By: Landgraf H.B. No. 860

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of mobile food vendors and temporary food event operations; requiring an occupational license; authorizing fees; authorizing an administrative penalty; repealing Chapter 437A, Health and Safety Code.

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

SECTION 1. This Act may be cited as the Lone Star License to Grill Act.

SECTION 2. Chapter 437B, Health and Safety Code, is amended to read as follows:

CHAPTER 437B. MOBILE FOOD VENDORS

SUBCHAPTER A. GENERAL PROVISIONS

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

(1) "Department" means the Department of State Health Services.

(2) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission.

(3) "Food vending vehicle" means a vehicle, trailer, cart, or other unit that is readily movable and in or from which food or beverages are prepared, stored, sold, or served for immediate consumption. The term does not include a unit operated solely under a valid temporary food event permit unless Section 437B.251 requires a reciprocal mobile food vendor license for the operation. A unit does not cease to be readily movable solely

because it operates for an extended period at one location or uses a utility connection if it can be disconnected and moved without permanent structural alteration or material delay.

(4) "Home licensing authority" means the department or local health department through which a mobile food vendor applies for and maintains a reciprocal mobile food vendor license.

(5) "License holder" means a person who holds a reciprocal mobile food vendor license or provisional reciprocal mobile food vendor license.

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

(7) "Local health department" means a local governmental entity authorized by law to enforce state food-safety laws and rules.

(8) "Mobile food health requirement" means a permit, license, inspection, fee, standard, documentation requirement, or other requirement concerning the food safety or sanitary operation of a mobile food vendor or food vending vehicle. The term does not include a non-health requirement unless imposed or enforced to regulate food safety or avoid a limitation imposed by this chapter.

(9) "Mobile food vendor" means a person who sells or serves food or beverages from a food vending vehicle for immediate consumption. The term does not include:

(A) a person operating solely under a valid temporary food event permit unless Section 437B.251 requires a reciprocal mobile food vendor license for the operation;

(B) a cottage food production operation as defined by Section 437.001; or

(C) another operation exempted by law or a rule adopted under this chapter.

(10) "Prepackaged food" means any commercially labeled and processed food that is prepackaged to prevent direct human contact with the food product on distribution from the manufacturer, food facility, or other approved source.

(11) "Reciprocal mobile food vendor license" means a license issued under this chapter for a specific food vending vehicle that is valid statewide.

(12) "Temporary food event" means an event of limited duration, including a fair, festival, farmers market, charitable or civic event, seasonal event, or similar event prescribed by a rule adopted under this chapter.

Sec. 437B.002. STATEWIDE RECIPROCITY; PREEMPTION. (a) Except as provided by this chapter, a person may not operate a food vending vehicle as a mobile food vendor unless the person holds a valid reciprocal mobile food vendor license for the vehicle or another operating authorization issued under this chapter for the operation.

(b) A reciprocal mobile food vendor license is valid statewide. A local authority may not require a license holder to obtain or pay for a separate permit or license that constitutes a mobile food health requirement, undergo a duplicative routine health inspection, or comply with a mobile food health requirement that differs from the statewide health standards adopted under this

chapter.

(c) A local authority may enforce a non-health requirement otherwise authorized by law but may not administer or enforce the requirement for the purpose or with the effect of imposing a mobile food health requirement prohibited by this chapter.

(d) A fee for a non-health requirement must be reasonably related to the cost of administering the requirement and may not be based on license classification, menu, food handling processes, or health inspection status. If the requirement applies to similarly situated non-food vendors, the fee charged to a mobile food vendor may not exceed the fee charged to those vendors.

(e) Notwithstanding Chapter 437 or Section 121.0035, this chapter exclusively governs health-related licensing, permitting, inspections, fees, and administrative enforcement for a mobile food vendor or food vending vehicle required to hold a license or other operating authorization under this chapter.

Sec. 437B.003. RULES. (a) The executive commissioner shall adopt rules necessary to implement this chapter, including rules establishing uniform statewide health standards, risk-based classification of each food vending vehicle as Type I, Type II, or Type III in ascending order of food-safety risk, and uniform application, renewal, inspection, and reporting forms and procedures. A substantive health or safety requirement adopted under this chapter must be reasonably necessary to address a material health or safety risk.

(b) Rules adopted under this chapter may not:

(1) regulate a mobile food vendor's hours or location

of operation except as reasonably necessary to address a health risk governed by this chapter;

(2) require an operational handwashing sink in a food vending vehicle that dispenses only prepackaged food;

(3) prohibit extended operation at one location or the use of a utility connection solely because of the duration or connection if the vehicle can be disconnected and moved without permanent structural alteration or material delay and the operation otherwise complies with applicable law;

(4) require a mobile food vendor to contract with or use a particular commissary, food establishment, or service provider if the vendor demonstrates compliance through another lawful method;

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

(6) require a mobile food vendor to provide fingerprints or submit to continuous or real-time location tracking.

Sec. 437B.004. DEPARTMENT REVIEW OF LOCAL REQUIREMENTS. (a) A person or local authority directly affected by a local requirement may request that the department determine whether the requirement conflicts with or is preempted by this chapter.

(b) The executive commissioner by rule shall establish procedures for making a determination under this section. The procedures must address when a request is complete, provide the requester and each affected local authority with notice and a reasonable opportunity to respond, specify reasonable deadlines

for written determinations, and provide for expedited interim relief when a local requirement prevents or materially delays lawful operation.

(c) An affected local authority shall comply with a final or interim department determination to the extent stated in the determination unless the determination is stayed, modified, or reversed by a court.

(d) A person or local authority aggrieved by a final determination may, not later than the 30th day after receiving notice of the determination, seek declaratory or injunctive relief in a district court in Travis County or a county in which the requirement applies. The court shall determine de novo whether the requirement conflicts with or is preempted by this chapter. Filing an action does not stay the determination unless the court orders otherwise. Sovereign and governmental immunity are waived for an action authorized by this subsection, but immunity from damages is not waived.

SUBCHAPTER B. LICENSING

Sec. 437B.051. HOME LICENSING AUTHORITY. (a) A mobile food vendor shall apply for and maintain each reciprocal mobile food vendor license through the vendor's home licensing authority, as determined under rules adopted under this chapter.

(b) The executive commissioner by rule shall establish criteria and procedures for designating and changing a home licensing authority, resolving disputes, transferring records, and ensuring continuity of existing licenses and pending applications. The criteria must give priority, in the following order, to the

vendor's primary commissary or central preparation facility in this state, primary vehicle storage location in this state, and principal place of business in this state. A vendor may not designate or change a location primarily to avoid inspection, enforcement, or applicable fees. Unless the department approves otherwise, one home licensing authority shall administer all licenses held by the vendor.

(c) If a home licensing authority cannot otherwise be determined or no authorized local health department serves the applicable location, the department shall serve as the home licensing authority or designate a willing and able local health department. A dispute or reassignment may not prevent or materially delay an applicant from applying for or obtaining a license. A reassignment does not invalidate an existing license or require a new application, additional fee, or duplicative inspection solely because of the reassignment.

Sec. 437B.052. APPLICATION; ISSUANCE; TERM. (a) A mobile food vendor shall apply through the vendor's home licensing authority in the manner prescribed by rules adopted under this chapter. The rules must establish reasonable deadlines for determining whether an application is complete, conducting any required inspection, and issuing a license or notice of proposed denial.

(b) The home licensing authority shall issue a separate license for each food vending vehicle for which the applicant submits a complete application, pays the applicable fees, and satisfies the applicable licensing and inspection requirements.

(c) A reciprocal mobile food vendor license expires on the first anniversary of its issuance and may be suspended or revoked as provided by this chapter.

Sec. 437B.053. PROVISIONAL LICENSE; RENEWAL; REINSTATEMENT. (a) The executive commissioner by rule shall establish requirements and procedures for issuing and administering provisional reciprocal mobile food vendor licenses. The rules must provide for issuance to an applicant who has submitted a complete application and paid the applicable fees if the operation qualifies as low risk or the home licensing authority fails to act on the application or conduct a required inspection within the applicable deadline prescribed by rule under Section 437B.052. A provisional license may not be issued if the department or home licensing authority determines that provisional operation would present a material risk to public health or safety. A provisional license is valid statewide.

(b) A license holder shall renew a license annually through the home licensing authority in the manner prescribed by rules adopted under this chapter. A timely renewal application for which the applicable fee is timely paid continues the existing license until the renewed license is issued or the application is withdrawn, finally denied, or finally determined to be abandoned. Continued licensure under this subsection does not authorize operation while the license is suspended or revoked or operation is prohibited by an emergency order. The rules must allow a renewal applicant to attest that previously submitted information remains accurate and submit only information that has changed, expired, or

is otherwise required by rule.

(c) Rules governing abandonment must require written notice of any deficiency and a reasonable opportunity to cure. A determination of abandonment is subject to Section 437B.201 in the same manner as a denial of a renewal application.

(d) The executive commissioner by rule shall establish requirements and procedures for reinstating an expired license. The rules must permit reinstatement within a reasonable period after expiration. A reinstatement application must be treated as a renewal, and a prelicensing inspection may not be required solely because the license expired. An expired license does not authorize operation before reinstatement.

Sec. 437B.054. VEHICLE REPLACEMENT; MATERIAL CHANGES. (a) A reciprocal mobile food vendor license may not be transferred to another person.

(b) A license holder may substitute a replacement food vending vehicle or materially change the licensed operation in the manner prescribed by rules adopted under this chapter. The rules may require notice, inspection, reclassification, or amendment or reissuance of the license, but may require inspection of a replacement vehicle before operation only if the replacement vehicle or proposed operation presents a material health risk.

(c) The rules must establish reasonable decision deadlines, require written notice of determinations, and provide expedited department review of a home licensing authority's failure to timely act or of a determination made by the authority. The rules must provide procedures for temporary operation pending inspection or

review. Those procedures must authorize temporary operation if the department fails to act within the applicable review deadline unless the department timely determines in writing, based on specific facts, that operation would present a material risk to public health or safety. A temporary operating authorization is valid statewide, and the home licensing authority shall comply with the department's review decision.

(d) When operation of a replacement vehicle begins, the vehicle previously identified on the license is no longer authorized under that license. An amendment or reissuance under this section does not change the license's expiration date.

SUBCHAPTER C. FEES

Sec. 437B.075. LICENSE AND RELATED FEE CAPS. (a) Except as provided by Section 437B.076, a fee in connection with an application for, issuance, renewal, or administration of a reciprocal mobile food vendor license may be imposed only by the home licensing authority. For the initial license term and each renewal term, the total fees charged by or on behalf of any governmental entity in connection with the application, issuance, renewal, administration, or related services, including application, processing, inspection, technology, database, vehicle substitution, material change, amendment, or reissuance fees, may not exceed the lesser of the reasonable cost of administering the license and providing the related services or:

(1) $100 for a Type I food vending vehicle;

(2) $200 for a Type II food vending vehicle; or

(3) $300 for a Type III food vending vehicle.

(b) The caps do not include a separately disclosed third-party payment-processing charge if a payment method is available without the charge.

(c) Not more frequently than once every five years, the executive commissioner by rule may increase a fee cap prescribed by this subchapter or Section 437B.251(c) by a percentage not exceeding the cumulative percentage increase, if any, in the Consumer Price Index for All Urban Consumers, U.S. city average, all items, published by the United States Bureau of Labor Statistics, since the effective date of the cap or, if the cap has previously been increased, the date of the most recent increase.

Sec. 437B.076. ADDITIONAL INSPECTION FEES. (a) In addition to the amount authorized by Section 437B.075, a home licensing authority or local health department may charge a fee for an additional inspection or reinspection only as authorized by rules adopted under this chapter. The rules must limit the fee to:

(1) a reinspection reasonably necessary to verify correction of a documented violation;

(2) an inspection that documents a material food-safety violation and is based on a health complaint, suspected foodborne illness, reasonable suspicion of a food-safety violation, or an imminent threat to public health or safety; or

(3) an inspection reasonably required because of a replacement vehicle or material change in the licensed operation. A routine, renewal, or prelicensing inspection included under Section 437B.075 may not be charged separately, and an additional fee may not be charged solely because an inspection is conducted by

an authority other than the home licensing authority.

(b) The fee for each inspection may not exceed the lesser of the reasonable cost of conducting the inspection or:

(1) $150 for a Type I food vending vehicle;

(2) $200 for a Type II food vending vehicle; or

(3) $250 for a Type III food vending vehicle.

(c) An inspection fee may be retained only if the inspection is conducted. The rules must prescribe a reasonable period for conducting an inspection for which a fee is collected in advance. If the inspection is not conducted within that period, the fee must be refunded or, at the vendor's election, credited toward a future fee.

Sec. 437B.077. FEE TRANSPARENCY; DATABASE REMITTANCE. (a) An entity that charges a fee under this subchapter shall publish its fee schedule and the reasonable-cost basis for each fee before collecting the fee, in the manner prescribed by rules adopted under this chapter. The rules must require disclosure of any amount attributable to an inspection and any amount required to be remitted under this section.

(b) The executive commissioner by rule shall establish the portion of each initial license fee, renewal fee, or separately charged inspection fee that must be remitted to the department to support the statewide mobile food vendor database. The amount remitted from each fee may not exceed the lesser of 10 percent of the fee or $25 and must be included within the applicable fee cap.

(c) Money remitted under this section may be used, subject to legislative appropriation, only for the statewide database and

related reporting systems.

(d) A governmental entity or a contractor acting on its behalf may not divide, reclassify, or relabel a fee for the purpose or with the effect of avoiding a limitation imposed by this chapter.

(e) A fee may not be charged to correct an error attributable to a governmental entity or its contractor, correct a misspelling or update contact information if the correction or update does not require substantive review, or provide an electronic replacement copy of a document issued under this chapter.

SUBCHAPTER D. INSPECTIONS AND REPORTING

Sec. 437B.101. INSPECTIONS. (a) A home licensing authority shall conduct or arrange routine inspections as prescribed by rules adopted under this chapter. The rules must establish risk-based inspection frequencies.

(b) A local health department other than the home licensing authority may conduct a routine inspection only as assigned or approved by the department or home licensing authority. The department or a local health department may conduct a complaint-based or emergency inspection in response to a documented health complaint, reasonable suspicion of a violation of statewide health standards, suspected foodborne illness, or an imminent threat to public health or safety. An inspection under this subsection may not be used as a substitute for a routine local inspection or permitting program prohibited by this chapter.

(c) An inspecting authority shall provide the vendor a copy of the completed inspection report and report the results to the

home licensing authority and the statewide database in the manner prescribed by rules adopted under this chapter. Unless otherwise expressly authorized by this chapter, a local health department that is not the home licensing authority shall refer any recommended license or administrative enforcement action to the home licensing authority and the department.

Sec. 437B.102. EMERGENCY CLOSURE; EMERGENCY SUSPENSION. (a) A local health department may immediately close a mobile food vendor operation within its jurisdiction if it documents facts demonstrating that the operation presents an imminent threat to public health or safety. A home licensing authority may immediately suspend a license statewide if it has reasonable cause to believe that continued operation of the licensed vehicle would present an imminent threat to public health or safety. The department may do so if the home licensing authority fails to act promptly or immediate statewide action is necessary. An action under this subsection must be limited to what is reasonably necessary to address the threat.

(b) A local closure applies only within the issuing authority's jurisdiction and does not otherwise affect the statewide validity of the license.

(c) The executive commissioner by rule shall establish procedures that require prompt written notice to the vendor and appropriate authorities of the basis and scope of an emergency action and any known corrective action necessary to lift it, provide the vendor a right to an expedited hearing, require prompt review or reinspection following corrective action, and provide for department review of local action or inaction. The rules must

prescribe reasonable deadlines and provide that a failure to hold a hearing or issue a decision within the applicable deadline is considered a final decision for purposes of Subsection (d). An emergency action remains effective unless lifted, stayed, or reversed. The action must be promptly lifted when the imminent threat has been corrected.

(d) A person aggrieved by a final decision under this section may seek declaratory or injunctive relief in a district court in Travis County or a county in which the closure was issued or the home licensing authority is located. Sovereign and governmental immunity are waived for an action authorized by this subsection, but immunity from damages is not waived.

Sec. 437B.103. STATEWIDE MOBILE FOOD VENDOR DATABASE. (a) The department shall establish and maintain a statewide mobile food vendor database for the administration and enforcement of this chapter.

(b) The executive commissioner by rule shall prescribe the database's contents and its reporting, access, security, confidentiality, and correction procedures. The rules must require the database to include the licensing, classification, inspection, compliance, and enforcement information necessary to implement this chapter. A home licensing authority or local health department shall submit information as required by rules adopted under this chapter. The rules must permit an applicant or license holder to review and request correction of information concerning that person or the person's food vending vehicle.

(c) The department shall make information necessary to

administer and enforce this chapter available to local health departments and provide a public electronic method for verifying the current status and, as applicable, classification, expiration date, and home licensing authority of a license or other operating authorization and the existence and scope of any active closure or suspension.

(d) The department shall publish and periodically update a plain-language guide to the requirements, procedures, rights, and protections established by this chapter.

SUBCHAPTER E. ENFORCEMENT; DUE PROCESS

Sec. 437B.201. DENIAL, SUSPENSION, OR REVOCATION. (a) A home licensing authority may deny an application for, suspend, or revoke a reciprocal mobile food vendor license for failure to satisfy a material licensing requirement, a material violation of this chapter or an applicable rule or statewide health standard, fraud or material misrepresentation in connection with the license, or operation presenting a material risk to public health or safety. An action may not be based solely on a corrected minor technical violation that did not create a material health or safety risk. The action may affect only an application, license, or vehicle to which the grounds for the action apply.

(b) Before taking a nonemergency action under this section, the home licensing authority shall provide written notice of the factual and legal basis for the proposed action and an opportunity for a hearing. A timely hearing request stays a nonemergency suspension, revocation, or denial of a renewal application until a final administrative decision, including disposition of any timely

appeal to the department.

(c) The executive commissioner by rule shall establish hearing procedures and procedures for appealing a local home licensing authority's decision to the department. A proceeding before the department under this section is a contested case under Chapter 2001, Government Code.

(d) A person aggrieved by a final department decision is entitled to judicial review under Chapter 2001, Government Code, in a district court in Travis County or the county in which the local home licensing authority is located. Sovereign and governmental immunity are waived to the extent necessary to permit that review, but immunity from damages is not waived.

(e) This section applies to a provisional reciprocal mobile food vendor license.

Sec. 437B.202. ADMINISTRATIVE PENALTY. (a) A person is subject to an administrative penalty if the person:

(1) operates as a mobile food vendor without a valid license or other operating authorization required by this chapter;

(2) knowingly violates an emergency closure order;

(3) knowingly provides materially false information or intentionally omits required material information in connection with licensing or enforcement under this chapter; or

(4) knowingly prevents or obstructs an inspection authorized by this chapter.

(b) A penalty may not exceed $500 for each violation. Unlicensed operation or violation of an emergency closure order may be treated as a separate violation for each day the conduct

continues.

(c) The department or a home licensing authority may assess a penalty under this section. A local health department that is not the home licensing authority may assess a penalty only for unlicensed operation within its jurisdiction, violation of an emergency closure order it issued, or obstruction of a complaint-based or emergency inspection it conducted. Penalties must be assessed as prescribed by rules adopted under this chapter, and more than one authority may not assess a penalty for the same conduct or the same day of a continuing violation. The penalty amount must reflect the seriousness of the violation and threat to public health or safety, the person's culpability and compliance history, any good-faith corrective action, and the amount necessary to deter future violations.

(d) Before assessing a penalty, the assessing authority shall provide written notice of the alleged violation, proposed penalty, factual and legal basis for the action, and an opportunity for a hearing. The executive commissioner by rule shall establish assessment and hearing procedures. A department proceeding is a contested case subject to judicial review under Chapter 2001, Government Code.

(e) A person aggrieved by a final local penalty order may, not later than the 30th day after receiving notice of the order, file suit for a trial de novo in a district court in the county in which the violation occurred or the assessing authority is located. Governmental immunity is waived to permit the suit, but immunity from damages is not waived.

(f) A penalty may not be collected until the order is final and the deadline for seeking judicial review or filing suit under Subsection (e) has expired without a proceeding being filed or, if a proceeding is timely filed, the proceeding has been finally resolved. A local health department may retain a penalty it collects to administer this chapter.

SUBCHAPTER F. TEMPORARY FOOD EVENT PERMITS

Sec. 437B.251. TEMPORARY FOOD EVENT PERMITS. (a) Except as otherwise provided by this section, a person operating solely within the scope of a valid temporary food event permit is not required to hold a reciprocal mobile food vendor license. A temporary food event permit authorizes operation only for the event, location, period, and food operation covered by the permit. A license holder may operate the licensed food vending vehicle at a temporary food event without obtaining or paying for a separate temporary food event permit or undergoing a routine inspection solely because of participation in the event, provided that the vendor operates within the scope of the license and complies with applicable event-specific requirements not preempted by this chapter.

(b) A local health department authorized under Chapter 437 may issue temporary food event permits within its jurisdiction. The department shall issue permits where no applicable local permitting program exists. The executive commissioner by rule shall establish permit requirements and procedures, including permit types and durations, risk-based application and inspection requirements, reasonable processing deadlines, and criteria for determining when

temporary food event operations constitute an ongoing mobile food business subject to reciprocal licensing. Participation in multiple temporary food events alone does not constitute an ongoing mobile food business.

(c) The total fees charged in connection with an application for or issuance of a temporary food event permit, including any application, processing, issuance, technology, or inspection fee, may not exceed the lesser of the reasonable cost of processing the application, issuing the permit, and conducting any included inspection or:

(1) $50 for a single-event permit valid for not more than 14 consecutive days; or

(2) $200 for a multiple-event permit valid for the period prescribed by rules adopted under this chapter. The issuing authority shall publish its fee schedule before collecting a fee in the manner prescribed by rules adopted under this chapter.

(d) This section does not limit an event organizer's or property owner's control over participation in an event or event-wide regulation or inspection of sanitation or shared facilities, including a reasonable cost-based fee charged to the event organizer.

SECTION 3. Chapter 437, Health and Safety Code, is amended by adding Section 437.00741 to read as follows:

Sec. 437.00741. APPLICATION OF CERTAIN MOBILE FOOD UNIT REQUIREMENTS. Sections 437.0073 and 437.0074 do not apply to the operation of a mobile food unit if the operation is authorized under Chapter 437B by a valid license or other valid operating

authorization.

SECTION 4. Section 102A.002(3-a), Civil Practice and Remedies Code, is amended to read as follows:

(3-a) Chapter 437, 437B ~~[437A]~~, or 438, Health and Safety Code;

SECTION 5. Chapter 437A, Health and Safety Code, is repealed.

SECTION 6. TRANSITION; IMPLEMENTATION. (a) In this section:

(1) "Conversion date" means June 1, 2028.

(2) "Department" means the Department of State Health Services.

(3) "Executive commissioner" means the executive commissioner of the Health and Human Services Commission.

(4) "Former Chapter 437B" means Chapter 437B, Health and Safety Code, as it existed immediately before amendment by this Act.

(b) Except as provided by this section, Chapter 437B, Health and Safety Code, as amended by this Act, applies beginning on the conversion date. Former Chapter 437B governs licensing, inspections, and enforcement before that date.

(c) A department-issued mobile food vendor license valid or continued by law immediately before the conversion date is treated on and after that date as a reciprocal mobile food vendor license. Unless earlier suspended, revoked, or replaced, a converted license remains valid until its existing expiration date, except that:

(1) if a timely renewal application is pending

immediately before the conversion date, the license remains valid until a replacement reciprocal mobile food vendor license is issued or the application is withdrawn, finally denied, or finally determined to be abandoned; and

(2) notwithstanding Subdivision (1), a department-issued license that expires on or after the effective date of this section and before the conversion date is continued without an additional fee until the first anniversary of the date the license would otherwise have expired.

(d) A local mobile food unit permit or substantially equivalent health permit valid immediately before the conversion date continues to authorize operation within the issuing jurisdiction until its expiration, suspension, or revocation, issuance of a reciprocal mobile food vendor license for the vehicle, or June 1, 2029, whichever occurs first. The issuing authority may administer and enforce the permit under the law in effect before the conversion date.

(e) Not later than February 1, 2028, the executive commissioner shall adopt the rules necessary to implement Chapter 437B, Health and Safety Code, as amended by this Act, and this section, including rules governing the designation of home licensing authorities; the treatment and transfer of licenses, pending applications, and records; and database reporting. The rules must provide that an application for issuance or renewal pending immediately before the conversion date is treated as an application under amended Chapter 4376B and that substantially equivalent information, inspections, and fees are accepted or

credited. Not later than the conversion date, the department shall designate a home licensing authority for each converted license and, unless the department will serve as that authority, transfer to the designated authority the records necessary to administer converted licenses and pending applications. Not later than that date, the department shall make the statewide database or an interim electronic reporting process available with active licensing, inspection, compliance, and enforcement records. Notwithstanding Section 437B.052(c), Health and Safety Code, as amended by this Act, the rules may assign an initial term of six to 18 months to a license issued in connection with the transition, other than a license converted under Subsection (c), and must provide for proration of any time-based portion of the applicable fee. The department and home licensing authorities may accept and process applications before the conversion date, but a license may not take effect and a substantive requirement may not be imposed before that date.

(f) Chapter 437B, Health and Safety Code, as amended by this Act, applies to a local requirement regardless of when the requirement was adopted.

(g) A violation of former Chapter 437B or Chapter 437A, Health and Safety Code, occurring before the conversion date is governed by the law in effect when the violation occurred. That law continues in effect for investigating, adjudicating, and enforcing the violation and for completing a proceeding pending immediately before the conversion date.

SECTION 7. EFFECTIVE DATE. Section 6 of this Act and this

section take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, Section 6 of this Act and this section take effect September 1, 2027. The remainder of this Act takes effect June 1, 2028.