

SENATE AMENDMENTS
2nd Printing

By: Landgraf, Raymond

H.B. No. 2844

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.

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

SECTION 1. Subtitle A, Title 6, Health and Safety Code, is amended by adding Chapter 437B to read as follows:

CHAPTER 437B. MOBILE FOOD VENDORS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 437B.001. DEFINITIONS. In this chapter:

(1) "Applicant" means a person who applies to the department to receive a license to operate as a mobile food vendor.

(2) "Food vending vehicle" means any vehicle that operates as a food service establishment and is designed to be readily movable.

(3) "License holder" means a person who holds a mobile food vendor license issued under this chapter.

(4) "Local authority" means a municipality, county, public health authority, special purpose district or authority, or any other political subdivision of this state.

(5) "Mobile food vendor" means any person who dispenses food or beverages from a food vending vehicle for immediate service or consumption.

(6) "Prepackaged food" means any commercially labeled

1 and processed food that is prepackaged to prevent direct human
2 contact with the food product on distribution from the
3 manufacturer, food facility, or other approved source.

4 Sec. 437B.002. CONSTRUCTION OF CHAPTER. This chapter may
5 not be construed to require a local authority to enter into a
6 collaborative agreement with the department to conduct health
7 inspections, adopt a program regulating mobile food vendors, or
8 modify a local authority's existing mobile food vendor regulation
9 program, provided the local authority's regulations do not conflict
10 with this chapter.

11 Sec. 437B.003. LOCAL PREEMPTION. This chapter preempts a
12 local authority's power to prohibit or regulate mobile food vendors
13 in a manner that conflicts with this chapter.

14 Sec. 437B.004. RULES. The executive commissioner may adopt
15 rules to implement this chapter. The rules must be narrowly
16 tailored to address a demonstrable health or safety risk and may
17 not:

18 (1) limit the number of mobile food vendor licenses
19 the department may issue;

20 (2) address the hours of operation for mobile food
21 vendors;

22 (3) restrict a mobile food vendor's propane capacity
23 below the capacity state law allows for commercial vehicles; or

24 (4) require a mobile food vendor to:

25 (A) operate outside a specific perimeter of a
26 commercial establishment or restaurant;

27 (B) enter into any agreement with a commercial

establishment or restaurant, except as necessary to properly dispose of grease and other cooking waste;

(C) have an operational handwashing sink in the vehicle of a vendor who sells only prepackaged food;

(D) associate with a commissary if the vehicle carries the equipment necessary to comply with state law and properly disposes of grease and other cooking waste;

(E) provide the vendor's fingerprints as a condition of holding a mobile food vendor license;

(F) install a global positioning system tracking device on the vehicle;

(G) keep the vehicle in constant motion except when serving customers;

(H) submit to an additional fire inspection a vehicle the vendor demonstrates has passed a state or local fire inspection within the preceding 12 months; or

(I) submit to health inspections other than an inspection the department, or a local authority under a collaborative agreement, conducts unless the department is investigating a reported foodborne illness.

SUBCHAPTER B. LICENSE

Sec. 437B.051. LICENSE REQUIRED. (a) A person may not operate as a mobile food vendor in this state unless the person holds a mobile food vendor's license issued by the department. A separate license is required for each food vending vehicle a mobile food vendor operates.

(b) A local authority may not prohibit the operation in its

1 jurisdiction of a mobile food vendor who holds a mobile food vendor
2 license and complies with all other state and local laws not in
3 conflict with this chapter.

4 Sec. 437B.052. FORM OF APPLICATION. The department shall
5 prescribe a written application for a mobile food vendor license.
6 The department shall make the application available to applicants
7 in person and on the department's Internet website.

8 Sec. 437B.053. APPLICATION REQUIREMENTS. (a) An applicant
9 for a mobile food vendor license must submit an application to the
10 department on the form the department prescribes. The application
11 must contain:

12 (1) the applicant's name, address, and telephone
13 number;

14 (2) the name, address, and telephone number of any
15 associated entity or organization the applicant is representing and
16 copies of documents verifying that relationship;

17 (3) the applicant's primary residences and business
18 addresses during the 12 months preceding the date of the
19 application;

20 (4) the food or beverages the applicant proposes to
21 sell to enable the department to establish the applicant's food
22 type classification;

23 (5) a statement of whether the applicant has
24 previously been denied a mobile food vendor license or had a mobile
25 food vendor license suspended or revoked in another state or local
26 jurisdiction and the reasons for any denial, suspension, or
27 revocation; and

1 (6) for each motorized food vending vehicle the
2 applicant is applying for a license to operate:

3 (A) the vehicle license number, description,
4 identification number, and registration;

5 (B) proof of vehicle insurance; and

6 (C) a copy or proof of any additional commercial
7 vehicle licenses or permits required by this state.

8 (b) An applicant must attest to the information submitted
9 under Subsection (a).

10 (c) The department may require an applicant to submit
11 additional information.

12 (d) An applicant may submit one application for all food
13 vending vehicles to be licensed under this subchapter.

14 (e) An applicant's failure to submit a complete application
15 may result in denial of a license.

16 (f) A person may not intentionally provide false
17 information or intentionally omit requested information on an
18 application.

19 Sec. 437B.054. HEALTH INSPECTION. (a) Not later than the
20 14th day after the date the department receives a complete mobile
21 food vendor license application, the department or a governmental
22 entity acting under a collaborative agreement as provided by
23 Subchapter D shall conduct a health inspection of each of the
24 applicant's food vending vehicles listed on the application. The
25 department may not issue a license to an applicant whose vehicle
26 does not pass a health inspection.

27 (b) The department shall ensure that:

1 (1) an applicant's food vending vehicle is safe for
2 preparing, handling, and selling food; and

3 (2) an applicant is in compliance with all applicable
4 laws and the rules adopted under those laws.

5 Sec. 437B.055. ISSUANCE OF LICENSE. (a) The department
6 shall issue a mobile food vendor license to an applicant who submits
7 a complete application, pays any required fee, and meets the
8 department's licensing requirements and whose food vending vehicle
9 passes a health inspection.

10 (b) A license issued under this section expires on the first
11 anniversary of the date of issuance.

12 Sec. 437B.056. LICENSE RENEWAL. (a) Before expiration of a
13 license, the department shall send notice of the expiration to the
14 mobile food vendor. The vendor shall submit a renewal application
15 before the date the license expires.

16 (b) A mobile food vendor may continue to operate while the
17 vendor's application for renewal is pending with the department.

18 Sec. 437B.057. LICENSE NOT TRANSFERABLE; SUBSTITUTION OF
19 VEHICLE. (a) A mobile food vendor license issued under this
20 subchapter is not transferable and does not authorize the
21 activities of any person other than the person who holds the
22 license.

23 (b) The sale of one food vending vehicle identified in a
24 mobile food vendor license application, when replaced by another
25 food vending vehicle, does not invalidate the license or require
26 issuance of a new license.

27 (c) A license holder who replaces a food vending vehicle

1 with another vehicle must provide to the department for the
2 replacement vehicle the information required by Section 437B.053
3 and have the replacement vehicle inspected as required by Section
4 437B.054. The health inspection shall be conducted as soon as
5 practicable but not later than the 14th calendar day after the date
6 the department receives the information required under this
7 section.

8 (d) The recipient of transferred mobile food vendor
9 business assets must apply for and obtain a new mobile food vendor
10 license before operating as a mobile food vendor.

11 Sec. 437B.058. FEES. (a) The department may charge a fee
12 for each mobile food vendor license application submitted and each
13 license issued or renewed under this chapter. The department may
14 establish a schedule of fees based on the license classifications
15 described by Section 437B.151. The department shall set the fees in
16 amounts reasonable in relation to the costs of administering this
17 chapter but not more than \$150.

18 (b) The department may charge a fee for a health inspection
19 of an applicant's food vending vehicle required under Section
20 437B.054. The department shall set the fee in an amount that covers
21 the cost of conducting a health inspection under that section.

22 (c) At the time the department issues or renews a mobile
23 food vendor license, the department shall charge a fee for a health
24 inspection required under Subchapter D. The department shall set
25 the fee in an amount based on the average cost of conducting a
26 health inspection multiplied by the number of annual health
27 inspections required during the next year for the mobile food

1 vendor classification type as described by Section 437B.151.

2 Sec. 437B.059. MOBILE FOOD VENDOR GUIDE. (a) The
3 department shall develop a guide on the mobile food vendor
4 licensing procedures. The guide must include:

5 (1) instructions for obtaining, maintaining, and
6 renewing a mobile food vendor license; and

7 (2) a description of the department's standards for
8 inspecting a food vending vehicle.

9 (b) The department shall make the guide available at the
10 department's office and on the department's Internet website.

11 Sec. 437B.060. DEPARTMENT DATABASE. (a) The department
12 shall establish and maintain a statewide database for use by the
13 department and local authorities that includes the:

14 (1) names of mobile food vendors licensed under this
15 chapter;

16 (2) results of health inspections of mobile food
17 vendors' food vending vehicles, including inspection reports;

18 (3) public complaints made against mobile food vendors
19 resulting in disciplinary or corrective action; and

20 (4) itineraries of mobile food vendors submitted under
21 Subsection (b).

22 (b) A mobile food vendor may periodically submit to the
23 department an itinerary of the locations of the mobile food
24 vendor's food vending vehicles.

25 SUBCHAPTER C. MOBILE FOOD VENDOR OPERATIONS

26 Sec. 437B.101. COMPLIANCE WITH STATE AND LOCAL LAW. A
27 mobile food vendor shall comply with all state and local laws in the

jurisdiction in which the mobile food vendor operates, including all fire codes, location restrictions, and zoning codes.

Sec. 437B.102. FOOD VENDING VEHICLE DRIVER REQUIREMENTS. A person who drives a motorized food vending vehicle must hold a current commercial driver's license if a commercial driver's license is required for the vehicle's class under Chapter 522, Transportation Code.

Sec. 437B.103. OPERATIONAL STANDARDS. A mobile food vendor shall:

(1) submit to and pass any required health inspection conducted under Subchapter D; and

(2) display the mobile food vendor license and health inspection certificate in a conspicuous location for public view.

Sec. 437B.104. FOOD SAFETY. A mobile food vendor shall comply with all laws and rules regarding food safety, including any food safety and food manager certifications required under Chapter 438.

SUBCHAPTER D. HEALTH INSPECTIONS

Sec. 437B.151. MOBILE FOOD VENDOR CLASSIFICATIONS. (a) The executive commissioner by rule shall establish classifications of mobile food vendors for purposes of conducting health inspections as follows:

(1) mobile food type I vendor for a vendor who dispenses prepackaged foods, does not dispense time or temperature control for safety beverages, or poses a low risk of harm to the public;

(2) mobile food type II vendor for a vendor who

1 dispenses food that requires limited handling and preparation; and
2 (3) mobile food type III vendor for a vendor who
3 prepares, cooks, holds, and serves food from a food vending
4 vehicle.

5 (b) The rules adopted under Subsection (a) shall specify the
6 categories of foods or beverages that mobile food vendors in each
7 classification may serve.

8 Sec. 437B.152. CHANGING CLASSIFICATIONS. A mobile food
9 vendor who seeks to serve food or beverages that may require the
10 vendor's reclassification shall notify the department of the nature
11 of the food or beverages to be sold. The department, or a local
12 authority in a collaborative agreement with the department under
13 Section 437B.153, may conduct a health inspection and reclassify
14 the vendor in accordance with the rules adopted under Section
15 437B.151.

16 Sec. 437B.153. INSPECTIONS; COLLABORATIVE AGREEMENT WITH
17 LOCAL AUTHORITY. (a) To protect public health and safety, the
18 department shall ensure ongoing, randomized inspections are
19 conducted on each mobile food vendor based on the mobile food
20 vendor's classification and previous health inspection results.

21 (b) On request by a local authority, the department may
22 enter into a collaborative agreement with the local authority for
23 conducting health inspections. The department shall reimburse the
24 local authority acting under a collaborative agreement for the cost
25 of conducting a health inspection using money collected for health
26 inspection fees under Section 437B.058(c).

27 Sec. 437B.154. NOTICE OF LOCATION FOR INSPECTIONS. A

1 mobile food vendor shall make available to the department a list of
2 all locations at which the vendor intends to operate, to the best of
3 the vendor's knowledge. A vendor may provide the list of locations
4 through the vendor's social media or on the vendor's Internet
5 website. If the vendor does not provide the list of operating
6 locations on social media or the vendor's Internet website, the
7 vendor shall submit to the department in the form and manner the
8 department prescribes a list of the locations at which the vendor
9 intends to operate, to the best of the vendor's knowledge.

10 Sec. 437B.155. REIMBURSEMENT OF INSPECTION FEE. On request
11 of a mobile food vendor, the department shall reimburse the vendor
12 the portion of the fee charged for each health inspection required
13 under this subchapter that was not conducted by the department or
14 local authority under a collaborative agreement during the time the
15 vendor's license was valid. The department shall reimburse the
16 vendor not later than the 30th day after the date the department
17 receives the vendor's request.

18 SUBCHAPTER E. INVESTIGATION; ENFORCEMENT

19 Sec. 437B.201. INVESTIGATION. (a) The department or a
20 local authority may investigate a mobile food vendor on reasonable
21 suspicion the vendor is violating the law or on receipt of a health
22 or safety complaint. The department must record a complaint in the
23 state's mobile food vendor database. The local authority shall
24 report suspected violations of state law to the department and may
25 recommend the department suspend or revoke a mobile food vendor
26 license.

27 (b) The mobile food vendor shall cooperate with the

department or local authority during an investigation. Failure to cooperate with the department or local authority may result in suspension or revocation of a license.

(c) This chapter may not be construed to impede the department or local authority when conducting an investigation of a reported foodborne illness.

Sec. 437B.202. LICENSE DENIAL, SUSPENSION, OR REVOCATION. The department may deny, suspend, or revoke a mobile food vendor license only if:

(1) the applicant or license holder:

(A) violates this chapter, a rule adopted under this chapter, or a department order;

(B) obtains a license by means of fraud, misrepresentation, or concealment of a material fact;

(C) commits fraud or makes a misrepresentation or false statement in connection with the sale of food or beverages while operating as a mobile food vendor; or

(D) is cited three or more times during a 12-month period for a violation of this chapter or rules adopted under this chapter; or

(2) the department determines that material facts or conditions related to the applicant or application provide reasonable justification for the denial, suspension, or revocation of the license.

Sec. 437B.203. NOTICE AND HEARING. (a) The department shall provide written notice to an applicant or license holder that the applicant's mobile food vendor application has been denied or

1 that the license may be suspended or revoked. Not later than 14
2 calendar days after the date an applicant or license holder
3 receives notice from the department of a denial, suspension, or
4 revocation of a license, the applicant or license holder may
5 request a hearing in the form and manner the department prescribes.

6 (b) If the applicant for or holder of a mobile food vendor
7 license requests a hearing as prescribed by the department, the
8 department shall promptly refer the matter to the State Office of
9 Administrative Hearings for a contested case hearing.

10 (c) Following a hearing or on conclusion of the involvement
11 of the State Office of Administrative Hearings in the matter under
12 this section, the department shall promptly issue an order that
13 includes findings of fact and conclusions of law.

14 Sec. 437B.204. EMERGENCY SUSPENSION. (a) The department
15 may issue an emergency order to suspend a mobile food vendor license
16 if the department has reasonable cause to believe a license
17 holder's operations pose an imminent threat to the public's health
18 and safety. An emergency suspension order is effective immediately
19 without a hearing on notice to the license holder and must state the
20 length of the suspension.

21 (b) Not later than the 14th day after the date a mobile food
22 vendor license holder receives notice from the department of an
23 emergency suspension of a license under this section, the license
24 holder may request a preliminary hearing on the emergency order in a
25 form and manner the department prescribes.

26 (c) On receipt of a license holder's request for hearing
27 under Subsection (b), the department shall promptly refer the

1 matter to the State Office of Administrative Hearings for a
2 preliminary hearing before an administrative law judge.

3 (d) An administrative law judge for the State Office of
4 Administrative Hearings shall:

5 (1) conduct a preliminary hearing to affirm, modify,
6 or set aside the emergency suspension order issued by the
7 department under Subsection (b) not later than the 17th day after
8 the date the office receives the hearing request;

9 (2) make findings of fact and conclusions of law; and

10 (3) issue a written proposal for decision on the
11 department's reasonable cause to believe a continuing and imminent
12 threat to the public's health and safety exists.

13 (e) A final hearing on the matter shall be held not later
14 than the 61st day after the date of the emergency suspension.

15 Sec. 437B.2045. RIGHT TO APPEAL. The department's
16 suspension or revocation of a mobile food vendor license under this
17 chapter and the appeal from that action are governed by the
18 procedures for a contested case hearing under Chapter 2001,
19 Government Code.

20 Sec. 437B.205. ADMINISTRATIVE PENALTY. A license holder
21 who continues to operate after the department suspends or revokes
22 the license holder's mobile food vendor license is subject to an
23 administrative penalty in an amount the department determines.

24 SECTION 2. Section 437.0055(a), Health and Safety Code, is
25 amended to read as follows:

26 (a) A person may not operate a food service establishment,
27 retail food store, [~~mobile food unit,~~] or temporary food service

1 establishment located in an area in which a county or public health
2 district does not require a permit or conduct inspections under
3 this chapter unless the person has a permit issued by the
4 department.

5 SECTION 3. Section 437A.003, Health and Safety Code, is
6 repealed.

7 SECTION 4. (a) Chapter 437B, Health and Safety Code, as
8 added by this Act, applies to an ordinance, rule, regulation,
9 policy, or procedure adopted before, on, or after the effective
10 date of this Act.

11 (b) Not later than May 1, 2026, the executive commissioner
12 of the Health and Human Services Commission shall adopt the rules
13 required by Chapter 437B, Health and Safety Code, as added by this
14 Act.

15 (c) A mobile food vendor is not required to hold a license
16 under Chapter 437B, Health and Safety Code, as added by this Act,
17 before July 1, 2026.

18 SECTION 5. (a) Except as provided by Subsection (b) of this
19 section, this Act takes effect July 1, 2026.

20 (b) Section 437B.004, Health and Safety Code, as added by
21 this Act, takes effect September 1, 2025.

ADOPTED

MAY 26 2025

Latey Law
Secretary of the Senate

By: *B. W. Kuehl*

H.B. No. 2844

Substitute the following for H.B. No. 2844:

By: *B. W. Kuehl*

C.S. H.B. No. 2844

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation of food service establishments,
3 including retail food stores and mobile food vendors; requiring an
4 occupational license; imposing fees; authorizing an administrative
5 penalty.

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

7 SECTION 1. Chapter 437, Health and Safety Code, is amended
8 by adding Section 437.0063 to read as follows:

9 Sec. 437.0063. SMALL-SCALE FOOD BUSINESS PERMIT
10 EXEMPTIONS. (a) In this section:

11 (1) "Food producer" has the meaning assigned by
12 Section 437.020.

13 (2) "Small-scale food business" means a legal entity
14 established by a farmer or food producer with less than \$1.5 million
15 in annual gross revenue. The term includes a sole proprietorship,
16 organization, association, corporation, partnership, joint
17 venture, limited partnership, limited liability partnership, or
18 limited liability company.

19 (b) A county, municipality, or public health district may
20 not require a small-scale food business or an employee of a
21 small-scale food business to obtain a permit or pay a permitting fee
22 to operate a food service establishment, temporary food service
23 establishment, retail food establishment, temporary retail food
24 establishment, or retail food store at a location for which the

1 business:

2 (1) holds a permit issued by the department for that
3 purpose; or

4 (2) is licensed as a food manufacturer under
5 Subchapter J, Chapter 431.

6 (c) This section preempts a county's, municipality's, or
7 public health district's authority to regulate a small-scale food
8 business in a manner that conflicts with this section.

9 SECTION 2. Subtitle A, Title 6, Health and Safety Code, is
10 amended by adding Chapter 437B to read as follows:

11 CHAPTER 437B. MOBILE FOOD VENDORS

12 SUBCHAPTER A. GENERAL PROVISIONS

13 Sec. 437B.001. DEFINITIONS. In this chapter:

14 (1) "Applicant" means a person who applies to the
15 department to receive a license to operate as a mobile food vendor.

16 (2) "Food vending vehicle" means any vehicle that
17 operates as a food service establishment and is designed to be
18 readily movable.

19 (3) "License holder" means a person who holds a mobile
20 food vendor license issued under this chapter.

21 (4) "Local authority" means a municipality, county,
22 public health authority, special purpose district or authority, or
23 any other political subdivision of this state.

24 (5) "Mobile food vendor" means any person who
25 dispenses food or beverages from a food vending vehicle for
26 immediate service or consumption.

27 (6) "Prepackaged food" means any commercially labeled

1 and processed food that is prepackaged to prevent direct human
2 contact with the food product on distribution from the
3 manufacturer, food facility, or other approved source.

4 Sec. 437B.002. CONSTRUCTION OF CHAPTER. This chapter may
5 not be construed to require a local authority to enter into a
6 collaborative agreement with the department to conduct health
7 inspections, adopt a program regulating mobile food vendors, or
8 modify a local authority's existing mobile food vendor regulation
9 program, provided the local authority's regulations do not conflict
10 with this chapter.

11 Sec. 437B.003. LOCAL PREEMPTION. This chapter preempts a
12 local authority's power to prohibit or regulate mobile food vendors
13 in a manner that conflicts with this chapter.

14 Sec. 437B.004. RULES. The executive commissioner may adopt
15 rules to implement this chapter. The rules must be narrowly
16 tailored to address a demonstrable health or safety risk and may
17 not:

18 (1) limit the number of mobile food vendor licenses
19 the department may issue;

20 (2) address the hours of operation for mobile food
21 vendors;

22 (3) restrict a mobile food vendor's propane capacity
23 below the capacity state law allows for commercial vehicles; or

24 (4) require a mobile food vendor to:

25 (A) operate outside a specific perimeter of a
26 commercial establishment or restaurant;

27 (B) enter into any agreement with a commercial

1 establishment or restaurant, except as necessary to properly
2 dispose of grease and other cooking waste;

3 (C) have an operational handwashing sink in the
4 vehicle of a vendor who sells only prepackaged food;

5 (D) associate with a commissary if the vehicle
6 carries the equipment necessary to comply with state law and
7 properly disposes of grease and other cooking waste;

8 (E) provide the vendor's fingerprints as a
9 condition of holding a mobile food vendor license;

10 (F) install a global positioning system tracking
11 device on the vehicle;

12 (G) keep the vehicle in constant motion except
13 when serving customers;

14 (H) submit to an additional fire inspection a
15 vehicle the vendor demonstrates has passed a state or local fire
16 inspection within the preceding 12 months; or

17 (I) submit to health inspections other than an
18 inspection the department, or a local authority under a
19 collaborative agreement, conducts unless the department is
20 investigating a reported foodborne illness.

21 SUBCHAPTER B. LICENSE

22 Sec. 437B.051. LICENSE REQUIRED. (a) A person may not
23 operate as a mobile food vendor in this state unless the person
24 holds a mobile food vendor's license issued by the department. A
25 separate license is required for each food vending vehicle a mobile
26 food vendor operates.

27 (b) A local authority may not prohibit the operation in its

1 jurisdiction of a mobile food vendor who holds a mobile food vendor
2 license and complies with all other state and local laws not in
3 conflict with this chapter.

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5 prescribe a written application for a mobile food vendor license.
6 The department shall make the application available to applicants
7 in person and on the department's Internet website.

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9 for a mobile food vendor license must submit an application to the
10 department on the form the department prescribes. The application
11 must contain:

12 (1) the applicant's name, address, and telephone
13 number;

14 (2) the name, address, and telephone number of any
15 associated entity or organization the applicant is representing and
16 copies of documents verifying that relationship;

17 (3) the applicant's primary residences and business
18 addresses during the 12 months preceding the date of the
19 application;

20 (4) the food or beverages the applicant proposes to
21 sell to enable the department to establish the applicant's food
22 type classification;

23 (5) a statement of whether the applicant has
24 previously been denied a mobile food vendor license or had a mobile
25 food vendor license suspended or revoked in another state or local
26 jurisdiction and the reasons for any denial, suspension, or
27 revocation; and

1 (6) for each motorized food vending vehicle the
2 applicant is applying for a license to operate:

3 (A) the vehicle license number, description,
4 identification number, and registration;

5 (B) proof of vehicle insurance; and

6 (C) a copy or proof of any additional commercial
7 vehicle licenses or permits required by this state.

8 (b) An applicant must attest to the information submitted
9 under Subsection (a).

10 (c) The department may require an applicant to submit
11 additional information.

12 (d) An applicant may submit one application for all food
13 vending vehicles to be licensed under this subchapter.

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15 may result in denial of a license.

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17 information or intentionally omit requested information on an
18 application.

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20 14th day after the date the department receives a complete mobile
21 food vendor license application, the department or a governmental
22 entity acting under a collaborative agreement as provided by
23 Subchapter D shall conduct a health inspection of each of the
24 applicant's food vending vehicles listed on the application. The
25 department may not issue a license to an applicant whose vehicle
26 does not pass a health inspection.

27 (b) The department shall ensure that:

1 (1) an applicant's food vending vehicle is safe for
2 preparing, handling, and selling food; and

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4 laws and the rules adopted under those laws.

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11 anniversary of the date of issuance.

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25 food vending vehicle, does not invalidate the license or require
26 issuance of a new license.

27 (c) A license holder who replaces a food vending vehicle

1 with another vehicle must provide to the department for the
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3 and have the replacement vehicle inspected as required by Section
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16 amounts necessary to cover the costs of administering this chapter.

17 (b) The department may charge a fee for a health inspection
18 of an applicant's food vending vehicle required under Section
19 437B.054. The department shall set the fee in an amount that covers
20 the cost of conducting a health inspection under that section.

21 (c) At the time the department issues or renews a mobile
22 food vendor license, the department shall charge a fee for a health
23 inspection required under Subchapter D. The department shall set
24 the fee in an amount based on the average cost of conducting a
25 health inspection multiplied by the number of annual health
26 inspections required during the next year for the mobile food
27 vendor classification type as described by Section 437B.151.

1 Sec. 437B.059. MOBILE FOOD VENDOR GUIDE. (a) The
2 department shall develop a guide on the mobile food vendor
3 licensing procedures. The guide must include:

4 (1) instructions for obtaining, maintaining, and
5 renewing a mobile food vendor license; and

6 (2) a description of the department's standards for
7 inspecting a food vending vehicle.

8 (b) The department shall make the guide available at the
9 department's office and on the department's Internet website.

10 Sec. 437B.060. DEPARTMENT DATABASE. (a) The department
11 shall establish and maintain a statewide database for use by the
12 department and local authorities that includes the:

13 (1) names of mobile food vendors licensed under this
14 chapter;

15 (2) results of health inspections of mobile food
16 vendors' food vending vehicles, including inspection reports;

17 (3) public complaints made against mobile food vendors
18 resulting in disciplinary or corrective action; and

19 (4) itineraries of mobile food vendors submitted under
20 Subsection (b).

21 (b) A mobile food vendor may periodically submit to the
22 department an itinerary of the locations of the mobile food
23 vendor's food vending vehicles.

24 SUBCHAPTER C. MOBILE FOOD VENDOR OPERATIONS

25 Sec. 437B.101. COMPLIANCE WITH STATE AND LOCAL LAW. A
26 mobile food vendor shall comply with all state and local laws in the
27 jurisdiction in which the mobile food vendor operates, including

1 all fire codes, location restrictions, and zoning codes.

2 Sec. 437B.102. FOOD VENDING VEHICLE DRIVER REQUIREMENTS. A
3 person who drives a motorized food vending vehicle must hold a
4 current commercial driver's license if a commercial driver's
5 license is required for the vehicle's class under Chapter 522,
6 Transportation Code.

7 Sec. 437B.103. OPERATIONAL STANDARDS. A mobile food vendor
8 shall:

9 (1) submit to and pass any required health inspection
10 conducted under Subchapter D; and

11 (2) display the mobile food vendor license and health
12 inspection certificate in a conspicuous location for public view.

13 Sec. 437B.104. FOOD SAFETY. A mobile food vendor shall
14 comply with all laws and rules regarding food safety, including any
15 food safety and food manager certifications required under Chapter
16 438.

17 SUBCHAPTER D. HEALTH INSPECTIONS

18 Sec. 437B.151. MOBILE FOOD VENDOR CLASSIFICATIONS. (a)
19 The executive commissioner by rule shall establish classifications
20 of mobile food vendors for purposes of conducting health
21 inspections as follows:

22 (1) mobile food type I vendor for a vendor who
23 dispenses prepackaged foods, does not dispense time or temperature
24 control for safety beverages, or poses a low risk of harm to the
25 public;

26 (2) mobile food type II vendor for a vendor who
27 dispenses food that requires limited handling and preparation; and

1 (3) mobile food type III vendor for a vendor who
2 prepares, cooks, holds, and serves food from a food vending
3 vehicle.

4 (b) The rules adopted under Subsection (a) shall specify the
5 categories of foods or beverages that mobile food vendors in each
6 classification may serve.

7 Sec. 437B.152. CHANGING CLASSIFICATIONS. A mobile food
8 vendor who seeks to serve food or beverages that may require the
9 vendor's reclassification shall notify the department of the nature
10 of the food or beverages to be sold. The department, or a local
11 authority in a collaborative agreement with the department under
12 Section 437B.153, may conduct a health inspection and reclassify
13 the vendor in accordance with the rules adopted under Section
14 437B.151.

15 Sec. 437B.153. INSPECTIONS; COLLABORATIVE AGREEMENT WITH
16 LOCAL AUTHORITY. (a) To protect public health and safety, the
17 department shall ensure ongoing, randomized inspections are
18 conducted on each mobile food vendor based on the mobile food
19 vendor's classification and previous health inspection results.

20 (b) On request by a local authority, the department may
21 enter into a collaborative agreement with the local authority for
22 conducting health inspections. The department shall reimburse the
23 local authority acting under a collaborative agreement for the cost
24 of conducting a health inspection using money collected for health
25 inspection fees under Section 437B.058(c).

26 Sec. 437B.154. NOTICE OF LOCATION FOR INSPECTIONS. A
27 mobile food vendor shall make available to the department a list of

1 all locations at which the vendor intends to operate, to the best of
2 the vendor's knowledge. A vendor may provide the list of locations
3 through the vendor's social media or on the vendor's Internet
4 website. If the vendor does not provide the list of operating
5 locations on social media or the vendor's Internet website, the
6 vendor shall submit to the department in the form and manner the
7 department prescribes a list of the locations at which the vendor
8 intends to operate, to the best of the vendor's knowledge.

9 Sec. 437B.155. REIMBURSEMENT OF INSPECTION FEE. On request
10 of a mobile food vendor, the department shall reimburse the vendor
11 the portion of the fee charged for each health inspection required
12 under this subchapter that was not conducted by the department or
13 local authority under a collaborative agreement during the time the
14 vendor's license was valid. The department shall reimburse the
15 vendor not later than the 30th day after the date the department
16 receives the vendor's request.

17 SUBCHAPTER E. INVESTIGATION; ENFORCEMENT

18 Sec. 437B.201. INVESTIGATION. (a) The department or a
19 local authority may investigate a mobile food vendor on reasonable
20 suspicion the vendor is violating the law or on receipt of a health
21 or safety complaint. The department must record a complaint in the
22 state's mobile food vendor database. The local authority shall
23 report suspected violations of state law to the department and may
24 recommend the department suspend or revoke a mobile food vendor
25 license.

26 (b) The mobile food vendor shall cooperate with the
27 department or local authority during an investigation. Failure to

1 cooperate with the department or local authority may result in
2 suspension or revocation of a license.

3 (c) This chapter may not be construed to impede the
4 department or local authority when conducting an investigation of a
5 reported foodborne illness.

6 Sec. 437B.202. LICENSE DENIAL, SUSPENSION, OR REVOCATION.
7 The department may deny, suspend, or revoke a mobile food vendor
8 license only if:

9 (1) the applicant or license holder:

10 (A) violates this chapter, a rule adopted under
11 this chapter, or a department order;

12 (B) obtains a license by means of fraud,
13 misrepresentation, or concealment of a material fact;

14 (C) commits fraud or makes a misrepresentation or
15 false statement in connection with the sale of food or beverages
16 while operating as a mobile food vendor; or

17 (D) is cited three or more times during a
18 12-month period for a violation of this chapter or rules adopted
19 under this chapter; or

20 (2) the department determines that material facts or
21 conditions related to the applicant or application provide
22 reasonable justification for the denial, suspension, or revocation
23 of the license.

24 Sec. 437B.203. NOTICE AND HEARING. (a) The department
25 shall provide written notice to an applicant or license holder that
26 the applicant's mobile food vendor application has been denied or
27 that the license may be suspended or revoked. Not later than 14

1 calendar days after the date an applicant or license holder
2 receives notice from the department of a denial, suspension, or
3 revocation of a license, the applicant or license holder may
4 request a hearing in the form and manner the department prescribes.

5 (b) If the applicant for or holder of a mobile food vendor
6 license requests a hearing as prescribed by the department, the
7 department shall promptly refer the matter to the State Office of
8 Administrative Hearings for a contested case hearing.

9 (c) Following a hearing or on conclusion of the involvement
10 of the State Office of Administrative Hearings in the matter under
11 this section, the department shall promptly issue an order that
12 includes findings of fact and conclusions of law.

13 Sec. 437B.204. EMERGENCY SUSPENSION. (a) The department
14 may issue an emergency order to suspend a mobile food vendor license
15 if the department has reasonable cause to believe a license
16 holder's operations pose an imminent threat to the public's health
17 and safety. An emergency suspension order is effective immediately
18 without a hearing on notice to the license holder and must state the
19 length of the suspension.

20 (b) Not later than the 14th day after the date a mobile food
21 vendor license holder receives notice from the department of an
22 emergency suspension of a license under this section, the license
23 holder may request a preliminary hearing on the emergency order in a
24 form and manner the department prescribes.

25 (c) On receipt of a license holder's request for hearing
26 under Subsection (b), the department shall promptly refer the
27 matter to the State Office of Administrative Hearings for a

1 preliminary hearing before an administrative law judge.

2 (d) An administrative law judge for the State Office of
3 Administrative Hearings shall:

4 (1) conduct a preliminary hearing to affirm, modify,
5 or set aside the emergency suspension order issued by the
6 department under Subsection (b) not later than the 17th day after
7 the date the office receives the hearing request;

8 (2) make findings of fact and conclusions of law; and

9 (3) issue a written proposal for decision on the
10 department's reasonable cause to believe a continuing and imminent
11 threat to the public's health and safety exists.

12 (e) A final hearing on the matter shall be held not later
13 than the 61st day after the date of the emergency suspension.

14 Sec. 437B.2045. RIGHT TO APPEAL. The department's
15 suspension or revocation of a mobile food vendor license under this
16 chapter and the appeal from that action are governed by the
17 procedures for a contested case hearing under Chapter 2001,
18 Government Code.

19 Sec. 437B.205. ADMINISTRATIVE PENALTY. A license holder
20 who continues to operate after the department suspends or revokes
21 the license holder's mobile food vendor license is subject to an
22 administrative penalty in an amount the department determines.

23 SECTION 3. Section 437.0055(a), Health and Safety Code, is
24 amended to read as follows:

25 (a) A person may not operate a food service establishment,
26 retail food store, [~~mobile food unit~~], or temporary food service
27 establishment located in an area in which a county or public health

1 district does not require a permit or conduct inspections under
2 this chapter unless the person has a permit issued by the
3 department.

4 SECTION 4. Section 437A.003, Health and Safety Code, is
5 repealed.

6 SECTION 5. (a) Chapter 437B, Health and Safety Code, as
7 added by this Act, applies to an ordinance, rule, regulation,
8 policy, or procedure adopted before, on, or after the effective
9 date of this Act.

10 (b) Not later than May 1, 2026, the executive commissioner
11 of the Health and Human Services Commission shall adopt the rules
12 required by Chapter 437B, Health and Safety Code, as added by this
13 Act.

14 (c) A mobile food vendor is not required to hold a license
15 under Chapter 437B, Health and Safety Code, as added by this Act,
16 before July 1, 2026.

17 SECTION 6. (a) Except as provided by Subsection (b) of this
18 section, this Act takes effect July 1, 2026.

19 (b) Section 437B.004, Health and Safety Code, as added by
20 this Act, takes effect September 1, 2025.

ADOPTED

MAY 26 2025

Lately Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY:

L. W. Kelle T

1 Amend C.S.H.B. No. 2844 (senate committee report) in SECTION
2 1 of the bill, in added Section 437.0063(b), Health and Safety
3 Code (page 1, line 43), by striking "at a location for which" and
4 substituting "if".

ADOPTED

MAY 26 2025

Lately Shaw
Secretary of the Senate

FLOOR AMENDMENT NO. 2

BY: *B. W. Kell*

1 Amend C.S.H.B. No. 2844 (senate committee report) in SECTION
2 2 of the bill, immediately after added Section 437B.058(c), Health
3 and Safety Code (page 4, between lines 34 and 35), by inserting the
4 following:

5 (d) All fees collected by the department under this chapter
6 shall be deposited in the state treasury to the credit of the food
7 and drug retail fee account.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 28, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2844** by Landgraf (Relating to the regulation of food service establishments, including retail food stores and mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026 | \$0 |
| 2027 | \$0 |
| 2028 | \$0 |
| 2029 | \$0 |
| 2030 | \$0 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Interagency Contracts 777</i> | Probable Savings/(Cost) from <i>Food & Drug Fee Acct 341</i> | Probable Revenue Gain/(Loss) from <i>Food & Drug Fee Acct 341</i> | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|--|---|--|---|
| 2026 | \$0 | (\$3,411,182) | \$850,000 | 33.0 |
| 2027 | (\$390,392) | (\$3,920,883) | \$5,100,000 | 33.0 |
| 2028 | (\$382,892) | (\$3,927,483) | \$5,100,000 | 33.0 |
| 2029 | (\$382,892) | (\$3,932,973) | \$5,100,000 | 33.0 |
| 2030 | (\$382,892) | (\$3,938,583) | \$5,100,000 | 33.0 |

Fiscal Analysis

The bill would authorize small-scale food business permit exemptions prohibiting a county, municipality, or public health district from requiring a small-scale food business or related employee from obtaining a permit or paying a permitting fee if the business holds a permit from the Department of State Health Services (DSHS) for that purpose or is licensed as a food manufacturer.

The bill would require DSHS to issue licenses for a person to operate as a mobile food vendor in the state. A separate license would be required for each food vending vehicle that a mobile food vendor operates.

The bill would require DSHS to prescribe a written application for a mobile food vendor license which would be made available to the applicant in person and on the agency's website.

The bill would require DSHS, or a governmental entity acting under a collaborative agreement, to conduct a health inspection of each of the applicant's food vending vehicles listed on the application ensuring that an applicant's food vending vehicle is safe for preparing, handling, and selling food; and the applicant is in compliance with all applicable laws and rules.

The bill would authorize DSHS to issue a mobile food vendor license to an applicant who submits a complete application, pays any required fees, meets licensing requirements, and whose food vending vehicle passes a health inspection.

The bill would authorize DSHS to charge a fee for each mobile food vendor license application submitted and each license issued or renewed. DSHS would be authorized to charge a fee for a health inspection that covers the cost of conducting a health inspection.

The bill would require DSHS to develop a guide on mobile food vendor licensing procedures and establish and maintain a statewide database for the use by DSHS and local authorities.

The bill would require mobile vendors to comply with all state and local laws in the jurisdiction in which the mobile food vendor operates and display mobile food vendor license and health inspection certificate in a conspicuous location for public view.

The bill would establish classifications of mobile food vendors for purposes of conducting health inspections and would allow for collaborative agreements with local authorities for conducting health inspections. DSHS would be authorized to conduct ongoing, randomized inspections on each mobile food vendor.

The bill would allow DSHS or a local authority to conduct investigations of a mobile food vendor on suspicion the mobile food vendor is violating the law or on receipt of a health or safety complaint.

The bill would authorize DSHS to deny, suspend, or revoke a mobile food vendor license if the applicant or license holder fails to meet certain criteria.

The bill would require DSHS to hold a hearing if requested by an applicant or license holder whose application has been denied, suspended, or revoked. The bill explains procedures regarding the right to appeal.

The bill would allow DSHS to issue an emergency order to suspend a mobile food vendor license if DSHS has reasonable cause to believe a license holder's operations pose an imminent threat to the public's health and safety. The license holder may request a preliminary hearing on the emergency order to be referred by DSHS to the State Office of Administrative Hearings (SOAH).

The bill would allow for an administrative penalty determined by DSHS against a license holder who continues to operate after DSHS suspends or revokes the license holder's mobile food vendor license.

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2026.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2026.

Except for rulemaking activities, the bill would take effect on July 1, 2026.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

According to DSHS, an additional \$5,100,000 in each fiscal year beginning in 2027 is estimated to be generated from new licenses and inspections permitted by the bill to be deposited into General Revenue-Dedicated Account 341, Food and Drug Retail Fee (Account No. 341). This amount is based on an estimated 12,000 mobile food vendor licenses at \$175 per license (\$2,100,000) and 12,000 health inspections at \$250 per inspection (\$3,000,000). However, based on an estimate provided by DSHS that licensing and inspections would only occur for two months in fiscal year 2026, the revenue estimate is lower in the first fiscal year at \$350,000 for licenses and \$500,000 for inspections to be deposited into Account No. 341.

This analysis estimates a cost of \$3,411,182 from Account No. 341 in fiscal year 2026 and \$3,920,883 from Account No. 341 in fiscal year 2027 for DSHS to implement the provisions of the bill.

DSHS indicates the need for Sanitarian I positions (16.0 FTEs) to conduct retail food inspections in eight regions; License and Permit Specialist III positions (5.0 FTEs) to process mobile food vendor applications and provide guidance for applicants throughout the state; Sanitarian III positions (2.0 FTEs) to provide guidance to operators and inspectors, prepare enforcement actions related to violative mobile food vendors, and testify at hearings; a Contract Specialist III position (1.0 FTE) to provide oversight and support for budget issues related to licensing of mobile food vendors, particularly the contractual relationship between DSHS and local health departments that would choose to conduct inspections of mobile food vendors; a Program Specialist V position (1.0 FTE) to review enforcement cases, facilitate and moderate the Compliance Review Committee and Informal Conference meetings, drafts notices and orders, and testify at hearings; Attorney IV positions (2.0 FTEs) to represent DSHS in enforcement cases pertaining to retail food regulations to include the new mobile food vendor requirements; a Legal Assistant III position (1.0 FTE) to support policy and enforcement attorneys in case preparation; a Contract Specialist IV position (1.0 FTE) to provide support in contract management and complete analysis of contractor performance; and a Financial Analyst II position (1.0 FTE) to perform financial monitoring and to grant fiscal compliance oversight work.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost \$3,219,174 from Account No. 341 in fiscal year 2026 and \$3,903,939 from Account No. 341 in fiscal year 2027. The lower cost in fiscal year 2026 is attributable to an assumed start date for the positions later in the first fiscal year.

Based on information provided by SOAH, this bill would cost \$390,392 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 3.0 FTE positions in fiscal year 2027. Based on information provided to SOAH by DSHS on the estimated number of mobile food vendors, SOAH estimates 540 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring five Administrative Law Judge (ALJ) hours per case or a total of 2,700 ALJ hours per year. To implement the provisions of the bill, SOAH requests two ALJ III positions (2.0 FTEs) with an annual salary of \$113,278 for each FTE and an additional Legal Secretary III position (1.0 FTE) with an annual salary of \$53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2026.

Technology

DSHS estimates technology needs totaling \$192,008 from Account No. 341 in fiscal year 2026 and \$16,944 from Account No. 341 in fiscal year 2027. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2026. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2026 and fiscal year 2027.

Included in the amounts above for SOAH are \$21,000 for technology costs (equipment and software) in fiscal year 2027.

Local Government Impact

Local authorities may experience a fiscal impact due to requirements in the bill, but the fiscal implications of the bill cannot be determined at this time

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, NPe, ER, APA, WP, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 23, 2025

TO: Honorable Lois W. Kolhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2844** by Landgraf (Relating to the regulation of food service establishments, including retail food stores and mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, Committee Report 2nd House, Substituted: a negative impact of (\$1,382,065) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026 | (\$2,561,182) |
| 2027 | \$1,179,117 |
| 2028 | \$1,172,517 |
| 2029 | \$1,167,027 |
| 2030 | \$1,161,417 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Interagency Contracts</i> 777 | Probable Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|---|--|---|---|
| 2026 | \$0 | (\$3,411,182) | \$850,000 | 33.0 |
| 2027 | (\$390,392) | (\$3,920,883) | \$5,100,000 | 33.0 |
| 2028 | (\$382,892) | (\$3,927,483) | \$5,100,000 | 33.0 |
| 2029 | (\$382,892) | (\$3,932,973) | \$5,100,000 | 33.0 |
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Fiscal Analysis

The bill would authorize small-scale food business permit exemptions prohibiting a county, municipality, or public health district from requiring a small-scale food business or related employee from obtaining a permit or paying a permitting fee if the business holds a permit from the Department of State Health Services (DSHS) for that purpose or is licensed as a food manufacturer.

The bill would require DSHS to issue licenses for a person to operate as a mobile food vendor in the state. A separate license would be required for each food vending vehicle that a mobile food vendor operates.

The bill would require DSHS to prescribe a written application for a mobile food vendor license which would be made available to the applicant in person and on the agency's website.

The bill would require DSHS, or a governmental entity acting under a collaborative agreement, to conduct a health inspection of each of the applicant's food vending vehicles listed on the application ensuring that an applicant's food vending vehicle is safe for preparing, handling, and selling food; and the applicant is in compliance with all applicable laws and rules.

The bill would authorize DSHS to issue a mobile food vendor license to an applicant who submits a complete application, pays any required fees, meets licensing requirements, and whose food vending vehicle passes a health inspection.

The bill would authorize DSHS to charge a fee for each mobile food vendor license application submitted and each license issued or renewed. DSHS would be authorized to charge a fee for a health inspection that covers the cost of conducting a health inspection.

The bill would require DSHS to develop a guide on mobile food vendor licensing procedures and establish and maintain a statewide database for the use by DSHS and local authorities.

The bill would require mobile vendors to comply with all state and local laws in the jurisdiction in which the mobile food vendor operates and display mobile food vendor license and health inspection certificate in a conspicuous location for public view.

The bill would establish classifications of mobile food vendors for purposes of conducting health inspections and would allow for collaborative agreements with local authorities for conducting health inspections. DSHS would be authorized to conduct ongoing, randomized inspections on each mobile food vendor.

The bill would allow DSHS or a local authority to conduct investigations of a mobile food vendor on suspicion the mobile food vendor is violating the law or on receipt of a health or safety complaint.

The bill would authorize DSHS to deny, suspend, or revoke a mobile food vendor license if the applicant or license holder fails to meet certain criteria.

The bill would require DSHS to hold a hearing if requested by an applicant or license holder whose application has been denied, suspended, or revoked. The bill explains procedures regarding the right to appeal.

The bill would allow DSHS to issue an emergency order to suspend a mobile food vendor license if DSHS has reasonable cause to believe a license holder's operations pose an imminent threat to the public's health and safety. The license holder may request a preliminary hearing on the emergency order to be referred by DSHS to the State Office of Administrative Hearings (SOAH).

The bill would allow for an administrative penalty determined by DSHS against a license holder who continues to operate after DSHS suspends or revokes the license holder's mobile food vendor license.

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2026.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2026.

Except for rulemaking activities, the bill would take effect on July 1, 2026.

Methodology

According to DSHS, an additional \$5,100,000 in each fiscal year beginning in 2027 is estimated to be generated from new licenses and inspections permitted by the bill to be deposited into the General Revenue Fund. This amount is based on an estimated 12,000 mobile food vendor licenses at \$175 per license (\$2,100,000) and 12,000 health inspections at \$250 per inspection (\$3,000,000). However, based on an

estimate provided by DSHS that licensing and inspections would only occur for two months in fiscal year 2026, the revenue estimate is lower in the first fiscal year at \$350,000 for licenses and \$500,000 for inspections to be deposited into the General Revenue Fund.

This analysis estimates a cost of \$3,411,182 from the General Revenue Fund in fiscal year 2026 and \$3,920,883 from the General Revenue Fund in fiscal year 2027 for DSHS to implement the provisions of the bill.

DSHS indicates the need for Sanitarian I positions (16.0 FTEs) to conduct retail food inspections in eight regions; License and Permit Specialist III positions (5.0 FTEs) to process mobile food vendor applications and provide guidance for applicants throughout the state; Sanitarian III positions (2.0 FTEs) to provide guidance to operators and inspectors, prepare enforcement actions related to violative mobile food vendors, and testify at hearings; a Contract Specialist III position (1.0 FTE) to provide oversight and support for budget issues related to licensing of mobile food vendors, particularly the contractual relationship between DSHS and local health departments that would choose to conduct inspections of mobile food vendors; a Program Specialist V position (1.0 FTE) to review enforcement cases, facilitate and moderate the Compliance Review Committee and Informal Conference meetings, drafts notices and orders, and testify at hearings; Attorney IV positions (2.0 FTEs) to represent DSHS in enforcement cases pertaining to retail food regulations to include the new mobile food vendor requirements; a Legal Assistant III position (1.0 FTE) to support policy and enforcement attorneys in case preparation; a Contract Specialist IV position (1.0 FTE) to provide support in contract management and complete analysis of contractor performance; and a Financial Analyst II position (1.0 FTE) to perform financial monitoring and to grant fiscal compliance oversight work.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost \$3,219,174 from the General Revenue Fund in fiscal year 2026 and \$3,903,939 from the General Revenue Fund in fiscal year 2027. The lower cost in fiscal year 2026 is attributable to an assumed start date for the positions later in the first fiscal year.

Based on information provided by SOAH, this bill would cost \$390,392 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 3.0 FTE positions in fiscal year 2027. Based on information provided to SOAH by DSHS on the estimated number of mobile food vendors, SOAH estimates 540 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring five Administrative Law Judge (ALJ) hours per case or a total of 2,700 AJL hours per year. To implement the provisions of the bill, SOAH requests two ALJ III positions (2.0 FTEs) with an annual salary of \$113,278 for each FTE and an additional Legal Secretary III position (1.0 FTE) with an annual salary of \$53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2026.

Technology

DSHS estimates technology needs totaling \$192,008 from the General Revenue Fund in fiscal year 2026 and \$16,944 from the General Revenue Fund in fiscal year 2027. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2026. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2026 and fiscal year 2027.

Included in the amounts above for SOAH are \$21,000 for technology costs (equipment and software) in fiscal year 2027.

Local Government Impact

Local authorities may experience a fiscal impact due to requirements in the bill, but the fiscal implications of the bill cannot be determined at this time

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, NPe, ER, APA, WP, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 20, 2025

TO: Honorable Lois W. Kolhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2844** by Landgraf (Relating to the regulation of mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, As Engrossed: a negative impact of (\$2,852,065) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026 | (\$2,771,182) |
| 2027 | (\$80,883) |
| 2028 | (\$87,483) |
| 2029 | (\$92,973) |
| 2030 | (\$98,583) |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Interagency Contracts</i> 777 | Probable Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|---|--|---|---|
| 2026 | \$0 | (\$3,411,182) | \$640,000 | 33.0 |
| 2027 | (\$390,392) | (\$3,920,883) | \$3,840,000 | 33.0 |
| 2028 | (\$382,892) | (\$3,927,483) | \$3,840,000 | 33.0 |
| 2029 | (\$382,892) | (\$3,932,973) | \$3,840,000 | 33.0 |
| 2030 | (\$382,892) | (\$3,938,583) | \$3,840,000 | 33.0 |

Fiscal Analysis

The bill would require the Department of State Health Services (DSHS) to issue licenses for a person to operate as a mobile food vendor in the state. A separate license would be required for each food vending vehicle that a mobile food vendor operates.

The bill would require DSHS to prescribe a written application for a mobile food vendor license which would be made available to the applicant in person and on the agency's website.

The bill would require DSHS, or a governmental entity acting under a collaborative agreement, to conduct a

health inspection of each of the applicant's food vending vehicles listed on the application ensuring that an applicant's food vending vehicle is safe for preparing, handling, and selling food; and the applicant is in compliance with all applicable laws and rules.

The bill would authorize DSHS to issue a mobile food vendor license to an applicant who submits a complete application, pays any required fees, meets licensing requirements, and whose food vending vehicle passes a health inspection.

The bill would authorize DSHS to charge a fee for each mobile food vendor license application submitted and each license issued or renewed in amounts that are reasonable but not more than \$150. DSHS would be authorized to charge a fee for a health inspection that covers the cost of conducting a health inspection.

The bill would require DSHS to develop a guide on mobile food vendor licensing procedures and establish and maintain a statewide database for the use by DSHS and local authorities.

The bill would require mobile vendors to comply with all state and local laws in the jurisdiction in which the mobile food vendor operates and display mobile food vendor license and health inspection certificate in a conspicuous location for public view.

The bill would establish classifications of mobile food vendors for purposes of conducting health inspections and would allow for collaborative agreements with local authorities for conducting health inspections. DSHS would be authorized to conduct ongoing, randomized inspections on each mobile food vendor.

The bill would allow DSHS or a local authority to conduct investigations of a mobile food vendor on suspicion the mobile food vendor is violating the law or on receipt of a health or safety complaint.

The bill would authorize DSHS to deny, suspend, or revoke a mobile food vendor license if the applicant or license holder fails to meet certain criteria.

The bill would require DSHS to hold a hearing if requested by an applicant or license holder whose application has been denied, suspended, or revoked. The bill explains procedures regarding the right to appeal.

The bill would allow DSHS to issue an emergency order to suspend a mobile food vendor license if DSHS has reasonable cause to believe a license holder's operations pose an imminent threat to the public's health and safety. The license holder may request a preliminary hearing on the emergency order to be referred by DSHS to the State Office of Administrative Hearings (SOAH).

The bill would allow for an administrative penalty determined by DSHS against a license holder who continues to operate after DSHS suspends or revokes the license holder's mobile food vendor license.

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2026.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2026.

Except for rulemaking activities, the bill would take effect on July 1, 2026.

Methodology

According to the Comptroller of Public Accounts (CPA), an additional \$3,840,000 in each fiscal year beginning in 2027 is estimated to be generated from new licenses and inspections permitted by the bill to be deposited into the General Revenue Fund. This amount is based on an estimated 12,000 mobile food vendors at \$150 per license (\$1,800,000) and 12,000 health inspections at \$170 per inspection (\$2,040,000). However, based on an estimate provided by DSHS that approximately 2,000 mobile food vendors would be licensed in fiscal year 2026, the revenue estimate is lower in the first fiscal year at \$640,000 to be deposited into the General Revenue Fund.

This analysis estimates a cost of \$3,411,182 from the General Revenue Fund in fiscal year 2026 and

\$3,920,883 from the General Revenue Fund in fiscal year 2027 for DSHS to implement the provisions of the bill.

DSHS indicates the need for Sanitarian I positions (16.0 FTE) to conduct retail food inspections in eight regions; License and Permit Specialist III positions (5.0 FTEs) to process mobile food vendor applications and provide guidance for applicants throughout the state; Sanitarian III positions (2.0 FTEs) to provide guidance to operators and inspectors, prepare enforcement actions related to violative mobile food vendors, and testify at hearings; a Contract Specialist III position (1.0 FTE) to provide oversight and support for budget issues related to licensing of mobile food vendors, particularly the contractual relationship between DSHS and local health departments that would choose to conduct inspections of mobile food vendors; a Program Specialist V position (1.0 FTE) to review enforcement cases, facilitate and moderate the Compliance Review Committee and Informal Conference meetings, drafts notices and orders, and testify at hearings; Attorney IV positions (2.0 FTEs) to represent DSHS in enforcement cases pertaining to retail food regulations to include the new mobile food vendor requirements; a Legal Assistant III position (1.0 FTE) to support policy and enforcement attorneys in case preparation; a Contract Specialist IV position (1.0 FTE) to provide support in contract management and complete analysis of contractor performance; and a Financial Analyst II position (1.0 FTE) to perform financial monitoring and to grant fiscal compliance oversight work.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost \$3,219,174 from the General Revenue Fund in fiscal year 2026 and \$3,903,939 from the General Revenue Fund in fiscal year 2027. The lower cost in fiscal year 2026 is attributable to an assumed start date for the positions later in the first fiscal year.

Based on information provided by SOAH, this bill would cost \$390,392 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 3.0 FTE positions in fiscal year 2027. Based on information provided to SOAH by DSHS on the estimated number of mobile food vendors, SOAH estimates 540 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring five Administrative Law Judge (ALJ) hours per case or a total of 2,700 ALJ hours per year. To implement the provisions of the bill, SOAH requests two ALJ III positions (2.0 FTEs) with an annual salary of \$113,278 for each FTE and an additional Legal Secretary III position (1.0 FTE) with an annual salary of \$53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2026.

Technology

DSHS estimates technology needs totaling \$192,008 from the General Revenue Fund in fiscal year 2026 and \$16,944 from the General Revenue Fund in fiscal year 2027. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2026. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2026 and fiscal year 2027.

Included in the amounts above for SOAH are \$21,000 for technology costs (equipment and software) in fiscal year 2027.

Local Government Impact

Local authorities may experience a fiscal impact due to requirements in the bill, but the fiscal implications of the bill cannot be determined at this time

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, NPe, ER, APA, WP, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 28, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2844** by Landgraf (relating to the regulation of mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, Committee Report 1st House, Substituted: a positive impact of \$921,235 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026 | \$717,880 |
| 2027 | \$203,355 |
| 2028 | \$197,195 |
| 2029 | \$192,071 |
| 2030 | \$186,835 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Interagency Contracts</i> 777 | Probable Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|---|--|---|---|
| 2026 | \$0 | (\$3,122,120) | \$3,840,000 | 30.0 |
| 2027 | (\$234,471) | (\$3,636,645) | \$3,840,000 | 30.0 |
| 2028 | (\$229,471) | (\$3,642,805) | \$3,840,000 | 30.0 |
| 2029 | (\$229,471) | (\$3,647,929) | \$3,840,000 | 30.0 |
| 2030 | (\$229,471) | (\$3,653,165) | \$3,840,000 | 30.0 |

Fiscal Analysis

The bill would require the Department of State Health Services (DSHS) to issue licenses for a person to operate as a mobile food vendor in the state. A separate license would be required for each food vending vehicle that a mobile food vendor operates.

The bill would require DSHS to prescribe a written application for a mobile food vendor license which would be made available to the applicant in person and on the agency's website.

The bill would require DSHS, or a governmental entity acting under a collaborative agreement, to conduct a health inspection of each of the applicant's food vending vehicles listed on the application ensuring that an applicant's food vending vehicle is safe for preparing, handling, and selling food; and the applicant is in compliance with all applicable laws and rules.

The bill would authorize DSHS to issue a mobile food vendor license to an applicant who submits a complete application, pays any required fees, meets licensing requirements, and whose food vending vehicle passes a health inspection.

The bill would authorize DSHS to charge a fee for each mobile food vendor license application submitted and each license issued or renewed in amounts that are reasonable but not more than \$150. DSHS would be authorized to charge a fee for a health inspection that covers the cost of conducting a health inspection.

The bill would require DSHS to develop a guide on mobile food vendor licensing procedures and establish and maintain a statewide database for the use by DSHS and local authorities.

The bill would require mobile vendors to comply with all state and local laws in the jurisdiction in which the mobile food vendor operates, display mobile food vendor license and health inspection certificate in a conspicuous location for public view, and have at least one person working in a food vending vehicle hold a current food safety certification.

The bill would establish classifications and criteria of mobile food vendors for purposes of conducting health inspections and allows for collaborative agreements with local authorities for conducting health inspections. DSHS would be authorized to conduct ongoing, randomized inspections on each mobile food vendor based on the mobile food vendor's classification and health inspection grade established under the bill.

The bill would allow DSHS or a local authority to conduct investigations of a mobile food vendor on suspicion the mobile food vendor is violating the law or on receipt of a health or safety complaint.

The bill would authorize DSHS to deny, suspend, or revoke a mobile food vendor license if the applicant or license holder fails to meet certain criteria.

The bill would require DSHS to hold a hearing if requested by an applicant or license holder whose application has been denied, suspended, or revoked. The bill explains procedures regarding the right to appeal.

The bill would allow for an administrative penalty determined by DSHS against a license holder who continues to operate after DSHS suspends or revokes the license holder's mobile food vendor license.

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2026.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2026.

Except for rulemaking activities, the bill would take effect on July 1, 2026.

Methodology

According to the Comptroller of Public Accounts (CPA), an additional \$3,840,000 in each fiscal year is estimated to be generated from new licenses and inspections permitted by the bill to be deposited into the General Revenue Fund. This amount is based on an estimated 12,000 mobile food vendors at \$150 per license (\$1,800,000) and 12,000 health inspections at \$170 per inspection (\$2,040,000).

This analysis estimates a cost of \$3,122,120 from the General Revenue Fund in fiscal year 2026 and \$3,636,645 from the General Revenue Fund in fiscal year 2027 for DSHS to implement the provisions of the bill.

DSHS indicates the need for Sanitarian I positions (16.0 FTE) to conduct retail food inspections in eight regions; License and Permit Specialist III positions (5.0 FTEs) to process mobile food vendor applications and

provide guidance for applicants throughout the state; Sanitarian III positions (2.0 FTEs) to provide guidance to operators and inspectors, prepare enforcement actions related to violative mobile food vendors, and testify at hearings; a Contract Specialist III position (1.0 FTE) to provide oversight and support for budget issues related to licensing of mobile food vendors, particularly the contractual relationship between DSHS and local health departments that would choose to conduct inspections of mobile food vendors; a Program Specialist V position (1.0 FTE) to review enforcement cases, facilitate and moderate the Compliance Review Committee and Informal Conference meetings, drafts notices and orders, and testify at hearings; Attorney IV positions (2.0 FTEs) to represent DSHS in enforcement cases pertaining to retail food regulations to include the new mobile food vendor requirements; and a Legal Assistant III position (1.0 FTE) to support policy and enforcement attorneys in case preparation.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost \$2,930,112 from the General Revenue Fund in fiscal year 2026 and \$3,619,701 from the General Revenue Fund in fiscal year 2027. The lower cost in fiscal year 2026 is attributable start date for the positions later in the fiscal year.

Based on information provided by the State Office of Administrative Hearings (SOAH), this bill would cost \$234,471 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 2.0 FTE positions in fiscal year 2027. SOAH estimates 400 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring five Administrative Law Judge (ALJ) hours or 2,000 hours per year with the 400 additional cases. To implement the provisions of the bill, SOAH requests an additional ALJ III position (1.0 FTE) with an annual salary of \$113,278 and an additional Legal Secretary III position (1.0 FTE) with an annual salary of \$53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2026.

Technology

DSHS estimates technology needs totaling \$192,008 from the General Revenue Fund in fiscal year 2026 and \$16,944 from the General Revenue Fund in fiscal year 2027. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2026. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2026 and fiscal year 2027.

Included in the amounts above for SOAH are \$14,000 for technology costs (equipment and software) in fiscal year 2027.

Local Government Impact

Local authorities may experience a fiscal impact due to requirements in the bill, but the fiscal implications of the bill cannot be determined at this time

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, WP, ER, APA, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 23, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2844** by Landgraf (Relating to the regulation of mobile food vendors; requiring an occupational license; imposing fees; authorizing an administrative penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, As Introduced: an impact of \$0 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|--------------------|--|
| 2026 | \$0 |
| 2027 | \$0 |
| 2028 | \$0 |
| 2029 | \$0 |
| 2030 | \$0 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Food & Drug Fee Acct 341</i> | Probable Savings/(Cost) from <i>Interagency Contracts 777</i> | Probable Revenue Gain/(Loss) from <i>Food & Drug Fee Acct 341</i> | <i>Change in Number of State Employees from FY 2025</i> |
|--------------------|---|--|--|---|
| 2026 | (\$3,122,120) | \$0 | \$3,840,000 | 30.0 |
| 2027 | (\$3,636,645) | (\$234,471) | \$3,840,000 | 30.0 |
| 2028 | (\$3,642,805) | (\$229,471) | \$3,840,000 | 30.0 |
| 2029 | (\$3,647,929) | (\$229,471) | \$3,840,000 | 30.0 |
| 2030 | (\$3,653,165) | (\$229,471) | \$3,840,000 | 30.0 |

Fiscal Analysis

The bill would require the Department of State Health Services (DSHS) to issue licenses for a person to operate as a mobile food vendor in the state. A separate mobile food vending license would be required for each food vending vehicle operated by a mobile food vendor.

The bill would require DSHS to prescribe a written application for a mobile food vending license which would be made available to the applicant in person and on the agency's website.

The bill would require DSHS, or a governmental entity acting under a collaborative agreement, to conduct a

health inspection of each of the applicant's food vending vehicles listed on the application ensuring that an applicant's food vending vehicle is safe for preparing, handling, and selling food; and the applicant is in compliance with all applicable laws and rules.

The bill would authorize DSHS to issue a mobile food vending license to an applicant who submits a complete application, pays any required fees, meets licensing requirements, and whose food vendor vehicle passes a health inspection.

The bill would authorize DSHS to charge a fee for each license application submitted and each license issued or renewed in amounts that are reasonable but not more than \$150. DSHS would be authorized to charge a fee for a health inspection that covers the cost of conducting a health inspection.

The bill would require DSHS to develop a guide on mobile food vending licensing procedures and establish and maintain a statewide database for the use by DSHS and local authorities.

The bill would require mobile vendors to comply with all state and local laws in the jurisdiction in which the mobile food vendor operates, outlines where a mobile food vendor may operate, and describes operational standards and food safety certification requirements.

The bill would establish classifications and criteria of mobile food vendors for purposes of conducting health inspections and allows for collaborative agreements with local authorities for conducting health inspections.

The bill provides how local authorities may and may not regulate license holders.

The bill would allow DSHS or a local authority to conduct investigations of a mobile food vendor on suspicion the mobile food vendor is violating the law or on receipt of a health or safety complaint.

The bill would authorize DSHS to deny a license if the applicant or license holder fails to meet certain criteria.

The bill would require DSHS to hold a hearing if requested by an applicant or license holder whose application has been denied, suspended, or revoked. The bill explains procedures regarding the right to appeal.

The bill allows for an administrative penalty determined by DSHS against a license holder who continues to operate after DSHS suspends or revokes the license holder's license.

The bill would make conforming changes by removing mobile food units from certain existing laws.

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2026.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2026.

Except for rulemaking activities, the bill would take effect on July 1, 2026.

Methodology

According to DSHS and the Comptroller of Public Accounts, an additional \$3,840,000 in each fiscal year is estimated to be generated from new licenses and inspections permitted by the bill. This amount is based on an estimated 12,000 mobile food vendors at \$150 per license (\$1,800,000) and 12,000 health inspections at \$170 per inspection (\$2,040,000). It is assumed by both DSHS and the CPA that revenue would be deposited into General Revenue-Dedicated Account 341, Food and Drug Retail Fee.

According to DSHS, the agency estimates a cost of \$3,122,120 from General Revenue-Dedicated Account 341 in fiscal year 2026 and \$3,636,645 from General Revenue-Dedicated Account 341 in fiscal year 2027 to implement the provisions of the bill.

DSHS anticipates needing an additional 28.0 full-time equivalent positions (FTEs) in fiscal year 2026 and fiscal year 2027. DSHS indicates the need for Sanitarian I positions (16.0 FTE) to conduct retail food inspections in

eight regions; License and Permit Specialist III positions (5.0 FTEs) to process mobile food vendor applications and provide guidance for applicants throughout the state; Sanitarian III positions (2.0 FTEs) to provide guidance to operators and inspectors, prepare enforcement actions related to violative mobile food vendors, and testify at hearings; a Contract Specialist III position (1.0 FTE) to provide oversight and support for budget issues related to licensing of mobile food vendors, particularly the contractual relationship between DSHS and local health departments that would choose to conduct inspections of mobile food vendors; a Program Specialist V position (1.0 FTE) to review enforcement cases, facilitate and moderate the Compliance Review Committee and Informal Conference meetings, drafts notices and orders, and testify at hearings; Attorney IV positions (2.0 FTEs) to represent DSHS in enforcement cases pertaining to retail food regulations to include the new mobile food vendor requirements; and a Legal Assistant III position (1.0 FTE) to support policy and enforcement attorneys in case preparation.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost \$2,930,112 from General Revenue-Dedicated Fund 341 in fiscal year 2026 and \$3,619,701 from General Revenue-Dedicated Fund 341 in fiscal year 2027. The lower cost in fiscal year 2026 is attributable start date for the positions later in the fiscal year.

Based on information provided by the State Office of Administrative Hearings (SOAH), this bill would cost \$234,471 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 2.0 FTE positions in fiscal year 2027. SOAH estimates 400 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring 5 Administrative Law Judge (ALJ) hours or 2,000 hours per year with the 400 additional cases. To implement the provisions of the bill, SOAH requests an additional ALJ III position (1.0 FTE) with an annual salary of \$113,278 and an additional Legal Secretary III position (1.0 FTE) with an annual salary of \$53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2026.

Technology

DSHS estimates information technology (IT) needs totaling \$192,008 from General Revenue -Dedicated Fund 341 in fiscal year 2026 and \$16,944 from General Revenue-Dedicated Fund 341 in fiscal year 2027. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2026. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2026 and fiscal year 2027.

Included in the amounts above for SOAH are \$14,000 for technology costs (equipment and software) in fiscal year 2027.

Local Government Impact

Local authorities may experience a fiscal impact due to requirements in the bill, but the fiscal implications of the bill cannot be determined at this time

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JMc, WP, ER, APA, NV