1001.453. DISTRIBUTION OF WRITTEN INFORMATION ON
41-58 DRIVING SAFETY [COURSE] PROVIDER.

41-59 SECTION 4.54. Sections 1001.453(a) and (b), Education Code,
41-60 are amended to read as follows:

41-61 (a) A person may not distribute within 500 feet of a court
41-62 with jurisdiction over an offense to which Article 45.0511, Code of
41-63 Criminal Procedure, applies written information that advertises a
41-64 driving safety [~~course~~] provider.

41-65 (b) The department may revoke the license of a driving
41-66 safety [~~course~~] provider if the [~~course~~] provider or the [~~course~~]
41-67 provider's agent, employee, or representative violates this
41-68 section.

41-69 SECTION 4.55. Section 1001.455, Education Code, is amended

42-1 to read as follows:

42-2 Sec. 1001.455. DENIAL, SUSPENSION, OR REVOCATION OF DRIVER
 42-3 EDUCATION INSTRUCTOR LICENSE. (a) The executive director or the
 42-4 commission may deny an application for a driver education [~~an~~]
 42-5 instructor license or suspend or revoke the license of a driver
 42-6 education [~~an~~] instructor if the instructor:

42-7 (1) fails to meet a requirement for issuance of or
 42-8 holding a license under this chapter;

42-9 (2) permits or engages in misrepresentation, fraud, or
 42-10 deceit in applying for or obtaining a certificate, license, or
 42-11 permit;

42-12 (3) induces fraud or fraudulent practices on the part
 42-13 of an applicant for a driver's license or permit;

42-14 (4) permits or engages in any other fraudulent
 42-15 practice in an action between the applicant or license holder and
 42-16 the public;

42-17 (5) fails to comply with commission rules relating to
 42-18 driver instruction; or

42-19 (6) fails to comply with this chapter.

42-20 SECTION 4.56. Section 106.115(a), Alcoholic Beverage Code,
 42-21 is amended to read as follows:

42-22 (a) On the placement of a minor on deferred disposition for
 42-23 an offense under Section 49.02, Penal Code, or under Section
 42-24 106.02, 106.025, 106.04, 106.041, 106.05, or 106.07, the court
 42-25 shall require the defendant to attend an alcohol awareness program
 42-26 approved by the Texas Department of Licensing and Regulation under
 42-27 this section or ~~[]~~ a drug education program approved by the
 42-28 Department of State Health Services in accordance with Section
 42-29 521.374, Transportation Code~~[, or a drug and alcohol driving~~
 42-30 ~~awareness program approved by the Texas Education Agency]~~. On
 42-31 conviction of a minor of an offense under one or more of those
 42-32 sections, the court, in addition to assessing a fine as provided by
 42-33 those sections, shall require a defendant who has not been
 42-34 previously convicted of an offense under one of those sections to
 42-35 attend an alcohol awareness program or ~~[]~~ a drug education
 42-36 program~~[, or a drug and alcohol driving awareness program]~~
 42-37 described by this subsection. If the defendant has been previously
 42-38 convicted once or more of an offense under one or more of those
 42-39 sections, the court may require the defendant to attend an alcohol
 42-40 awareness program or ~~[]~~ a drug education program~~[, or a drug and~~
 42-41 ~~alcohol driving awareness program]~~ described by this subsection. If
 42-42 the defendant is younger than 18 years of age, the court may require
 42-43 the parent or guardian of the defendant to attend the program with
 42-44 the defendant. The Texas Department of Licensing and Regulation or
 42-45 Texas Commission of Licensing and Regulation, as appropriate:

42-46 (1) is responsible for the administration of the
 42-47 certification of approved alcohol awareness programs;

42-48 (2) may charge a nonrefundable application fee for:

42-49 (A) initial certification of the approval; or

42-50 (B) renewal of the certification;

42-51 (3) shall adopt rules regarding alcohol awareness
 42-52 programs approved under this section; and

42-53 (4) shall monitor, coordinate, and provide training to
 42-54 a person who provides an alcohol awareness program.

42-55 SECTION 4.57. Article 45.051(b-1), Code of Criminal
 42-56 Procedure, is amended to read as follows:

42-57 (b-1) If the defendant is younger than 25 years of age and
 42-58 the offense committed by the defendant is a traffic offense
 42-59 classified as a moving violation:

42-60 (1) Subsection (b)(8) does not apply;

42-61 (2) during the deferral period, the judge~~[+]~~

42-62 ~~[(A)]~~ shall require the defendant to complete a
 42-63 driving safety course approved under Chapter 1001, Education Code;
 42-64 and

42-65 ~~[(B) may require the defendant to complete an~~
 42-66 ~~additional driving safety course designed for drivers younger than~~
 42-67 ~~25 years of age and approved under Section 1001.111, Education~~
 42-68 ~~Code, and]~~

42-69 (3) if the defendant holds a provisional license,

43-1 during the deferral period the judge shall require that the
 43-2 defendant be examined by the Department of Public Safety as
 43-3 required by Section 521.161(b)(2), Transportation Code; a
 43-4 defendant is not exempt from the examination regardless of whether
 43-5 the defendant was examined previously.

43-6 SECTION 4.58. Section 28.012(a)(3), Education Code, is
 43-7 amended to read as follows:

43-8 (3) "Driver training provider [~~school~~]" has the
 43-9 meaning assigned by Section 1001.001.

43-10 SECTION 4.59. Section 28.012(e), Education Code, is amended
 43-11 to read as follows:

43-12 (e) Subject to rules adopted by the board, a school district
 43-13 or open-enrollment charter school may tailor the instruction
 43-14 developed under this section as appropriate for the district's or
 43-15 school's community. In tailoring the instruction, the district or
 43-16 school shall solicit input from local law enforcement agencies,
 43-17 driver training providers [~~schools~~], and the community.

43-18 SECTION 4.60. Section 29.902(c), Education Code, is amended
 43-19 to read as follows:

43-20 (c) A school district shall consider offering a driver
 43-21 education and traffic safety course during each school year. If the
 43-22 district offers the course, the district may:

43-23 (1) conduct the course and charge a fee for the course
 43-24 in the amount determined by the agency to be comparable to the fee
 43-25 charged by a driver education provider [~~school~~] that holds a
 43-26 license under Chapter 1001; or

43-27 (2) contract with a driver education provider [~~school~~]
 43-28 that holds a license under Chapter 1001 to conduct the course.

43-29 SECTION 4.61. Section 123.007, Government Code, is amended
 43-30 to read as follows:

43-31 Sec. 123.007. USE OF OTHER DRUG AND ALCOHOL AWARENESS
 43-32 PROGRAMS. In addition to using a drug court program established
 43-33 under this chapter, the commissioners court of a county or a court
 43-34 may use other drug awareness [~~or drug and alcohol driving~~
 43-35 ~~awareness~~] programs to treat persons convicted of drug or alcohol
 43-36 related offenses.

43-37 SECTION 4.62. Section 521.165(e), Transportation Code, is
 43-38 amended to read as follows:

43-39 (e) The department may authorize an entity described by
 43-40 Subsection (a), including a driver education provider [~~school~~]
 43-41 described by Section 521.1655, to administer the examination
 43-42 required by Section 521.161(b)(2).

43-43 SECTION 4.63. Sections 521.1655(a) and (a-1),
 43-44 Transportation Code, are amended to read as follows:

43-45 (a) An in-person [A] driver education provider or online
 43-46 driver education provider [~~school~~] licensed under Chapter 1001,
 43-47 Education Code, may administer to a student of that provider
 43-48 [~~school~~] the vision, highway sign, and traffic law parts of the
 43-49 examination required by Section 521.161.

43-50 (a-1) A parent-taught driver education [~~course~~] provider
 43-51 licensed [approved] under Chapter 1001, Education Code, [Section
 43-52 521.205] may administer to a student of that course the highway sign
 43-53 and traffic law parts of the examination required by Section
 43-54 521.161.

43-55 SECTION 4.64. Sections 521.206(a) and (b), Transportation
 43-56 Code, are amended to read as follows:

43-57 (a) The department shall collect data regarding collisions
 43-58 of students taught by public schools, driver education providers
 43-59 [~~schools~~] licensed under Chapter 1001, Education Code, and other
 43-60 entities that offer driver education courses to students for which
 43-61 a uniform certificate of course completion is issued. The
 43-62 collision rate is computed by determining the number of an entity's
 43-63 students who complete a driver education course during a state
 43-64 fiscal year, dividing that number by the number of collisions that
 43-65 involved students who completed such a course and that occurred in
 43-66 the 12-month period following their licensure, and expressing the
 43-67 quotient as a percentage.

43-68 (b) The department shall collect data regarding the
 43-69 collision rate of students taught by course instructors approved

44-1 under Section 1001.112, Education Code. The collision rate is
44-2 computed by determining the number of students who completed a
44-3 course taught [approved] under that section [~~Section 1001.112,~~
44-4 ~~Education Code,~~] during a state fiscal year, dividing that number
44-5 by the number of collisions that involved students who completed
44-6 such a course and that occurred in the 12-month period following
44-7 their licensure, and expressing the quotient as a percentage.

44-8 SECTION 4.65. Section 521.222(a), Transportation Code, is
44-9 amended to read as follows:

44-10 (a) The department may issue a learner license, including a
44-11 Class A or Class B driver's learner license, to a person who:

44-12 (1) is 15 years of age or older but under 18 years of
44-13 age;

44-14 (2) has satisfactorily completed and passed the
44-15 classroom phase of an approved driver education course, which may
44-16 be a course taught [approved] under Section 1001.112, Education
44-17 Code;

44-18 (3) meets the requirements imposed under Section
44-19 521.204(a)(3); and

44-20 (4) has passed each examination required under Section
44-21 521.161 other than the driving test.

44-22 SECTION 4.66. Section 542.304(a), Transportation Code, as
44-23 added by Chapter 1094 (H.B. 2048), Acts of the 86th Legislature,
44-24 Regular Session, 2019, is amended to conform to Section 4.40,
44-25 Chapter 1352 (S.B. 346), Acts of the 86th Legislature, Regular
44-26 Session, 2019, and is further amended to read as follows:

44-27 (a) The department by rule shall designate the offenses
44-28 involving the operation of a motor vehicle that constitute a moving
44-29 violation of the traffic law for the purposes of:

44-30 (1) [~~Article 102.022(a), Code of Criminal Procedure,~~
44-31 [~~2~~] Section 1001.112(b)(4) [~~1001.112(a-2)~~],

44-32 Education Code;

44-33 (2) [~~3~~] Section 411.110(f), Government Code; and

44-34 (3) [~~4~~] Sections 773.0614(b) and 773.06141(a),
44-35 Health and Safety Code.

44-36 SECTION 4.67. The following provisions are repealed:

44-37 (1) Article 45.0511(u), Code of Criminal Procedure;

44-38 (2) Sections 1001.001(4), (7), (10), and (11),
44-39 Education Code;

44-40 (3) Sections 1001.056(a) and (f), Education Code;

44-41 (4) Section 1001.1015(c), Education Code;

44-42 (5) Sections 1001.103 and 1001.111, Education Code;

44-43 (6) Section 1001.151(e), Education Code;

44-44 (7) Sections 1001.205 and 1001.208, Education Code;

44-45 (8) Section 1001.251(b), Education Code;

44-46 (9) Section 1001.2531(a), Education Code;

44-47 (10) Sections 1001.2532, 1001.2533, 1001.2534,
44-48 1001.2535, 1001.303, 1001.304, 1001.354, 1001.3541, and 1001.3542,
44-49 Education Code;

44-50 (11) the heading to Subchapter K, Chapter 1001,
44-51 Education Code;

44-52 (12) Section 545.412(g), Transportation Code; and

44-53 (13) Section 545.413(i), Transportation Code.

44-54 SECTION 4.68. On December 1, 2021:

44-55 (1) the terms of members serving on the driver
44-56 training and traffic safety advisory committee under Section
44-57 1001.058, Education Code, immediately before that date expire; and

44-58 (2) the presiding officer of the Texas Commission of
44-59 Licensing and Regulation shall appoint members of the driver
44-60 training and traffic safety advisory committee having
44-61 qualifications that correspond as closely as possible to the
44-62 qualifications provided under the changes in law made by this Act to
44-63 Section 1001.058, Education Code, with initial terms as follows:

44-64 (A) three members to terms expiring February 1,
44-65 2023;

44-66 (B) three members to terms expiring February 1,
44-67 2025; and

44-68 (C) three members to terms expiring February 1,
44-69 2027.

45-1 SECTION 4.69. Not later than June 1, 2023, the Texas
45-2 Department of Licensing and Regulation and the Department of Public
45-3 Safety of the State of Texas shall enter into the memorandum of
45-4 understanding required by Section 1001.060, Education Code, as
45-5 added by this article.

45-6 SECTION 4.70. (a) Not later than June 1, 2023, the Texas
45-7 Commission of Licensing and Regulation shall adopt rules necessary
45-8 to implement the changes in law made by this article to Chapter
45-9 1001, Education Code.

45-10 (b) A driver education school license, driving safety
45-11 school license, or course provider license issued under Chapter
45-12 1001, Education Code, before the date the Texas Department of
45-13 Licensing and Regulation implements the changes described in
45-14 Subsection (a) of this section continues to be valid until the date
45-15 the license expires. On expiration of that license, the license
45-16 holder shall apply for a new license under Chapter 1001, Education
45-17 Code, as amended by this article, to continue to provide services
45-18 for which a license is required by that chapter.

45-19 (c) Notwithstanding Chapter 1001, Education Code, as
45-20 amended by this article, a person who provides driver education
45-21 course materials to persons conducting parent-taught driver
45-22 education under Section 1001.112, Education Code, as amended by
45-23 this article, is not required to hold a parent-taught driver
45-24 education provider license under Chapter 1001, Education Code,
45-25 before November 1, 2023.

45-26 SECTION 4.71. The changes in law made by this article to
45-27 Section 106.115, Alcoholic Beverage Code, and Article 45.051, Code
45-28 of Criminal Procedure, with respect to participation in a
45-29 court-ordered program or course, apply to a court order entered on
45-30 or after September 1, 2021. A court order entered before that date
45-31 is governed by the law in effect on the date the order was entered,
45-32 and the former law is continued in effect for that purpose.

45-33 SECTION 4.72. To the extent of any conflict, this article
45-34 prevails over another Act of the 87th Legislature, Regular Session,
45-35 2021, relating to nonsubstantive additions to and corrections in
45-36 enacted codes.

45-37 ARTICLE 5. RESIDENTIAL SERVICE CONTRACTS

45-38 SECTION 5.01. Section 1101.006, Occupations Code, is
45-39 amended to read as follows:

45-40 Sec. 1101.006. APPLICATION OF SUNSET ACT. The Texas Real
45-41 Estate Commission is subject to Chapter 325, Government Code (Texas
45-42 Sunset Act). Unless continued in existence as provided by that
45-43 chapter, the commission is abolished and this chapter and [7]
45-44 Chapter 1102 [~~, and Chapter 1303~~] of this code and Chapter 221,
45-45 Property Code, expire September 1, 2025.

45-46 SECTION 5.02. Section 1304.003(a), Occupations Code, is
45-47 amended by amending Subdivision (2) and adding Subdivision (4) to
45-48 read as follows:

45-49 (2) "Service contract" means an agreement that is
45-50 entered into for a separately stated consideration and for a
45-51 specified term under which a provider agrees to:

45-52 (A) repair, replace, or maintain a product, or
45-53 provide indemnification for the repair, replacement, or
45-54 maintenance of a product, for operational or structural failure or
45-55 damage caused by a defect in materials or workmanship or by normal
45-56 wear;

45-57 (B) provide identity recovery, if the service
45-58 contract is financed under Chapter 348 or 353, Finance Code; [~~or~~]

45-59 (C) provide compensation to the buyer of a
45-60 vehicle on the total constructive loss under a depreciation benefit
45-61 optional member program; or

45-62 (D) provide a service, reimbursement, or payment
45-63 under a residential service contract.

45-64 (4) "Residential service contract" means a service
45-65 contract of any duration under which a provider agrees to, in the
45-66 event of the operational or structural failure of, damage caused by
45-67 a power surge to, a defect in materials or workmanship of, or damage
45-68 caused by normal wear to a structural component, an appliance, or an
45-69 electrical, plumbing, heating, cooling, or air-conditioning system

46-1 of a residential property that is attached to or located on the
 46-2 residential property:

46-3 (A) service, maintain, repair, or replace all or
 46-4 any part of the structural component, appliance, or electrical,
 46-5 plumbing, heating, cooling, or air-conditioning system;

46-6 (B) provide incidental payment of indemnity
 46-7 under limited circumstances, including food spoilage; or

46-8 (C) provide reimbursement or payment instead of
 46-9 service, repair, or replacement when a part, structural component,
 46-10 appliance, or service provider or technician is unavailable.

46-11 SECTION 5.03. Section 1304.003(b), Occupations Code, is
 46-12 amended to read as follows:

46-13 (b) A service contract described by Subsection (a)(2)(A)
 46-14 may ~~[also]~~ provide for:

46-15 (1) incidental payment or indemnity under limited
 46-16 circumstances, including towing, rental, and emergency road
 46-17 service;

46-18 (2) the repair or replacement of a product for damage
 46-19 resulting from a power surge or for accidental damage incurred in
 46-20 handling the product;

46-21 (3) identity recovery, if the service contract is
 46-22 financed under Chapter 348 or 353, Finance Code; or

46-23 (4) the replacement of a motor vehicle key or key fob
 46-24 in the event the key or key fob is inoperable, lost, or stolen.

46-25 SECTION 5.04. Section 1304.004(b), Occupations Code, is
 46-26 amended to read as follows:

46-27 (b) This chapter does not apply to:

46-28 (1) a warranty;

46-29 (2) a maintenance agreement;

46-30 (3) a service contract sold or offered for sale to a
 46-31 person who is not a consumer;

46-32 (4) ~~[a residential service contract sold by an entity~~
 46-33 ~~licensed by the Texas Real Estate Commission under Chapter 1303,~~

46-34 ~~[(5)] an agreement issued by an automobile service club~~
 46-35 ~~that holds a certificate of authority under Chapter 722,~~
 46-36 ~~Transportation Code;~~

46-37 (5) ~~[(6)] a service contract sold by a motor vehicle~~
 46-38 ~~dealer on a motor vehicle sold by that dealer, if the dealer:~~

46-39 (A) is the provider;

46-40 (B) is licensed as a motor vehicle dealer under
 46-41 Chapter 2301; and

46-42 (C) covers its obligations under the service
 46-43 contract with a reimbursement insurance policy; or

46-44 (6) ~~[(7)] a contract offered by a local exchange~~
 46-45 ~~telephone company that provides for the repair of inside telephone~~
 46-46 ~~wiring, if:~~

46-47 (A) the contract term does not exceed one month;
 46-48 and

46-49 (B) the consumer can terminate the contract
 46-50 before a new contract term begins without liability except for
 46-51 payment of charges for the term that has begun.

46-52 SECTION 5.05. Subchapter A, Chapter 1304, Occupations Code,
 46-53 is amended by adding Section 1304.0041 to read as follows:

46-54 Sec. 1304.0041. CERTAIN EXEMPT AGREEMENTS. This chapter
 46-55 does not apply to:

46-56 (1) a performance guarantee offered by:

46-57 (A) the builder of a residential property; or

46-58 (B) the manufacturer or seller of an appliance or
 46-59 other system or component of a residential property;

46-60 (2) a residential service contract executed before
 46-61 August 28, 1979;

46-62 (3) a guarantee or warranty that is:

46-63 (A) designed to guarantee or warrant the repair
 46-64 or service of an appliance, system, or component of a residential
 46-65 property; and

46-66 (B) issued by a person who sells, services,
 46-67 repairs, or replaces the appliance, system, or component at the
 46-68 time or before the guarantee or warranty is issued;

46-69 (4) a service or maintenance agreement or a warranty

47-1 that:
 47-2 (A) is sold, offered for sale, or issued by a
 47-3 manufacturer or merchant who manufactures or sells a product or
 47-4 part of a product, including a structural component, an appliance,
 47-5 or an electrical, plumbing, heating, cooling, or air-conditioning
 47-6 system of a building or residence; and
 47-7 (B) provides for, warrants, or guarantees the
 47-8 maintenance, repair, replacement, or performance of the product or
 47-9 part of the product; or
 47-10 (5) home warranty insurance as defined by Section
 47-11 2005.001, Insurance Code.

47-12 SECTION 5.06. Section 1304.005, Occupations Code, is
 47-13 amended to read as follows:

47-14 Sec. 1304.005. EXEMPTIONS FROM CERTAIN OTHER LAWS.
 47-15 Marketing, selling, offering for sale, issuing, making, proposing
 47-16 to make, and administering a service contract are exempt from:

- 47-17 (1) ~~[Chapter 1303,~~
 47-18 ~~[-2-] Chapter 722,~~ Transportation Code; and
 47-19 (2) ~~[-3-]~~ the Insurance Code and other laws of this
 47-20 state regulating the business of insurance.

47-21 SECTION 5.07. Section 1304.151, Occupations Code, is
 47-22 amended by amending Subsection (b) and adding Subsection (b-4) to
 47-23 read as follows:

47-24 (b) If the provider ensures its obligations under
 47-25 Subsection (a)(2), the amount maintained in the reserve account may
 47-26 not be less than an amount equal to 40 percent of the gross
 47-27 consideration the provider received from consumers from the sale of
 47-28 all service contracts issued and outstanding in this state, minus
 47-29 any claims paid. The executive director may review and examine the
 47-30 reserve account. Except as provided by Subsections ~~[Subsection]~~
 47-31 ~~(b-1) and (b-4)~~, the amount of the security deposit may not be less
 47-32 than \$250,000. The provider must submit to the executive director
 47-33 on request a copy of the provider's financial statements that must
 47-34 be prepared in accordance with generally accepted accounting
 47-35 principles, be without qualification as to the going concern status
 47-36 of the provider, and be audited by an independent certified public
 47-37 accountant. The commission by rule may require the provider to
 47-38 submit additional financial reports.

47-39 (b-4) The amount of the security deposit required under
 47-40 Subsection (b) may not be less than \$25,000 for a provider of a
 47-41 residential service contract.

47-42 SECTION 5.08. Section 1304.156, Occupations Code, is
 47-43 amended by adding Subsection (f) to read as follows:

47-44 (f) A residential service contract must state that the
 47-45 provider agrees that, under normal circumstances, the provider will
 47-46 initiate the performance of services not later than 48 hours after
 47-47 the contract holder requests the services.

47-48 SECTION 5.09. Subchapter D, Chapter 1304, Occupations Code,
 47-49 is amended by adding Section 1304.157 to read as follows:

47-50 Sec. 1304.157. RESIDENTIAL SERVICE CONTRACTS. (a) A
 47-51 person may not sell, offer to sell, arrange or solicit the sale of,
 47-52 or receive an application for a residential service contract unless
 47-53 the person is:

- 47-54 (1) employed by a provider or administrator of a
 47-55 residential service contract who is licensed under this chapter; or
 47-56 (2) licensed as a real estate sales agent, real estate
 47-57 broker, mobile home dealer, or insurance agent in this state.

47-58 (b) Notwithstanding Subsection (a), a person compensated by
 47-59 a provider or administrator, but who is not employed by that
 47-60 provider or administrator, may sell, offer to sell, arrange or
 47-61 solicit the sale of, or receive an application for a residential
 47-62 service contract if the contract contains the following statement
 47-63 in at least 10-point boldface type: "NOTICE: THIS COMPANY PAYS
 47-64 PERSONS NOT EMPLOYED BY THE PROVIDER FOR THE SALE, ADVERTISING,
 47-65 INSPECTION, OR PROCESSING OF A RESIDENTIAL SERVICE CONTRACT UNDER
 47-66 CHAPTER 1304, OCCUPATIONS CODE." For purposes of Subsection (a) and
 47-67 this subsection, a person is employed by a provider or
 47-68 administrator if, in connection with the person selling, offering
 47-69 to sell, arranging or soliciting the sale of, or receiving

48-1 applications for residential service contracts, the provider or
 48-2 administrator:

48-3 (1) directs and controls the person's performance; and

48-4 (2) is responsible for representations made by the
 48-5 person when acting within the scope of the person's employment.

48-6 (c) Notwithstanding Section 1304.151(a)(1), a provider of a
 48-7 residential service contract may use a reimbursement insurance
 48-8 policy issued by a captive insurance company as defined by Section
 48-9 964.001, Insurance Code, to insure the provider's residential
 48-10 service contracts if the provider maintains a funded reserve equal
 48-11 to not less than 25 percent of the gross consideration the provider
 48-12 received from consumers from the sale of all the provider's service
 48-13 contracts issued and outstanding in this state, minus any claims
 48-14 paid. A reimbursement insurance policy issued to a residential
 48-15 service contract provider in accordance with this subsection:

48-16 (1) is not subject to Section 1304.152; and

48-17 (2) is considered to satisfy the requirements of
 48-18 Sections 1304.1025 and 1304.151(a)(1) for purposes of this chapter.

48-19 SECTION 5.10. Chapter 1303, Occupations Code, is repealed.

48-20 SECTION 5.11. Not later than June 1, 2022, the Texas
 48-21 Commission of Licensing and Regulation shall adopt rules necessary
 48-22 to implement the changes in law made by this article to Chapter
 48-23 1304, Occupations Code.

48-24 SECTION 5.12. (a) A residential service company licensed
 48-25 under former Chapter 1303, Occupations Code, that on May 1, 2021,
 48-26 maintained security in accordance with former Section 1303.154,
 48-27 Occupations Code, shall continue to maintain security in an amount
 48-28 not less than the amount required under that section until
 48-29 September 1, 2026, and the former law is continued in effect for
 48-30 that purpose.

48-31 (b) A residential service company described by Subsection
 48-32 (a) of this section that is operating as a residential service
 48-33 contract provider licensed under Chapter 1304, Occupations Code, as
 48-34 amended by this article, is not required to comply with the security
 48-35 requirements for residential service contract providers under
 48-36 Chapter 1304, Occupations Code, as amended by this article, until
 48-37 September 1, 2026.

48-38 (c) Not later than September 1, 2022, a residential service
 48-39 company described by Subsection (a) of this section that is
 48-40 operating as a residential service contract provider licensed under
 48-41 Chapter 1304, Occupations Code, as amended by this article, shall
 48-42 update the company's financial security documents to:

48-43 (1) list the Texas Department of Licensing and
 48-44 Regulation as a party to the financial security document; and

48-45 (2) replace each reference to the Texas Real Estate
 48-46 Commission with a reference to the Texas Department of Licensing
 48-47 and Regulation.

48-48 SECTION 5.13. (a) In this section, "department" means the
 48-49 Texas Department of Licensing and Regulation.

48-50 (b) On September 1, 2021:

48-51 (1) a license issued by the Texas Real Estate
 48-52 Commission under former Chapter 1303, Occupations Code, is
 48-53 continued in effect as a license of the department;

48-54 (2) all rules, fees, policies, procedures, decisions,
 48-55 and forms of the Texas Real Estate Commission that relate to a
 48-56 program or activity transferred under this article are continued in
 48-57 effect as rules, fees, policies, procedures, decisions, and forms
 48-58 of the Texas Commission of Licensing and Regulation or the
 48-59 department, as applicable, and remain in effect until changed by
 48-60 the Texas Commission of Licensing and Regulation or the department;
 48-61 and

48-62 (3) a complaint, investigation, contested case, or
 48-63 other proceeding related to a program that is transferred under
 48-64 this article and that is pending on September 1, 2021, is
 48-65 transferred without change in status to the Texas Commission of
 48-66 Licensing and Regulation or the department, as appropriate.

48-67 (c) On September 1, 2021:

48-68 (1) all money, contracts, leases, property, software
 48-69 source code and documentation, records, and obligations of the

49-1 Texas Real Estate Commission relating to a program or activity
49-2 transferred to the department under this article are transferred to
49-3 the department; and

49-4 (2) the unexpended and unobligated balance of any
49-5 money appropriated by the legislature relating to that program or
49-6 activity is transferred to the department.

49-7 (d) As soon as practicable after September 1, 2021, the
49-8 Texas Real Estate Commission shall transfer to the Texas Commission
49-9 of Licensing and Regulation or the department, as appropriate, any
49-10 bond, reimbursement insurance policy, or other security held for a
49-11 residential service company that relates to a program or activity
49-12 transferred under this article.

49-13 (e) Unless the context indicates otherwise, a reference in
49-14 law or administrative rule to the Texas Real Estate Commission with
49-15 respect to a program or activity transferred from the Texas Real
49-16 Estate Commission to the department under this article means the
49-17 Texas Commission of Licensing and Regulation or the department, as
49-18 appropriate.

49-19 (f) The Texas Real Estate Commission shall provide the
49-20 department with access to any systems, facilities, or information
49-21 necessary to implement the change in law made by this article.

49-22 ARTICLE 6. SPEECH-LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS

49-23 SECTION 6.01. Section 401.304(a), Occupations Code, is
49-24 amended to read as follows:

49-25 (a) To be eligible for licensing as a speech-language
49-26 pathologist or audiologist, an applicant must:

49-27 (1) if the application is for a license in:

49-28 (A) speech-language pathology, possess at least
49-29 a master's degree with a major in at least one of the areas of
49-30 communicative sciences or disorders from a program accredited by a
49-31 national accrediting organization that is approved by the
49-32 commission or department and recognized by the United States
49-33 secretary of education under the Higher Education Act of 1965 (20
49-34 U.S.C. Section 1001 et seq.) in an accredited or approved college or
49-35 university; or

49-36 (B) audiology, possess at least a master's
49-37 [~~doctoral~~] degree in audiology or a related hearing science from a
49-38 program accredited by a national accrediting organization that is
49-39 approved by the commission or department and recognized by the
49-40 United States secretary of education under the Higher Education Act
49-41 of 1965 (20 U.S.C. Section 1001 et seq.) in an accredited or
49-42 approved college or university;

49-43 (2) submit a transcript from a public or private
49-44 institution of higher learning showing successful completion of
49-45 course work in amounts set by the commission by rule in:

49-46 (A) normal development and use of speech,
49-47 language, and hearing;

49-48 (B) evaluation, habilitation, and rehabilitation
49-49 of speech, language, and hearing disorders; and

49-50 (C) related fields that augment the work of
49-51 clinical practitioners of speech-language pathology and audiology;

49-52 (3) have successfully completed at least 36 semester
49-53 hours in courses that are acceptable toward a graduate degree by the
49-54 college or university in which the courses are taken, at least 24 of
49-55 which must be in the professional area for which the license is
49-56 requested;

49-57 (4) have completed the minimum number of hours,
49-58 established by the commission by rule, of supervised clinical
49-59 experience with persons who present a variety of communication
49-60 disorders; and

49-61 (5) have completed the full-time supervised
49-62 professional experience, as defined by commission rule, in which
49-63 clinical work has been accomplished in the major professional area
49-64 for which the license is being sought.

49-65 SECTION 6.02. Section 401.304(a), Occupations Code, as
49-66 amended by this article, applies only to a license application
49-67 submitted on or after September 1, 2021. A license application
49-68 submitted before that date is governed by the law in effect on the
49-69 date the license application was submitted, and the former law is

50-1 continued in effect for that purpose.

50-2 ARTICLE 7. REGULATION OF RACING

50-3 SECTION 7.01. Subchapter C, Chapter 51, Occupations Code,
50-4 is amended by adding Section 51.1041 to read as follows:

50-5 Sec. 51.1041. PEACE OFFICERS. (a) The department may
50-6 commission as a peace officer an employee who has been certified as
50-7 qualified to be a peace officer by the Texas Commission on Law
50-8 Enforcement.

50-9 (b) A peace officer commissioned by the department may
50-10 enforce any provision of this chapter relating to the regulation of
50-11 racing or any law establishing a program regulated by the
50-12 department under Subtitle A-1, Title 13, related to the regulation
50-13 of racing.

50-14 (c) A peace officer commissioned under this section has the
50-15 powers, privileges, and immunities of a peace officer while
50-16 carrying out duties authorized by this chapter or a law
50-17 establishing a program regulated by the department.

50-18 SECTION 7.02. Section 2021.003, Occupations Code, is
50-19 amended by amending Subdivisions (2), (8), (9), (14), (20), (21),
50-20 (24), (35), and (54) and adding Subdivisions (2-a) and (12-a) to
50-21 read as follows:

50-22 (2) "Active license" means a racetrack license
50-23 designated by the department ~~[commission]~~ as active.

50-24 (2-a) "Advisory board" means the Texas Racing Advisory
50-25 Board.

50-26 (8) "Commission" means the Texas ~~[Racing]~~ Commission
50-27 of Licensing and Regulation.

50-28 (9) "Concessionaire" means a person licensed by the
50-29 department ~~[commission]~~ to sell refreshments or souvenirs at a
50-30 racetrack.

50-31 (12-a) "Department" means the Texas Department of
50-32 Licensing and Regulation.

50-33 (14) "Executive director" means the executive
50-34 director of the department ~~[commission]~~.

50-35 (20) "Horsemen's organization" means an organization
50-36 recognized by the department ~~[commission]~~ that:

50-37 (A) represents horse owners and trainers in
50-38 negotiating and contracting with racetrack associations on
50-39 subjects relating to racing; and

50-40 (B) represents and advocates the interests of
50-41 horse owners and trainers before administrative, legislative, and
50-42 judicial forums.

50-43 (21) "Inactive license" means a racetrack license
50-44 designated by the department ~~[commission]~~ as inactive.

50-45 (24) "Maiden" means a horse that has never won a race
50-46 at a race meeting authorized by the department ~~[commission]~~ or by
50-47 another racing jurisdiction.

50-48 (35) "Performance" means the consecutive running of a
50-49 specified number of greyhound races as determined by the department
50-50 ~~[commission]~~.

50-51 (54) "Trainer" means a person who is licensed by the
50-52 department ~~[commission]~~ to train horses or greyhounds.

50-53 SECTION 7.03. Sections 2021.004(1) and (5), Occupations
50-54 Code, are amended to read as follows:

50-55 (1) "Authorized agent" means a person appointed by an
50-56 owner of a horse to represent the owner. The term is limited to a
50-57 person who is appointed by a written instrument that the department
50-58 ~~[commission]~~ acknowledges and approves.

50-59 (5) "Jockey" or "apprentice jockey" means a
50-60 professional rider licensed by the department ~~[commission]~~ to ride
50-61 in horse races.

50-62 SECTION 7.04. Section 2021.006, Occupations Code, is
50-63 amended to read as follows:

50-64 Sec. 2021.006. RELEASE OF CIVIL LIABILITY. A commission
50-65 member, the executive director, a department ~~[commission]~~
50-66 employee, a steward or judge, a racetrack association, a horsemen's
50-67 organization, or any other person regulated under this subtitle is
50-68 not liable for a cause of action that arises out of that person's
50-69 performance or exercise of discretion in the implementation or

51-1 enforcement of this subtitle or a rule adopted under this subtitle
51-2 if the person has acted in good faith.

51-3 SECTION 7.05. Sections 2021.008(a), (b), (c), and (d),
51-4 Occupations Code, are amended to read as follows:

51-5 (a) The advisory board [~~commission~~] is subject to Chapter
51-6 325, Government Code (Texas Sunset Act). The advisory board shall
51-7 be reviewed during the period in which the commission and
51-8 department are reviewed under Section 51.002. Unless the advisory
51-9 board is continued in existence and the commission and department
51-10 are continued in existence as provided by that section, [chapter,
51-11 and except as provided by Subsections (b) and (c), [the commission
51-12 is abolished and] this subtitle expires on the date provided by that
51-13 section [September 1, 2021].

51-14 (b) If, at the time the commission, department, and advisory
51-15 board would be abolished under Subsection (a), a racetrack
51-16 association has outstanding long-term liabilities:

51-17 (1) the racetrack association may continue to operate
51-18 for a period not to exceed one year after those liabilities are
51-19 satisfied; and

51-20 (2) the commission, the department, and this subtitle
51-21 are continued in effect for the purpose of regulating that
51-22 racetrack association under this subtitle.

51-23 (c) If the commission, the department, and this subtitle are
51-24 continued in effect under Subsection (b), the commission and the
51-25 department are [~~is~~] abolished and this subtitle expires on the
51-26 first day of the state fiscal year following the state fiscal year
51-27 in which the commission certifies to the secretary of state that no
51-28 racetrack associations are operating under the terms of Subsection
51-29 (b).

51-30 (d) A racetrack association that continues to operate under
51-31 Subsection (b) may not incur any new liability without commission
51-32 or department approval. At the beginning of that period, the
51-33 commission or department shall:

51-34 (1) review the outstanding liabilities of the
51-35 racetrack association; and

51-36 (2) set a specific date by which the racetrack
51-37 association must retire its outstanding liabilities.

51-38 SECTION 7.06. The heading to Chapter 2022, Occupations
51-39 Code, is amended to read as follows:

51-40 CHAPTER 2022. TEXAS RACING ADVISORY BOARD [~~COMMISSION~~]

51-41 SECTION 7.07. The heading to Section 2022.001, Occupations
51-42 Code, is amended to read as follows:

51-43 Sec. 2022.001. ADVISORY BOARD [~~COMMISSION~~] MEMBERSHIP.

51-44 SECTION 7.08. Section 2022.001(a), Occupations Code, is
51-45 amended to read as follows:

51-46 (a) The Texas Racing Advisory Board [~~commission~~] consists
51-47 of 11 [+

51-48 [~~(1) seven~~] members appointed by the presiding officer
51-49 of the commission, with commission approval, as follows:

51-50 (1) one member who is a representative of a racetrack
51-51 association holding a class 1 racetrack license;

51-52 (2) one member who is a representative of a racetrack
51-53 association holding a class 2 racetrack license;

51-54 (3) one member who is a representative of a racetrack
51-55 association holding a class 3 racetrack license;

51-56 (4) one member who is a representative of a racetrack
51-57 association holding a greyhound racetrack license;

51-58 (5) one member who is a representative of the Texas
51-59 Horsemen's Partnership;

51-60 (6) one member who is a representative of the Texas
51-61 Thoroughbred Association;

51-62 (7) one member who is a representative of the Texas
51-63 Quarter Horse Association;

51-64 (8) one member who is a representative of the Texas
51-65 Greyhound Association;

51-66 (9) one member who is a veterinarian; and

51-67 (10) two members of the public [~~governor with the~~
51-68 ~~advice and consent of the senate; and~~

51-69 [~~(2) two ex officio members who have the right to~~

52-1 ~~vote~~].

52-2 SECTION 7.09. Subchapter A, Chapter 2022, Occupations Code,
52-3 is amended by adding Section 2022.0011 to read as follows:

52-4 Sec. 2022.0011. DUTIES OF ADVISORY BOARD. The advisory
52-5 board shall provide advice and recommendations to the department on
52-6 technical matters relevant to the administration of this subtitle.

52-7 SECTION 7.10. The heading to Section 2022.002, Occupations
52-8 Code, is amended to read as follows:

52-9 Sec. 2022.002. TERM OF OFFICE; VACANCIES.

52-10 SECTION 7.11. Section 2022.002, Occupations Code, is
52-11 amended by amending Subsection (a) and adding Subsection (c) to
52-12 read as follows:

52-13 (a) Advisory board [~~Appointed commission~~] members hold
52-14 office for staggered terms of six years with the terms of [~~two or~~]
52-15 three members expiring February 1 of each odd-numbered year.

52-16 (c) If a vacancy occurs during a member's term, the
52-17 presiding officer of the commission, with commission approval,
52-18 shall appoint a member to fill the vacancy for the remainder of the
52-19 unexpired term.

52-20 SECTION 7.12. Section 2022.008, Occupations Code, is
52-21 amended to read as follows:

52-22 Sec. 2022.008. PRESIDING OFFICER. (a) The presiding
52-23 officer of the commission [~~governor~~] shall designate a [~~public~~]
52-24 member of the advisory board [~~commission~~] as the presiding officer
52-25 of the advisory board [~~commission~~] to serve in that capacity for a
52-26 one-year term [~~at the pleasure of the governor~~].

52-27 (b) The presiding officer of the advisory board may vote on
52-28 any matter before the advisory board.

52-29 SECTION 7.13. The heading to Section 2022.009, Occupations
52-30 Code, is amended to read as follows:

52-31 Sec. 2022.009. ADVISORY BOARD [~~COMMISSION~~] MEETINGS [~~+
52-32 RECORD OF COMMISSION VOTES~~].

52-33 SECTION 7.14. Section 2022.009(a), Occupations Code, is
52-34 amended to read as follows:

52-35 (a) The advisory board [~~commission~~] shall meet at the call
52-36 of the presiding officer of the commission or the executive
52-37 director [~~hold at least six regular meetings each year on dates~~
52-38 ~~fixed by the commission~~].

52-39 SECTION 7.15. The heading to Section 2022.052, Occupations
52-40 Code, is amended to read as follows:

52-41 Sec. 2022.052. [EMPLOYEES,] RESTRICTIONS ON EMPLOYMENT.

52-42 SECTION 7.16. Section 2022.052(c), Occupations Code, is
52-43 amended to read as follows:

52-44 (c) The commission or department may not employ or continue
52-45 to employ a person who:

52-46 (1) owns or controls a financial interest in a
52-47 [commission] license holder under this subtitle;

52-48 (2) is employed by or serves as a paid consultant to a
52-49 [commission] license holder under this subtitle, an official state
52-50 breed registry, or a Texas trade association, as defined by Section
52-51 51.0535(a) [2022.004(a)], in the field of horse or greyhound racing
52-52 or breeding;

52-53 (3) owns or leases a race animal that participates in
52-54 pari-mutuel racing in this state;

52-55 (4) accepts or is entitled to any part of the purse or
52-56 Texas-bred incentive award to be paid on a horse or a greyhound in a
52-57 race conducted in this state; or

52-58 (5) resides with or is related within the first degree
52-59 by affinity or consanguinity to a person subject to a
52-60 disqualification prescribed by this subsection.

52-61 SECTION 7.17. The heading to Section 2022.103, Occupations
52-62 Code, is amended to read as follows:

52-63 Sec. 2022.103. DEPARTMENT [~~COMMISSION~~] INVESTIGATIVE FILES
52-64 CONFIDENTIAL.

52-65 SECTION 7.18. Sections 2022.103(a), (b), and (c),
52-66 Occupations Code, are amended to read as follows:

52-67 (a) The contents of the investigatory files of the
52-68 department [~~commission~~] are not public records and are confidential
52-69 except:

53-1 (1) in a criminal proceeding;
 53-2 (2) in a hearing conducted by the State Office of
 53-3 Administrative Hearings or the commission;
 53-4 (3) on court order; or
 53-5 (4) with the consent of the party being investigated.
 53-6 (b) Except as otherwise provided by this subtitle, the
 53-7 files, records, information, compilations, documents, photographs,
 53-8 reports, summaries, and reviews of information and related matters
 53-9 that are collected, retained, or compiled by the Department of
 53-10 Public Safety in the discharge of the Department of Public Safety's
 53-11 [department's] duties under this subtitle are confidential and are
 53-12 not subject to public disclosure, but are subject to discovery by a
 53-13 person who is the subject of the files, records, information,
 53-14 compilations, documents, photographs, reports, summaries, and
 53-15 reviews of information and related matters that are collected,
 53-16 retained, or compiled by the Department of Public Safety
 53-17 [department] in the discharge of the Department of Public Safety's
 53-18 [department's] duties under this subtitle.
 53-19 (c) An investigation report or other document submitted by
 53-20 the Department of Public Safety to the department ~~[commission]~~
 53-21 becomes part of the investigative files of the department
 53-22 ~~[commission]~~ and is subject to discovery by a person who is the
 53-23 subject of the investigation report or other document submitted by
 53-24 the Department of Public Safety ~~[department]~~ to the department
 53-25 ~~[commission]~~ that is part of the investigative files of the
 53-26 department ~~[commission]~~.
 53-27 SECTION 7.19. Section 2022.105(a), Occupations Code, is
 53-28 amended to read as follows:
 53-29 (a) The department ~~[commission]~~ shall require racetrack
 53-30 associations, managers, totalisator license holders, and
 53-31 concessionaires to keep books and records and to submit financial
 53-32 statements to the department ~~[commission]~~.
 53-33 SECTION 7.20. The heading to Chapter 2023, Occupations
 53-34 Code, is amended to read as follows:
 53-35 CHAPTER 2023. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL
 53-36 POWERS AND DUTIES
 53-37 SECTION 7.21. Section 2023.001, Occupations Code, is
 53-38 amended to read as follows:
 53-39 Sec. 2023.001. LICENSING, REGULATION, AND SUPERVISION OF
 53-40 HORSE RACING AND GREYHOUND RACING. (a) Notwithstanding any
 53-41 contrary provision in this subtitle, the department under the
 53-42 direction of the commission may license and regulate all aspects of
 53-43 horse racing and greyhound racing in this state, regardless of
 53-44 whether that racing involves pari-mutuel wagering.
 53-45 (b) The commission~~[r]~~ in adopting rules and the department
 53-46 in the supervision and conduct of racing ~~[r]~~ shall consider the
 53-47 effect of a proposed ~~[commission]~~ action on the state's
 53-48 agricultural, horse breeding, horse training, greyhound breeding,
 53-49 and greyhound training industry.
 53-50 SECTION 7.22. Section 2023.002, Occupations Code, is
 53-51 amended to read as follows:
 53-52 Sec. 2023.002. REGULATION AND SUPERVISION OF WAGERING AT
 53-53 RACE MEETINGS. (a) The department ~~[commission]~~ shall regulate and
 53-54 supervise each race meeting in this state that involves wagering on
 53-55 the result of horse racing or greyhound racing. Each person and
 53-56 thing relating to the operation of a race meeting is subject to
 53-57 regulation and supervision by the department ~~[commission]~~.
 53-58 (b) The commission shall adopt rules on the issuance of
 53-59 licenses and other rules necessary to regulate horse racing and
 53-60 greyhound racing and the department shall ~~[r]~~ issue licenses~~[r]~~ and
 53-61 take any other necessary action relating ~~[exclusively]~~ to the
 53-62 regulation of horse racing or greyhound racing.
 53-63 SECTION 7.23. Section 2023.003(b), Occupations Code, is
 53-64 amended to read as follows:
 53-65 (b) The department ~~[commission]~~ may charge in the amount set
 53-66 by the commission an annual fee for licensing and regulating a track
 53-67 that does not offer pari-mutuel wagering or a training facility in a
 53-68 reasonable amount that may not exceed the actual cost of enforcing
 53-69 rules adopted by the commission for the licensing and regulation of

54-1 races and workouts at such a facility.

54-2 SECTION 7.24. Section 2023.004(d), Occupations Code, is
54-3 amended to read as follows:

54-4 (d) The department [~~commission~~] shall post at each
54-5 racetrack notice of a meeting of the commission [~~under Subsection~~
54-6 ~~(e)~~] that includes an agenda of the meeting and a summary of the
54-7 proposed rule.

54-8 SECTION 7.25. Section 2023.006, Occupations Code, is
54-9 amended to read as follows:

54-10 Sec. 2023.006. CONSIDERATION OF PAST PERFORMANCE OF
54-11 RACETRACK ASSOCIATION. In considering a pleading of a racetrack
54-12 association, the department [~~commission~~] shall take into account
54-13 the operating experience of the racetrack association in this
54-14 state, including:

- 54-15 (1) the financial condition of the racetrack;
54-16 (2) the regulatory compliance and conduct; and
54-17 (3) any other relevant matter concerning the operation
54-18 of a racetrack.

54-19 SECTION 7.26. Section 2023.007, Occupations Code, is
54-20 amended to read as follows:

54-21 Sec. 2023.007. RIGHT OF ENTRY. A commission member, a
54-22 department employee, an authorized department [~~commission~~] agent
54-23 or peace officer, a commissioned officer of the Department of
54-24 Public Safety, or a peace officer of the local jurisdiction in which
54-25 a racetrack association maintains a place of business may enter any
54-26 part of a racetrack or any other place of business of a racetrack
54-27 association at any time to enforce and administer this subtitle.

54-28 SECTION 7.27. Section 2023.008, Occupations Code, is
54-29 amended to read as follows:

54-30 Sec. 2023.008. TESTIMONY AND SUBPOENA POWER. (a) For
54-31 purposes of this section, "agent" means an appointed agent of the
54-32 department [~~commission~~].

54-33 (b) A department employee [~~commission member~~] or an agent,
54-34 while involved in carrying out functions under this subtitle, may:

- 54-35 (1) take testimony;
54-36 (2) require by subpoena the attendance of a witness;
54-37 and

54-38 (3) require the production of books, records, papers,
54-39 correspondence, and other documents that the commission considers
54-40 advisable.

54-41 (c) A subpoena must be issued under the signature of the
54-42 executive director or the executive director's designee
54-43 [~~commission or an agent~~]. A person designated by the executive
54-44 director [~~commission~~] must serve the subpoena.

54-45 (d) A department employee [~~commission member~~] or an agent
54-46 may administer an oath to a witness appearing before the department
54-47 [~~commission~~] or an agent.

54-48 (e) If a subpoena issued under this section is disobeyed,
54-49 the department [~~commission~~] or an agent may invoke the aid of a
54-50 Travis County district court in requiring compliance with the
54-51 subpoena. A Travis County district court may issue an order
54-52 requiring the person to appear and testify and to produce books,
54-53 records, papers, correspondence, and documents. Failure to obey
54-54 the court order shall be punished by the court as contempt.

54-55 SECTION 7.28. Sections 2023.051 and 2023.052, Occupations
54-56 Code, are amended to read as follows:

54-57 Sec. 2023.051. RECOGNITION OF ORGANIZATION. (a) The
54-58 commission by rule shall adopt criteria to recognize an
54-59 organization to represent members of a segment of the racing
54-60 industry, including owners, breeders, trainers, kennel operators,
54-61 or other persons involved in the racing industry, in any
54-62 interaction between the members of the organization and a racetrack
54-63 association or the department [~~commission~~].

54-64 (b) The department [~~commission~~] may recognize an
54-65 organization that meets the criteria adopted under Subsection (a).

54-66 Sec. 2023.052. SECURITY FOR FEES AND CHARGES. The
54-67 department [~~commission~~] may require a racetrack association to post
54-68 security in an amount and form determined by the department
54-69 [~~commission~~] to adequately ensure the payment of any fee or charge

55-1 due to this state or the department [~~commission~~] relating to
 55-2 pari-mutuel racing, including a charge for drug testing.

55-3 SECTION 7.29. Section 2023.053(f), Occupations Code, is
 55-4 amended to read as follows:

55-5 (f) This section does not apply to:
 55-6 (1) money deposited into the Texas-bred incentive fund
 55-7 established under Section 2028.301; or
 55-8 (2) an administrative penalty remitted to the
 55-9 comptroller for deposit in the general revenue fund under Section
 55-10 2033.058.

55-11 SECTION 7.30. The heading to Section 2023.054, Occupations
 55-12 Code, is amended to read as follows:

55-13 Sec. 2023.054. [~~COMMISSION~~] STANDARDS ON GREYHOUND FARMS
 55-14 AND FACILITIES.

55-15 SECTION 7.31. Sections 2023.056, 2023.057, 2023.058,
 55-16 2023.059, and 2023.061, Occupations Code, are amended to read as
 55-17 follows:

55-18 Sec. 2023.056. COOPERATION WITH LAW ENFORCEMENT. (a) The
 55-19 department [~~commission~~] shall cooperate with a district attorney, a
 55-20 criminal district attorney, a county attorney, the Department of
 55-21 Public Safety, the attorney general, or a peace officer in
 55-22 enforcing this subtitle.

55-23 (b) The department [~~commission~~], under department
 55-24 [~~commission~~] authority to obtain criminal history record
 55-25 information under Section 2023.057, shall maintain and exchange
 55-26 pertinent intelligence data with other states and agencies.

55-27 Sec. 2023.057. ACCESS TO CRIMINAL HISTORY RECORDS. The
 55-28 department [~~commission~~] may obtain criminal history record
 55-29 information that relates to each applicant for [~~employment by the~~
 55-30 ~~commission and to each applicant for~~] a license issued under this
 55-31 subtitle by the department, including an occupational license
 55-32 described by Section 2025.251(c), [~~commission~~] and that is
 55-33 maintained by the Department of Public Safety or the Federal Bureau
 55-34 of Investigation Identification Division. The department
 55-35 [~~commission~~] may refuse to issue a license to [~~recommend~~] an
 55-36 applicant who fails to provide a complete set of fingerprints.

55-37 Sec. 2023.058. COST OF CRIMINAL HISTORY RECORD CHECK. (a)
 55-38 The commission shall, in determining the amount of a license fee,
 55-39 set the fee in at least an amount necessary to cover the cost to the
 55-40 department of conducting a criminal history record check on a
 55-41 license applicant.

55-42 (b) The department [~~commission~~] shall reimburse the
 55-43 Department of Public Safety for the cost of conducting a criminal
 55-44 history record check under this subtitle.

55-45 Sec. 2023.059. DISTANCE LEARNING. The department
 55-46 [~~commission~~] may provide assistance to members of the racing
 55-47 industry who are attempting to develop or implement adult, youth,
 55-48 or continuing education programs that use distance learning.

55-49 Sec. 2023.061. BIENNIAL [~~ANNUAL~~] REPORT. (a) Not later
 55-50 than January 31 of each odd-numbered year, the department
 55-51 [~~commission~~] shall file a report with the governor, lieutenant
 55-52 governor, and speaker of the house of representatives.

55-53 (b) The report must cover the operations of the department
 55-54 under this subtitle [~~commission~~] and the condition of horse
 55-55 breeding and racing and greyhound breeding and racing during the
 55-56 preceding two-year period [~~previous year~~].

55-57 (c) The department [~~commission~~] shall obtain from the
 55-58 Department of Public Safety a comprehensive report of any organized
 55-59 crime activities in this state [~~that the department may wish to~~
 55-60 ~~report~~] and information concerning illegal gambling that may be
 55-61 related to this subtitle known to exist in this state. The
 55-62 department [~~commission~~] shall include in the biennial [~~annual~~]
 55-63 report the Department of Public Safety's [~~department's~~] report and
 55-64 any recommendations the department [~~commission~~] considers
 55-65 appropriate.

55-66 SECTION 7.32. Sections 2023.101(b), (c), and (d),
 55-67 Occupations Code, are amended to read as follows:

55-68 (b) The department [~~commission~~] shall employ or contract
 55-69 with each steward and judge for the supervision of a horse race or

56-1 greyhound race meeting.

56-2 (c) The department [~~commission~~] shall designate one steward
56-3 or judge, as appropriate, as the presiding steward or judge for each
56-4 race meeting.

56-5 (d) Following the completion of a race meeting, a racetrack
56-6 association may submit to the department [~~commission~~] for the
56-7 department's [~~commission's~~] review written comments regarding the
56-8 job performance of the stewards and judges. A racetrack
56-9 association's comments submitted under this section are not
56-10 binding, in any way, on the department [~~commission~~].

56-11 SECTION 7.33. Section 2023.102(a), Occupations Code, is
56-12 amended to read as follows:

56-13 (a) The department [~~commission~~] shall require each steward
56-14 or judge to annually take and pass a written examination and a
56-15 medical examination.

56-16 SECTION 7.34. Section 2023.103, Occupations Code, is
56-17 amended to read as follows:

56-18 Sec. 2023.103. [~~EMPLOYMENT OF~~] STATE VETERINARIANS. For
56-19 each race meeting, the department [~~commission~~] shall employ or
56-20 contract for at least one state veterinarian.

56-21 SECTION 7.35. Section 2023.104(b), Occupations Code, is
56-22 amended to read as follows:

56-23 (b) The fee amount for compensating each steward, judge, and
56-24 state veterinarian must be reasonable according to industry
56-25 standards for the compensation of those officials at other
56-26 racetracks and may not exceed the actual cost to the department
56-27 [~~commission~~] for compensating the officials.

56-28 SECTION 7.36. Section 2023.105, Occupations Code, is
56-29 amended to read as follows:

56-30 Sec. 2023.105. EMPLOYMENT OF OTHER RACETRACK OFFICIALS.
56-31 The racetrack association shall appoint, with the department's
56-32 [~~commission's~~] approval, all racetrack officials other than the
56-33 officials listed in Section 2023.104. Compensation for officials
56-34 not compensated by the department [~~commission~~] is determined by the
56-35 racetrack association.

56-36 SECTION 7.37. Section 2023.106(b), Occupations Code, is
56-37 amended to read as follows:

56-38 (b) The commission shall adopt rules that specify:

56-39 (1) the power and duties of each race meeting
56-40 official, including the power of a steward or judge to impose
56-41 penalties for unethical practices or violations of racing rules;
56-42 and

56-43 (2) procedures for hearings conducted under this
56-44 section.

56-45 SECTION 7.38. Section 2023.109, Occupations Code, is
56-46 amended by adding Subsection (c) to read as follows:

56-47 (c) The commission may adopt rules specifying the
56-48 requirements for appealing a decision and eligibility of orders for
56-49 consideration under this section.

56-50 SECTION 7.39. Section 2024.002(a), Occupations Code, is
56-51 amended to read as follows:

56-52 (a) The comptroller may inspect all books, records, and
56-53 financial statements required by the commission or obtained by the
56-54 department under Section 2022.105.

56-55 SECTION 7.40. Sections 2024.053(a) and (b), Occupations
56-56 Code, are amended to read as follows:

56-57 (a) The comptroller shall certify to the department
56-58 [~~commission~~] the fact that a racetrack association or totalisator
56-59 company:

56-60 (1) does not comply with a rule adopted by the
56-61 comptroller under this chapter;

56-62 (2) refuses to allow access to or inspection of any of
56-63 the racetrack association's or totalisator company's required
56-64 books, records, or financial statements;

56-65 (3) refuses to allow access to or inspection of the
56-66 totalisator system; or

56-67 (4) becomes delinquent for:

56-68 (A) the state's share of a pari-mutuel pool; or

56-69 (B) any other tax collected by the comptroller.

57-1 (b) With regard to the state's share of a pari-mutuel pool
57-2 and any penalty related to the state's share, the comptroller,
57-3 acting independently of the department [~~commission~~], may take any
57-4 collection or enforcement action authorized under the Tax Code
57-5 against a delinquent taxpayer.

57-6 SECTION 7.41. Sections 2025.001 and 2025.002, Occupations
57-7 Code, are amended to read as follows:

57-8 Sec. 2025.001. COMMISSION AND DEPARTMENT LICENSING DUTIES.

57-9 (a) To preserve and protect the public health, welfare, and safety,
57-10 the commission shall adopt rules relating to license applications
57-11 and the financial responsibility [~~and moral character~~] and ability
57-12 of applicants.

57-13 (b) The department [~~commission~~] shall prescribe application
57-14 forms for licenses issued under this subtitle and shall provide
57-15 each occupational license holder with a credential.

57-16 (c) The commission shall [~~annually~~] prescribe reasonable
57-17 license fees for each category of license issued under this
57-18 subtitle.

57-19 (d) The commission by rule shall set fees in amounts
57-20 reasonable and necessary to cover the department's [~~commission's~~]
57-21 costs of regulating, overseeing, and licensing live and simulcast
57-22 racing at racetracks.

57-23 Sec. 2025.002. LICENSE AS PRIVILEGE. The operation of a
57-24 racetrack and the participation in racing are privileges, not
57-25 rights, granted only by the department [~~commission~~] by license and
57-26 subject to reasonable and necessary conditions set by the
57-27 commission and department.

57-28 SECTION 7.42. Sections 2025.003(a), (c), (d), and (e),
57-29 Occupations Code, are amended to read as follows:

57-30 (a) An applicant for a license or license renewal under this
57-31 subtitle must, except as otherwise provided by Section 2025.261,
57-32 submit to the department [~~commission~~] a complete set of
57-33 fingerprints for:

- 57-34 (1) the applicant; or
- 57-35 (2) if the applicant is not an individual, each
57-36 officer or director of, and each person who owns at least a five
57-37 percent interest in, the applicant.

57-38 (c) A peace officer of any state[~~]~~ or any department
57-39 employee designated by the executive director [~~district office of~~
57-40 ~~the commission~~] shall take the fingerprints of an applicant for a
57-41 license or license renewal on forms approved and furnished by the
57-42 Department of Public Safety and immediately deliver the forms to
57-43 the department [~~commission~~].

57-44 (d) If a complete set of fingerprints is required by the
57-45 department [~~commission~~], the department [~~commission~~] shall, not
57-46 later than the 10th business day after the date the department
57-47 [~~commission~~] receives the fingerprints, forward the fingerprints
57-48 to the Department of Public Safety or the Federal Bureau of
57-49 Investigation. If the fingerprints are forwarded to the Department
57-50 of Public Safety, the Department of Public Safety [~~department~~]
57-51 shall:

57-52 (1) classify the fingerprints and check the
57-53 fingerprints against the Department of Public Safety's
57-54 [~~department's~~] fingerprint files; and

57-55 (2) report to the department [~~commission~~] the
57-56 Department of Public Safety's [~~department's~~] findings concerning
57-57 the existence or lack of a criminal record of the applicant.

57-58 (e) The department [~~commission~~] may not issue a racetrack
57-59 license until the report under Subsection (d) is made to the
57-60 department [~~commission~~]. The department [~~commission~~] may issue a
57-61 temporary occupational license before the report is made to the
57-62 department [~~commission~~].

57-63 SECTION 7.43. Section 2025.051, Occupations Code, is
57-64 amended to read as follows:

57-65 Sec. 2025.051. RACETRACK LICENSE REQUIRED; CRIMINAL
57-66 PENALTY. A person may not conduct wagering on a horse or greyhound
57-67 race meeting without first obtaining a racetrack license issued by
57-68 the department [~~commission~~]. A person who violates this section
57-69 commits an offense.

58-1 SECTION 7.44. Sections 2025.052(a) and (b), Occupations
58-2 Code, are amended to read as follows:

58-3 (a) The department [~~commission~~] shall require each
58-4 applicant for an original racetrack license to submit an
58-5 application, on a form prescribed by the department [~~commission~~],
58-6 containing the following information:

- 58-7 (1) if the applicant is an individual:
 - 58-8 (A) the individual's full name;
 - 58-9 (B) the individual's date of birth;
 - 58-10 (C) the individual's physical description;
 - 58-11 (D) the individual's current address and
58-12 telephone number; and
 - 58-13 (E) a statement by the individual disclosing any
58-14 arrest or conviction for a felony or for a misdemeanor, except a
58-15 misdemeanor under Subtitle C, Title 7, Transportation Code, or a
58-16 similar misdemeanor traffic offense;

- 58-17 (2) if the applicant is a corporation:
 - 58-18 (A) the state of incorporation;
 - 58-19 (B) the names and addresses of the corporation's
58-20 agents for service of process in this state;
 - 58-21 (C) the name and address of each officer and
58-22 director of the corporation;
 - 58-23 (D) the name and address of each stockholder of
58-24 the corporation;
 - 58-25 (E) for each individual named under this
58-26 subdivision, the information required by Subdivision (1); and
 - 58-27 (F) identification of:
 - 58-28 (i) any other beneficial owner of a share in
58-29 the applicant that has absolute or contingent voting rights;
 - 58-30 (ii) any other person who directly or
58-31 indirectly exercises any participation in the applicant; and
 - 58-32 (iii) any other ownership interest in the
58-33 applicant that the applicant making its best effort is able to
58-34 identify;

- 58-35 (3) if the applicant is an unincorporated business
58-36 association:
 - 58-37 (A) the name and address of each member of the
58-38 association and, for each individual named under this subdivision,
58-39 the information required by Subdivision (1); and
 - 58-40 (B) identification of:
 - 58-41 (i) any other person who exercises voting
58-42 rights in the applicant or directly or indirectly exercises any
58-43 participation in the applicant; and
 - 58-44 (ii) any other ownership interest in the
58-45 applicant that the applicant making its best effort is able to
58-46 identify;

- 58-47 (4) the exact location at which a race meeting is to be
58-48 conducted;
- 58-49 (5) if the racetrack is in existence, whether it is
58-50 owned by the applicant and, if leased to the applicant:

- 58-51 (A) the name and address of the owner; and
- 58-52 (B) if the owner is a corporation or
58-53 unincorporated business association, the name and address of each
58-54 officer and director, any stockholder or member, and each agent for
58-55 service of process in this state;

- 58-56 (6) if construction of the racetrack has not been
58-57 initiated, whether it is to be owned by the applicant and, if it is
58-58 to be leased to the applicant:

- 58-59 (A) the name and address of the prospective
58-60 owner; and
- 58-61 (B) if the owner is a corporation or
58-62 unincorporated business association, the information required by
58-63 Subdivision (5)(B);

- 58-64 (7) identification of:
 - 58-65 (A) any other beneficial owner of a share that
58-66 has absolute or contingent voting rights in the owner or
58-67 prospective owner of the racetrack;
 - 58-68 (B) any other person that directly or indirectly
58-69 exercises any participation in the owner or prospective owner; and

59-1 (C) all other ownership interest in the owner or
 59-2 prospective owner that the applicant making its best effort is able
 59-3 to identify;
 59-4 (8) a detailed statement of the applicant's assets and
 59-5 liabilities;
 59-6 (9) the type of racing to be conducted and the dates
 59-7 requested;
 59-8 (10) proof of residency as required by Section
 59-9 [2025.201](#); and
 59-10 (11) any other information required by the department
 59-11 ~~[commission]~~.

59-12 (b) An application must be attested ~~[sworn]~~ to:
 59-13 (1) by the applicant; or
 59-14 (2) if the applicant is a corporation or association,
 59-15 by its chief executive officer.

59-16 SECTION 7.45. Sections [2025.053](#)(a) and (c), Occupations
 59-17 Code, are amended to read as follows:

59-18 (a) The department ~~[commission]~~ shall require each
 59-19 applicant for an original racetrack license to pay the required
 59-20 application fee. The fee must accompany the application and be paid
 59-21 in the form of a cashier's check, ~~[or]~~ certified check, or other
 59-22 form of payment acceptable to the department.

59-23 (c) Notwithstanding this section, if a licensed racetrack
 59-24 petitions for a higher racetrack classification, the department
 59-25 ~~[commission]~~ shall impose fees equal to the difference between the
 59-26 fees previously paid and the fees required for the higher
 59-27 classification.

59-28 SECTION 7.46. Sections [2025.054](#)(a) and (b), Occupations
 59-29 Code, are amended to read as follows:

59-30 (a) The department ~~[commission]~~ shall require each
 59-31 applicant for an original racetrack license to submit with the
 59-32 application for inspection and review by the department
 59-33 ~~[commission]~~ a copy of each management, concession, and totalisator
 59-34 contract associated with the proposed license at the proposed
 59-35 location in which the applicant has an interest.

59-36 (b) An applicant or license holder shall:
 59-37 (1) advise the department ~~[commission]~~ of any change
 59-38 in any management, concession, or totalisator contract; and
 59-39 (2) at the request of the department, provide any
 59-40 information the department considers necessary to review the
 59-41 change.

59-42 SECTION 7.47. Sections [2025.055](#) and [2025.056](#), Occupations
 59-43 Code, are amended to read as follows:

59-44 Sec. 2025.055. CONFIDENTIALITY OF APPLICATION DOCUMENTS.
 59-45 Documents submitted to the department ~~[commission]~~ under Sections
 59-46 [2025.051](#)-[2025.054](#) by an applicant are subject to discovery in a
 59-47 suit brought under this subtitle but are not public records and are
 59-48 not subject to Chapter [552](#), Government Code.

59-49 Sec. 2025.056. BACKGROUND CHECK. (a) The department
 59-50 ~~[commission]~~ shall require a complete personal, financial, and
 59-51 business background check of the applicant or of any person who owns
 59-52 an interest in or exercises control over an applicant for a
 59-53 racetrack license, including the partners, stockholders,
 59-54 concessionaires, management personnel, management firms, and
 59-55 creditors.

59-56 (b) The department may ~~[commission shall]~~ refuse to issue or
 59-57 renew a license or may revoke a license if ~~[, in the commission's~~
 59-58 ~~sole discretion,]~~ the background checks reveal anything that may be
 59-59 detrimental to the public interest or the racing industry. A
 59-60 proceeding under this section is subject to Subchapter G, Chapter
 59-61 [51](#).

59-62 (c) The executive director ~~[commission]~~ may not hold a
 59-63 hearing on the application, or any part of the application, of a
 59-64 racetrack license applicant before the 14th day after the date the
 59-65 completed background check of the applicant has been on file with
 59-66 the department ~~[commission]~~.

59-67 SECTION 7.48. Section [2025.057](#)(a), Occupations Code, is
 59-68 amended to read as follows:

59-69 (a) The department ~~[commission]~~ may, at any time, require a

60-1 holder of or applicant for a racetrack license to post security in
60-2 an amount reasonably necessary, as provided by commission rule, to
60-3 adequately ensure the license holder's or applicant's compliance
60-4 with substantive requirements of this subtitle and commission
60-5 rules.

60-6 SECTION 7.49. Section 2025.058, Occupations Code, is
60-7 amended to read as follows:

60-8 Sec. 2025.058. NOTIFICATION OF COMPLETED APPLICATION. When
60-9 all requirements for the applicant's licensure described in this
60-10 chapter have been satisfied, the department [~~commission~~] shall
60-11 notify the applicant that the application is complete.

60-12 SECTION 7.50. Sections 2025.101(b), (c), (e), and (f),
60-13 Occupations Code, are amended to read as follows:

60-14 (b) In considering an application for a horse racetrack
60-15 license under this chapter, the department [~~commission~~] shall give
60-16 additional weight to evidence concerning an applicant who has
60-17 experience operating a horse racetrack licensed under this
60-18 subtitle.

60-19 (c) The department [~~commission~~] may not issue a license to
60-20 operate a class 1 or class 2 racetrack or a greyhound racetrack to a
60-21 corporation unless:

60-22 (1) the corporation is incorporated under the laws of
60-23 this state; and

60-24 (2) a majority of any of its corporate stock is owned
60-25 at all times by individuals who meet the residency qualifications
60-26 prescribed by Section 2025.201 for individual applicants.

60-27 (e) Subsections (c) and (d) and Section 2025.201(a)(10)
60-28 [~~2025.201(a)(12)~~] do not apply to an applicant for or the holder of
60-29 a racetrack license if the applicant, the license holder, or the
60-30 license holder's parent company is a publicly traded company.

60-31 (f) The department [~~commission~~] may condition the issuance
60-32 of a license under this chapter on the observance of commission
60-33 rules. [~~The commission may amend the rules at any time and may
60-34 condition the continued holding of the license on compliance with
60-35 the rules as amended.~~]

60-36 SECTION 7.51. Section 2025.102, Occupations Code, is
60-37 amended to read as follows:

60-38 Sec. 2025.102. QUALIFICATIONS FOR ISSUANCE OF RACETRACK
60-39 LICENSE. (a) The department [~~commission~~] may issue a racetrack
60-40 license to a qualified person if the department [~~commission~~]:

60-41 (1) determines that the conduct of race meetings at
60-42 the proposed racetrack and location:

- 60-43 (A) will be in the public interest;
- 60-44 (B) complies with all zoning laws; and
- 60-45 (C) complies with this subtitle and commission
60-46 rules; and

60-47 (2) determines by clear and convincing evidence that
60-48 the applicant will comply with all criminal laws of this state.

60-49 (b) In determining whether to grant or deny an application
60-50 for any class of racetrack license, the department [~~commission~~] may
60-51 consider:

- 60-52 (1) the applicant's financial stability;
- 60-53 (2) the applicant's resources for supplementing the
60-54 purses for races for various breeds;
- 60-55 (3) the location of the proposed racetrack;
- 60-56 (4) the effect of the proposed racetrack on traffic
60-57 flow;
- 60-58 (5) facilities for patrons and occupational license
60-59 holders;
- 60-60 (6) facilities for race animals;
- 60-61 (7) availability to the racetrack of support services
60-62 and emergency services;
- 60-63 (8) the experience of the applicant's employees;
- 60-64 (9) the potential for conflict with other licensed
60-65 race meetings;
- 60-66 (10) the anticipated effect of the race meeting on the
60-67 horse or greyhound breeding industry in this state; and
- 60-68 (11) the anticipated effect of the race meeting on the
60-69 state and local economy from tourism, increased employment, and

61-1 other sources.

61-2 (c) The department [~~commission~~] shall make a determination
61-3 on a pending application not later than the 120th day after the date
61-4 the department [~~commission~~] provides the notice required under
61-5 Section 2025.058.

61-6 SECTION 7.52. Sections 2025.103(a), (c), and (d),
61-7 Occupations Code, are amended to read as follows:

61-8 (a) After a racetrack association has been granted a license
61-9 to operate a racetrack and before the completion of construction at
61-10 the designated place for which the license was issued, the
61-11 department [~~commission~~] may, on application by the racetrack
61-12 association, issue a temporary license that authorizes the
61-13 racetrack association to conduct races at a location in the same
61-14 county until the earlier of:

61-15 (1) the second anniversary of the date of issuance of
61-16 the temporary license; or

61-17 (2) the completion of the permanent facility.

61-18 (c) The department [~~commission~~] may set conditions and
61-19 standards for issuance of a temporary license and allocation of
61-20 appropriate race days.

61-21 (d) The department [~~commission~~] may not issue a new
61-22 temporary license or an extension of a temporary license to a person
61-23 or to an individual belonging to a corporation or association that
61-24 has been granted a temporary license after the temporary license
61-25 has expired.

61-26 SECTION 7.53. Sections 2025.104(a), (b), and (d),
61-27 Occupations Code, are amended to read as follows:

61-28 (a) The department [~~commission~~] shall designate each
61-29 racetrack license as an active license or an inactive license. The
61-30 department [~~commission~~] may change the designation of a racetrack
61-31 license as appropriate.

61-32 (b) The department [~~commission~~] shall designate a racetrack
61-33 license as an active license if the license holder:

61-34 (1) holds live racing events at the racetrack; or

61-35 (2) makes good faith efforts to conduct live racing.

61-36 (d) Before the first anniversary of the date a new racetrack
61-37 license is issued, the department [~~commission~~] shall conduct an
61-38 evaluation of the license to determine whether the license is an
61-39 active or inactive license.

61-40 SECTION 7.54. Section 2025.105, Occupations Code, is
61-41 amended by amending Subsections (a), (b), (c), (d), and (e) and
61-42 adding Subsection (g) to read as follows:

61-43 (a) The commission by rule shall establish an annual renewal
61-44 process for inactive licenses and may require the license holder to
61-45 provide any information required for an original license
61-46 application under this subtitle. An inactive license holder must
61-47 complete the annual renewal process established under this section
61-48 until the department [~~commission~~]:

61-49 (1) designates the license as an active license; or

61-50 (2) refuses to renew the license.

61-51 (b) In determining whether to renew an inactive license, the
61-52 department [~~commission~~] shall consider:

61-53 (1) the inactive license holder's:

61-54 (A) financial stability;

61-55 (B) ability to conduct live racing;

61-56 (C) ability to construct and maintain a
61-57 racetrack; and

61-58 (D) other good faith efforts to conduct live
61-59 racing; and

61-60 (2) other necessary factors considered in the issuance
61-61 of the original license.

61-62 (c) The department [~~commission~~] may refuse to renew an
61-63 inactive license if, after notice and opportunity for a hearing,
61-64 the department [~~commission~~] determines that:

61-65 (1) renewal of the license is not in the best interests
61-66 of the racing industry or the public; or

61-67 (2) the license holder has failed to make a good faith
61-68 effort to conduct live racing.

61-69 (d) The department [~~commission~~] shall consult with the

62-1 advisory board, members of the racing industry, and other key
62-2 stakeholders in developing the license renewal process under this
62-3 section.

62-4 (e) The commission shall set and the department shall
62-5 collect renewal fees in amounts reasonable and necessary to cover
62-6 the costs of administering and enforcing this section.

62-7 (g) A proceeding under this section is a contested case for
62-8 purposes of Chapter 2001, Government Code.

62-9 SECTION 7.55. Section 2025.106, Occupations Code, is
62-10 amended to read as follows:

62-11 Sec. 2025.106. DEPARTMENT [COMMISSION] REVIEW OF ACTIVE
62-12 RACETRACK LICENSE; FEE. (a) The department [commission] shall
62-13 review the ownership and management of an active license issued
62-14 under this chapter every five years beginning on the fifth
62-15 anniversary of the date of issuance of the license.

62-16 (b) In performing the review, the department [commission]
62-17 may require the license holder to provide any information that
62-18 would be required to be provided in connection with an original
62-19 license application under this chapter.

62-20 (c) The department [commission] shall charge fees for the
62-21 review in amounts set by the commission as sufficient to implement
62-22 this section.

62-23 SECTION 7.56. Section 2025.107(b), Occupations Code, is
62-24 amended to read as follows:

62-25 (b) If the death of any person causes a violation of the
62-26 licensing provisions of this subtitle, the department [commission]
62-27 may issue, in accordance with commission rules, a temporary license
62-28 for a period not to exceed one year.

62-29 SECTION 7.57. Sections 2025.108 and 2025.151, Occupations
62-30 Code, are amended to read as follows:

62-31 Sec. 2025.108. RACETRACK LICENSE ANNUAL FEE. The
62-32 commission may prescribe a reasonable annual fee to be paid to the
62-33 department by each racetrack license holder. The fee must be in an
62-34 amount sufficient to provide that the total amount of fees imposed
62-35 under this section, the license fees prescribed under Section
62-36 2025.001(c), and the renewal fees prescribed under Section
62-37 2025.105(e) are sufficient to cover the costs of administering and
62-38 enforcing this subtitle.

62-39 Sec. 2025.151. LIMITATION ON NUMBER OF GREYHOUND RACETRACK
62-40 LICENSES. The department [commission] may not issue licenses for
62-41 more than three greyhound racetracks in this state.

62-42 SECTION 7.58. Section 2025.201, Occupations Code, is
62-43 amended by amending Subsections (a) and (c) and adding Subsection
62-44 (d) to read as follows:

62-45 (a) The department [commission] may refuse to issue a
62-46 racetrack license or may revoke or suspend a license if, after
62-47 notice and opportunity for a hearing, the department [commission]
62-48 finds that the applicant or license holder, as appropriate:

62-49 (1) has been convicted of a violation of this subtitle
62-50 or a commission rule, or has aided, abetted, or conspired to commit
62-51 a violation of this subtitle or a commission rule;

62-52 (2) has been convicted of or placed on deferred
62-53 adjudication for a felony or misdemeanor [a crime involving moral
62-54 turpitude, including a conviction for which the punishment received
62-55 was a suspended sentence, probation, or a nonadjudicated
62-56 conviction,] that is reasonably related to the person's present
62-57 fitness to hold a license under this subtitle;

62-58 (3) ~~[has violated or has caused to be violated this~~
62-59 ~~subtitle or a commission rule in a manner that involves moral~~
62-60 ~~turpitude, as distinguished from a technical violation of this~~
62-61 ~~subtitle or a rule,~~

62-62 ~~[(4)]~~ is unqualified, by experience or otherwise, to
62-63 perform the duties required of a license holder under this
62-64 subtitle;

62-65 (4) ~~[(5)]~~ failed to answer or falsely or incorrectly
62-66 answered a question in an application;

62-67 (5) ~~[(6)]~~ fails to disclose the true ownership or
62-68 interest in a horse or greyhound as required by commission rules;

62-69 (6) ~~[(7)]~~ is indebted to this state for any fee or for

63-1 the payment of a penalty imposed by this subtitle or a commission
63-2 rule;

63-3 (7) has developed an incapacity that prevents or could
63-4 prevent the applicant or license holder from conducting the
63-5 applicant's or license holder's business with reasonable skill and
63-6 competence and in a manner that does not endanger public safety;

63-7 ~~(8) [is not of good moral character or the person's~~
63-8 ~~reputation as a peaceable, law-abiding citizen in the community~~
63-9 ~~where the person resides is bad;~~

63-10 ~~[(9)] is not at least the minimum age necessary to~~
63-11 ~~purchase alcoholic beverages in this state;~~

63-12 ~~(9) [(10) is in the habit of using alcoholic beverages~~
63-13 ~~to an excess or uses a controlled substance as defined by Chapter~~
63-14 ~~481, Health and Safety Code, or a dangerous drug as defined in~~
63-15 ~~Chapter 483, Health and Safety Code, or is mentally incapacitated;~~

63-16 ~~[(11)] may be excluded from an enclosure under this~~
63-17 ~~subtitle;~~

63-18 ~~(10) [(12)] has not been a United States citizen~~
63-19 ~~residing in this state for the 10 consecutive years preceding the~~
63-20 ~~filing of the application;~~

63-21 ~~(11) [(13)] has improperly used a credential,~~
63-22 ~~including a license certificate or identification card, issued~~
63-23 ~~under this subtitle;~~

63-24 ~~(12) [(14)] resides with a person whose license was~~
63-25 ~~revoked for cause during the 12 months preceding the date of the~~
63-26 ~~present application;~~

63-27 ~~(13) [(15) has failed or refused to furnish a true~~
63-28 ~~copy of the application to the commission's district office in the~~
63-29 ~~district in which the premises for which the license is sought are~~
63-30 ~~located;~~

63-31 ~~[(16)] is engaged or has engaged in activities or~~
63-32 ~~practices the department [commission] determines are detrimental~~
63-33 ~~to the best interests of the public and the sport of horse racing or~~
63-34 ~~greyhound racing; or~~

63-35 ~~(14) [(17)] fails to fully disclose the true owners of~~
63-36 ~~all interests, beneficial or otherwise, in a proposed racetrack.~~

63-37 (c) The department ~~[commission]~~ may refuse to issue a
63-38 license or may suspend or revoke a license of a license holder under
63-39 this subchapter who knowingly or intentionally allows access to an
63-40 enclosure where horse races or greyhound races are conducted to a
63-41 person:

63-42 (1) who has engaged in bookmaking, touting, or illegal
63-43 wagering;

63-44 (2) whose income is from illegal activities or
63-45 enterprises; or

63-46 (3) who has been convicted of a violation of this
63-47 subtitle.

63-48 (d) A proceeding under this section is a contested case for
63-49 purposes of Chapter 2001, Government Code.

63-50 SECTION 7.59. Section 2025.202(b), Occupations Code, is
63-51 amended to read as follows:

63-52 (b) Notwithstanding the requirements of Section 2033.151,
63-53 if, after notice and opportunity for a hearing as provided by
63-54 Section 2033.152, the commission finds that a racetrack license
63-55 holder or a person employed by the racetrack has violated this
63-56 subtitle or a commission rule, or if the department ~~[commission]~~
63-57 finds during a review or renewal that the racetrack is ineligible
63-58 for a license under this chapter, the commission may:

63-59 (1) revoke, suspend, or refuse to renew the racetrack
63-60 license;

63-61 (2) impose an administrative penalty as provided under
63-62 Section 2033.051; or

63-63 (3) take any other action as provided by commission
63-64 rule.

63-65 SECTION 7.60. Section 2025.203(a), Occupations Code, is
63-66 amended to read as follows:

63-67 (a) The executive director ~~[commission]~~ may summarily
63-68 suspend a racetrack license if the executive director ~~[commission]~~
63-69 determines that a racetrack at which races or pari-mutuel wagering

64-1 are conducted under the license is being operated in a manner that
64-2 constitutes an immediate threat to the health, safety, or welfare
64-3 of the racing participants or the patrons.

64-4 SECTION 7.61. Section 2025.204(d), Occupations Code, is
64-5 amended to read as follows:

64-6 (d) At the hearing, the department [~~commission~~] has the
64-7 burden of proof and must present evidence in support of the order.
64-8 The license holder requesting the hearing may cross-examine
64-9 witnesses and show cause why the order should not be affirmed.

64-10 SECTION 7.62. Sections 2025.205, 2025.251, 2025.253,
64-11 2025.254, and 2025.255, Occupations Code, are amended to read as
64-12 follows:

64-13 Sec. 2025.205. SUMMARY SUSPENSION FINAL ORDER. (a) After
64-14 the hearing on the suspension of a racetrack license, the
64-15 commission [~~executive director~~] shall affirm, modify, or set aside,
64-16 wholly or partly, the summary suspension order. An order affirming
64-17 or modifying the summary suspension order is final for purposes of
64-18 enforcement and appeal.

64-19 (b) A final order under this section may be appealed in the
64-20 manner provided by Subchapter G, Chapter 2001, Government Code.

64-21 Sec. 2025.251. OCCUPATIONAL LICENSE REQUIRED. (a) Except
64-22 as provided by this section, a person, other than as a spectator or
64-23 as a person placing a wager, may not participate in racing with
64-24 pari-mutuel wagering without first obtaining a license from the
64-25 department [~~commission~~]. A person may not engage in any occupation
64-26 for which commission rules require a license under this subtitle
64-27 without first obtaining a license from the department [~~commission~~].

64-28 (b) The commission by rule shall categorize the occupations
64-29 of racetrack employees and determine the occupations that afford
64-30 the employee an opportunity to influence racing with pari-mutuel
64-31 wagering. The rules must require an employee to be licensed under
64-32 this subtitle if the employee:

64-33 (1) works in an occupation determined by the
64-34 department [~~commission~~] to afford the employee an opportunity to
64-35 influence racing with pari-mutuel wagering; or

64-36 (2) will likely have significant access to the
64-37 backside of a racetrack or to restricted areas of the frontside of a
64-38 racetrack.

64-39 (c) The commission by rule may require the following persons
64-40 to hold an occupational license under this subtitle:

- 64-41 (1) an adoption program employee;
- 64-42 (2) an announcer;
- 64-43 (3) an apprentice jockey;
- 64-44 (4) an assistant farrier, plater, or blacksmith;
- 64-45 (5) an assistant starter;
- 64-46 (6) an assistant trainer;
- 64-47 (7) an assistant trainer/owner;
- 64-48 (8) an association assistant management employee;
- 64-49 (9) an association management employee;
- 64-50 (10) an association officer or director;
- 64-51 (11) an association staff employee;
- 64-52 (12) an association employee other than an employee
64-53 described in this subsection;
- 64-54 (13) an association veterinarian;
- 64-55 (14) an authorized agent;
- 64-56 (15) a chaplain;
- 64-57 (16) a chaplain assistant;
- 64-58 (17) an equine dental provider;
- 64-59 (18) an exercise rider;
- 64-60 (19) a farrier, plater, or blacksmith;
- 64-61 (20) a groom/exercise rider;
- 64-62 (21) a groom/hot walker;
- 64-63 (22) a groom/pony person;
- 64-64 (23) a jockey;
- 64-65 (24) a jockey agent;
- 64-66 (25) a kennel helper;
- 64-67 (26) a kennel owner;
- 64-68 (27) a kennel owner/owner;
- 64-69 (28) a kennel owner/owner/trainer;

- 65-1 (29) a kennel owner/trainer;
- 65-2 (30) a kennel registration employee;
- 65-3 (31) a lead-out;
- 65-4 (32) a maintenance employee;
- 65-5 (33) a medical employee;
- 65-6 (34) miscellaneous racetrack employees;
- 65-7 (35) a multiple owner/stable/farm registration
- 65-8 employee;
- 65-9 (36) a mutuel clerk;
- 65-10 (37) a mutuel employee other than a clerk;
- 65-11 (38) an owner;
- 65-12 (39) an owner-trainer;
- 65-13 (40) a pony person;
- 65-14 (41) a racing industry representative;
- 65-15 (42) a racing industry employee;
- 65-16 (43) a racing official;
- 65-17 (44) a security officer;
- 65-18 (45) a stable foreman;
- 65-19 (46) a tattooer;
- 65-20 (47) a test technician;
- 65-21 (48) a trainer;
- 65-22 (49) a training facility employee;
- 65-23 (50) a training facility general manager;
- 65-24 (51) a valet;
- 65-25 (52) a vendor concessionaire;
- 65-26 (53) a vendor concessionaire employee;
- 65-27 (54) a vendor-totalisator company;
- 65-28 (55) a vendor-totalisator employee;
- 65-29 (56) a veterinarian; and
- 65-30 (57) a veterinarian assistant.

65-31 Sec. 2025.253. EXAMINATION NOTIFICATION. (a) If an
 65-32 examination is required for the issuance of a license under this
 65-33 subchapter, the department [~~commission~~] shall notify each examinee
 65-34 of the results of the examination not later than the 30th day after
 65-35 the date the licensing examination is administered under this
 65-36 subtitle.

65-37 (b) If requested in writing by a person who fails a
 65-38 licensing examination administered under this subtitle, the
 65-39 department [~~commission~~] shall furnish the person with an analysis
 65-40 of the person's performance on the examination.

65-41 Sec. 2025.254. ISSUANCE OF LICENSE. The department
 65-42 [~~commission~~] shall issue a license to a qualified person on
 65-43 application and payment of the license fee.

65-44 Sec. 2025.255. ISSUANCE OF IDENTIFICATION CARD. The
 65-45 department [~~commission~~] shall issue a license certificate under
 65-46 this subchapter in the form of an identification card with a
 65-47 photograph and other information as prescribed by the department
 65-48 [~~commission~~].

65-49 SECTION 7.63. Section 2025.256(c), Occupations Code, is
 65-50 amended to read as follows:

65-51 (c) In setting the fee schedule under Subsection (a), the
 65-52 commission shall include the cost of criminal history record
 65-53 information obtained under Section 2023.058. The department
 65-54 [~~commission~~] may determine the best method for recovering this cost
 65-55 and complying with this section, including collecting the costs
 65-56 over an extended period.

65-57 SECTION 7.64. Section 2025.258(a), Occupations Code, is
 65-58 amended to read as follows:

65-59 (a) The department [~~commission~~] shall obtain criminal
 65-60 history record information on each applicant renewing an
 65-61 occupational license under this subchapter.

65-62 SECTION 7.65. Section 2025.259, Occupations Code, is
 65-63 amended to read as follows:

65-64 Sec. 2025.259. LICENSE VALID THROUGHOUT STATE. A license
 65-65 issued under this subchapter is valid, as determined by the
 65-66 department [~~commission~~], at all race meetings conducted in this
 65-67 state.

65-68 SECTION 7.66. Section 2025.260(a), Occupations Code, is
 65-69 amended to read as follows:

66-1 (a) Pending investigation of an applicant's qualifications
66-2 to receive an original or renewal license, the department
66-3 [~~commission~~] may issue a temporary license to an applicant under
66-4 this subchapter whose application appears to comply with the
66-5 requirements of law and who has paid the necessary fee.

66-6 SECTION 7.67. Sections 2025.261 and 2025.262, Occupations
66-7 Code, are amended to read as follows:

66-8 Sec. 2025.261. RECIPROCAL LICENSES; OUT-OF-STATE
66-9 APPLICANTS. (a) The executive director [~~commission~~] may waive any
66-10 prerequisite to obtaining a license for an applicant, including any
66-11 requirement to submit a set of fingerprints, after reviewing the
66-12 applicant's credentials and determining that the applicant holds a
66-13 license from another state that has license requirements
66-14 substantially equivalent to the requirements of this state.

66-15 (b) The executive director [~~commission~~] may waive any
66-16 prerequisite to obtaining a license, including any requirement to
66-17 submit a set of fingerprints, for an applicant who holds a license
66-18 from another state with which this state has a reciprocity
66-19 agreement. The department [~~commission~~] may enter into agreements
66-20 with other states to allow for licensing by reciprocity.

66-21 Sec. 2025.262. GROUNDS FOR DENIAL, REVOCATION, AND
66-22 SUSPENSION OF OCCUPATIONAL LICENSE. (a) The department
66-23 [~~commission~~] may refuse to issue any original or renewal license
66-24 under this subchapter or may revoke or suspend the license if, after
66-25 notice and opportunity for a hearing, the department [~~commission~~]
66-26 finds that the applicant or license holder, as appropriate:

66-27 (1) has been convicted of a violation of this subtitle
66-28 or a commission rule or has aided, abetted, or conspired to commit a
66-29 violation of this subtitle or a commission rule;

66-30 (2) has been convicted of or placed on deferred
66-31 adjudication for a felony or misdemeanor [~~a crime involving moral~~
66-32 ~~turpitude~~] that is reasonably related to the person's present
66-33 fitness to hold a license under this subtitle;

66-34 (3) [~~has violated or has caused to be violated this~~
66-35 ~~subtitle or a commission rule in a manner that involves moral~~
66-36 ~~turpitude, as distinguished from a technical violation of this~~
66-37 ~~subtitle or a rule;~~

66-38 [~~(4)~~] is unqualified, by experience or otherwise, to
66-39 perform the duties required of a license holder under this
66-40 subtitle;

66-41 (4) [~~(5)~~] failed to answer or has falsely or
66-42 incorrectly answered a question in an original or renewal
66-43 application;

66-44 (5) [~~(6)~~] fails to disclose the true ownership or
66-45 interest in a horse or greyhound as required by commission rules;

66-46 (6) [~~(7)~~] is indebted to this state for any fee or for
66-47 the payment of a penalty imposed by this subtitle or a commission
66-48 rule;

66-49 (7) has developed an incapacity that prevents or could
66-50 prevent the applicant or license holder from conducting the
66-51 applicant's or license holder's business with reasonable skill and
66-52 competence and in a manner that does not endanger public safety;

66-53 (8) [~~is not of good moral character or the person's~~
66-54 ~~reputation as a peaceable, law-abiding citizen in the community~~
66-55 ~~where the person resides is bad;~~

66-56 (9) [~~is in the habit of using alcoholic beverages to an~~
66-57 ~~excess or uses a controlled substance as defined in Chapter 481,~~
66-58 ~~Health and Safety Code, or a dangerous drug as defined in Chapter~~
66-59 ~~483, Health and Safety Code, or is mentally incapacitated;~~

66-60 (10) [~~(10)~~] may be excluded from an enclosure under this
66-61 subtitle;

66-62 (9) [~~(11)~~] has improperly used a temporary pass,
66-63 license certificate, credential, or identification card issued
66-64 under this subtitle;

66-65 (10) [~~(12)~~] resides with a person whose license was
66-66 revoked for cause during the 12 months preceding the date of the
66-67 present application;

66-68 (11) [~~(13)~~] has failed or refused to furnish a true
66-69 copy of the application to the department's [~~commission's~~] district

67-1 office in the district in which the premises for which the license
67-2 is sought are located; or
67-3 (12) [~~14~~] is engaged or has engaged in activities or
67-4 practices that are detrimental to the best interests of the public
67-5 and the sport of horse racing or greyhound racing.

67-6 (b) A proceeding under this section is a contested case for
67-7 purposes of Chapter 2001, Government Code.

67-8 SECTION 7.68. Section 2026.003, Occupations Code, is
67-9 amended to read as follows:

67-10 Sec. 2026.003. FINANCIAL DISCLOSURE. (a) The commission
67-11 by rule shall require that each racetrack association that holds a
67-12 license for a class 1 racetrack, class 2 racetrack, or greyhound
67-13 racetrack annually file with the department [~~commission~~] a detailed
67-14 financial statement that:

67-15 (1) contains the names and addresses of all
67-16 stockholders, members, and owners of any interest in the racetrack;

67-17 (2) indicates compliance during the filing period with
67-18 Section 2025.101; and

67-19 (3) includes any other information required by the
67-20 department [~~commission~~].

67-21 (b) Each transaction that involves an acquisition or a
67-22 transfer of a pecuniary interest in the racetrack association must
67-23 receive prior approval from the department [~~commission~~]. A
67-24 transaction that changes the ownership of the racetrack association
67-25 requires submission of updated information of the type required to
67-26 be disclosed under Section 2025.052 and payment of a fee to recover
67-27 the costs of the criminal background check.

67-28 SECTION 7.69. Section 2026.004(b), Occupations Code, is
67-29 amended to read as follows:

67-30 (b) If the racetrack or enclosure designated in the license
67-31 becomes unsuitable for racing because of fire, flood, or other
67-32 catastrophe, the affected racetrack association, with the prior
67-33 approval of the executive director [~~commission~~], may conduct a race
67-34 meeting or any remaining portion of a meeting temporarily at any
67-35 other racetrack if the other racetrack license holder:

67-36 (1) is licensed by the department [~~commission~~] to
67-37 conduct the same type of racing as may be conducted by the affected
67-38 racetrack association; and

67-39 (2) consents to the usage.

67-40 SECTION 7.70. Sections 2026.005 and 2026.006, Occupations
67-41 Code, are amended to read as follows:

67-42 Sec. 2026.005. CHANGE OF RACING LOCATION. On request of a
67-43 racetrack association, the department [~~commission~~] shall amend a
67-44 racetrack license to change the location of the racetrack if the
67-45 department [~~commission~~] determines that:

67-46 (1) the conduct of race meetings at the proposed new
67-47 location will be in the public interest;

67-48 (2) there was not a competing applicant for the
67-49 original license; and

67-50 (3) the racetrack association's desire to change
67-51 location is not the result of a subterfuge in the original licensing
67-52 proceeding.

67-53 Sec. 2026.006. LEASE OF RACETRACK PREMISES. (a) The
67-54 commission by rule may provide for the department to authorize a
67-55 racetrack association, as lessee, to contract for the lease of a
67-56 racetrack and the surrounding structures.

67-57 (b) The department [~~commission~~] may not approve a lease if:

67-58 (1) the lease appears to be a subterfuge to evade
67-59 compliance with Section 2025.101 or 2025.201;

67-60 (2) the racetrack and surrounding structures do not
67-61 conform to the rules adopted under this subtitle; or

67-62 (3) the lessee, prospective lessee, or lessor is
67-63 disqualified from holding a racetrack license.

67-64 (c) Each lessor and lessee under this section must comply
67-65 with the disclosure requirements of Section 2025.052(a)(1). The
67-66 department [~~commission~~] may not approve a lease if the lessor and
67-67 lessee do not provide the required information.

67-68 SECTION 7.71. Section 2026.007(e), Occupations Code, is
67-69 amended to read as follows:

68-1 (e) The commission shall adopt rules implementing this
68-2 section, including rules:

68-3 (1) requiring the report and correction of:

68-4 (A) an inappropriate condition on the premises of
68-5 a racetrack, including a failure to properly maintain the premises,
68-6 that interferes with the administration of this subtitle; and

68-7 (B) a condition on the premises that makes the
68-8 premises unsafe for a race participant, patron, or animal; and

68-9 (2) determining the methods and manner by which the
68-10 executive director may determine and remedy inappropriate or unsafe
68-11 conditions on the premises, including the methods and manner in
68-12 which the department [~~executive director~~] may conduct inspections
68-13 of the premises and remedy emergency situations.

68-14 SECTION 7.72. Section 2026.008, Occupations Code, is
68-15 amended to read as follows:

68-16 Sec. 2026.008. SUPERVISION OF CONSTRUCTION, RENOVATION,
68-17 AND MAINTENANCE; ENFORCEMENT. (a) The commission by rule shall
68-18 adopt a method of supervising and approving the construction,
68-19 renovation, or maintenance of any building or improvement on the
68-20 premises of a racetrack.

68-21 (b) The commission shall adopt rules relating to:

68-22 (1) the approval of plans and specifications;

68-23 (2) the contents of plans and specifications;

68-24 (3) the maintenance of records to ensure compliance
68-25 with approved plans and specifications;

68-26 (4) the content and filing of construction progress
68-27 reports by the racetrack association to the department
68-28 [~~commission~~];

68-29 (5) the inspection by the department [~~commission~~] or
68-30 others;

68-31 (6) the method for making a change or amendment to an
68-32 approved plan or specification; and

68-33 (7) any other method of supervision or oversight
68-34 necessary.

68-35 (c) If the department [~~commission~~] has grounds to believe
68-36 that a racetrack association has failed to comply with the
68-37 requirements of this section, a representative of the racetrack
68-38 association shall appear before the commission or department to
68-39 consider the issue of compliance with rules adopted under this
68-40 section.

68-41 (d) Before a building or improvement may be used by a
68-42 racetrack association, the department [~~commission~~] shall determine
68-43 whether:

68-44 (1) the construction, renovation, or maintenance of
68-45 the building or improvement was completed in accordance with the
68-46 approved plans and specifications; and

68-47 (2) other [~~commission~~] requirements under this
68-48 subtitle were met.

68-49 (e) If the department [~~commission~~] determines that the
68-50 racetrack association failed to comply with a requirement of this
68-51 section or a rule adopted under this section, the department
68-52 [~~commission~~] shall initiate an enforcement action against the
68-53 racetrack association. In addition to any other authorized
68-54 enforcement action, the department [~~commission~~] may rescind any
68-55 live or simulcast race date of any racetrack association that has
68-56 failed to comply with the requirements of this section.

68-57 SECTION 7.73. Section 2026.013(b), Occupations Code, is
68-58 amended to read as follows:

68-59 (b) The department [~~commission~~] may impose disciplinary
68-60 action against a racetrack for violations of this subtitle and
68-61 commission rules by the racetrack's employees as provided by
68-62 Section 2025.202.

68-63 SECTION 7.74. Section 2026.051, Occupations Code, is
68-64 amended to read as follows:

68-65 Sec. 2026.051. COMMISSION RULES REGARDING EXCLUSION OR
68-66 EJECTION. The commission shall adopt rules providing for the
68-67 exclusion or ejection from an enclosure where horse or greyhound
68-68 races are conducted, or from specified portions of an enclosure, of
68-69 a person:

- 69-1 (1) who has engaged in bookmaking, touting, or illegal
 69-2 wagering;
 69-3 (2) whose income is from illegal activities or
 69-4 enterprises;
 69-5 (3) who has been convicted of a violation of this
 69-6 subtitle;
 69-7 (4) who has been convicted of theft;
 69-8 (5) who has been convicted under the penal law of
 69-9 another jurisdiction for committing an act that would have
 69-10 constituted a violation of any rule described in this section;
 69-11 (6) who has committed a corrupt or fraudulent act in
 69-12 connection with horse or greyhound racing or pari-mutuel wagering
 69-13 or who has committed any act tending or intended to corrupt horse or
 69-14 greyhound racing or pari-mutuel wagering;
 69-15 (7) who is under suspension or has been excluded or
 69-16 ejected from a racetrack by the department [~~commission~~] or a
 69-17 steward in this state or by a corresponding authority in another
 69-18 state because of corrupt or fraudulent practices or other acts
 69-19 detrimental to racing;
 69-20 (8) who has submitted a forged pari-mutuel ticket or
 69-21 has altered or forged a pari-mutuel ticket for cashing or who has
 69-22 cashed or caused to be cashed an altered, raised, or forged
 69-23 pari-mutuel ticket;
 69-24 (9) [~~who has been convicted of committing a lewd or~~
 69-25 ~~lascivious act or other crime involving moral turpitude,~~
 69-26 [~~(10)~~] who is guilty of [~~boisterous or~~] disorderly
 69-27 conduct while inside an enclosure;
 69-28 (10) [~~(11)~~] who is an agent [~~or habitual associate~~] of
 69-29 a person excludable under this section; or
 69-30 (11) [~~(12)~~] who has been convicted of a felony.

69-31 SECTION 7.75. Sections 2026.052(a) and (b), Occupations
 69-32 Code, are amended to read as follows:

69-33 (a) A person who is excluded or ejected from an enclosure
 69-34 under a commission rule may apply to the department [~~commission~~]
 69-35 for a hearing on the question of the applicability of the rule to
 69-36 that person.

69-37 (b) A proceeding [~~An application for a hearing~~] under this
 69-38 section is [~~Subsection (a) constitutes~~] a contested case for
 69-39 purposes of [~~under~~] Chapter 2001, Government Code. If, after a
 69-40 hearing as provided under Subchapter C of that chapter, the
 69-41 commission determines that the exclusion or ejection was proper:

69-42 (1) the commission shall issue an order to that effect
 69-43 [~~and enter the order in the commission's minutes~~]; and

69-44 (2) the person shall continue to be excluded from each
 69-45 racetrack association's enclosure.

69-46 SECTION 7.76. Section 2026.102(a), Occupations Code, is
 69-47 amended to read as follows:

69-48 (a) A class 1 racetrack is a racetrack on which live racing
 69-49 is conducted for a number of days in a calendar year, as determined
 69-50 by the department [~~commission~~] under Subchapter A, Chapter 2029.

69-51 SECTION 7.77. Section 2026.103, Occupations Code, is
 69-52 amended to read as follows:

69-53 Sec. 2026.103. CLASS 2 RACETRACK. (a) A class 2 racetrack
 69-54 is a racetrack on which live racing is conducted for a number of
 69-55 days, as determined by the department [~~commission~~] under Subchapter
 69-56 A, Chapter 2029.

69-57 (b) A class 2 racetrack is entitled to conduct 60 days of
 69-58 live racing in a calendar year. A racetrack association may request
 69-59 additional or fewer days of live racing. If, after receipt of a
 69-60 request from a racetrack association, the department [~~commission~~]
 69-61 determines additional or fewer days to be economically feasible and
 69-62 in the best interest of this state and the racing industry, the
 69-63 department [~~commission~~] shall grant the request.

69-64 (c) The department [~~commission~~] may permit a racetrack
 69-65 association that holds a class 2 racetrack license and that is
 69-66 located in a national historic district to conduct horse races for
 69-67 more than 60 days in a calendar year.

69-68 SECTION 7.78. Section 2026.105(b), Occupations Code, is
 69-69 amended to read as follows:

70-1 (b) A racetrack association that holds a class 4 racetrack
 70-2 license may conduct live races for a number of days not to exceed
 70-3 five days in a calendar year on dates selected by the racetrack
 70-4 association and approved by the department [~~commission~~].

70-5 SECTION 7.79. Section 2026.106, Occupations Code, is
 70-6 amended to read as follows:

70-7 Sec. 2026.106. WAIVER OR DEFERRAL OF CERTAIN STANDARDS FOR
 70-8 CLASS 4 RACETRACK. (a) In considering an application for a class 4
 70-9 racetrack license, except as provided by Subsection (b), the
 70-10 executive director [~~commission~~] may waive or defer compliance with
 70-11 the department's [~~commission's~~] standards regarding the physical
 70-12 facilities or operations of a horse racetrack.

70-13 (b) The executive director [~~commission~~] may not waive or
 70-14 defer compliance with standards that relate to the testing of
 70-15 horses or license holders for the presence of a prohibited
 70-16 substance, including a prohibited drug or chemical.

70-17 (c) If the executive director [~~commission~~] defers
 70-18 compliance, the department [~~commission~~] shall, when granting the
 70-19 application, establish a schedule under which the license holder
 70-20 must comply with the standards.

70-21 SECTION 7.80. Section 2026.107(b), Occupations Code, is
 70-22 amended to read as follows:

70-23 (b) The number of race dates allowed under this subchapter
 70-24 relates only to live race dates. A racetrack may present simulcast
 70-25 races on other dates as approved by the department [~~commission~~].

70-26 SECTION 7.81. Sections 2026.151 and 2026.152, Occupations
 70-27 Code, are amended to read as follows:

70-28 Sec. 2026.151. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED.

70-29 (a) All concession, management, and totalisator contracts
 70-30 submitted by an applicant under Section 2025.054 must have the
 70-31 prior approval of the department [~~commission~~].

70-32 (b) The department [~~commission~~] shall refuse to approve a
 70-33 concession or management contract if, in the sole discretion of the
 70-34 department [~~commission~~], the background checks conducted under
 70-35 Section 2025.056 reveal anything that might be detrimental to the
 70-36 public interest or the racing industry.

70-37 Sec. 2026.152. DEPARTMENT [~~COMMISSION~~] REVIEW OF SECURITY
 70-38 PLANS AND CERTAIN CONTRACTS. (a) On receipt of a plan for the
 70-39 security of a racetrack, or a copy of a concession, management, or
 70-40 totalisator contract for review under Section 2026.151, the
 70-41 department [~~commission~~] shall review the security plan or contract
 70-42 [~~in an executive session~~]. Documents submitted by an applicant to
 70-43 the department [~~commission~~] under this section or Section 2025.052
 70-44 or 2025.054 are subject to discovery in a suit brought under this
 70-45 subtitle but are not public records and are not subject to Chapter
 70-46 552, Government Code.

70-47 (b) In reviewing and approving contracts under Subsection
 70-48 (a), the department [~~commission~~] shall attempt to ensure the
 70-49 involvement of minority-owned businesses whenever possible.

70-50 SECTION 7.82. Section 2026.153(b), Occupations Code, is
 70-51 amended to read as follows:

70-52 (b) The department [~~commission~~] may not approve a
 70-53 management contract to operate or manage a racetrack owned by a
 70-54 governmental entity unless the racetrack license holder is an owner
 70-55 of the entity that proposes to manage the racetrack.

70-56 SECTION 7.83. Section 2027.001(b), Occupations Code, is
 70-57 amended to read as follows:

70-58 (b) Rules adopted under this subtitle must include rules to:

70-59 (1) regulate wagering by a person licensed under this
 70-60 subtitle;

70-61 (2) prohibit wagering by a department [~~commission~~]
 70-62 employee;

70-63 (3) prohibit a racetrack association from accepting a
 70-64 wager made by telephone; and

70-65 (4) prohibit a racetrack association from accepting a
 70-66 wager made on credit.

70-67 SECTION 7.84. Sections 2027.003 and 2027.004, Occupations
 70-68 Code, are amended to read as follows:

70-69 Sec. 2027.003. WAGERING COMPUTATION EQUIPMENT. (a)

71-1 Wagering authorized under this chapter may be calculated only by
 71-2 state-of-the-art computational equipment approved by the
 71-3 department [~~commission~~].

71-4 (b) The department [~~commission~~] may not require the use of a
 71-5 particular make of equipment.

71-6 Sec. 2027.004. AUTOMATED TELLER MACHINES: RULES,
 71-7 LIMITATIONS, AND FEES. (a) The commission shall:

71-8 (1) adopt rules providing for the use of automated
 71-9 teller machines in an enclosure; and

71-10 (2) direct the department to limit the use of
 71-11 automated teller machines by allowing a person access only to the
 71-12 person's checking account at a bank or other financial institution.

71-13 (b) A racetrack association that allows an automated teller
 71-14 machine in an enclosure as provided by Subsection (a) shall collect
 71-15 a fee of \$1 for each transaction authorized under that subsection
 71-16 and forward the fee to the department [~~commission~~].

71-17 (c) The commission shall:

71-18 (1) adopt rules providing for collection, reporting,
 71-19 and auditing of the transaction fee authorized under Subsection
 71-20 (b); and

71-21 (2) direct the department to deposit the fee collected
 71-22 under Subsection (b) to the credit of the general revenue fund.

71-23 SECTION 7.85. Section 2027.006(d), Occupations Code, is
 71-24 amended to read as follows:

71-25 (d) If the racetrack association refuses to pay a claimant
 71-26 who has established satisfactorily a right to distribution from a
 71-27 pari-mutuel pool, the claimant may appeal to the department
 71-28 [~~commission~~] under procedures prescribed by commission rule.

71-29 SECTION 7.86. Section 2027.052(a), Occupations Code, is
 71-30 amended to read as follows:

71-31 (a) This subtitle may not be construed to allow wagering in
 71-32 this state on simulcast races at any location other than a racetrack
 71-33 licensed under this subtitle that has been granted live race dates
 71-34 by the department [~~commission~~].

71-35 SECTION 7.87. The heading to Section 2027.053, Occupations
 71-36 Code, is amended to read as follows:

71-37 Sec. 2027.053. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED
 71-38 FOR PARI-MUTUEL POOL INCLUSION.

71-39 SECTION 7.88. Section 2027.053(a), Occupations Code, is
 71-40 amended to read as follows:

71-41 (a) With department [~~commission~~] approval:

71-42 (1) wagers accepted on a simulcast race by any
 71-43 out-of-state receiving location may be included in the pari-mutuel
 71-44 pool for the race at the sending in-state racetrack association;
 71-45 and

71-46 (2) wagers accepted by an in-state racetrack
 71-47 association on a race simulcast from out-of-state may be included
 71-48 in the pari-mutuel pools for the race at the out-of-state sending
 71-49 track.

71-50 SECTION 7.89. Section 2027.054(c), Occupations Code, is
 71-51 amended to read as follows:

71-52 (c) The department [~~commission~~] may not approve wagering on
 71-53 an interstate simulcast race unless the receiving location consents
 71-54 to wagering on interstate simulcast races at all other receiving
 71-55 locations in this state.

71-56 SECTION 7.90. The heading to Subchapter A, Chapter 2028,
 71-57 Occupations Code, is amended to read as follows:

71-58 SUBCHAPTER A. [~~COMMISSION~~] OVERSIGHT OF PARI-MUTUEL RACING FUNDS

71-59 SECTION 7.91. Section 2028.001(a), Occupations Code, is
 71-60 amended to read as follows:

71-61 (a) For any organization that receives funds generated by
 71-62 live or simulcast pari-mutuel racing, the commission shall adopt
 71-63 rules specifying the reporting, monitoring, and auditing
 71-64 requirements or other appropriate performance measures for:

71-65 (1) any funds distributed to or used by the
 71-66 organization; and

71-67 (2) any function or service provided by the
 71-68 expenditure of the funds described by Subdivision (1).

71-69 SECTION 7.92. Sections 2028.002 and 2028.003, Occupations

72-1 Code, are amended to read as follows:

72-2 Sec. 2028.002. INDEPENDENT AUDIT REPORT; RECORDS REVIEW.
 72-3 (a) An organization that receives funds generated by live or
 72-4 simulcast pari-mutuel racing shall annually file with the
 72-5 department [~~commission~~] a copy of an audit report prepared by an
 72-6 independent certified public accountant. The audit must include a
 72-7 verification of any performance report sent to or required by the
 72-8 department [~~commission~~].

72-9 (b) The department [~~commission~~] may review any record or
 72-10 book of an organization that submits an independent audit to the
 72-11 department [~~commission~~] as the department [~~commission~~] determines
 72-12 necessary to confirm or further investigate the findings of an
 72-13 audit or report.

72-14 Sec. 2028.003. SUSPENSION AND WITHHOLDING OF FUNDS. The
 72-15 commission [~~by rule~~] may adopt rules authorizing the department to
 72-16 suspend or withhold funds from an organization:

72-17 (1) that the department [~~commission~~] determines has
 72-18 failed to comply with the requirements or performance measures
 72-19 adopted under Section 2028.001; or

72-20 (2) for which material questions on the use of funds by
 72-21 the organization are raised following an independent audit or other
 72-22 report to the department [~~commission~~].

72-23 SECTION 7.93. Section 2028.102(e), Occupations Code, is
 72-24 amended to read as follows:

72-25 (e) A horse racetrack association may pay a portion of the
 72-26 revenue set aside under this section to an organization recognized
 72-27 under Section 2023.051, as provided by a contract approved by the
 72-28 department [~~commission~~].

72-29 SECTION 7.94. Sections 2028.103(a) and (a-1), Occupations
 72-30 Code, are amended to read as follows:

72-31 (a) A horse racetrack association shall set aside for the
 72-32 Texas-bred program and pay to the department [~~commission~~] an amount
 72-33 equal to one percent of a live multiple two wagering pool and a live
 72-34 multiple three wagering pool. From the set-aside amounts:

72-35 (1) two percent shall be set aside for purposes of
 72-36 Subchapter F, Chapter 88, Education Code; and

72-37 (2) the remaining amount shall be allocated as
 72-38 follows:

72-39 (A) 10 percent may be used by the appropriate
 72-40 state horse breed registry for administration; and

72-41 (B) the remainder shall be used for awards.

72-42 (a-1) The department [~~commission~~] shall deposit money paid
 72-43 to the department [~~commission~~] under Subsection (a) into the
 72-44 Texas-bred incentive fund established under Section 2028.301. The
 72-45 department [~~commission~~] shall distribute the money collected under
 72-46 this section and deposited into the fund to the appropriate state
 72-47 horse breed registries for the Texas-bred program in accordance
 72-48 with rules adopted under Subsection (c).

72-49 SECTION 7.95. Sections 2028.105(b), (d), and (d-1),
 72-50 Occupations Code, are amended to read as follows:

72-51 (b) A horse racetrack association shall pay to the
 72-52 department [~~commission~~] for use by the appropriate state horse
 72-53 breed registry, subject to commission rules, 10 percent of the
 72-54 total breakage from a live pari-mutuel pool or a simulcast
 72-55 pari-mutuel pool. The appropriate state horse breed registries are
 72-56 as follows:

72-57 (1) the Texas Thoroughbred [~~Breeders~~] Association for
 72-58 Thoroughbred horses;

72-59 (2) the Texas Quarter Horse Association for quarter
 72-60 horses;

72-61 (3) the Texas Appaloosa Horse Club for Appaloosa
 72-62 horses;

72-63 (4) the Texas Arabian Breeders Association for Arabian
 72-64 horses; and

72-65 (5) the Texas Paint Horse Breeders Association for
 72-66 paint horses.

72-67 (d) The horse racetrack association shall pay to the
 72-68 department [~~commission~~] for deposit into the Texas-bred incentive
 72-69 fund established under Section 2028.301 and distribution to the

73-1 appropriate state horse breed registry the remaining 80 percent of
73-2 the total breakage to be allocated as follows:

73-3 (1) 40 percent to the owners of the accredited
73-4 Texas-bred horses that finish first, second, or third;

73-5 (2) 40 percent to the breeders of accredited
73-6 Texas-bred horses that finish first, second, or third; and

73-7 (3) 20 percent to the owner of the stallion standing in
73-8 this state at the time of conception whose Texas-bred get finish
73-9 first, second, or third.

73-10 (d-1) The department [~~commission~~] shall deposit the
73-11 portions of total breakage paid to the department [~~commission~~]
73-12 under Subsections (b) and (d) into the Texas-bred incentive fund
73-13 established under Section 2028.301. The department [~~commission~~]
73-14 shall distribute the money collected under this section and
73-15 deposited into the fund to the appropriate state horse breed
73-16 registries in accordance with this section and with rules adopted
73-17 by the commission under Section 2028.103.

73-18 SECTION 7.96. Section 2028.154(a), Occupations Code, is
73-19 amended to read as follows:

73-20 (a) A greyhound racetrack association shall pay 50 percent
73-21 of the breakage to the appropriate state greyhound breed
73-22 registry. Of that breakage percentage:

73-23 (1) 25 percent is to be used in stakes races; and

73-24 (2) 25 percent of that total breakage from a live
73-25 pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to
73-26 the department [~~commission~~] for deposit into the Texas-bred
73-27 incentive fund established under Section 2028.301. The department
73-28 [~~commission~~] shall distribute the money collected under this
73-29 section and deposited into the fund to the state greyhound breed
73-30 registry for use in accordance with this section and commission
73-31 rules.

73-32 SECTION 7.97. Section 2028.201, Occupations Code, is
73-33 amended to read as follows:

73-34 Sec. 2028.201. RULES. (a) The commission shall adopt
73-35 rules relating to this subchapter and the oversight of the amounts
73-36 allocated under Sections 2028.202(b)(1), (2), and (3)
73-37 [~~2028.202(b)~~] and (c).

73-38 (b) The commission shall adopt rules relating to the
73-39 oversight of the amounts allocated under Section 2028.202(b)(4).

73-40 SECTION 7.98. Sections 2028.202(a), (a-1), and (b),
73-41 Occupations Code, are amended to read as follows:

73-42 (a) A racetrack association shall distribute from the total
73-43 amount deducted as provided by Sections 2028.101 and 2028.152 from
73-44 each simulcast pari-mutuel pool and each simulcast cross-species
73-45 pari-mutuel pool the following shares:

73-46 (1) an amount equal to one percent of each simulcast
73-47 pari-mutuel pool to the department [~~commission~~] for the
73-48 administration of this subtitle;

73-49 (2) an amount equal to 1.25 percent of each simulcast
73-50 cross-species pari-mutuel pool to the department [~~commission~~] for
73-51 the administration of this subtitle;

73-52 (3) for a horse racetrack association, an amount equal
73-53 to one percent of a multiple two wagering pool or multiple three
73-54 wagering pool as the amount set aside for the Texas-bred program to
73-55 be used as provided by Section 2028.103;

73-56 (4) for a greyhound racetrack association, an amount
73-57 equal to one percent of a multiple two wagering pool or a multiple
73-58 three wagering pool as the amount set aside for the Texas-bred
73-59 program for greyhound races, to be distributed and used in
73-60 accordance with commission rules adopted to promote greyhound
73-61 breeding in this state; and

73-62 (5) the remainder as the amount set aside for purses,
73-63 expenses, the sending track, and the receiving location under a
73-64 contract approved by the department [~~commission~~] between the
73-65 sending track and the receiving location.

73-66 (a-1) A racetrack association shall pay to the department
73-67 [~~commission~~] for deposit into the Texas-bred incentive fund
73-68 established under Section 2028.301 the shares to be distributed
73-69 under Subsections (a)(3) and (a)(4) for the Texas-bred program.

74-1 The department [~~commission~~] shall distribute the money collected
 74-2 under this section and deposited into the fund to the appropriate
 74-3 state breed registries for use under the Texas-bred program.

74-4 (b) From the total amount deducted under Subsection (a), a
 74-5 greyhound racetrack association that receives an interstate
 74-6 cross-species simulcast signal shall distribute the following
 74-7 amounts from each pari-mutuel pool wagered on the signal at the
 74-8 racetrack:

74-9 (1) a fee of 1.5 percent to be paid to the racetrack in
 74-10 this state sending the signal;

74-11 (2) a purse in the amount of 0.75 percent to be paid to
 74-12 the official state horse breed registry for Thoroughbred horses for
 74-13 use as purses at racetracks in this state;

74-14 (3) a purse in the amount of 0.75 percent to be paid to
 74-15 the official state horse breed registry for quarter horses for use
 74-16 as purses at racetracks in this state; and

74-17 (4) a purse of 4.5 percent to be deposited in the horse
 74-18 industry escrow account as [~~escrowed with the commission in the~~
 74-19 ~~manner~~] provided by Section 2028.204.

74-20 SECTION 7.99. Sections 2028.203 and 2028.204, Occupations
 74-21 Code, are amended to read as follows:

74-22 Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL COST. If
 74-23 a racetrack association purchases an interstate simulcast signal
 74-24 and the signal cost exceeds five percent of the pari-mutuel pool,
 74-25 the department [~~commission~~], from the horse industry escrow
 74-26 [~~escrowed~~] account established under Section 2028.204
 74-27 [~~2028.202(b)(4)~~], shall reimburse the racetrack association an
 74-28 amount equal to one-half of the signal cost that exceeds five
 74-29 percent of the pari-mutuel pool.

74-30 Sec. 2028.204. HORSE INDUSTRY ESCROW ACCOUNT; DEPOSIT AND
 74-31 ALLOCATION OF MONEY [~~IN ESCROW ACCOUNTS~~]. (a) The horse industry
 74-32 escrow account is a trust account in the department's registry
 74-33 composed of money deposited to the account in accordance with this
 74-34 subtitle.

74-35 (b) A greyhound racetrack association shall deposit into
 74-36 the horse industry [~~an~~] escrow account [~~in the commission's~~
 74-37 ~~registry~~] the purse set aside under Section 2028.202(b)(4).

74-38 (c) [~~(b)~~] Any horse racetrack association in this state may
 74-39 apply to the department [~~commission~~] for receipt of money in the
 74-40 horse industry escrow account for use as purses. Any state horse
 74-41 breed registry listed in Section 2030.002(a) may apply for receipt
 74-42 of money in the account for any event that furthers the horse
 74-43 industry. The department [~~commission~~]:

74-44 (1) shall determine the horse racetrack associations
 74-45 and state horse breed registries to be allocated money from the
 74-46 account and the percentages to be allocated, taking into
 74-47 consideration purse levels, racing opportunities, and the
 74-48 financial status of the requesting racetrack association or
 74-49 requesting breed registry; and

74-50 (2) may not annually allocate more than 70 percent of
 74-51 the amount deposited into the account to horse racetrack
 74-52 associations for use as purses.

74-53 SECTION 7.100. Section 2028.2041, Occupations Code, is
 74-54 amended to read as follows:

74-55 Sec. 2028.2041. ALLOCATION OF CERTAIN FUNDS IN HORSE
 74-56 INDUSTRY ESCROW ACCOUNT TO GENERAL REVENUE FUND; MAXIMUM ACCOUNT
 74-57 BALANCE. (a) In each state fiscal biennium, the comptroller shall
 74-58 deposit the amounts allocated under Section 151.801(c-3), Tax Code,
 74-59 into the horse industry escrow account established under Section
 74-60 2028.204 [~~2028.204(b)~~], until the comptroller determines the
 74-61 amount deposited into the account in that fiscal biennium equals
 74-62 the greater of:

74-63 (1) the amount appropriated to the department
 74-64 [~~commission~~] for the purposes of Section 2028.204 for that fiscal
 74-65 biennium; or

74-66 (2) \$50 million.

74-67 (b) Once the comptroller determines the greater of the
 74-68 amount described by Subsection (a)(1) or (2) has been deposited
 74-69 during a state fiscal biennium into the horse industry escrow

75-1 account established under Section 2028.204 [~~2028.204(b)~~], for the
75-2 remainder of that fiscal biennium the comptroller shall deposit the
75-3 amounts allocated under Section 151.801(c-3), Tax Code, into the
75-4 general revenue fund.

75-5 (c) The balance of the horse industry escrow account
75-6 established under Section 2028.204 [~~2028.204(b)~~] shall not exceed
75-7 \$50 million.

75-8 SECTION 7.101. Section 2028.205, Occupations Code, is
75-9 amended to read as follows:

75-10 Sec. 2028.205. ADDITIONAL ALLOCATIONS FROM HORSE INDUSTRY
75-11 ESCROW ACCOUNT FOR CERTAIN RACETRACKS. (a) In addition to money
75-12 allocated under Section 2028.204, a horse racetrack association
75-13 operating a racetrack that is located not more than 75 miles from a
75-14 greyhound racetrack that offers wagering on a cross-species
75-15 simulcast signal and that sends the cross-species simulcast signal
75-16 to the greyhound racetrack may apply to the department [~~commission~~]
75-17 for an allocation of up to 20 percent of the money in the horse
75-18 industry escrow [~~escrowed~~] account established under Section
75-19 2028.204 that is attributable to the wagering on a cross-species
75-20 simulcast signal at the greyhound racetrack.

75-21 (b) If the applying horse racetrack association can prove to
75-22 the department's [~~commission's~~] satisfaction that the racetrack
75-23 association's handle has decreased directly due to wagering on an
75-24 interstate cross-species simulcast signal at a greyhound racetrack
75-25 located not more than 75 miles from the applying racetrack
75-26 association, the department [~~commission~~] shall allocate amounts
75-27 from the horse industry escrow [~~escrowed~~] account as the department
75-28 [~~commission~~] considers appropriate to compensate the racetrack
75-29 association for the decrease. The amounts allocated may not exceed
75-30 20 percent of the money in the [~~escrowed~~] account that is
75-31 attributable to the wagering on the interstate cross-species
75-32 simulcast signal at the greyhound racetrack.

75-33 (c) Money allocated by the department [~~commission~~] under
75-34 this section may be used by the racetrack association for any
75-35 purpose.

75-36 SECTION 7.102. Section 2028.301, Occupations Code, is
75-37 amended to read as follows:

75-38 Sec. 2028.301. TEXAS-BRED INCENTIVE FUND. (a) The
75-39 department [~~commission~~] shall deposit money set aside for the
75-40 Texas-bred program or set aside for use by state breed registries
75-41 under this chapter into an escrow account in the state treasury in
75-42 the registry of the department [~~commission~~] to be known as the
75-43 Texas-bred incentive fund.

75-44 (b) The department [~~commission~~] shall distribute money from
75-45 the Texas-bred incentive fund in accordance with this chapter and
75-46 commission rules.

75-47 SECTION 7.103. Chapter 2028, Occupations Code, is amended
75-48 by adding Subchapter H to read as follows:

75-49 SUBCHAPTER H. NATIONAL EVENT INCENTIVES

75-50 Sec. 2028.401. NATIONAL EVENT INCENTIVES. (a) In this
75-51 section:

75-52 (1) "Breeders' Cup costs" means all costs for capital
75-53 improvements and extraordinary expenses reasonably incurred for
75-54 the operation of the Breeders' Cup races, including purses offered
75-55 on other days in excess of the purses that the host association is
75-56 required to pay by this subtitle.

75-57 (2) "Breeders' Cup races" means a series of
75-58 thoroughbred races known as the Breeders' Cup Championship races
75-59 conducted annually by Breeders' Cup Limited on a day known as
75-60 Breeders' Cup Championship day.

75-61 (3) "Development organization" means an organization
75-62 whose primary purpose is the marketing, promotion, or economic
75-63 development of a city, county, or region of the state, including
75-64 chambers of commerce, convention and visitors bureaus, and sports
75-65 commissions.

75-66 (4) "Political subdivision" means a city, county, or
75-67 other political subdivision of the state and includes any entity
75-68 created by a political subdivision.

75-69 (b) An association conducting the Breeders' Cup races may

76-1 apply to the reimbursement of Breeders' Cup costs amounts that
 76-2 would otherwise be set aside by the association for the state under
 76-3 Sections 2028.051 and 2028.202(a)(1) during the year in which the
 76-4 association hosts the Breeders' Cup races, limited to an amount
 76-5 equal to the lesser of the aggregate amount contributed to pay
 76-6 Breeders' Cup costs by political subdivisions and development
 76-7 organizations or \$2 million. Beginning on January 1 of the year for
 76-8 which the association has been officially designated to host the
 76-9 Breeders' Cup races, amounts that would otherwise be set aside by
 76-10 the association for the state during that year under Sections
 76-11 2028.051 and 2028.202(a)(1) shall be set aside, in accordance with
 76-12 procedures prescribed by the comptroller, for deposit into the
 76-13 Breeders' Cup Developmental Account. The Breeders' Cup
 76-14 Developmental Account is an account in the general revenue fund.
 76-15 The department shall administer the account. Money in the account
 76-16 may be appropriated only to the department and may be used only for
 76-17 the purposes specified in this section. The account is exempt from
 76-18 the application of Section 403.095, Government Code.

76-19 (c) The department shall make disbursements from the
 76-20 Breeders' Cup Developmental Account to reimburse Breeders' Cup
 76-21 costs actually incurred and paid by the association, after the
 76-22 association files a request for reimbursement. Disbursements from
 76-23 the account may not at any time exceed the aggregate amount actually
 76-24 paid for Breeders' Cup costs by political subdivisions and
 76-25 development organizations, as certified by the department to the
 76-26 comptroller, or \$2 million, whichever is less.

76-27 (d) Not later than January 31 of the year following the year
 76-28 in which the association hosts the Breeders' Cup races, the
 76-29 association shall submit to the department a report that shows:

76-30 (1) the total amount of Breeders' Cup costs incurred
 76-31 and paid by the association;

76-32 (2) the total payments made by political subdivisions
 76-33 and development organizations for Breeders' Cup costs; and

76-34 (3) any other information requested by the commission.

76-35 (e) Following receipt of the report required by Subsection
 76-36 (d), the department shall take any steps it considers appropriate
 76-37 to verify the report. Not later than March 31 of the year following
 76-38 the event, the department shall transfer to the credit of the
 76-39 general revenue fund any balance remaining in the Breeders' Cup
 76-40 Developmental Account after reimbursement of any remaining
 76-41 Breeders' Cup costs authorized under this section.

76-42 (f) In addition to the authority otherwise granted in this
 76-43 subtitle, the commission and the comptroller may adopt rules for
 76-44 the administration of this section as follows:

76-45 (1) the commission may adopt rules relating to:

76-46 (A) auditing or other verification of Breeders'
 76-47 Cup costs and amounts paid or set aside by political subdivisions
 76-48 and development organizations; and

76-49 (B) the disbursement of funds from the Breeders'
 76-50 Cup Developmental Account; and

76-51 (2) the comptroller may adopt rules relating to:

76-52 (A) procedures and requirements for transmitting
 76-53 or otherwise delivering to the treasury the money set aside under
 76-54 this section; and

76-55 (B) depositing funds into the Breeders' Cup
 76-56 Developmental Account.

76-57 (g) The commission may adopt rules to facilitate the conduct
 76-58 of the Breeders' Cup races, including the adoption of rules or
 76-59 waiver of existing rules relating to the overall conduct of racing
 76-60 during the Breeders' Cup races in order to assure the integrity of
 76-61 the races, licensing for all participants, special stabling and
 76-62 training requirements for foreign horses, and commingling of
 76-63 pari-mutuel pools.

76-64 (h) To the extent of any conflict between this section and
 76-65 another provision of this subtitle, this section prevails.

76-66 SECTION 7.104. Section 2029.001, Occupations Code, is
 76-67 amended to read as follows:

76-68 Sec. 2029.001. ALLOCATION OF HORSE RACING DAYS; PROHIBITED
 76-69 RACING DAYS. (a) The department [~~commission~~] shall allocate the

77-1 live and simulcast horse racing days for the conduct of live and
77-2 simulcast racing at each racetrack.

77-3 (b) In allocating race dates under this section, the
77-4 department [~~commission~~] shall consider live race dates separately
77-5 from simulcast race dates.

77-6 (c) The commission by rule may prohibit racing on Sunday
77-7 unless the prohibition would conflict with another provision of
77-8 this subtitle. The commission may delegate to the executive
77-9 director the commission's authority under this subsection.

77-10 SECTION 7.105. Sections 2029.002(a) and (c), Occupations
77-11 Code, are amended to read as follows:

77-12 (a) The department [~~commission~~] shall grant to each
77-13 racetrack association additional horse racing days during a horse
77-14 race meeting to be conducted as charity days. The department
77-15 [~~commission~~] shall grant to each class 1 racetrack and to each class
77-16 2 racetrack at least two and not more than five additional days.

77-17 (c) The department [~~commission~~] shall ensure that races
77-18 conducted by a racetrack association on a charity day are
77-19 comparable in all respects, including the generation of revenue, to
77-20 races conducted by that racetrack association on any other horse
77-21 racing day.

77-22 SECTION 7.106. Section 2029.003, Occupations Code, is
77-23 amended to read as follows:

77-24 Sec. 2029.003. ACCESS TO RACES. (a) Each racetrack shall
77-25 provide reasonable access to races for all breeds of horses as
77-26 determined by the racetrack association through negotiations with
77-27 the representative state horse breed registry with the final
77-28 approval of the department [~~commission~~].

77-29 (b) In granting approval under Subsection (a), the
77-30 department [~~commission~~] shall consider:

- 77-31 (1) the availability of competitive horses;
77-32 (2) economic feasibility; and
77-33 (3) public interest.

77-34 SECTION 7.107. Sections 2029.052(a) and (b), Occupations
77-35 Code, are amended to read as follows:

77-36 (a) The department [~~commission~~] shall grant not less than
77-37 five additional greyhound racing days during a greyhound race
77-38 meeting to be conducted as charity days.

77-39 (b) The department [~~commission~~] shall ensure that races
77-40 conducted by a racetrack association on a charity day are
77-41 comparable in all respects, including the generation of revenue, to
77-42 races conducted by that racetrack association on any other
77-43 greyhound racing day.

77-44 SECTION 7.108. Section 2029.053, Occupations Code, is
77-45 amended to read as follows:

77-46 Sec. 2029.053. SUBSTITUTE RACING DAYS OR ADDITIONAL RACES.
77-47 If, for a reason beyond a greyhound racetrack association's control
77-48 and not caused by the racetrack association's fault or neglect, it
77-49 is impossible for the racetrack association to conduct a race on a
77-50 day authorized by the department [~~commission~~], the executive
77-51 director [~~commission~~] in the executive director's [~~its~~] discretion
77-52 and at the request of the racetrack association, as a substitute for
77-53 the race, may:

- 77-54 (1) specify another day for the racetrack association
77-55 to conduct racing; or
77-56 (2) add additional races to already programmed events.

77-57 SECTION 7.109. Section 2030.001(b), Occupations Code, is
77-58 amended to read as follows:

77-59 (b) Rules adopted under this section are subject to approval
77-60 by the department [~~commission~~].

77-61 SECTION 7.110. Section 2030.002(b), Occupations Code, is
77-62 amended to read as follows:

77-63 (b) The appropriate state horse breed registry shall act in
77-64 an advisory capacity to each racetrack association and to the
77-65 department [~~commission~~] for the purpose of administering Sections
77-66 2030.003 and 2030.004.

77-67 SECTION 7.111. Sections 2030.005 and 2030.006, Occupations
77-68 Code, are amended to read as follows:

77-69 Sec. 2030.005. EQUITABLE NUMBER OF RACES FOR EACH BREED.

78-1 (a) A racetrack association that conducts a horse race meeting for
78-2 more than one breed of horse at one racetrack shall provide that the
78-3 number of races run by each breed on each day is equitable as
78-4 determined by the department [~~commission~~] under Section 2029.003.
78-5 (b) The commission by rule [~~or by order~~] may allow for an
78-6 exception to Subsection (a) if an insufficient number of horses of a
78-7 breed are available to provide sufficient competition. The
78-8 commission may delegate to the executive director the commission's
78-9 authority under this subsection.

78-10 Sec. 2030.006. EQUITABLE STABLING. A racetrack association
78-11 that conducts a horse race meeting for more than one breed of horse
78-12 at one racetrack shall provide on-track stalls on an equitable
78-13 basis as determined by the department [~~commission~~] under Section
78-14 2029.003.

78-15 SECTION 7.112. Section 2030.051(b), Occupations Code, is
78-16 amended to read as follows:
78-17 (b) Rules adopted under this section are subject to approval
78-18 by the department [~~commission~~].

78-19 SECTION 7.113. Section 2031.001, Occupations Code, is
78-20 amended to read as follows:
78-21 Sec. 2031.001. ESTABLISHMENT OF TEXAS DERBIES. (a) The
78-22 commission by rule shall establish as Texas Derbies the following
78-23 annual stakes races:
78-24 (1) one race open to three-year-old Thoroughbreds;
78-25 (2) one race open only to three-year-old Texas-bred
78-26 Thoroughbreds;
78-27 (3) one race open to three-year-old quarter horses;
78-28 and
78-29 (4) one race open only to three-year-old Texas-bred
78-30 quarter horses.

78-31 (b) Each Texas Derby must be held annually on a date and at
78-32 the class 1 racetrack determined by the department [~~commission~~].
78-33 The department [~~commission~~] shall determine the location of each
78-34 Texas Derby in consultation with:
78-35 (1) each class 1 racetrack;
78-36 (2) the official state horse breed registries; and
78-37 (3) the official horsemen's organization.

78-38 (c) The department [~~commission~~] may sell the right to name a
78-39 Texas Derby. The department [~~commission~~] shall deposit the
78-40 proceeds from the sale of the right to name a Texas Derby into the
78-41 Texas Derby escrow purse fund established under Section 2031.004.

78-42 SECTION 7.114. Section 2031.003(a), Occupations Code, is
78-43 amended to read as follows:
78-44 (a) For each Texas Derby, the department [~~commission~~] shall
78-45 appoint a state veterinarian to conduct a prerace examination of
78-46 each horse entered in the race to determine whether the horse:
78-47 (1) is healthy; and
78-48 (2) meets standards set by commission rule for racing.

78-49 SECTION 7.115. Sections 2031.004(a) and (e), Occupations
78-50 Code, are amended to read as follows:
78-51 (a) The department [~~commission~~] shall establish a Texas
78-52 Derby escrow purse fund.
78-53 (e) The department [~~commission~~] may not:
78-54 (1) use funds from the accredited Texas-bred program
78-55 under Subchapter A, Chapter 2030, or the horse industry escrow
78-56 [escrowed purse] account established under Section 2028.204 to fund
78-57 the Texas Derby escrow purse fund; or
78-58 (2) order a state horse breed registry to fund a purse
78-59 for a Texas Derby, make contributions to the Texas Derby escrow
78-60 purse fund, or pay the expenses of a Texas Derby race.

78-61 SECTION 7.116. Chapter 2032, Occupations Code, is amended
78-62 by adding Section 2032.004 to read as follows:
78-63 Sec. 2032.004. RULES. The commission may adopt rules as
78-64 necessary to:
78-65 (1) administer this chapter; and
78-66 (2) ensure public safety and welfare.

78-67 SECTION 7.117. Section 2033.006(a), Occupations Code, is
78-68 amended to read as follows:
78-69 (a) A person commits an offense if the person knowingly

79-1 possesses or displays a credential issued by the department or a
79-2 false credential that identifies the person as the holder of the
79-3 credential and the person knows that:

- 79-4 (1) the credential is not issued to the person; or
- 79-5 (2) the person is not a license holder.

79-6 SECTION 7.118. Sections 2033.007(a) and (b), Occupations
79-7 Code, are amended to read as follows:

79-8 (a) For purposes of this section, a request is lawful if it
79-9 is made:

- 79-10 (1) at any time by:
 - 79-11 (A) the department [~~commission~~];
 - 79-12 (B) an authorized department [~~commission~~] agent;
 - 79-13 (C) the director or a commissioned officer of the
79-14 Department of Public Safety;
 - 79-15 (D) a peace officer; or
 - 79-16 (E) a steward or judge; and

79-17 (2) at any restricted location that is at a racetrack
79-18 and is not a public place.

79-19 (b) A person commits an offense if, after a lawful request,
79-20 the person knowingly fails or refuses to:

- 79-21 (1) display a credential issued by the department to
79-22 another person; or
- 79-23 (2) give the person's name, residence address, or date
79-24 of birth to another person.

79-25 SECTION 7.119. Section 2033.008(a), Occupations Code, is
79-26 amended to read as follows:

79-27 (a) A person commits an offense if the person knowingly
79-28 wagers on the result of a horse or greyhound race conducted in this
79-29 state that:

- 79-30 (1) is held on an American Indian reservation or on
79-31 American Indian trust land located in this state; and
- 79-32 (2) is not held under the supervision of the
79-33 department [~~commission~~] under rules adopted under this subtitle.

79-34 SECTION 7.120. Section 2033.009(a), Occupations Code, is
79-35 amended to read as follows:

79-36 (a) A person commits an offense if the person is a license
79-37 holder and the person knowingly permits, facilitates, or allows
79-38 access to an enclosure where races are conducted to another person
79-39 who the person knows:

- 79-40 (1) has engaged in bookmaking, touting, or illegal
79-41 wagering;
- 79-42 (2) derives income from illegal activities or
79-43 enterprises;
- 79-44 (3) has been convicted of a violation of this
79-45 subtitle; or
- 79-46 (4) is excluded by the department [~~commission~~] from
79-47 entering a racetrack.

79-48 SECTION 7.121. Section 2033.012(c), Occupations Code, is
79-49 amended to read as follows:

79-50 (c) An offense under this section is a state jail felony
79-51 unless the statement was material in a department [~~commission~~]
79-52 action relating to a racetrack license, in which event the offense
79-53 is a felony of the third degree.

79-54 SECTION 7.122. Section 2033.013(c), Occupations Code, is
79-55 amended to read as follows:

79-56 (c) An offense under this section is a state jail felony if:

- 79-57 (1) the actor:
 - 79-58 (A) is a license holder under this subtitle or a
79-59 commission member or department employee; and
 - 79-60 (B) knowingly represents that a commission
79-61 member or department employee or a person licensed by the
79-62 department [~~commission~~] is the source of the false information; or
- 79-63 (2) the false statement or information was contained
79-64 in racing selection information provided to the public.

79-65 SECTION 7.123. Sections 2033.018(a) and (b), Occupations
79-66 Code, are amended to read as follows:

79-67 (a) A person consents to a search for a prohibited device,
79-68 prohibited substance, or other contraband at a time and location
79-69 described by Subsection (b) if the person:

80-1 (1) accepts a license or other credential issued by
80-2 the department under this subtitle; or

80-3 (2) enters a racetrack under the authority of a
80-4 license or other credential alleged to have been issued by the
80-5 department under this subtitle.

80-6 (b) A search may be conducted by a commissioned officer of
80-7 the Department of Public Safety or a peace officer, including a
80-8 peace officer employed by the department [~~commission~~], at any time
80-9 and at any location at a racetrack, except a location:

80-10 (1) excluded by commission rule from searches under
80-11 this section; or

80-12 (2) provided by a racetrack association under
80-13 commission rule for private storage of personal items belonging to
80-14 a license holder entering a racetrack.

80-15 SECTION 7.124. Sections 2033.021, 2033.051, and 2033.052,
80-16 Occupations Code, are amended to read as follows:

80-17 Sec. 2033.021. DEPARTMENT [~~COMMISSION~~] AUTHORITY. This
80-18 subchapter does not restrict the department's [~~commission's~~]
80-19 administrative authority to enforce this subtitle or commission
80-20 rules to the fullest extent authorized by this subtitle.

80-21 Sec. 2033.051. IMPOSITION OF PENALTY. If the commission or
80-22 the executive director determines that a person regulated under
80-23 this subtitle has violated this subtitle or a rule or order adopted
80-24 under this subtitle in a manner that constitutes a ground for a
80-25 disciplinary action under this subtitle, the commission or the
80-26 executive director may assess an administrative penalty against
80-27 that person as provided by this subchapter or Subchapter F, Chapter
80-28 51.

80-29 Sec. 2033.052. AMOUNT OF PENALTY. (a) Notwithstanding
80-30 Subchapter F, Chapter 51, the [~~The~~] commission or the executive
80-31 director may assess an administrative penalty under this subchapter
80-32 in an amount not to exceed \$10,000 for each violation.

80-33 (b) In determining the amount of the penalty, the commission
80-34 or the executive director shall consider the criteria listed in
80-35 Section 51.302(b) [~~seriousness of the violation~~].

80-36 SECTION 7.125. Section 2033.057(a), Occupations Code, is
80-37 amended to read as follows:

80-38 (a) A complaint alleging a violation of this subtitle may be
80-39 instituted by the Department of Public Safety, the department
80-40 [~~commission~~], or the attorney general.

80-41 SECTION 7.126. Subchapter B, Chapter 2033, Occupations
80-42 Code, is amended by adding Section 2033.058 to read as follows:

80-43 Sec. 2033.058. DISPOSITION OF ADMINISTRATIVE PENALTY. The
80-44 commission shall remit an administrative penalty collected under
80-45 this subtitle to the comptroller for deposit in the general revenue
80-46 fund.

80-47 SECTION 7.127. Section 2033.101(b), Occupations Code, is
80-48 amended to read as follows:

80-49 (b) On issuance of a cease and desist order, a department
80-50 employee or authorized department agent [~~the executive director~~]
80-51 shall serve a proposed cease and desist order on the racetrack
80-52 association or other license holder by personal delivery or
80-53 registered or certified mail, return receipt requested, to the
80-54 person's last known address.

80-55 SECTION 7.128. Sections 2033.102(b) and (c), Occupations
80-56 Code, are amended to read as follows:

80-57 (b) On receiving a request for a hearing, a department
80-58 employee or authorized department agent [~~the executive director~~]
80-59 shall serve notice of the time and place of the hearing by personal
80-60 delivery or registered or certified mail, return receipt requested.

80-61 (c) At a hearing, the department [~~commission~~] has the burden
80-62 of proof and must present evidence in support of the order. Each
80-63 person against whom the order is directed may cross-examine and
80-64 show cause why the order should not be issued.

80-65 SECTION 7.129. Section 2033.104(b), Occupations Code, is
80-66 amended to read as follows:

80-67 (b) After the executive director issues [~~issuing~~] an
80-68 emergency cease and desist order, a department employee or
80-69 authorized department agent [~~the executive director~~] shall serve on

81-1 the racetrack association or other license holder by personal
 81-2 delivery or registered or certified mail, return receipt requested,
 81-3 to the person's last known address, an order stating the specific
 81-4 charges and requiring the person immediately to cease and desist
 81-5 from the conduct that violates this subtitle or a commission rule.
 81-6 The order must contain a notice that a request for hearing may be
 81-7 filed under this section.

81-8 SECTION 7.130. Sections [2033.105](#)(c) and (d), Occupations
 81-9 Code, are amended to read as follows:

81-10 (c) On receiving a request for a hearing, a department
 81-11 employee or authorized department agent [~~the executive director~~]
 81-12 shall serve notice of the time and place of the hearing by personal
 81-13 delivery or registered or certified mail, return receipt requested.
 81-14 The hearing must be held not later than the 10th day after the date
 81-15 the executive director receives the request for a hearing unless
 81-16 the parties agree to a later hearing date.

81-17 (d) At the hearing, the department [~~commission~~] has the
 81-18 burden of proof and must present evidence in support of the order.
 81-19 The person requesting the hearing may cross-examine witnesses and
 81-20 show cause why the order should not be affirmed. [~~Section~~
 81-21 ~~2003.021(b), Government Code, does not apply to hearings conducted~~
 81-22 ~~under this section.~~]

81-23 SECTION 7.131. Section [2033.106](#)(a), Occupations Code, is
 81-24 amended to read as follows:

81-25 (a) If the executive director reasonably believes that a
 81-26 person has violated a final and enforceable cease and desist or
 81-27 emergency order, the executive director may:

81-28 (1) initiate administrative penalty proceedings under
 81-29 Subchapter B;

81-30 (2) refer the matter to the attorney general for
 81-31 enforcement by injunction and any other available remedy; or

81-32 (3) pursue any other action that the executive
 81-33 director considers appropriate, including suspension of the
 81-34 person's license.

81-35 SECTION 7.132. Section [2033.151](#), Occupations Code, is
 81-36 amended to read as follows:

81-37 Sec. 2033.151. DISCIPLINARY ACTIONS. (a) The commission
 81-38 may [~~shall~~] revoke, suspend, or refuse to renew a license, place on
 81-39 probation a person whose license has been suspended, or reprimand a
 81-40 license holder for a violation of this subtitle or a commission
 81-41 rule.

81-42 (b) If a license suspension is probated, the commission may
 81-43 require the license holder to report regularly to the department
 81-44 [~~commission~~] on matters that are the basis of the probation.

81-45 (c) A disciplinary proceeding under this subtitle is
 81-46 governed by:

81-47 (1) Chapter 51; and

81-48 (2) commission rules adopted under Chapter 51.

81-49 SECTION 7.133. The heading to Section [2033.152](#), Occupations
 81-50 Code, is amended to read as follows:

81-51 Sec. 2033.152. PROCEEDING FOR DISCIPLINARY ACTION
 81-52 [~~HEARING~~] CONCERNING SUSPENSION, REVOCATION, OR REFUSAL TO RENEW
 81-53 LICENSE.

81-54 SECTION 7.134. Section [2033.152](#)(b), Occupations Code, is
 81-55 amended to read as follows:

81-56 (b) A proceeding [~~Proceedings~~] for a disciplinary action,
 81-57 other than those conducted by a steward or judge, in which the
 81-58 commission proposes to suspend, revoke, or refuse to renew a
 81-59 person's license is [~~are~~] governed by Chapter [2001](#), Government
 81-60 Code.

81-61 SECTION 7.135. Section [2033.153](#), Occupations Code, is
 81-62 amended to read as follows:

81-63 Sec. 2033.153. INJUNCTION. The department [~~commission~~] may
 81-64 institute an action in its own name to enjoin the violation of this
 81-65 subtitle. An action for an injunction is in addition to any other
 81-66 action, proceeding, or remedy authorized by law.

81-67 SECTION 7.136. Section [2033.154](#)(b), Occupations Code, is
 81-68 amended to read as follows:

81-69 (b) The executive director may issue an order prohibiting

82-1 the racetrack association from making any transfer from a bank
 82-2 account held by the racetrack association for the conduct of
 82-3 business under this subtitle, pending department [~~commission~~]
 82-4 review of the records of the account, if the executive director
 82-5 reasonably believes that the racetrack association has failed to
 82-6 maintain the proper amount of money in the horsemen's account. The
 82-7 executive director shall provide in the order a procedure for the
 82-8 racetrack association to pay certain expenses necessary for the
 82-9 operation of the racetrack, subject to the executive director's
 82-10 approval.

82-11 SECTION 7.137. Section 2034.001, Occupations Code, is
 82-12 amended by amending Subsections (b) and (c) and adding Subsection
 82-13 (e) to read as follows:

82-14 (b) The rules adopted under this section by the commission
 82-15 shall require testing to determine whether a prohibited substance
 82-16 has been used.

82-17 (c) The [~~commission's~~] rules adopted under this section
 82-18 must require state-of-the-art testing methods. The testing may:

82-19 (1) be prerace or postrace as determined by the
 82-20 department [~~commission~~]; and

82-21 (2) be by an invasive or noninvasive method.

82-22 (e) The commission shall adopt rules regarding disciplinary
 82-23 actions under this chapter, including the right of appeal to the
 82-24 commission from a disciplinary action under Section 2034.006.

82-25 SECTION 7.138. Section 2034.002, Occupations Code, is
 82-26 amended to read as follows:

82-27 Sec. 2034.002. MEDICATION AND DRUG TESTING PROCEDURES. (a)
 82-28 Medication or drug testing performed on a race animal under this
 82-29 subtitle must be conducted by:

82-30 (1) the Texas A&M Veterinary Medical Diagnostic
 82-31 Laboratory; or

82-32 (2) a laboratory operated by or in conjunction with or
 82-33 by a private or public agency selected by the department
 82-34 [~~commission~~] after consultation with the Texas A&M Veterinary
 82-35 Medical Diagnostic Laboratory.

82-36 (b) Medication or drug testing performed on a human under
 82-37 this subtitle must be conducted by a laboratory approved by the
 82-38 department [~~commission~~].

82-39 SECTION 7.139. Sections 2034.003(c), (d), and (e),
 82-40 Occupations Code, are amended to read as follows:

82-41 (c) Charges for services performed under this section must
 82-42 be forwarded to the department [~~commission~~] for approval of the
 82-43 reasonableness of the charges. Charges may include expenses
 82-44 incurred for travel, lodging, testing, and processing of test
 82-45 results.

82-46 (d) The department [~~commission~~] shall determine whether the
 82-47 laboratory charges are reasonable in relation to industry standards
 82-48 by periodically surveying the drug testing charges of comparable
 82-49 laboratories in the United States.

82-50 (e) The racetrack association that receives the services is
 82-51 responsible for the cost of approved charges for animal drug
 82-52 testing services under this section. The department [~~commission~~]
 82-53 shall forward a copy of the charges to the racetrack association for
 82-54 immediate payment.

82-55 SECTION 7.140. Sections 2034.005(a) and (b), Occupations
 82-56 Code, are amended to read as follows:

82-57 (a) The department [~~commission~~] may require urine samples
 82-58 to be frozen for a period necessary to allow any follow-up testing
 82-59 to detect and identify a prohibited substance. Any other specimen
 82-60 shall be maintained for testing purposes in a manner required by
 82-61 commission rule.

82-62 (b) If a test sample or specimen shows the presence of a
 82-63 prohibited substance, the entire sample, including any split
 82-64 portion remaining in the custody of the department [~~commission~~],
 82-65 shall be maintained until final disposition of the matter.

82-66 SECTION 7.141. Section 2034.007, Occupations Code, is
 82-67 amended to read as follows:

82-68 Sec. 2034.007. DISCIPLINARY ACTION FOR RULE VIOLATION OF
 82-69 PROHIBITED DEVICE OR SUBSTANCE. In addition to any other

83-1 disciplinary action authorized by Chapter 51, this subtitle, or
83-2 commission rule, a [A] person who violates a rule adopted under this
83-3 chapter may:

83-4 (1) have any license issued to the person by the
83-5 department [commission] revoked or suspended; or

83-6 (2) be barred for life or any other period from
83-7 applying for or receiving a license issued by the department
83-8 [commission] or entering any portion of a racetrack.

83-9 SECTION 7.142. Section 2035.001(a), Occupations Code, is
83-10 amended to read as follows:

83-11 (a) The department [commission] may not issue a racetrack
83-12 license or accept a license application for a racetrack to be
83-13 located in a county until the commissioners court has certified to
83-14 the secretary of state that the qualified voters of the county have
83-15 approved the legalization of pari-mutuel wagering on horse races or
83-16 greyhound races in the county at an election held under this
83-17 chapter.

83-18 SECTION 7.143. Section 2035.052, Occupations Code, is
83-19 amended to read as follows:

83-20 Sec. 2035.052. PARTIES. Any person who is licensed or who
83-21 has submitted to the department [commission] an application to be
83-22 licensed in any capacity under this subtitle may become a named
83-23 party to the contest proceedings by pleading to the petition on or
83-24 before the time set for hearing and trial as provided by Section
83-25 2035.053(b) or after that time by intervention on leave of court.

83-26 SECTION 7.144. Section 151.801(c-3), Tax Code, is amended
83-27 to read as follows:

83-28 (c-3) Subject to the limitation imposed under Section
83-29 2028.2041, Occupations Code, an amount equal to the proceeds from
83-30 the collection of the taxes imposed by this chapter on the sale,
83-31 storage, or use of horse feed, horse supplements, horse tack, horse
83-32 bedding and grooming supplies, and other taxable expenditures
83-33 directly related to horse ownership, riding, or boarding shall be
83-34 deposited to the credit of the horse industry escrow account
83-35 administered by the Texas Department of Licensing and Regulation
83-36 [Racing Commission] and established under Section 2028.204,
83-37 Occupations Code.

83-38 SECTION 7.145. Article 2.12, Code of Criminal Procedure, is
83-39 amended to read as follows:

83-40 Art. 2.12. WHO ARE PEACE OFFICERS. The following are peace
83-41 officers:

83-42 (1) sheriffs, their deputies, and those reserve
83-43 deputies who hold a permanent peace officer license issued under
83-44 Chapter 1701, Occupations Code;

83-45 (2) constables, deputy constables, and those reserve
83-46 deputy constables who hold a permanent peace officer license issued
83-47 under Chapter 1701, Occupations Code;

83-48 (3) marshals or police officers of an incorporated
83-49 city, town, or village, and those reserve municipal police officers
83-50 who hold a permanent peace officer license issued under Chapter
83-51 1701, Occupations Code;

83-52 (4) rangers, officers, and members of the reserve
83-53 officer corps commissioned by the Public Safety Commission and the
83-54 Director of the Department of Public Safety;

83-55 (5) investigators of the district attorneys', criminal
83-56 district attorneys', and county attorneys' offices;

83-57 (6) law enforcement agents of the Texas Alcoholic
83-58 Beverage Commission;

83-59 (7) each member of an arson investigating unit
83-60 commissioned by a city, a county, or the state;

83-61 (8) officers commissioned under Section 37.081,
83-62 Education Code, or Subchapter E, Chapter 51, Education Code;

83-63 (9) officers commissioned by the General Services
83-64 Commission;

83-65 (10) law enforcement officers commissioned by the
83-66 Parks and Wildlife Commission;

83-67 (11) airport police officers commissioned by a city
83-68 with a population of more than 1.18 million located primarily in a
83-69 county with a population of 2 million or more that operates an

84-1 airport that serves commercial air carriers;

84-2 (12) airport security personnel commissioned as peace
84-3 officers by the governing body of any political subdivision of this
84-4 state, other than a city described by Subdivision (11), that
84-5 operates an airport that serves commercial air carriers;

84-6 (13) municipal park and recreational patrolmen and
84-7 security officers;

84-8 (14) security officers and investigators commissioned
84-9 as peace officers by the comptroller;

84-10 (15) officers commissioned by a water control and
84-11 improvement district under Section 49.216, Water Code;

84-12 (16) officers commissioned by a board of trustees
84-13 under Chapter 54, Transportation Code;

84-14 (17) investigators commissioned by the Texas Medical
84-15 Board;

84-16 (18) officers commissioned by:

84-17 (A) the board of managers of the Dallas County
84-18 Hospital District, the Tarrant County Hospital District, the Bexar
84-19 County Hospital District, or the El Paso County Hospital District
84-20 under Section 281.057, Health and Safety Code;

84-21 (B) the board of directors of the Ector County
84-22 Hospital District under Section 1024.117, Special District Local
84-23 Laws Code;

84-24 (C) the board of directors of the Midland County
84-25 Hospital District of Midland County, Texas, under Section 1061.121,
84-26 Special District Local Laws Code; and

84-27 (D) the board of hospital managers of the Lubbock
84-28 County Hospital District of Lubbock County, Texas, under Section
84-29 1053.113, Special District Local Laws Code;

84-30 (19) county park rangers commissioned under
84-31 Subchapter E, Chapter 351, Local Government Code;

84-32 (20) investigators employed by the Texas Department of
84-33 Licensing and Regulation in relation to the regulation of racing
84-34 under Subtitle A-1, Title 13, Occupations Code [Racing Commission];

84-35 (21) officers commissioned under Chapter 554,
84-36 Occupations Code;

84-37 (22) officers commissioned by the governing body of a
84-38 metropolitan rapid transit authority under Section 451.108,
84-39 Transportation Code, or by a regional transportation authority
84-40 under Section 452.110, Transportation Code;

84-41 (23) investigators commissioned by the attorney
84-42 general under Section 402.009, Government Code;

84-43 (24) security officers and investigators commissioned
84-44 as peace officers under Chapter 466, Government Code;

84-45 (25) officers appointed by an appellate court under
84-46 Subchapter F, Chapter 53, Government Code;

84-47 (26) officers commissioned by the state fire marshal
84-48 under Chapter 417, Government Code;

84-49 (27) an investigator commissioned by the commissioner
84-50 of insurance under Section 701.104, Insurance Code;

84-51 (28) apprehension specialists and inspectors general
84-52 commissioned by the Texas Juvenile Justice Department as officers
84-53 under Sections 242.102 and 243.052, Human Resources Code;

84-54 (29) officers appointed by the inspector general of
84-55 the Texas Department of Criminal Justice under Section 493.019,
84-56 Government Code;

84-57 (30) investigators commissioned by the Texas
84-58 Commission on Law Enforcement under Section 1701.160, Occupations
84-59 Code;

84-60 (31) commission investigators commissioned by the
84-61 Texas Private Security Board under Section 1702.061, Occupations
84-62 Code;

84-63 (32) the fire marshal and any officers, inspectors, or
84-64 investigators commissioned by an emergency services district under
84-65 Chapter 775, Health and Safety Code;

84-66 (33) officers commissioned by the State Board of
84-67 Dental Examiners under Section 254.013, Occupations Code, subject
84-68 to the limitations imposed by that section;

84-69 (34) investigators commissioned by the Texas Juvenile

85-1 Justice Department as officers under Section 221.011, Human
85-2 Resources Code; and
85-3 (35) the fire marshal and any related officers,
85-4 inspectors, or investigators commissioned by a county under
85-5 Subchapter B, Chapter 352, Local Government Code.
85-6 SECTION 7.146. (a) Section 411.096, Government Code, is
85-7 repealed.
85-8 (b) The following provisions of the Occupations Code are
85-9 repealed:
85-10 (1) Sections 2022.001(b), (c), (d), (e), and (f);
85-11 (2) Section 2022.002(b);
85-12 (3) Sections 2022.003, 2022.004, 2022.005, 2022.006,
85-13 and 2022.007;
85-14 (4) Sections 2022.009(b) and (c);
85-15 (5) Sections 2022.010, 2022.011, 2022.012, 2022.013,
85-16 2022.014, and 2022.051;
85-17 (6) Sections 2022.052(a) and (b);
85-18 (7) Sections 2022.053, 2022.054, 2022.055, 2022.056,
85-19 2022.057, 2022.101, 2022.102, and 2022.106;
85-20 (8) Sections 2023.004(b), (c), and (f);
85-21 (9) Section 2023.009;
85-22 (10) Section 2025.204(e);
85-23 (11) Section 2025.258(b);
85-24 (12) Sections 2033.053, 2033.054, 2033.055, and
85-25 2033.056;
85-26 (13) Section 2033.057(b); and
85-27 (14) Sections 2033.152(a) and (c).
85-28 (c) Title 6, Vernon's Texas Civil Statutes, is repealed.
85-29 SECTION 7.147. (a) On September 1, 2021, the Texas Racing
85-30 Commission is abolished but continues in existence until December
85-31 1, 2021, for the sole purpose of transferring all obligations,
85-32 property, rights, powers, duties, leases, contracts, software,
85-33 data, and full-time equivalent employee positions to the Texas
85-34 Department of Licensing and Regulation. The Texas Department of
85-35 Licensing and Regulation assumes all of the obligations, property,
85-36 rights, powers, duties, leases, contracts, software, data, and
85-37 full-time equivalent employee positions of the Texas Racing
85-38 Commission as they exist immediately before September 1, 2021. All
85-39 unexpended funds appropriated to the Texas Racing Commission are
85-40 transferred to the Texas Department of Licensing and Regulation.
85-41 (b) On September 1, 2021, all full-time equivalent employee
85-42 positions at the Texas Racing Commission become positions at the
85-43 Texas Department of Licensing and Regulation. On September 1,
85-44 2021, all employees who were employed by the Texas Racing
85-45 Commission on August 31, 2021, become employees of the Texas
85-46 Department of Licensing and Regulation, except for any employee in:
85-47 (1) an exempt position; or
85-48 (2) a position at or above salary group B27 in the
85-49 Texas Position Classification Plan, 1961.
85-50 (c) The Texas Racing Commission and the Texas Department of
85-51 Licensing and Regulation shall, in consultation with appropriate
85-52 state entities, ensure that the transfer of the obligations,
85-53 property, rights, powers, duties, leases, contracts, software,
85-54 data, and full-time equivalent employee positions of the Texas
85-55 Racing Commission to the Texas Department of Licensing and
85-56 Regulation is completed not later than December 1, 2021.
85-57 (d) All rules, fees, policies, procedures, decisions, and
85-58 forms adopted by the Texas Racing Commission are continued in
85-59 effect as rules, fees, policies, procedures, decisions, and forms
85-60 adopted by the Texas Department of Licensing and Regulation until
85-61 amended or superseded by a rule, fee, policy, procedure, decision,
85-62 or form adopted by the Texas Commission of Licensing and Regulation
85-63 or Texas Department of Licensing and Regulation, as applicable. A
85-64 license issued by the Texas Racing Commission is continued in
85-65 effect as provided by the law in effect immediately before
85-66 September 1, 2021. An application for a license, endorsement, or
85-67 certificate of registration pending on September 1, 2021, is
85-68 continued without change in status after September 1, 2021. A
85-69 complaint, investigation, contested case, or other proceeding

86-1 pending on September 1, 2021, is continued without change in status
86-2 after September 1, 2021.

86-3 (e) Beginning on the effective date of this subsection, the
86-4 Texas Racing Commission shall provide the Texas Department of
86-5 Licensing and Regulation, and other appropriate state entities,
86-6 access to any systems or information necessary for the Texas
86-7 Department of Licensing and Regulation to accept the obligations,
86-8 property, rights, powers, duties, leases, contracts, software,
86-9 data, and full-time equivalent employee positions transferred
86-10 under this Act, including:

86-11 (1) licensing, revenue, and expenditure systems and
86-12 any associated databases;

86-13 (2) contracts, leases, and licensing agreements;

86-14 (3) online renewal and new application systems and any
86-15 associated databases;

86-16 (4) pending judgments and outstanding expenditures;
86-17 and

86-18 (5) data related to persons employed by or contracted
86-19 with the Texas Racing Commission.

86-20 (f) Not later than September 1, 2022, the Texas Commission
86-21 of Licensing and Regulation shall adopt any rules necessary to
86-22 implement the changes in law made by this Act to Subtitle A-1, Title
86-23 13, Occupations Code.

86-24 (g) Unless the context indicates otherwise, a reference to
86-25 the Texas Racing Commission in a law or administrative rule means
86-26 the Texas Department of Licensing and Regulation.

86-27 SECTION 7.148. (a) Not later than December 1, 2021, the
86-28 presiding officer of the Texas Commission of Licensing and
86-29 Regulation, with the approval of the Texas Commission of Licensing
86-30 and Regulation, shall appoint members to the Texas Racing Advisory
86-31 Board in accordance with Section 2022.001, Occupations Code, as
86-32 amended by this Act. A member of the Texas Racing Commission whose
86-33 term expired under Section 7.147 of this Act is eligible for
86-34 appointment to the advisory board.

86-35 (b) The members of the Texas Racing Commission whose terms
86-36 expire under Section 7.147 of this Act shall continue to provide
86-37 advice to the Texas Department of Licensing and Regulation until a
86-38 majority of the members of the Texas Racing Advisory Board are
86-39 appointed under Subsection (a) of this section and qualified.

86-40 SECTION 7.149. (a) Not later than September 1, 2023, the
86-41 executive director of the Texas Department of Licensing and
86-42 Regulation in accordance with Section 51.202(c), Occupations Code,
86-43 shall determine with reasonable accuracy the cost to the department
86-44 of the racing program and activities for which a fee is charged.

86-45 (b) The executive director of the Texas Department of
86-46 Licensing and Regulation, on development of the cost management
86-47 procedures, shall make recommendations to the Texas Commission of
86-48 Licensing and Regulation for review and consideration.

86-49 SECTION 7.150. The changes in law made by this article apply
86-50 to revenue received from the imposition of an administrative
86-51 penalty on or after September 1, 2021, regardless of whether the
86-52 penalty was imposed before, on, or after September 1, 2021.

86-53 SECTION 7.151. A violation of a law that is repealed by this
86-54 article is governed by the law in effect when the violation
86-55 occurred, and the former law is continued in effect for that
86-56 purpose.

86-57 ARTICLE 8. TRANSITION AND EFFECTIVE DATE

86-58 SECTION 8.01. The repeal of a statute by this Act controls
86-59 over an amendment, revision, or reenactment of the statute by
86-60 another Act of the 87th Legislature, Regular Session, 2021,
86-61 regardless of relative dates of enactment and the amendment,
86-62 revision, or reenactment of the repealed statute has no effect.

86-63 SECTION 8.02. (a) Except as otherwise provided by
86-64 Subsection (b) of this section, this Act takes effect September 1,
86-65 2021.

86-66 (b) Section 7.147(e) of this Act takes effect June 15, 2021,
86-67 if this Act receives a vote of two-thirds of all the members elected
86-68 to each house, as provided by Section 39, Article III, Texas
86-69 Constitution. If this Act does not receive the vote necessary for

87-1 immediate effect, Section 7.147(e) of this Act takes effect
87-2 September 1, 2021. C.S.H.B. No. 1560

87-3 * * * * *