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# **Governor's Small Business Freedom Council**

## **Report to Governor Greg Abbott**

**March 2025**



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# Introduction

Texas has long been recognized as the best state in the nation to start and grow a business. With no state income tax, a business-friendly regulatory environment, and a strong workforce, Texas continues to lead in economic growth and entrepreneurship. Small businesses are the foundation of this success, making up over 99% of all businesses in the state and employing nearly half of the private-sector workforce. From family-owned shops to high-tech startups, these enterprises drive innovation, job creation, and community development across every region of Texas.

However, despite Texas' strong pro-business climate, businesses still face challenges that hinder their ability to grow and thrive. Overly burdensome regulations, high compliance costs, and outdated government processes create unnecessary burdens, making it more difficult for entrepreneurs to start and expand their businesses. These businesses do not have the resources to navigate complex tax structures and regulatory requirements, small businesses frequently struggle under the weight of bureaucratic inefficiencies. Removing these barriers is critical to ensuring that Texas remains the best place in the country to do business.

Recognizing these challenges, Governor Greg Abbott established the Governor's Small Business Freedom Council ("Freedom Council") to review, identify and recommend policy solutions to reduce excessive government regulations on small businesses. The 19-member Council is comprised of leaders from business associations, members of the Governor's Small Business Advisory Task Force along with six small business owners from across the state.

The goal of this report is to provide the Texas Legislature with practical, actionable solutions that will remove obstacles for small businesses, strengthen the state's economy, and ensure that Texas remains the nation's leader in entrepreneurship and free enterprise. Through direct engagement with state agencies and a public survey of small businesses, the Freedom Council gathered extensive feedback on the most pressing issues faced by Texas entrepreneurs.

This report presents data-driven recommendations based on that input. The Freedom Council's legislative recommendations focus on:

- Eliminating unnecessary regulations and fees that increase costs and create delays.
- Reducing tax and financial burdens to encourage investment and expansion.
- Modernizing government processes to improve efficiency and ease compliance.
- Enhancing workforce and hiring flexibility to address labor shortages.
- Increasing small business access to capital and state contracts to fuel growth.

The goal of this report is to provide the Texas Legislature with practical, actionable solutions that will remove obstacles for small businesses, strengthen the state's economy, and ensure that Texas remains the nation's leader in entrepreneurship and free enterprise.

## Acknowledgements

The Governor's Small Business Freedom Council extends its gratitude to all those who contributed to the development of this report and the recommendations contained within it.

We thank Governor Abbott for his leadership in creating the Freedom Council and his continued commitment to making Texas the best state for small business growth and success.

We extend our deepest appreciation to the nearly 700 small business owners across Texas who participated in our public survey. Their firsthand experiences and insights provided a critical foundation for understanding the challenges they face and the reforms needed to support their growth.

We also recognize the state agencies that participated in this effort by conducting internal reviews and providing detailed feedback on existing regulations, fees, and processes that impact small businesses. Their transparency and collaboration were essential in developing recommendations for reducing unnecessary burdens on entrepreneurs.

Small Business Freedom Council Members:

- **Glenn Hamer** (*Co-Chair*), President & CEO – Texas Association of Business (TAB)
- **Jeff Burdett** (*Co-Chair*), Texas State Director – National Federation for Independent Business (NFIB)
- **Tony Bennett**, President & CEO – Texas Association of Manufacturers (TAM)
- **Erika Boyd**, President & CEO – Texas Travel Alliance
- **John Bradford**, Business Owner – Front Porch Distillery
- **Eduardo Contreras**, Founder & CEO – ALCON DTS
- **Shelly deZevallos, Ed.D.**, President – West Houston Airport
- **Lisa Fullerton**, President & CEO – A Novel Idea, LLC
- **Patricia Garza**, Business Owner – Reyes Diesel Service, LLC
- **J.R. Gonzales**, Executive Vice Chairman – Texas Association of Mexican American Chambers of Commerce (TAMACC)
- **Emily Williams Knight**, President & CEO – Texas Restaurant Association
- **Grady Mack**, President – Crescent Electric Co.
- **John McCord**, Executive Director – Texas Retailers Association
- **Charles O'Neal**, President, Texas Association of African American Chambers of Commerce (TAAACC)
- **Kaycee Ryan**, Business Owner – SERVPRO of Wichita Falls
- **Seth Solomon**, DVM, Urgent Care Provider – Swann Animal Clinic
- **Todd Staples**, President – Texas Oil & Gas Association (TXOGA)
- **Omar Veliz**, President – Veliz Construction
- **Sheila Williams**, Business Owner – Easter Heat & Air

## Executive Summary

Small businesses are the foundation of the Texas economy, driving innovation, job creation, and economic growth across the state. However, despite Texas' strong business climate, many small businesses face challenges related to regulatory complexity, high tax burdens, compliance costs, workforce shortages, and access to government resources. Recognizing the need for meaningful reform, Governor Abbott established the Freedom Council to identify barriers to small business success and develop targeted legislative recommendations.

The Freedom Council conducted a comprehensive assessment of these challenges through:

- A statewide public survey, which gathered input from nearly 700 small business owners and industry representatives across Texas.
- State agency feedback, with 46 agencies providing more than 170 recommendations to improve the regulatory environment, streamline processes, and reduce administrative burdens.

This report reflects the combined insights of business owners and agencies and presents practical, data-driven solutions to eliminate unnecessary barriers to small business growth.

## Key Findings & Legislative Recommendations

The Freedom Council has identified five core areas for legislative action, each based on a combination of public and agency input. These recommendations aim to reduce regulatory burdens, lower costs, expand workforce opportunities, improve access to government contracts, and modernize state systems.

### Regulatory Streamlining & Reducing Bureaucratic Burdens

Small businesses frequently report delays, inconsistencies, and duplicative regulations that make it difficult to start or expand operations. State agencies confirmed that licensing and permitting requirements vary widely, creating inefficiencies that increase costs.

Key recommendations include:

1. Standardizing licensing and permitting processes across agencies to create a more predictable regulatory environment.
2. Reducing excessive waiting periods for approvals and ensuring reasonable permit processing times across agencies.
3. Eliminating redundant state and local permitting fees to prevent businesses from paying multiple layers of fees for the same approvals.
4. Reducing unnecessary compliance and reporting burdens by streamlining permit renewal deadlines and eliminating duplicative regulatory filings required by multiple agencies.

## **Tax & Fee Reductions**

Many small businesses cite high tax burdens and excessive fees as barriers to investment and expansion. The business personal property tax and franchise tax were among the most commonly mentioned concerns in the public survey, and agencies flagged areas where fees and compliance costs could be lowered.

Key recommendations include:

- Meaningfully increasing the business personal property tax exemption threshold and considering additional opportunities to benefit all business personal property taxpayers.
- Reducing or eliminating duplicative state licensing and regulatory fees, particularly for food handler certifications, professional licenses, and permit renewals.
- Adjusting the unemployment insurance tax rate for small businesses, which currently places new employers at a disadvantage compared to more established businesses.
- Modernizing tax reporting requirements to ensure that small businesses do not face unnecessary quarterly reporting obligations that create administrative burdens.
- Increasing the “no tax due” threshold on Franchise Tax.
- Exploring solutions to reduce the overall property tax burden on businesses.

## **Workforce & Hiring Flexibility**

Small businesses struggle to hire and retain workers due to age restrictions, licensing barriers, and hiring limitations. State agencies identified outdated workforce regulations that limit employment opportunities and create unnecessary obstacles for businesses.

Key recommendations include:

- Expanding eligibility for childcare workers by allowing 16- and 17-year-olds to work in licensed childcare facilities, provided they meet basic training and supervision requirements.
- Expanding licensing reciprocity for out-of-state professionals to allow skilled workers to enter the Texas workforce more easily.
- Reducing unnecessary continuing education requirements for licensing renewals in industries such as cosmetology and real estate to lower costs and increase workforce participation.
- Exploring opportunities to increase access to childcare.

## **Procurement & Access to Government Contracts**

Small businesses often find it difficult to compete for state contracts due to burdensome paperwork, bonding requirements, and procurement thresholds that favor larger companies.

Key recommendations include:

- Increasing the state procurement spot-purchase threshold, which currently stands at \$10,000, to allow small businesses to compete for more state contracts without excessive administrative hurdles.
- Reducing bonding and insurance requirements for small business contractors to level the playing field in state procurement.

## **Technology & Digital Access**

Outdated state agency systems create inefficiencies for small businesses trying to comply with licensing, tax reporting, and regulatory requirements. Business owners report difficulties navigating government websites and online filing systems, which leads to delays and compliance issues.

Key recommendations include:

- Allowing digital alternatives to outdated regulatory requirements, such as eliminating newspaper publication mandates.
- Expanding online licensing, tax filing, and permitting systems to make compliance easier for small businesses.
- Modernizing the state's tax filing system to simplify sales tax remittance and franchise tax filing, reducing administrative burdens.
- Digitizing compliance reporting requirements to replace paper-based submissions, allowing small businesses to file required documentation electronically.

## **Conclusion**

By implementing these legislative recommendations, Texas can strengthen its position as the nation's best state for small business growth. These targeted reforms will remove unnecessary obstacles, reduce costs, and expand economic opportunities for entrepreneurs and small businesses across the state. The Governor's Small Business Freedom Council urges lawmakers to take action in the upcoming legislative session, ensuring that Texas remains a national leader in business-friendly policies and economic innovation.



# Agency Feedback

## Introduction & Methodology

As part of the Freedom Council's effort to identify and remove barriers to small business success, state agencies were directed to evaluate their existing regulations, fees, and administrative processes and submit recommendations for improvements. The goal was to identify unnecessary burdens on small businesses and propose legislative or administrative solutions to streamline processes, lower costs, and reduce inefficiencies.

A total of 46 agencies provided feedback, submitting more than 170 recommendations. These submissions covered a broad range of issues, including licensing and permitting, tax relief, regulatory streamlining, workforce flexibility, procurement access, and modernization of government systems. The following section categorizes the key themes identified from the agency responses and outlines the most impactful recommendations.

## Key Themes & Findings

### Regulatory Streamlining & Reducing Bureaucratic Burdens

Many agencies reported unnecessarily complex regulations and redundant processes that create delays and administrative burdens for small businesses.

- Texas Board of Nursing recommended extending the deadline for vocational and professional nursing education program proposals from one to two years, preventing businesses from having to reapply and incur additional fees.
- Department of Family & Protective Services (DFPS) suggested eliminating duplicative oversight and inspections that overlap with the Health and Human Services Commission (HHSC).
- Texas Alcoholic Beverage Commission (TABC) recommended reducing the 60-day public posting requirement for alcohol permit applications to 30 days, allowing businesses to open faster.

### Agency Proposed Solutions:

- Reduce licensing delays and duplicative oversight.
- Allow digital notifications instead of requiring physical postings.
- Improve interagency coordination to eliminate unnecessary bureaucracy.

### Tax & Fee Reductions

Agencies highlighted areas where reducing or eliminating specific fees and taxes could ease financial burdens on small businesses.

- Texas Commission on Environmental Quality (TCEQ) recommended eliminating newspaper publication requirements for environmental permits, which can cost businesses up to \$5,000 per notice.

- Department of State Health Services (DSHS) suggested removing redundant local food handling certification fees, allowing businesses to rely on a single state-accredited certification instead of multiple costly approvals.
- Texas Department of Insurance (TDI) proposed a review of licensing and renewal fees for insurance professionals, adjusters, and third-party administrators.
- Texas Department of Motor Vehicles (TxDMV) recommended allowing salvage vehicle dealers to use auction sales receipts as proof of ownership, reducing redundant title application fees.

#### **Agency Proposed Solutions:**

- Eliminate redundant state and local fees.
- Allow digital permit notifications to lower compliance costs.
- Reduce unnecessary administrative and compliance expenses for small businesses.

### **Workforce & Hiring Flexibility**

Several agencies identified workforce shortages and hiring restrictions that make it harder for small businesses to recruit employees.

- Health & Human Services Commission (HHSC) recommended lowering the minimum hiring age for childcare workers from 18 to 16, expanding the available workforce in childcare settings.
- Texas Department of Licensing & Regulation (TDLR) suggested expanding reciprocity for out-of-state licensing, allowing skilled workers to obtain certification in Texas without facing unnecessary barriers.
- Texas Commission on Environmental Quality (TCEQ) proposed extending occupational license renewal periods, reducing the frequency of required renewals and associated costs for professionals.

#### **Agency Proposed Solutions:**

- Lower age restrictions for high-demand jobs like childcare.
- Expand reciprocity for out-of-state professionals.
- Reduce unnecessary training and licensing renewal requirements.

### **Procurement & Access to Government Contracts**

Agencies acknowledged that small businesses often struggle to secure government contracts due to burdensome documentation, insurance, and bonding requirements.

- Texas Facilities Commission (TFC) recommended reducing bonding requirements for small business contractors, improving their ability to access state contracts.
- Texas Education Agency (TEA) suggested raising the spot-purchase threshold for small business procurement from \$10,000 to a higher amount, enabling more small businesses to compete for state contracts without excessive documentation.

#### **Agency Proposed Solutions:**

- Reduce bonding and insurance requirements for small business contractors.
- Expand state procurement opportunities for small businesses.

## **Technology & Digital Access**

Many agencies noted that outdated government systems create compliance challenges for businesses, increasing administrative burdens through unnecessary paperwork and in-person interactions.

- Texas Alcoholic Beverage Commission (TABC) recommended allowing digital publication of alcohol permit notices instead of requiring costly newspaper advertisements.
- Texas Department of Licensing & Regulation (TDLR) suggested moving to 100 percent electronic correspondence, reducing mailing costs and processing delays.

### **Agency Proposed Solutions:**

- Allow digital alternatives for regulatory compliance.
- Upgrade state websites and online systems to improve usability.
- Streamline electronic permitting and renewal processes.

## **Infrastructure & Market Access**

Certain regulatory requirements place a disproportionate burden on businesses in heavily regulated industries, such as mobile food vendors, transportation, and environmental compliance, making it more difficult for them to operate efficiently.

- Texas Department of Motor Vehicles (TxDMV) recommended revising salvage vehicle title requirements, simplifying compliance for small dealers.
- Texas Commission on Environmental Quality (TCEQ) proposed reducing financial assurance requirements for small scrap tire businesses, which often face compliance challenges due to excessive financial obligations.
- Texas Department of State Health Services (DSHS) recommended standardizing mobile food unit permits statewide, preventing inconsistent city and county permitting fees and regulations.

### **Agency Proposed Solutions:**

- Reduce unnecessary compliance burdens in heavily regulated industries.
- Standardize permitting requirements across jurisdictions.

## **Compliance & Reporting Relief**

State agencies reported that excessive and overly complex reporting requirements create unnecessary administrative burdens for small businesses, often requiring them to file redundant or unnecessary reports.

- The Texas Commission on Environmental Quality (TCEQ) recommended reducing the frequency of certain environmental compliance reports, as small businesses are required to submit multiple redundant reports across agencies, creating an unnecessary administrative burden.
- Public Utility Commission (PUC) proposed streamlining regulatory reporting for small water and telecom companies, reducing frequent filing requirements.
- Texas Department of Insurance (TDI) recommended eliminating automatic fines for late continuing education (CE) completion, which disproportionately penalize small businesses.

### **Agency Proposed Solutions:**

- Reduce redundant reporting requirements.
- Adjust compliance timelines to lower administrative burdens.
- Eliminate unnecessary financial assurance requirements for small businesses.

## **Conclusion**

Texas state agencies identified more than 170 recommendations aimed at reducing regulatory burdens, cutting fees, modernizing administrative processes, and expanding small business opportunities. These findings align with feedback from nearly 700 Texas small business owners who participated in the SBFC's public survey, which you will learn more about in the next section, reinforcing the need for targeted legislative action to:

- Reduce regulatory and tax burdens
- Modernize state systems
- Expand workforce flexibility
- Improve access to government contracts

By implementing these recommendations, Texas can continue to be the best state for small business growth and economic opportunity.

## Public Feedback

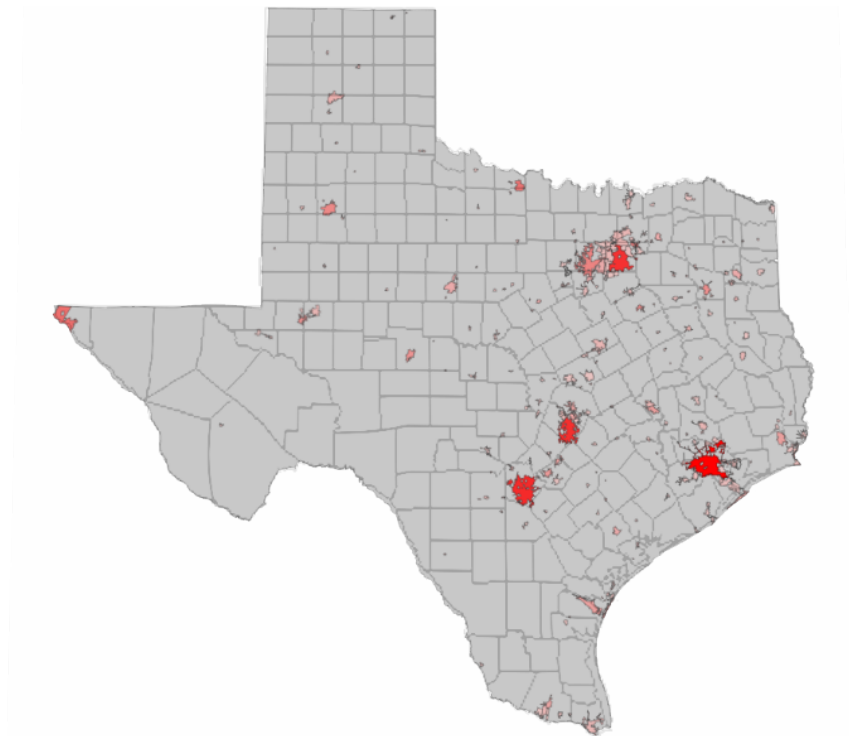
As part of the Governor’s Small Business Freedom Council’s efforts to identify and address barriers to small business success in Texas, a statewide public survey was conducted to gather direct feedback from small business owners across the state. The survey received nearly 700 responses from Texas small business owners across a wide range of sectors and regions, providing valuable insights into the regulatory, financial, and operational challenges that small businesses face daily.

The survey covered key topics, including licensing, permitting, taxation, compliance costs, state agency support, and regulatory modernization. Respondents were asked to highlight specific challenges they encountered and propose policy changes that would improve the business climate in Texas. The following section summarizes the key themes that emerged from the survey, along with direct feedback from respondents to illustrate the most pressing concerns.

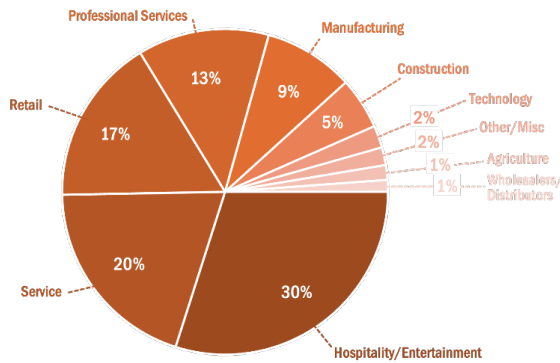
## Survey Demographics & Business Characteristics

Businesses that responded to the public survey represented a range of small businesses, varying in type, size, and geographic location. The following is information on the businesses that responded to the survey:

**Geographic Distribution** – Responses came from businesses across the state, including urban, suburban, and rural areas. The highest concentration of responses was from major metro areas such as Houston, Dallas-Fort Worth, Austin, San Antonio, and El Paso, though many businesses from mid-sized cities and rural communities also contributed.



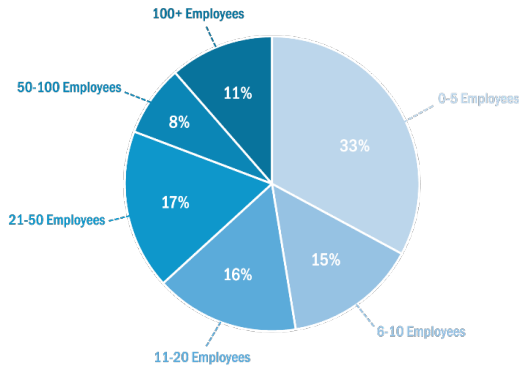
BUSINESS SECTOR OF THE RESPONDENTS



## Industry Representation

Survey respondents spanned a diverse range of industries, including retail, hospitality, professional services, construction, manufacturing, and technology.

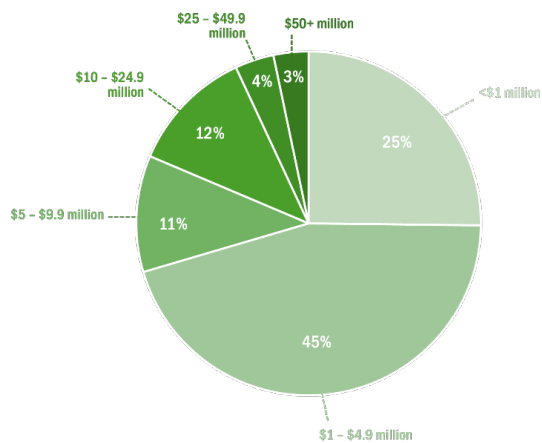
BREAKDOWN OF RESPONDENTS BY NUMBER OF EMPLOYEES



## Business Size

64% of respondents operate micro-businesses (defined as having 20 or fewer employees), while 89% of respondents had under 100 employees.

BREAKDOWN OF RESPONDENTS BY ANNUAL REVENUE



## Revenue Ranges

70% of respondents reported generating less than \$5 million in annual revenue, 81% of respondents reported generating less than \$10 million, and 93% of respondents reported generating less than \$25 million.

## Findings & Analysis

While Texas remains one of the most business-friendly states in the nation, survey responses revealed several key challenges that continue to hinder small business growth. The most frequently cited barriers include excessive taxes and fees, complex regulatory requirements, slow and outdated government processes, and difficulty hiring qualified workers. The following sections summarize the key themes that emerged from the survey, highlighting specific concerns and recommendations provided by business owners.

### Taxation Issues

One of the most frequently cited concerns was the burden of business taxes, particularly the business personal property tax and the franchise tax. Business owners described these taxes as excessive, duplicative, and difficult to navigate, often requiring professional tax assistance to ensure compliance.

Many respondents took issue with the business personal property tax, arguing that taxing the same equipment and supplies annually discourages investment and expansion. Several business owners pointed out that most other states do not impose a similar tax, making Texas less competitive for small businesses.

The franchise tax was also a significant source of frustration. Respondents noted that it disproportionately impacts small businesses, with a filing process that is overly complicated and costly. Many business owners reported having to hire accountants or tax professionals just to comply, adding an additional financial strain.

#### Examples of Small Business Owner Feedback:

*“Eliminate Business Property Tax that does not refer to buildings and land. Other states like Arizona do not have it.”*

*“Forcing small businesses such as mine to pay tax on purchased equipment and supplies is essentially double taxation and an unnecessary limiter of business investment.”*

*“The franchise tax is expensive and unnecessarily complex. We need a simpler system that doesn’t require an accountant to navigate.”*

### Regulatory Complexity & Duplication of Fees

Many respondents described regulatory complexity and duplicative filing requirements as a major challenge. They are required to pay multiple layers of fees at the state, county, and municipal levels, with little coordination between regulatory agencies.

Several business owners specifically mentioned liquor licensing fees, stating that they are forced to pay separate fees to state, county, and city governments, even though the licenses serve the same purpose. Others pointed to overlapping permits for environmental compliance and occupational licensing as an unnecessary burden.

### **Examples of Small Business Owner Feedback:**

*"It took me over six months just to get my business fully permitted. Every time I thought I was done, I'd be told I needed another form from a different agency. The red tape is exhausting and expensive."*

*"Alcohol permits from the city and county are duplicative. They know about SB 577 but do not care."*

*"City and county governments charge liquor license fees in addition to the state fee, creating an unnecessary financial burden."*

### **Outdated Systems & Digital Modernization**

Respondents also expressed frustration with outdated government systems that make it difficult to complete essential business functions, such as filing taxes, renewing permits, or complying with reporting requirements. Many noted that state agency websites and online portals are confusing, inefficient, and not user-friendly, often requiring multiple logins or excessive documentation to complete basic transactions. Many also expressed a desire for a more streamlined, automated process that would allow them to spend less time on compliance and more time running their businesses.

### **Examples of Small Business Owner Feedback:**

*"Renewals for licenses are not up to date. All renewals should be available online for payment. Should not have to mail things."*

*"Comptroller reporting is antiquated and needs to be streamlined."*

*"The online portals for tax payments are difficult to navigate, and there is little support when you need help."*

### **State Agency Support & Responsiveness**

A recurring theme in the survey responses was difficulty in obtaining support from state agencies. Many business owners reported long wait times for permit approvals, difficulty reaching knowledgeable staff, and inconsistent guidance on compliance requirements.

Many respondents noted that small businesses do not have dedicated compliance teams, making it especially challenging to deal with agency bureaucracy. Some small business owners suggested the creation of a centralized state office dedicated to helping small businesses navigate the regulatory landscape.

### **Examples of Small Business Owner Feedback:**

*"The TABC renewal process requires payments to be submitted separately to the state, county, and city rather than a central remittance."*

*"The TABC licensing process took 10 months, and I had contacts within the agency that helped me."*



*“Many agency websites lack clear guidance, making it hard to determine exact requirements.”*

## **Insurance Costs & Liability Concerns**

Rising commercial insurance costs were another major concern, particularly for businesses that operate vehicles or require liability coverage. Several respondents noted that Texas’ legal environment encourages excessive lawsuits, driving up insurance premiums.

Some business owners reported that having required signage on company vehicles increases their liability exposure, as they become easier targets for lawsuits. Others pointed to high commercial auto insurance rates as a significant financial burden.

### **Examples of Small Business Owner Feedback:**

*“The necessity to have signage on our work trucks has led to small, minor fender benders becoming a huge liability. Individuals target business vehicles for settlements.”*

*“Commercial insurance rates have skyrocketed due to lawsuit abuse”.*

## **Compliance & Reporting Burdens**

Many business owners reported that state-mandated reporting requirements are too frequent and complex, requiring them to dedicate significant time and resources to administrative compliance.

Some respondents noted that quarterly financial reporting requirements for certain state grants and licenses are excessive and should be reduced. Others expressed frustration with overly complex compliance filings that require specialized expertise to complete properly.

### **Examples of Small Business Owner Feedback:**

*“Environmental compliance reporting for small businesses is excessive and should be streamlined. TCEQ requires multiple layers of reporting, often duplicating information already submitted to other agencies.”*

*“Many small businesses need specialized expertise just to comply with reporting requirements, adding costs and administrative burdens.”*

## Conclusion

The feedback gathered from nearly 700 small business owners across Texas highlights significant challenges related to taxation, regulatory complexity, outdated government systems, agency responsiveness, and workforce constraints. Business owners repeatedly emphasized the cumulative burden of excessive fees, duplicative permitting, slow agency processes, and compliance costs, all of which hinder growth, innovation, and job creation.

A recurring theme in the responses was the need for modernization and efficiency—from streamlining tax and licensing processes to improving digital access and state agency support. Many respondents noted that while Texas remains a strong pro-business state, certain policies and administrative inefficiencies create unnecessary obstacles that can be addressed through targeted legislative and regulatory reforms.

By acting on the concerns and recommendations outlined in this report, policymakers have an opportunity to reduce costs, simplify compliance, and enhance the ease of doing business in Texas. Implementing these reforms will not only benefit existing small businesses but will also encourage entrepreneurship, attract investment, and reinforce Texas' position as the best state for business success.

# Legislative Recommendations

The Governor's Small Business Freedom Council (SBFC) has identified key legislative priorities aimed at reducing regulatory burdens, improving access to government services, and fostering a more business-friendly environment in Texas. These recommendations reflect feedback from both state agencies and nearly 700 small business owners, highlighting common pain points and opportunities for reform.

## Regulatory Streamlining & Reducing Bureaucratic Burdens

### Background

Small businesses frequently report delays, inconsistencies, and redundancies in Texas' regulatory environment. Agency feedback confirms that licensing and permitting processes vary widely between agencies, often requiring businesses to navigate multiple layers of approvals. These inefficiencies increase costs, delay openings, and slow expansion.

### Public Input Example

*"It took me over six months just to get my business fully permitted. Every time I thought I was done, I'd be told I needed another form from a different agency. The red tape is exhausting and expensive."* – Small Business Owner, Dallas

### Legislative Recommendations

- 1. Standardize licensing and permitting processes across state agencies to prevent conflicting requirements.**  
Agencies should look for opportunities to adopt a uniform application and approval process to streamline business compliance.
- 2. Reduce excessive waiting periods for approvals.**  
Agencies should consider implementing maximum review timelines for permits and licenses and lowering the alcohol permit posting requirement from 60 to 30 days (TABC) to prevent indefinite delays.
- 3. Eliminate redundant state and local permitting requirements to reduce costs and administrative burdens.**  
Agencies should ensure single-fee structures across state, county, and city permits for industries like liquor sales and mobile food vendors.

### Expected Impact

- Faster business openings and expansions
- Lower administrative costs for business owners
- Reduced regulatory confusion and duplication

## Tax & Fee Reductions

### Background

Taxes and fees are among the top barriers to small business growth in Texas. 47% of small businesses surveyed said that the most significant impact to business operations came from state taxes and fees. The business personal property tax and franchise tax were frequently cited as disproportionately impacting small businesses. Additionally, state agency fees often duplicate local fees, adding unnecessary costs.

### Public Input Example

*"I pay taxes on the same equipment every year, even though I already paid sales tax when I bought it. It's unfair and forces small businesses to pay more just to operate."* – Small Business Owner, San Antonio

### Legislative Recommendations

**4. Meaningfully increase the business personal property tax exemption threshold and consider additional opportunities to benefit all business personal property taxpayers.**

Texas is one of only nine states that impose this tax. While small business owners prefer for this tax to be eliminated, raising the exemption would help reduce double taxation on essential business equipment and provide relief to small businesses.

**5. Adjust unemployment insurance tax rates for small businesses.**

New businesses currently pay an unemployment insurance tax rate of 2.6 percent, nearly three times higher than the 0.89 percent rate for experienced employers. Lowering this rate would create a fairer system for new businesses and improve hiring opportunities.

**6. Increase the "no tax due" threshold on Franchise Tax.**

An increase would help account for inflation and ensure that more small businesses remain exempt from the franchise tax burden.

**7. Reduce or eliminate duplicative state licensing and regulatory fees.**

Agencies such as the Department of State Health Services (DSHS) and the Health and Human Services Commission (HHSC) identified unnecessary fees for food handler certifications, professional licenses, and permit renewals that could be eliminated or consolidated to reduce costs for small businesses. Small business owners noted that there are duplicative fees between TABC and local entities for alcohol certificates, and recommended the process be streamlined to prevent unnecessary and duplicative fees.

## Expected Impact

- Reduced tax burden on small businesses
- Increased cash flow for investment and job creation
- Fairer tax policies for new businesses

## Workforce & Hiring Flexibility

### Background

Hiring challenges remain one of the biggest issues facing small businesses. Many businesses report difficulty finding workers due to age restrictions, licensing barriers, regulatory hurdles, and childcare needs.

### Public Input Example

*"I want to hire young workers who are eager to work, but the rules make it almost impossible. Other industries can hire 16-year-olds, why can't childcare?"* – Childcare Center Owner, Houston

### Legislative Recommendations

**8. Expand workforce eligibility by lowering age restrictions for childcare workers.**

The Health & Human Services Commission (HHSC) recommends allowing 16- and 17-year-olds to work in childcare centers if they have a high school diploma, GED, or are currently enrolled in high school, removing the requirement that they also be enrolled in a childcare career program.

**9. Expand interstate licensing reciprocity for skilled professionals.**

The Texas Department of Licensing & Regulation (TDLR) proposes allowing out-of-state professionals with active licenses to begin working in Texas without excessive delays.

**10. Reduce unnecessary continuing education requirements.**

Certain industries, such as cosmetology and real estate, require excessive ongoing training hours for license renewals. Adjusting these requirements will help businesses retain workers.

**11. Explore opportunities to increase access to childcare.**

Small business owners often express frustration with limited or costly childcare options for themselves and employees or potential employees.

### Expected Impact

- Expanded hiring pool for childcare and skilled professions
- Reduced barriers to workforce entry
- Faster employment for professionals moving to Texas

## Procurement & Access to Government Contracts

### Background

Many small businesses struggle to secure state contracts due to high bonding requirements, complex paperwork, and rigid procurement thresholds.

### Public Input Example

*"I submitted the lowest-cost bid, but I lost the contract because my business didn't meet the unnecessary paperwork requirements. It makes it impossible for small firms to compete."* – Small Business Owner, Houston

### Legislative Recommendations

#### **12. Increase state procurement spot-purchase thresholds.**

The Texas Education Agency (TEA) recommends raising the spot-purchase limit from \$10,000 to a higher amount so small businesses can compete without excessive paperwork.

#### **13. Reduce bonding and insurance requirements for small business contractors.**

The Texas Facilities Commission (TFC) suggests lowering high bonding requirements that prevent small businesses from bidding on projects.

### Expected Impact

- Increased small business participation in state contracts
- More competitive procurement process

## Technology & Digital Access

### Background

Outdated state agency systems are a major pain point for small businesses, forcing unnecessary in-person interactions and paperwork.

### Public Input Example

*"Every time I have to renew a license, I have to print and mail documents. It's 2024—why aren't these things online yet?"* – Small Business Owner, Austin

### Legislative Recommendations

#### **14. Allow digital submission of required notices.**

The Texas Alcoholic Beverage Commission (TABC) currently requires paper publication of alcohol permit notices, costing businesses thousands of dollars. Switching to digital notices would save money and time.

#### **15. Expand online licensing and reporting.**

The Texas Department of Licensing & Regulation (TDLR) is working to move all business filings online, a model that should be expanded to other agencies.

**16. Modernize the state’s tax filing system.**

Businesses reported significant challenges with sales tax remittance and franchise tax filing. The state should prioritize making these systems more intuitive and user-friendly to reduce compliance burdens.

**Expected Impact**

- Reduced administrative costs and paperwork
- Faster processing for permits and licenses
- Greater accessibility for small businesses

## Conclusion

Texas has long been recognized as one of the best states in the country for business, but sustaining that reputation requires a continuous commitment to removing barriers, streamlining regulations, and fostering an environment where small businesses can thrive. The Freedom Council was established to take a comprehensive, data-driven approach to identifying the challenges that small businesses face and proposing practical legislative solutions to enhance Texas' business climate.

Through an extensive statewide public survey and direct input from 46 state agencies, the Freedom Council compiled a detailed assessment of regulatory, financial, and operational obstacles limiting small business success. The findings were clear: redundant regulations, high tax burdens, slow and inconsistent government processes, and workforce challenges continue to impede growth, investment, and job creation. While Texas remains a top destination for entrepreneurs, small businesses still face unnecessary administrative hurdles that increase costs and limit opportunities.

The legislative recommendations outlined in this report offer a targeted approach to reform, ensuring that Texas remains the best place in the country to start, operate, and expand a business. The recommendations focus on key priorities identified by small business owners and industry representatives, including:

- Reducing regulatory complexity by eliminating duplicative fees, overlapping oversight, and outdated permitting processes.
- Lowering tax burdens by reforming the business personal property tax, franchise tax, and costly compliance fees.
- Enhancing workforce flexibility by expanding hiring eligibility, improving licensing reciprocity, and modernizing training requirements.
- Modernizing state technology to ensure businesses can navigate licensing, tax reporting, and compliance processes with greater efficiency and fewer administrative delays.
- Strengthening infrastructure and market access by addressing broadband gaps, transportation regulations, and local-level permitting inconsistencies.

These reforms are not just about reducing burdens; they are about increasing efficiency, lowering costs, and unlocking new economic opportunities for Texas businesses. By implementing these changes, the Texas Legislature can create a more predictable, transparent, and business-friendly regulatory environment, allowing small businesses to focus on growth and innovation rather than red tape and bureaucracy.

The Freedom Council urges state policymakers to take bold action in the upcoming legislative session by prioritizing these reforms and removing unnecessary obstacles to small business success. The Freedom Council stands ready to support and collaborate with legislators, business leaders, and state agencies to ensure that these recommendations translate into meaningful legislative and administrative changes.

By modernizing Texas' regulatory framework, improving government efficiency, and reducing tax and compliance burdens, the state will continue to attract entrepreneurs, fuel job creation, and strengthen its position as the nation's leading pro-business economy.



Small businesses are the backbone of the Texas economy, and their success is critical to the state's continued prosperity. Now is the time to cut red tape, eliminate barriers, and ensure that Texas remains the best state in the country to start and grow a business.

# Appendix

## Appendix A: Letter from Governor Abbott to State Agencies



GOVERNOR GREG ABBOTT

December 4, 2024

Re: Identifying Policies And Regulations That May Adversely Affect Texas Small Businesses

Dear State Agency Heads:

Texas is the best state to start and run a small business, where entrepreneurs can follow their vision and achieve the American Dream.

In Texas, we pride ourselves at having government move at the speed of business. One of my priorities as Governor is to empower small business owners and entrepreneurs by providing the best environment for small business growth.

To make it even easier for small businesses to operate in Texas, I am instructing the Office of Small Business Assistance in my Economic Development and Tourism Office to recommend the elimination of rules, fees, and regulations that create barriers to the success of our small businesses and entrepreneurs.

Your input in this process is invaluable. **I ask that you identify any rules, permits, fees, or regulations in your agency that may hamper small business formation, operation, and growth.**

I created a Governor's Small Business Freedom Council, chaired by Glenn Hamer, CEO of the Texas Association of Business, and Jeff Burdett, Texas State Director of the National Federation of Independent Business, to review these recommendations and report back to my office. Your agency's Budget and Policy Advisor in my office will be reaching out with additional details.

This information will be due from state agencies by January 13, 2025. Please contact your Budget and Policy Advisor in the Governor's Office with any questions or for additional information.

Thank you for all that your agency does in the service of the great state of Texas and Texas businesses. Together, we will ensure that Texas remains the best place to live, work, and start a small business.

Sincerely,

A handwritten signature in black ink that reads "Greg Abbott".

Greg Abbott  
Governor

GA:ac

POST OFFICE BOX 12428 AUSTIN, TEXAS 78711 512-463-2000 (VOICE) DIAL 7-1-1 FOR RELAY SERVICES

## **Appendix B: Submissions from Texas State Agencies**

State agencies identified specific regulatory language and legislative bills along with explanations on how these items may affect small businesses. In many cases the agencies provided their recommendations for the regulations. A summary of the agency responses follows:

### **Board of Nursing**

**Regulatory language:** Title 22 Part 11 Chapter 214 §214.3(a)(2)(L)

This rule requires an applicant submit a new vocational nursing education program proposal and fee if a proposal goes without action for one calendar year from the date of submission. Amending this rule to extend the timeframe from one to two years will ease the financial and administrative burden on an applicant whose proposal process extends beyond a year due to unforeseen circumstances.

**Regulatory language:** Title 22 Part 11 Chapter 215 §215.3(a)(2)(M)

This rule requires that an applicant submit a new professional nursing education program proposal and fee if a proposal goes without action for one calendar year from the date of submission. Amending this rule to extend the timeframe from one to two years will ease the financial and administrative burden on an applicant whose proposal process extends beyond a year due to unforeseen circumstances.

**Regulatory language:** Title 22 Part 11 Chapter 219 §219.3(a)(1)(K)

This rule requires that an applicant submit a new advanced practice nursing education program proposal and fee if a proposal goes without action for one calendar year from the date of submission. Amending this rule to extend the timeframe from one to two years will ease the financial and administrative burden on an applicant whose proposal process extends beyond a year due to unforeseen circumstances.

**Regulatory language:** Title 22 Part 11 Chapter 217 §217.6(a) and Title 22 Part 11 Chapter 216 §216.8(d)(1)

These rules require that a licensee who fails to timely renew their license within four years of its lapse may be required to submit evidence of completion of the statutorily required 20 hours of CNE. Amending this rule to permit renewal within 90 days of its lapse without pre-submission of required CNE will allow more timely return to workforce and allow post submission while continuity of employment will potentially aid small business employers.

### **Credit Union Department**

The Commissioner already waives part or all of a fee for good cause, this happens for operating fee late payment, late filing of Quarterly Call Report or late filing of Supplemental Reports. Moving forward the Commissioner will waive any new Charter application fee for the first two years annual operating fee and help facilitate the startup of a new credit union by referring them to trade associations that can provide assistance.

### **Department of Family and Protective Services**

**Regulatory language:** Senate Bill 593 88(R)

DFPS will evaluate contracts to resolve overlap with HHSC minimum standards. Resolving redundancies between agencies will provide small businesses with more time to operate and grow their business without unnecessary government contact.

**Regulatory language:** Senate Bill 593 88(R)

DFPS is coordinating risk-based monitoring activities between the agency and Community-Based Care contractors. Preventing duplicative visits to providers will allow small businesses to operate and grow their business without unnecessary government contact.

**Regulatory language:** Senate Bill 593 88(R)

DFPS is evaluating ways to streamline multiple caseworker visits to operations to safely reduce disruptions to children. This change will allow small businesses to function without unnecessary government contact.

**Regulatory language:** Texas Government Code §2252.001

DFPS Adult Protective Services (APS) staff are not easily able to buy from small businesses due to current procurement card purchasing requirements. By increasing the requirement for a “vendor hold” and only requiring a TIN for purchases made through a contract, small businesses would be more easily able to do business with DFPS. (Includes CPA)

**Regulatory language:** Texas Administrative Code §20.82

Applicants to DFPS contracts must adhere to complex procurement requirements when responding to solicitations for contracted services and many small businesses do not have the expertise or staff time to develop compliant solicitation responses. Increasing the contract value thresholds related to procurement requirements would help small businesses take advantage of valuable contracting opportunities and not lose out to larger businesses that have greater administrative resources. (Includes CPA)

## Department of Insurance

**Regulatory language:** 1 Texas Administrative Code 116.3(c)

TDI will review all licensing applications to make sure requested information and supporting documentation are for a statutory purpose or requirement. Asking for unneeded information may be burdensome for some applicants. Many of TDI's potential licensed entities are small businesses.

**Regulatory language:** Title 20 Texas Insurance Code §§ 6001.055, 6002.054, 6003.055; 28 Texas Administrative Code §§ 34.515, 34.614, 34.714, 34.814; Texas Insurance Code Section 4202.006/ 28 Texas Administrative Code Section 12.403 (a)(1) and (a) (2)

TDI will review all licensing and renewal fees the agency requires. The review will be for necessity and amount appropriateness for all licensees, including third party administrators, premium finance companies, agents, and adjusters. This review will also include all SFMO fees, including fire alarm, fire sprinkler, fire extinguisher, and fireworks certificates, licenses, and permits. Reducing or eliminating these fees would remove a hindrance to small businesses.

**Regulatory language:** Texas Insurance Code Section 651.060

Statute states that each license authorizes a premium finance company license holder to maintain only one location. This creates an unnecessary burden that requires a premium finance company to obtain a distinct license for each separate physical office location.

**Regulatory language:** 28 Texas Administrative Code § 19.1016

This rule requires automatic fines be assessed to a licensee who fails to obtain the required number of continuing education (CE) hours by the expiration date of their license in the amount of \$50 per credit hour not completed, not to exceed \$500 per license. This is an additional penalty to businesses beyond the

nonrenewal of the license, and in sometimes, a late fee for not paying the license renewal fee by the expiration date.

TDI recommends reviewing the contracting and procurement requirements promulgated by the CPA and SOA for necessity and efficiency. All state agencies, including TDI, must follow this direction, which may or may not be in statute. These requirements can make procurement a burdensome process for small businesses seeking to do business with the state.

### **Department of Insurance – Division of Workers Compensation**

**Regulatory language:** Texas Labor Code §§ 406.004 and 411.032

Amend Texas Labor Code §§ 406.004 and 411.032 to eliminate unnecessary reporting requirements for employers that choose not to get workers' compensation insurance coverage.

Unlike other states, Texas allows private employers to choose whether to provide workers' compensation insurance coverage to their employees. Private employers that choose not to provide coverage are referred to as "non-subscribers." DWC has no oversight or regulatory authority over non-subscribers. However, Labor Code § 406.004 requires non-subscribers to report that they do not have coverage, and Labor Code § 411.032 requires them to report all workplace injuries resulting in lost time.

Both statutory provisions place an unnecessary administrative burden on every Texas employer that has specifically chosen not to carry workers' compensation insurance. Despite DWC's efforts to increase awareness and simplify reporting, many small businesses are unfamiliar with these requirements and generally fail to comply with them. These requirements may have unintended ramifications for Texas businesses, and DWC has historically chosen not to focus on penalizing non-subscriber employers.

**Regulatory language:** Texas Labor Code § 409.0231

Amend Labor Code § 409.0231 to allow for peer-to-peer electronic transfers of payments to reduce the administrative burdens of issuing and receiving workers' compensation benefits.

Texas currently authorizes payment by electronic funds transfer or an electronic access card under:

Labor Code § 409.0231, Payment by Electronic Funds Transfer;

28 Texas Administrative Code § 124.5, Mode of Payment Made by Insurance Carriers; and

28 TAC § 124.6, Electronic Transfer Payments Made Through an Access Card.

However, the Labor Code refers to these payment methods as electronic funds transfers, a term of art specific to bank-to-bank transactions, which suggests that they are only possible between financial institutions. Payments through digital platforms, such as Venmo or PayPal, are more common and convenient than current options by a check or an access card, but these are not financial institutions. These digital payment options are increasingly popular, and individuals and businesses widely use them.

Providing digital payment options to injured employees would modernize the Texas workers' compensation system and give both injured employees and insurance carriers a familiar and regularly used payment option. This change in law could allow the workers' compensation system to continue to adapt and provide additional innovative payment options to carry into the future.

**Regulatory language:** 28 Texas Administrative Code § 5.6601

Amend 28 TAC § 5.6601 to only require Texas workers' compensation insurance carriers to report certain data in one standard format.

In 2010, the Texas Department of Insurance adopted the Texas Detailed Claim Information (DCI) Statistical Plan in 28 TAC § 5.6601, to report workers' compensation claim information. The National Council on Compensation Insurance (NCCI) has implemented a new claims reporting methodology called Indemnity Data Collection (IDC), largely similar to the DCI. All 36 other NCCI states have adopted the new IDC methodology.

Texas is the only state that still requires the DCI reporting requirements. Texas workers' compensation insurance carriers must comply with both the DCI and IDC claims reporting requirements. Replacing the DCI methodology with NCCI's IDC will remove duplicative reporting requirements, reduce the insurance carrier's cost to comply, and eliminate unnecessary collection of personally identifiable information like Social Security numbers.

**Regulatory language:** 28 Texas Administrative Code § 120.1(c)

Amend 28 TAC § 120.1(c) to ensure that injury report record retention requirements match Occupational Safety and Health Administration (OSHA) requirements.

All employers subject to OSHA regulation are required to retain injury records for five years. Currently, 28 TAC § 120.1(c) states that Texas employers with workers' compensation coverage, that are generally already subject to OSHA regulations, are required to maintain these records "until the expiration of five years from the last day of the year in which the injury occurred or the period of time required by Occupational Safety and Health Administration standards and regulations, whichever is greater."

Removing the alternative recordkeeping requirement in this rule will reduce confusion for Texas employers and eliminate potential incongruencies between state and federal standards.

### Department of Public Safety

**Regulatory language:** Title 37 Part 1 Chapter 23 Subchapter B Rule §23.11 (a)(1)-(5)

This rule requires vehicle inspection stations to be of a permanent type, with a permanent roof, have two permanent walls, have a hard surfaced floor, and have an entrance to the approved inspection area to allow entry of any vehicle the station is endorsed to inspect. By removing the rule, vehicle inspection stations would be able to mobile and still be a certified vehicle inspection station.

**Regulatory language:** Title 37 Part 1 Chapter 23 Subchapter B Rule §23.11 (b)(4)

This rule requires the vehicle inspection stations designated space approved for inspection purposes must be contained entirely within a building and protected from the elements. By removing the rule, vehicle inspection states would be able to conduct an inspection without being confined within a permanent fixed structure.

### Department of Savings and Mortgage Lending

**Regulatory language:** Finance Code Sections 156.2012; 158, 156.212, and 157.003

Elimination of the optional licensing requirement for registered financial services companies; adding a reinstatement period for a residential mortgage loan servicer to reinstate its registration after it has lapsed; and eliminating branch licensing requirements for mortgage companies and mortgage bankers.

## Department of State Health Services

**Regulatory language:** Health and Safety Code 773.0572 (Provisional [EMS] Licenses), as implemented through 25 Texas Administrative Code 157.11(p)

A nonrefundable fee of up to \$30 must accompany each application for a provisional EMS license per statute. During (at least) the last 10 years, DSHS has not received one request for a provisional license, but the fee amount in rules is set at \$30.

**Regulatory language:** [Part of] HSC 773.055(e) (Replacement EMS Certificate Fee), as implemented by 25 Texas Administrative Code 157.11(d)(2)(F)

An EMS Provider is required to pay a not more than \$10 fee to replace a lost or damaged license, which could be a burden to small businesses. Electronically printed licenses have made this provision unnecessary, but the fee amount in rules is set at \$10.

**Regulatory language:** Health and Safety Code 437.0065 (Permits for Certain Farmers and Food Producers), as implemented through 25 Texas Administration Code 229.703

Those who sell at farmers' markets frequently travel and operate at more than one area. In more heavily populated areas, this can require vendors to operating in multiple local jurisdictions, with each jurisdiction allowed to require its own permit not to exceed \$100 per year. Amending the requirements to create consistency across jurisdictions for farmers' market permits would reduce burden on small businesses.

**Regulatory language:** Health and Safety Code 438, Subchapters D and G (Food Handler and Food Manager certification programs), as implemented through 25 Texas Administrative Code 229.172, 229.176, 229.177, and 229.178

Statute allows local health departments to require food handlers and managers to pay fees or additional training, even for individuals who have a valid certificate from a DSHS-accredited food handler or food manager course or a nationally certified (ANSI)course. This can be a burden on small businesses and individuals. This burden could be reduced by amending the requirements to require local health department acceptance of the DSHS-accredited or ANSI-certified certificates.

**Regulatory language:** Health and Safety Code 437.003, 437.004, and 437.0055, as implemented through 25 Texas Administrative Code 229.372(a)(3)

Mobile Food Unit (MFU) operators frequently travel and operate at more than one location. This can mean that they are operating in multiple local jurisdictions, with each jurisdiction able to require its own permit and permit fee. Amending the statute and rules to create consistency among jurisdictions for MFUs would reduce the added burden on small businesses.

## Health & Human Services Commission

**Regulatory language:** Health and Safety Code 248A.052(a)(2)

Requires Prescribed Pediatric Extended Care Centers to include a letter of credit in their initial license application. Add language to allow providers to submit either a line of credit or a letter of credit with licensure applications to demonstrate financial viability gives providers more flexibility and ensures greater clarity in the application process. This would make it easier for small businesses to show financial viability.

**Regulatory language:** Health and Safety Code 247.066(h): Requires HHSC survey staff and Assisted Living Facility provider staff to take a specific course every year. Requiring this training annually is unnecessary and creates a burden on ALF providers and their staff. Eliminating this annual training requirement for Assisted Living Facility (ALF) provider staff would lessen the burden on these facilities.

**Regulatory language:** Health and Safety Code 242.010(2) Imposes a \$20 fee on Nursing Facilities for change of administrators. Eliminating HHSC's requirement to collect a fee for other changes that do not involve a change in ownership or facility license issuance/renewal would decrease the financial impact and lessen administrative requirements for facilities.

**Regulatory language:** Health and Safety Code 242.308(c) and 242.313(c) Requires Nursing Facility Administrators (NFA) to renew their license every two years. Changing the NF administrator's license term from two years to three years, and modifying associated fees and continuing education requirements, would decrease the financial impact and lessen administrative requirements for these professionals.

**Regulatory language:** Health and Safety Code 242.610 and 242.611 Require Medication Aide permits to be renewed every year. An annual renewal is unnecessary and administratively and financially burdensome for Medication Aides. Extend the medication aid permit term from one year to three years, along with associated fees and continuing education requirements.

**Regulatory language:** Health and Safety Code 252.010(2) Imposes a \$20 fee on Intermediate Care Facilities (ICFs) for a change of administrator. Eliminating the \$20 fee would reduce the financial burden on intermediate care facilities (ICFs) and the administrative burden of having to submit this fee.

**Regulatory language:** Human Resources Code 22.039(b-1), (b-2) and (d)-(e). Requires new nursing facility surveyors, as part of their training" to complete a 10 day "observation" of the operations of a long-term care facility unrelated to the survey, inspection, or investigation process. This requirement delays the initiation of classroom and on the job training, and is intrusive to nursing facilities. The training does not add to the development of a new surveyor.

**Regulatory language:** Human Resources Code 42.0431. Requires licensed day care centers and homes to maintain individual vision and screening records for children attending the facility who are required to be screened. This creates an unnecessary administrative burden for day cares and the parents who place their children there. Eliminate the statute requiring each daycare center or group day care home to keep screening records for each child attending.

**Regulatory language:** Human Resource Code 42.051. States that an initial day care or residential childcare license is valid for six months from the date it is issued and may be renewed for an additional six months. Rewriting 42.051(b) and making the initial license valid for 12 months, with one extension for 6 months, would allow HHSC to work with providers to ensure they have ample time to fix any noncompliance issues and provide additional time to comply. This additional time may prevent unnecessary enforcement action resulting in a denial of permit, which results in additional wait times prior to opening a childcare business in Texas.

**Regulatory language:** Human Resources Code 43.009.

States that to be eligible for a day care or residential child care license renewal, a license holder shall: (d) If a person's license has been expired for 90 days or less, the person may renew the license by paying to the department one and one-half times the required renewal fee.

(e) If a person's license has been expired for longer than 90 days but less than one year, the person may renew the license by paying to the department two times the required renewal fee."

This language is overly-complicated, and a fee of two times the annual fee is unnecessarily punitive. Simplify this to state that any person whose license has been expired for less than one year can renew their license by paying "one and one-half times the renewal fee."

**Regulatory language:** Government Code, Section 531.09915; Health and Safety Code 461A Subchapter E, Funding, Section 461A.201 Finances; RFAs and Contract Language



In general, match requirements are often a difficult barrier for small businesses. Various legal statutes and procurement requirements dictate grantees provide a match with local, private or in-kind funding. Depending on the percentage of match, this causes some small businesses difficulty and will lead to fewer small businesses opting to contract with HHSC.

**Regulatory language:** 26 Texas Administrative Code 563.145(a)(6)(B)(i)(I)

This requirement prevents narcotic treatment programs (NTPs) from opening within 3 miles of another clinic which can limit opportunities for additional NTPs. This creates a barrier to entry for new providers and should be reduced to one mile to allow for increased competition.

**Regulatory language:** 26 Texas Administrative Code 563.148(a)(1)(B)

This requirement prevents NTPs from hiring individuals who reside in a state bordering Texas but who are otherwise available and qualified to work in Texas or who may not have a driver's license. These requirements limit the candidate pool and ability for programs to hire for open positions. There are other mechanisms in rule that ensures physical presence of providers, which was the original intent of the driver's license requirement. There is no longer a need to include a driver's license as a requirement.

**Regulatory language:** 26 Texas Administrative Code 563.148(a)(1)(B)

This requirement prevents NTPs from hiring individuals who reside in a state bordering Texas but who are otherwise available and qualified to work in Texas or who may not have a driver's license. Providers have reported that this is burdensome and not necessary to protect health and safety. Reporting should only be required for changes in employment of a physician.

**Regulatory language:** 26 Texas Administrative Code 563.144(a)

In part, this subsection requires an NTP to comply with "all state of Texas laws and rules regulating chemical dependency treatment facilities. Not all laws and rules related to the operation of chemical dependency treatment facilities (CDTFs) are applicable to NTPs which can create a burden on programs. Language should be eliminated or clarified to specify which requirements should apply to NTPs.

**Regulatory language:** 26 Texas Administrative Code 563.148(e)(9) & 26 Texas Administrative Code 563.148(k)(3)

This requires tuberculosis (TB) testing for patients and staff. The existing requirements for tuberculosis (TB) testing for patients and staff are outdated and not consistent with current Department of State Health Services (DSHS) recommendations for TB testing, which creates a burden for NTPs. These rules should be updated to match DSHS guidelines.

**Regulatory language:** 26 Texas Administrative Code 563.148(k)(4)

This requires an NTP to maintain evidence of a current driver's license and verification of credentials for all staff. The requirement for an NTP to maintain evidence of a current driver's license and verification of credentials for all staff may be burdensome to facilities. This should be narrowed to only apply to key staff.

**Regulatory language:** 26 Texas Administrative Code 564.905(a)(6)

This paragraph requires Chemical Dependency Treatment Facilities (CDTFs) to conduct bed checks of each patient every hour. CDTFs have stated this requirement is burdensome on the facility staff and on the clients who deal with an individual checking on them every hour during the night. Rules should be changed to align timing of checks to severity of the patient and their specific supervision needs.

**Regulatory language:** 25 Texas Administrative Code 117.65(3)

This requirement prohibits dialysis technicians from performing initiation or discontinuation of dialysis by a central catheter, manipulation of a central catheter, or dressing changes for a central catheter. This requirement creates significant staffing issues and creates delays in patient care, according to providers. This rule should be updated to allow dialysis technicians to handle a central venous catheter (CVC), which would have a positive impact on providers without threatening patient health and safety.

**Regulatory language:** 25 Texas Administrative Code 117.32(c)(3)

This rule requires End State Renal Dialysis (ESRD) centers to use an independent device to test the dialysate conductivity and pH of each machine prior to patient treatment. Evolving technology has created new machines with internal mechanisms to test conductivity and pH approved by FDA. Rules should be updated to refer to manufacturer's requirements.

**Regulatory language:** 26 Texas Administrative Code 746.1109(a)(3) & 26 Texas Administrative Code 746.1109(b)(3)

This rule only permits licensed childcare centers to hire individuals who are 16 or 17 if they have a high school diploma or GED and are enrolled in or have completed a child-care related career program. Current restrictions on hiring individuals aged 16 or 17 unnecessarily limit the hiring pool for childcare centers, particularly during staffing shortages. 746.1109(a)(3) and (b)(3) should be repealed, to allow licensed childcare centers to employ a person under the age of 18 who hold a high school diploma or GED, or are currently enrolled in high school, regardless of enrollment or completion of a childcare career program. These individuals would still be required to complete orientation and preservice training and work under the supervision of a qualified caregiver. They would not be left alone or in charge of a group.

**Regulatory language:** 26 Texas Administrative Code 744.1107(a)(3) & 26 Texas Administrative Code 744.1107(b)(3)

This rule only permits before and/or after school childcare programs to hire individuals who are 16 or 17 if they have a high school diploma or GED and are enrolled in or have completed a child-care related career program. Current restrictions on hiring individuals aged 16 or 17 unnecessarily limit the hiring pool for before- or after-school programs, especially amid staffing shortages. Repealing sections 744.1107(a)(3) and (b)(3) would allow these programs to employ individuals under 18 who have a diploma, GED, or are currently enrolled in high school, regardless of their enrollment in or completion of a childcare career program. These individuals would still be required to complete orientation and preservice training and would work under the supervision of a qualified caregiver, without being left alone or in charge of a group.

**Regulatory language:** 26 Texas Administrative Code 747.1211(a)(3)

This rule only permits licensed and registered childcare homes to hire individuals who are 16 or 17 if they have a high school diploma or GED and are enrolled in or have completed a child-care related career program. Current restrictions on hiring individuals aged 16 or 17 unnecessarily limit the hiring pool for before- and after-school programs, especially during staffing shortages. Repealing section 747.1211(a)(3) and (b)(3) would allow licensed and registered childcare homes to employ individuals under 18 who have a high school diploma, GED or are currently enrolled in high school, regardless of enrollment or completion of a childcare career program. These individuals would still be required to complete orientation and preservice training and would work under the supervision of a qualified caregiver. They would not be left alone or in charge of a group.

**Regulatory language:** 26 Texas Administrative Code 747.1703

This rule prohibits a registered childcare home from caring for more children, even if an additional caregiver is present. This rule unnecessarily restricts the number of children a registered childcare home can care for, even when additional caregivers are present. Allowing these homes to accommodate more children under

such circumstance would increase their revenue potential. Repealing 747.1703 would allow registered childcare homes to follow the maximum group size that applies to licensed childcare homes when an additional caregiver is present and being counted in child caregiver ratio. This change would allow registered homes to care for infants and still operate at their full capacity of 12 children (6 full-time children and 6 after-school children).

**Regulatory language:** 26 Texas Administrative Code 747.1309(i)

This rule requires a certain number of hours of annual training for primary caregivers in licensed and registered family homes be instructor-led. Currently, these caregivers have to attend weekend trainings or pay a substitute caregiver to oversee their operation while they attend instructor-led training hours during the week. This is especially burdensome for rural area providers that have limited access to instructor-led trainings in their areas. Amending 747.1309(i) to change the training requirement for primary caregivers in licensed and registered homes to allow all annual training hours to come from self-instructional training would have a positive financial impact on providers by eliminating travel expenses and the cost of hiring and training substitutes.

**Regulatory language:** 26 Texas Administrative Code 747.1305(f) & 26 Texas Administrative Code 747.1305(g)

This rule requires a certain number of hours of annual training for substitute and assistant caregivers in licensed and registered family homes be instructor-led. This rule creates additional training costs for licensed and registered homes when they send caregivers to attend instructor-led trainings. The current requirement is especially burdensome for the rural area providers that have limited access to instructor-led trainings in their areas. Amending 747.1305(f) and (g) to change the training requirement for assistant and substitute caregivers in licensed and registered homes would allow all annual training hours to come from self-instructional training.

**Regulatory language:** 26 Texas Administrative Code 551.42(e)(8)(D)(iii)

Requires Intermediate Care Facilities for individuals with Intellectual disabilities and related disorders (ICFs) to ensure all employees are screened for Tuberculosis (TB) within two weeks of employment and annually. The current regulation imposes a financial burden on ICFs by requiring multiple TB screenings for all staff who work directly with individuals. To reduce unnecessary costs, the annual TB screening should be removed and facilities should only be required to do a one-time screening upon hiring.

**Regulatory language:** 26 Texas Administrative Code 550.105(b)(3)

Requires a Prescribed Pediatric Extended Care Center (PPECCs) to submit with their Initial License Application a \$250,000 letter of credit. Current requirements may create difficulty for PPECCs that are small businesses to show financial viability. Adding language to allow a line of credit or a letter of credit with licensure applications to demonstrate financial viability and language describing how long the line or letter of credit must be kept would make it easier for small businesses to show financial viability and clarify their responsibilities.

**Regulatory language:** 26 Texas Administrative Code 550.105(d)(2) & 26 Texas Administrative Code 550.105(f)(1)

Prescribes timeframes for PPECCs to request an initial Life Safety Code (LSC) and Health Inspection. Delays by HHSC in conducting initial LSC inspections can delay opening. Recommend adding timeframes by which HHSC must conduct initial Life Safety Code and Health inspections to ensure PPECC providers are not delayed in opening and billing.

**Regulatory language:** 26 Texas Administrative Code 550.108(c)(3)

Requires a Prescribed Pediatric Extended Care Center to submit with their Change of Ownership License Application a \$250,000 letter of credit. Current requirements may create difficulty for PPECCs that are small businesses to show financial viability. Adding language to allow a line of credit or a letter of credit with licensure applications to demonstrate financial viability and language describing how long the line or letter of credit must be kept would make it easier for small businesses to show financial viability and clarify their responsibilities.

**Regulatory language:** 26 Texas Administrative Code 553.100(f)(4)

Requires Assisted Living Facilities (ALFs) to submit documentation to HHSC from a local authority having jurisdiction that all local requirements are satisfied. Retaining and submitting this documentation is an unnecessary administrative burden and should be removed. Other parts of the rule clearly require ALFs to be aware of and follow the requirements of authorities having jurisdiction, other than HHSC, for building construction and accessibility.

**Regulatory language:** 26 Texas Administrative Code 553.103(c)

Requires ALFs to provide at least one parking space for every four residents. This requirement is overly prescriptive. Removing parking space ratios from rule but retaining the requirement for a facility to provide sufficient parking spaces for residents and visitors could result in cost savings for these facilities.

**Regulatory language:** 26 Texas Administrative Code 553.103(e)

Requires an ALF to provide a guardrail, fence, or handrail where a grade makes an abrupt change in level. This is overly prescriptive, as there may be places where there is a change in level that residents do not access. This subsection should be repealed. Current rule 553.103(b): "Correction of hazards. An assisted living facility must correct a site or building condition that HHSC staff identifies to be a fire, health, or physical hazard" is sufficient to ensure that an ALF must address hazards to residents.

**Regulatory language:** 26 Texas Administrative Code 553.104(d)(3)

Requires ALFs to document fire drills using a form prescribed by HHSC. Overly prescriptive. Revise rule language to permit a facility to document fire drills in a manner they choose as long as the pertinent information is included.

**Regulatory language:** 26 Texas Administrative Code 553.104(j)(2)(B)

Requires an ALF to ensure electrical appliances, devices, and lamps do not overload circuits or use extension cords of excessive length. The language related to "extension cords of excessive length", is subjective and unnecessary. Repeal.

**Regulatory language:** 26 Texas Administrative Code 553.107(a)

This requires an ALF to notify HHSC in writing prior to start of building rehabilitation. The notification to HHSC is an extra administrative burden with no health and safety benefit. Notification of construction does not result in additional safety inspections. Repealing this subsection would eliminate the requirement for a facility to notify HHSC prior to starting any building rehabilitation (remodeling or renovation).

**Regulatory language:** 26 Texas Administrative Code 553.111(a), 553.121(a), 553.131(a), 553.141(a), 553.211(a), 553.221(a), 553.231(a), 553.241(a)

These sections require ALFs to demonstrate to HHSC that their buildings are structurally sound. This is a requirement of local building codes. HHSC adopts no standard regarding this and, therefore, is unable to determine whether a facility meets this requirement. Eliminating this requirement for the facility to ensure (demonstrate to HHSC) that a building is structurally sound could result in cost savings.

**Regulatory language:** 26 Texas Administrative Code 553.118(d), 553.128(d), 553.138(d), 553.148(d), 553.218(d), 553.228(d), 553.238(d), 553.148(d)

These sections require ALFs that consist of two or more floors or separate buildings to provide a communication system from each resident living unit to a central staff station. The current rule is very prescriptive and uses outdated language. The specificity of the current rule does not provide flexibility for providers or recognize advancements in communication technology that have occurred since the time the rule was originally adopted. Revising these subsections to account for changes in emergency call system technology provides flexibility for providers.

**Regulatory language:** 26 Texas Administrative Code 553.259(a)(2)

Requires ALFs that provide services and supplies that could be a Medicare benefit to provide the resident a statement that such services and supplies could be a Medicare benefit. The current rule language creates confusion and burden on some providers who interpret the rule to require ALFs to be able to provide detailed information about a specific resident's Medicare benefits. Revise this rule for clarification to be a notification that "some of the services the ALF provides may be covered by Medicare". It is the resident's responsibility to confirm any coverages.

**Regulatory language:** 26 Texas Administrative Code 553.311(7)

Requires certified Alzheimer's ALFs to provide an outdoor area of at least 800 square feet in at least one contiguous space. This area must be connected to, be a part of, be controlled by, and be directly accessible from the facility. This rule applies to all sizes of certified Alzheimer's ALFs, regardless of size or number of beds. This should be revised to allow for a sliding scale for required outdoor space based on the capacity of the certified Alzheimer's assisted living facility or unit and to allow for the outdoor space to be in more than one contiguous space. This will provide flexibility and prevent costly physical plant changes for providers.

**Regulatory language:** 26 Texas Administrative Code 554.1107(b)

Only allows physician's changes to a Nursing Facility resident's diet to be accepted by a qualified dietitian. Other qualified staff should be able to accept physician orders. Making this change will reduce the burden on facilities so that they do not have to rely on only qualified dietitians to accept these change orders.

**Regulatory language:** 26 Texas Administrative Code 554.208(f)

States that if a nursing facility initial licensure application is postmarked by the submission deadline, the application will be considered timely if received by the agency within 15 days after the postmark. This is obsolete. Recommend repealing this subsection, which specifies timeliness of initial application submission based on postmark date. Renewals are now processed through the online portal (TULIP).

**Regulatory language:** 26 Texas Administrative Code 554.212(c)

26 TAC 554.212(f)

States that if a nursing facility renewal licensure application is postmarked by the submission deadline, the application will be considered timely if received by the agency within 15 days after the postmark. This is obsolete. Recommend repealing this subsection, which specifies timeliness of renewal submission based on postmark date. Renewals are now processed through the online portal (TULIP).

**Regulatory language:** 26 Texas Administrative Code 554.322(a)

States that if the municipality in which a nursing facility is located has a plumbing code, that code must be used as a basis for determining the correctness of plumbing installation. In the absence of a municipal code,

a nationally recognized plumbing code must be used. Repeal this section - a provider is responsible for being aware of and following the requirements of other jurisdictions and agencies.

**Regulatory language:** 26 Texas Administrative Code 554.354: (g)(1)(P)

Requires that grease traps must be provided in compliance with local plumbing code or other nationally recognized plumbing code. Repeal mention of grease traps. If required, grease traps are a local requirement and should not be a state requirement.

**Regulatory language:** 26 Texas Administrative Code 554.334(1)(3)

Requires resident-use laundry rooms to be classified by a Nursing facility as a hazardous area according to national standards. Repeal requirement for classifying a resident-use laundry as a hazardous area as that requirement is not supported by national life safety code standards.

**Regulatory language:** 26 Texas Administrative Code 554.340(2)(L)

Requires nursing facility HVAC systems to be designed as much as possible to avoid having ducts passing through fire walls or smoke barrier walls. All openings or duct penetrations in these walls must be provided with approved automatic dampers. Smoke dampers at smoke partitions must close automatically upon activation of the fire alarm system to prevent the flow of air or smoke in either direction. This requirement is inconsistent with national life safety standards and creates confusion and possibly additional costs for providers. Repeal.

**Regulatory language:** 26 Texas Administrative Code 554.405(t)(1)(A)

Allows a nursing facility to request informal review of trust fund monitoring and audit report findings. Allow more time for the facility to review the report of findings and decide if they would like an informal review of the findings and any suggested corrective actions. This would decrease burden imposed by a shorter timeframe.

**Regulatory language:** 26 Texas Administrative Code 554.405(u)(2)

Allows a nursing facility to request a formal hearing of trust fund monitoring and audit report findings. Allow more time for the facility to review the report of findings and decide if they would like an informal review of the findings and any suggested corrective actions. This would decrease burden imposed by a shorter time frame.

**Regulatory language:** 26 Texas Administrative Code 559.59(b)

Allows a Day Activity Health Services (DAHS) to employ a nurse. Allowing a DAHS to contract with a nurse as needed versus employing a nurse could be financially preferable for these providers.

**Regulatory language:** 26 Texas Administrative Code Chapter 550

Requires HHSC to review plans for changes to buildings by a Prescribed Pediatric Care Center (PPECC). A plan review by the HHSC Architectural Unit is voluntary for all other provider types and approval before modification is not required of any other provider type. These requirements create delays and present an unnecessary burden on both providers and the agency. Compliance is determined through onsite inspection, not a review of building plans. Repeal the rules throughout this chapter related to a plan review by the HHSC architectural unit.

**Regulatory language:** 26 Texas Administrative Code Chapter 52 Contracting for Community Services

This chapter outlines how a provider, often small businesses, obtain and maintain a contract with HHSC to deliver Medicaid and non-Medicaid services in the community. HHSC is undertaking a comprehensive

review of these rules with the intent to streamline requirements and reduce administrative burden to obtain and maintain a contract to be reimbursed for services delivered under a contract with HHSC.

### **Office of Consumer Credit Commissioner**

OCCC routinely provides discounts on licensure fees of up to 50%, they listed rulemaking in the past 2 years that minimized burdens on military service members, veterans, and military spouses applying for individual licenses as residential loan originators or pawnshop employees, and a rule review that removed the requirement to display a motor vehicle sales finance license.

### **Public Utility Commission of Texas**

**Regulatory language:** 16 Texas Administrative Code 24.27, 24.49, 24.75, 24.76, 24.129, 24.11, 24.225, 24.238 & 16 Texas Administrative Code 26.89, 26.102, 26.107, 26.111, 26.128

Streamlining water utilities rate review process, financial reporting requirements, acquisitions of smaller utilities; Further reducing the notice of hearing requirements for Class B, C, and D utilities. (16 TAC §24.27); Allowing Class C utilities to receive an annual rate adjustment without a hearing. (16 TAC §24.49); Lowering the standards for Class B, C, or D utilities to be able use alternative ratemaking methodologies. (16 TAC §24.75); Reviewing system improvement charge proceeding standards for Class C and D utilities. (16 TAC §24.76); Further reducing annual service, financial, and normalized earnings report requirements for Class C and D utilities. (16 TAC §24.129); Tailoring the standards and financial requirements for new Class C or D utilities. (16 TAC §24.11); Establish a separate set of CCN standards for Class C and D utilities. (16 TAC §24.225); and Allow Class C and D utilities to qualify as “acquiring utilities” for the fair market valuation processes. (16 TAC §24.238)

For telecom the following recommendations were provided:

Changing the annual tariff update period to become biennial. (16 TAC §26.89); Changing the annual registration period for pay telephone service providers to become biennial or every three years. (16 TAC §26.102); Changing the re-registration requirement for IXCs and prepaid calling service companies to become every three or four years. (16 TAC §26.107); Streamlining processes for the PUCT to issue certificates of operating authority and service provider certificates of operating authority [like CCNs for certain telecom companies]. (16 TAC §26.111); Revising the annual telephone directory publication requirement to become biennial or, alternatively, authorizing telephone directories to be published digitally. As a further alternative, a future phase out date for hard copy directories could be established. (16 TAC §26.128)

### **Secretary of State**

**Regulatory language:** 405.018(d), Government Code

A \$1 search fee associated for each inquiry made through SOSDirect, which generally provides 24/7 online self-service access to business entity and UCC databases, as well as filing submissions functionally. While the search fee is waived if an order (e.g., copies and certificates) or filing instrument is submitted on results of the search and there is no charge to obtain comparable information by telephone or email, removing that fee would expand access to important records and eliminate barriers for individuals wishing to do business in Texas. Because the fee generates an estimated \$8.5M in appropriate receipts annually for the 2026–27 biennia, eliminating this fee would create a significant budget gap for a small agency like SOS. Those funds

are the method of finance to pay salaries and operating cost. The agency would need to have those funds replaced with General Revenue.

### **State Office of Administrative Hearings**

**Regulatory language:** 40 Texas Administrative Code Section 707.847 & 707.851 (DFPS), 30 Texas Admin Code Section 80.105 (TCEQ), Texas Government Code 2001.903,

Modify DFPS rule to require DFPS to refer cases to SOAH no later than 120 days after a hearing is requested, Require DFPS to combine cases for hearing, TCEQ could clarify procedural rule to prohibit the use of preliminary hearings for small enforcement and licensing cases, amend section 2001.903 to provide license holders a procedural mechanism to challenge agency's initiation of regulatory proceedings.

### **Texas Department of Criminal Justice**

**Regulatory language:** Health and Safety Code, Section 256.003

Requires a hospital or other health facility to discharge or otherwise release a patient to the care of a group home boarding home facility, or similar group-centered facility only if the person who operates the group-centered facility holds a license or permit issued in accordance with applicable state law for that group home or facility.

While we have not heard from small business, some local hospitals we have had parolees at local hospitals, with the local hospital vocalizing a reduction in available business services in their areas that have been able to meet, obtain, or understand how to apply for local permits resulting in release of patients taking longer. Harris County (local fees start at \$540 annually) and Bexar County (local fees start at \$1,000 annually)

To potentially assist small businesses consider capping the fees/costs locally or development of a state standard for group home facility operation to regulate fee/costs.

### **Texas Alcoholic Beverage Commission**

**Regulatory language:** Applicant to Post Sign Sec. 11.391 and Sec. 61.381, Alcoholic Beverage Code

Certain applicants for a new license/permit must post a sign at the business location to notify the public of their intent to sell alcohol. The outdoor sign (often referred to as a "60-day sign") has to be visible to the public for 60 days before TABC can issue the license/permit. The purpose is to alert the community and give citizens an opportunity to protest the application (if eligible to do so). Advancements in technology and staff efficiencies have reduced the time it takes TABC to issue a new license/permit to less than 30 days. Requiring applicants to wait another 30 days to meet the 60-day requirement is burdensome for applicants and their staff, and cumbersome for TABC processors. Reduce the requirement to 30 days from 60 days for applicants to post a sign notifying the public of their intent to sell alcohol. Affected applicants will get into business up to 30 days sooner, allowing them to generate revenue — and associated local and state taxes — more quickly.

**Regulatory language:** Applicant to Publish Notice (AB Code Sec. 11.39 and Sec. 61.38)

An applicant for most license/permit types must give notice of the application in a newspaper in the city or county where the license/permit will be located. With the information age of today, newspaper subscriptions are declining. Applicants should have other methods available to provide notice to the public. Amend Sec.



11.39 of the Alcoholic Beverage Code (Code) to read similarly to Sec. 61.38 to allow for digital publication of the required notice. Sec. 61.38 applies to licenses to sell malt beverages, whereas Sec. 11.39 applies to permits to sell/serve wine and/or distilled spirits. The overwhelming majority of applications processed by TABC are for permits. Another option is to remove the requirement to post notice of a license/permit application in a local newspaper. If original intent was to serve the public notice for protest purposes, this intent is still met with Secs. 11.391, 11.393, 61.381, and 61.382 of the Code. Amending Sec. 11.39 provides for consistency between licenses and permits for the same requirement. Having digital publications as an option will make it easier for applicants to fulfill their obligation. Removing the requirement is a cost savings for the applicant, as legal notices cost applicants, on average, \$100-\$800 per notice.

**Regulatory language:** Applicability of Mixed Beverage Gross Receipts Taxes for Nonprofit Entity Temporary Event Permits Chapter 30, Alcoholic Beverage Code, and Chapter 183, Tax Code

Prior to Sept. 1, 2021, nonprofit entities were able to obtain two different types of temporary event permits — one that authorized the sale of malt beverages and wine only or another that authorized the sale of all types of alcohol (i.e., malt beverages, wine, and distilled spirits) including mixed beverages. Alcohol sales under the temporary permit authorizing the sale of only malt beverages and wine were not subject to the Mixed Beverage Gross Receipts Tax under Ch. 183 of the Tax Code. Sales of all classes of alcohol under the temporary permit authorizing the sale of mixed beverages were subject to the Mixed Beverage Gross Receipts Tax. With the passage of the Sunset bill (HB1545 (86R)), the two temporary permits available to nonprofit entities were merged into one permit — the Nonprofit Entity Temporary Event Permit (effective Sept. 1, 2021) — and Sec. 183.001 of the Tax Code was updated to include the new nonprofit permit as being subject to the Mixed Beverage Gross Receipts Tax. As a result, the holder of a Nonprofit Entity Temporary Event Permit is subject to the Mixed Beverage Gross Receipts Tax for all alcohol sales, even if mixed beverages are not sold and only malt beverages and/or wine are sold. Amend Chapter 183 of the Tax Code to exclude Nonprofit Entity Temporary Event Permits from the definition of a "permittee" (and, therefore, from taxation) for the purposes of Mixed Beverage Gross Receipts Taxes if the permittee only sells malt beverages and wine. This solution keeps the nonprofit permit holder from paying the Mixed Beverage Gross Receipts Tax rate when the nonprofit did not sell mixed beverages. The nonprofit can then keep more of its proceeds so it can provide more benefits to its constituency.

**Regulatory language:** Local Cartage Permit (AB Code Sec. 25.15)

The Sunset bill (HB 1545 (86R)) eliminated the requirement for certain retailers to have a Local Cartage Permit to transport alcoholic beverages, folding that authority into the retailers' authorized activities beginning Sept. 1, 2021. On the other hand, SB 1232 (86R) authorized Wine and Malt Beverage Retailer's Permit holders to deliver alcoholic beverages to consumers only if they have a Local Cartage Permit. Now the Local Cartage Permit remains solely for the Wine and Malt Beverage Retailer's Permit, even though other retailers, such as package stores, are no longer required to have the Local Cartage Permit as of Sept. 1, 2021. Fold the authority to transport alcoholic beverages into the authorized activities for Wine and Malt Beverage Retailer's Permit holders. Modifications to Sec. 22.08 of the Alcoholic Beverage Code (Code) in HB 1545 (86R) offer model language that could be adapted to add this privilege to the Wine and Malt Beverage Retailer's Permit. Further, Sec. 25.15 of the Code would need to be amended to eliminate the requirement to obtain a Local Cartage Permit. By removing the disparity of one permit type required to have a secondary permit to perform the same activity that other retailers were given the authority to do through Sunset changes effective Sept. 1, 2021, all retailers with similar transport authority would be treated the same. The Commission recognized this disparity when setting fees in summer 2021 and set the fee for a Local Cartage Permit at \$0. If the recommendation becomes law, there will be no impact to General Revenue.

## Texas Animal Health Commission

**Regulatory language:** Texas Administrative Code 51.4 & Rule 51.4 (b)(3)

Currently, in-state origin animals are required to present a certificate of veterinary inspection (CVI) to enter a show, fair or exhibition for livestock if there are out-of-state animals present. This regulation is designed to ensure animals are healthy before they congregate and to provide for disease traceability in the event of an animal disease outbreak.

Show sponsors who organize events near the neighboring states would like to have shows with both in-state animals and out-of-state animals but the requirement for CVI for in state animals prevents some participants from entering the show. The show sponsors rely on fees collected for entry into the show to run the event space and sponsor shows. If the show sponsor can provide owner contact information to TAHC from participants in the event of an animal disease outbreak, the goal of animal disease traceability should be accomplished without the additional need of in-state participants to acquire a CVI. This will allow a show sponsor to broaden their audience of event participants due to lower event expenses.

## Texas Board of Professional Engineers and Land Surveyors

**Regulatory language:** Texas Occupations Code, Section 1001.351

Change from one year licensure renewal cycle to a two-year renewal cycle for Professional Engineers.

## Texas Commission on Environmental Quality

**Regulatory language:** Texas Water Code §37.006(g) Title 30 Texas Administrative Code §30.24(f)-(g)

Licensees only have 30 days past expiration to renew a license. Applicants whose license expires without renewal must reapply for their license, re-take the exam, and must cease any license-required work until their license is reinstated.

This renewal process can significantly impact small businesses that have a small number of licensed individuals. Extending the renewal deadline to allow individuals more time to renew their license would benefit small businesses, and licensees in general, and would be more consistent with other occupational licensing agencies in the state.

**Regulatory language:** Texas Water Code §§5.552, 5.553, §26.022 and Texas Health & Safety Code Chapters 361 and 382

These statutes require newspaper publication of notices for most environmental permit applications.

The cost of publishing notice in newspapers “of largest circulation in a county” is about \$5,000 per notice in urban counties. At least two notices per permit application are required and permit renewals are required every five years. This expense can be very burdensome on small businesses.

Electronic notices would mitigate this cost. Public access to electronic information would potentially be needed.

**Regulatory language:** Texas Government Code §2001.058

This section provides that an administrative law judge (ALJ) shall render his or her decision not later than the 60th day after the latter of the date on which the hearing is finally closed or the date by which the judge has ordered all post hearing documents to be filed.

The practice has been to allow the ALJ 60 calendar days to prepare the proposal for decision.

Small businesses may be disproportionately impacted by lengthy permitting process in that they might lack resources to participate in a months or years long process often requiring the retaining of experts. They may also lack the funding to continue in existence in the absence of a permit which would authorize full operations.

Decreasing the proposal for decision preparation time for applications filed by small businesses would thereby decrease the length of the entire contested case hearing process and decrease the waiting time for a small business to receive a decision on their application.

**Regulatory language:** Texas Water Code §5.556 and Health and Safety Code §382.056

These statutes provide an opportunity for the public to request a contested case hearing for certain environmental permit applications. Participating in a contested case hearing on a permit application can be burdensome for a small business. Modifying TCEQ's public participation process for applications filed by small businesses would need to undergo review and approval by EPA in order to avoid jeopardizing TCEQ's delegation of federal programs.

**Regulatory language:** Title 30 Texas Administrative Code Chapter 328

Requirements for scrap tire storage site registrations include financial assurance, engineering requirements, notifications to local officials and the public via mail and newspaper publication, and a notarized property owner affidavit. Storage sites must renew their registrations every five years. Requirements for registration applications for Land Reclamation Projects Utilizing Tires (LRPUTs) include engineering requirements, potentially drilling monitoring wells to demonstrate seasonally high groundwater levels, notifications to local officials and the public via mail and newspaper publication, and a notarized property owner affidavit.

Preparing an application with engineering designs, newspaper publication, and possible monitoring wells, can be significant and costly depending on the size and complexity of the operation. Small businesses may have more difficulty absorbing the application preparation costs.

Financial assurance must be secured and maintained while the site is active. Financial assurance (e.g., a bond, escrow, certificate of deposit, irrevocable letter of credit, corporate guarantee, etc.) must be secured by the permittee to ensure timely environmental cleanup should the permittee be unable or unwilling to perform required environmental actions. The amount of financial assurance depends on the size and complexity of the operations.

Engineered designs are necessary to ensure proper design of the facility, including tire piles, side slopes, fire lanes, separation from the water table, grading, drainage, etc. to ensure operations will meet TCEQ rules and minimize environmental risk.

Public notice is required to alert the surrounding community about the potential operations. Small businesses may have a more difficult time securing financial assurance, which could prevent the small business from starting operations. It may also be burdensome for small businesses to maintain financial assurance year after year. The state uses the financial assurance funds to properly dispose of leftover scrap tires and reduce the environmental risks from the site. The cleanup of improperly stored scrap tires by the state is often costly and can range from approximately \$2.00 to \$12.00 per tire depending on location and access to site, condition of scrap tires and tire piles, and distance from processors and end users.

Scrap tire storage sites and scrap tire projects using tires (LRPUTs) are mostly small businesses, 75%.

**Regulatory language:** Texas Water Code §5.554 and Health and Safety Code §382.056 Title 30 Texas Administrative Code Chapter 55, Subchapter E

The executive director is required to hold a public meeting if there is “a substantial or significant degree of public interest in an application” (typically >10 requests) or “a member of the legislature” requests a public meeting.

Public meetings can create challenges for small business because they can add to permit processing timeframes, and applicants are responsible for identifying venue space and retaining security, if necessary.

Public stakeholders are likely to raise concerns about reduced options for participation in agency permitting processes.

Public meetings are sometimes not well attended or not attended at all. If the threshold for triggering a public meeting for permit applications of small businesses is raised, it could result in decreased permit processing timeframes and decreased burdens on those applicants.

### **Texas Commission on Fire Protection**

**Regulatory language:** Title 37 Part 13 Chapter 427 §427.401 (d) (3) & (4)

This rule relates to Training Facilities. The specific section requires complete and correct financial statements, as specified in this subchapter, demonstrating the facility is financially stable and capable of fulfilling its commitments for training. It also requires statement of ownership which identifies the owners, stockholders, partners, representatives, management, trustees, and board members.

### **Texas Commission on Law Enforcement**

TCOLE requires a \$1,000 application fee from a private training provider/contractor for a 5-year contract. This amount covers the work that must be done by the agency to approve the application and covers the entire 5-year period. This could be reduced by 5% without significantly impairing the agency's operation.

### **Texas Department of Housing and Community Affairs**

**Regulatory language:** Texas Government Code Section 2306 Subchapter LL, 2306.6710, 2306.6725, 2306.6712(b), and (d)

Remove migrant housing inspections that are already done federally, delete the statutory scoring requirements for competitive (9%) housing tax credit applications, enable TDHCA staff to take administrative action on amendments that propose a modification which would materially alter a development approved for an allocation of housing tax credit, and enable TDHCA staff to determine via administrative rulemaking what constitutes a material alteration of a development.

### **Texas Department of Licensing and Regulation**

**Regulatory language:** Ch. 51 Electronic Correspondence, Ch. 51 Career & Technology Education, Code Enforcement Officers, Driver Education & Safety, Hearing Instrument Fitters & Dispenser, Off Highway Vehicle Training, Orthotists & Prosthetists, Responsible Pet Owner, Speech Language Pathologists & Audiologists.

Give TDLR Permission to provide all correspondence electronically rather than by paper and U.S. mail. Give TDLR authority to identify and support career and technology education programs in industries TDLR regulates, and to allow TDLR to work with TEA to develop such programs to encourage more people to

enter high-demand industries that need a new generation of workers. Lower barriers to out of state reciprocity for code enforcement officers, Repeal statutorily mandated \$3 fee for course material in driver education & safety program, Authorize electronic filing of reports and other documents to increase efficiency for Elevator & Safety program, Repeal unnecessary surety bond requirements and lower barriers to out of state licenses for hearing instrument fitter & dispensers program, Deregulate off-highway vehicle certification for off high way vehicle training program, Repeal the provisions that allow arbitrary, subjective exemptions and bring efficiency to the licensing process; remove risk-based inspection requirements from the program rules for orthotists & prosthetists program, deregulate the responsible pet owner since it has only one licensee, and remove barriers to out of state licensees who have been licensed for a certain number of years and only have a master's degree for speech language pathologists & audiologists program.

### **Texas Department of Motor Vehicles**

**Regulatory language:** Transportation Code, Sections 501.091 & 501.1003

Salvage vehicle dealers that purchase vehicles from law enforcement auctions or foreclosure sales do not receive standard evidence of ownership documents like a title. An auction sales receipt is often the only proof of ownership available. The term auction sales receipt is defined in Section 501.091. Proposed amendments to Section 501.1003, Transportation Code, allow an auction sales receipt to be submitted by salvage vehicle dealers when they report that a salvage or nonrepairable motor vehicle will be scrapped, dismantled, or destroyed. This eliminates the need for an unnecessary title application for a vehicle that is going to be scrapped and improves department operational efficiencies. These changes were included in House Bills 5269 (88R) & 3531 (87R), which did not pass. (Draft statutory language available.)

**Regulatory language:** Transportation Code, Section 501.100

Section 501.100 requires issuance of a salvage vehicle title before a rebuilt Texas title can be obtained. The proposed amendment allows a vehicle with an out-of-state title comparable to a salvage vehicle title to be issued a rebuilt Texas title without the owner first having to apply for a salvage vehicle title with the department. This eliminates the need for customers to apply for a salvage vehicle title just to immediately surrender it for a rebuilt title and improves department operational efficiency. These changes were included in House Bills 5269 (88R) & 3531 (87R), which did not pass. (Draft statutory language available.)

**Regulatory language:** Transportation Code, Section 502.147

Farm trailers less than 4,000 lbs., farm tractors, and implements of husbandry have long been exempted from registration requirements. The statute that made the exemption explicit was inadvertently repealed several sessions ago. The proposed amendment would make the long-standing exemption clear in statute. This change was included in Senate Bill 1182 (88R), which did not pass.

### **Texas Department of Transportation**

43 Texas Administrative Code, Chapter 11, Subchapter C Access Connections to State Highways

Coordinating access to state highways can be challenging for some small business owners. The challenges are usually site and owner specific. However, TPD, DES, and MNT are already working to improve this process through education; streamlining the process for traffic engineering studies; and implementing software and dashboards to speed the permitting process, along with additional measures. After these improvements are implemented, this effect will be greatly reduced.

## Texas Education Agency

**Regulatory language:** Texas Government Code Chapter 497 and Texas Human Resources Code § 122.008

Requires the agency to purchase products like office supplies, furniture and some computer peripherals through state programs like WorkQuest or Texas Correctional Industries (TCI) and many small businesses sell these same goods or services.

### **DIR Procurement Guidelines**

DIR has several processes, exceptions, and thresholds that can be challenging to navigate on the customer side and could be daunting as a small business vendor.

**Regulatory language:** Texas Government Code § 2155.132(e) and 34 Texas Administrative Code § 20.82(b)(1)

Sets a spot-purchase threshold, currently \$10,000. A consideration to provide more opportunities for more small businesses would be to raise this. This, of course, would need to come with some controls, such as conflict of interest threshold disclosures, to ensure risks are mitigated.

## Texas Facilities Commission

**Regulatory language:** Texas Government Code Chapter 2253 Public Work Performance and Payment Bonds

Issue: Current bonding and insurance requirements can be a significant financial burden for small businesses, especially those with limited cash flow.

Recommendations: (1) Explore Alternative Bonding Mechanisms: Such as surety bonds, performance and payment bonds, and alternative payment options. (2) Reduce Bonding Requirements: Consider reducing bonding requirements for small businesses on smaller contracts. (3) Put cost on General Contractor; utilizing a Subcontractor Default Insurance (SDI). Example: Subguard Insurance\* (4) Develop Bonding Assistance Programs: Establish programs to assist small businesses in obtaining bonding.

Potential Result: Reducing or offering alternative bonding and insurance requirements would lower upfront costs, freeing up cash flow for small businesses to invest in growth and operations.

Issue: Payment and Performance Bonds Requirements for Public Works Projects - Current bonding costs (\$25,000 to \$100,000) can be a burden for small businesses. General contractors pass these costs or put even higher requirements on their subcontractors, which limits the projects that small businesses can or are willing to respond.

Recommendations: (1) Provide incentives to General Contractors to cover the project bonding and insurance costs based on percentage awarded to small businesses.

Potential Result: Lowering or providing alternative insurance requirements could open opportunities for small contractors to secure new business by decreasing initial expenses and improving cash flow, allowing them to invest more in growth and operations.

**Regulatory language:** Texas Government Code 2165.08 Temporary Use of State Buildings or Grounds by Television or Film Production Company

Issue: Filming and Photography on State Property Regulations - Current insurance requirements can be a significant financial burden for small production businesses, especially for new businesses entering the industry.

Recommendations: (1) Explore alternative insurance options for small businesses: The State may be able to provide a low-cost option to small businesses from qualified insurance providers. (2) Reduce Insurance Requirements: Consider reducing insurance requirements for productions that are outside of state buildings/structures as these pose less risk than productions that are filming inside of buildings. (3) Create Assistance Program: The Texas Film Commission could develop an assistance program that specifically addresses providing affordable insurance for emerging and small businesses/filmmakers.

Potential Result: Reducing or offering alternative insurance requirements would create a pathway to create more business by lowering upfront costs and freeing up cash flow for small businesses to invest in growth and operations.

**Regulatory language:** Texas Government Code Chapter 2166 Uniform General Conditions in State Construction Contracts

Issue: “Uniform General Conditions” Base Insurance Requirements - General Contractors, under the governing contractual terms and conditions with subcontractors (“Uniform General Conditions”), often require additional insurance or shift all risks to subcontractors, making it difficult for small businesses to compete due to high insurance premiums.

Recommendations: Provide incentives to General Contractors to cover the bonding and insurance burden for subcontracted work to small businesses.

Potential Result: Reducing or adjusting insurance requirements in the governing contractual terms and conditions could enable small contractors to compete for new business by cutting upfront costs and freeing up capital they can reinvest into expanding their operations and creating jobs.

Issue: Liquidated Damages as part of the “Uniform General Conditions” - General Contractors often set liquidated damages higher than those in their own contracts, creating a significant risk for small businesses if a project is delayed. These liquidated damages are outlined in the Special Conditions of the Uniform General Conditions, which govern the contract terms.

Recommendations: Establish a cap on how much a General Contractor can increase the liquidated damages amount beyond what is specified in their own awarded contract.

Potential Result: Setting a cap on how much a General Contractor can increase liquidated damages reduces financial risk for small businesses, encouraging their participation in contracts. It ensures penalties remain fair and proportional, promoting competition and potentially lowering project costs, while providing opportunity for economic opportunity and growth for small businesses.

**Regulatory language:** Texas Property Code Chapter 28 Prompt Payment to Contractors and Subcontractors & Texas Government Code 2251.021 Time for Payment by Governmental Entity

Issue: Application of the Texas Prompt Payment Act - State agencies are required to pay for goods and services within 30 days of receiving the goods, completing the services, or receiving the invoice. However, this can be difficult for small businesses, as they often lack the cash reserves to cover upfront costs while waiting for payment. Delays in invoicing or processing further strain their cash flow, putting small businesses at a disadvantage compared to larger firms. This also impacts the State Surplus Program.

Recommendations: Automating and streamlining the invoicing process. Enhance the invoice approval workflow. Provide vendor clear invoice guidelines and virtual training.

Potential Result: Faster payments and simplified invoicing would improve cash flow for small vendors, enabling them to cover costs without delay. This would encourage more small businesses to participate in state contracts, boosting competition and strengthening relationships. Ultimately, it would reduce financial stress, promote growth, and contribute to local economies.

Issue: Payment Processing Uniformity - Various state agency, university, or school district internal processes are variable and limit the ability of small businesses to manage complex processes across multiple government entities.

Recommendations: Standardize payment processes, policies, and forms across state agencies, universities, and school districts to reduce administrative burdens on small businesses and expand their ability to work with multiple government entities, fostering growth and opportunity.

Potential Result: Streamlining processes across government entities would make it easier for small businesses to navigate contracts, reducing administrative hurdles and freeing up resources for growth. This would encourage more small businesses to compete for government work, driving innovation and job creation. Ultimately, it promotes economic growth by empowering small businesses to thrive and expand.

**Regulatory language:** Texas Administrative Code 43 §218.16 Insurance Requirements

Issue: Insurance Requirements to Conduct Surplus-related business. Small businesses, like the Surplus Program's freight brokers, must ensure that the carriers they hire meet strict insurance requirements, which limits the number of eligible carriers. Motor carriers must maintain the necessary insurance to be part of the bidding pool, but since contracts are awarded to the lowest bidder, they are not guaranteed work.

Recommendations: Consolidate requirements; consolidate similar types of transportation contracts into groups with consistent insurance needs. Utilize Technology; Online insurance verification systems and encourage digital certificate of insurance which can be easily uploaded and verified electronically.

Potential Result: Changing this rule would broaden the pool of eligible carriers, giving small businesses access to more competitive options. It would also provide carriers with more consistent work opportunities, reducing financial uncertainty. This could lead to increased stability and growth for small businesses in the industry.

### **Texas Higher Education Coordinating Board**

**Regulatory language:** Texas Education Code §§ 61.303, .305. & Texas Education Code § 61.305(c)

The Coordinating Board's only regulatory role over a small business would be in the context of issuing a Certificate of Authority or Certificate of Authorization required for a private post-secondary institution of higher education to operate in Texas pursuant to Tex. Educ. Code §§ 61.303, .305. Texas Education Code § 61.305(c) requires an applicant for a Certificate of Authority to pay a fee set by the Board. The Board's fees are set in Rule 7.8. They do not have any rules, permits, fees, or regulations that would hamper small business formation, operation, or growth.

### **Texas Historical Commission**

**Regulatory language:** Texas Government Code 2155, Purchasing: General Rules and Procedures and the Texas Comptroller of Public Accounts, Procurement and Contract Management Guide.

Numerous opportunities exist for enterprises to engage in agency operations and contribute to the preservation of historic sites. Many of these small businesses are engaged through a spot purchase process, a procurement method for purchases under \$10,000. However, due to inflation and other economic factors, the \$10,000 threshold no longer provides the same quality or quantity of services or goods as it did previously. As a result, THC has had to limit the use of spot purchases. Considering this, it is recommended that the spot purchase threshold be re-examined and potentially increased to continue facilitating small businesses' participation in this streamlined procurement process. This recommendation is aligned with



recent changes by the federal government, which has increased its spot purchase limit to \$50,000 under certain conditions. Increasing the threshold could encourage and enhance small business participation in providing goods and services to the agency.

**Regulatory language:** Texas Government Code 442.014

The Texas Main Street Program located in Texas Government Code 442.014 provides outreach, training, and support to approximately 85 historic downtowns in Texas, ensuring the economic vitality of small business tenants and property owners. Services are provided without any fees or costs to businesses or owners. It is recommended that the program rules be expanded to offer financial incentives to small businesses in rural historic downtown areas to perform repairs or necessary renovations of commercial spaces, making the space more conducive to their business operations, facilitate growth, and attract locals and visitors to the downtown area.

### **Texas Juvenile Justice Department**

Reduce the Centralized Master Bidder List (CMBL) Fee: Lowering the fee from \$70 to \$50 would make it more easily accessible for small businesses to register and participate in state procurement opportunities.

Improving CMBL/ESBD Notifications: If the CMBL were able to automatically notify vendors of all bid opportunities in their highway district and NIGP category posted to the ESBD. Missed opportunities for small business would be eliminated due to the administrative nature of this process.

Improving NIGP Code Accuracy: Vendors should be required to select only the applicable NIGP codes for their company, as the current system allows them to select all categories, making it difficult for agencies to find relevant vendors and for vendors to find relevant bid opportunities when receiving so many notifications. CPA should offer specific NIGP class for all vendors before setting up CMBL profile.

Expanded State Contracts: Adding more state contracts for items like office supplies, inmate clothing, and hygiene items could provide more opportunities for small businesses to bid on and receive these contracts.

### **Texas Medical Board**

**Regulatory language:** Texas Occupations Code Sec. 205.303

This law requires the certification of acudetox specialists in Texas by the Texas Medical Board. However, recent legislative changes (HB 1106 88(R)) have expanded acudetox such that it does not require supervision by a TMB licensee (physician or acupuncturist) as it is considered safe and easy to administer by a trained behavioral health professional (e.g. a licensed social worker, licensed professional counselor, licensed psychologist, licensed chemical dependency counselor, licensed marriage and family therapist, licensed marriage and family therapist associate, etc.) Considering many of the professionals engaged in this practice are solo practitioners/business owners where acudetox is offered as a free, or very low-cost treatment tool within their wider scope of practice, eliminating the certification requirement altogether would eliminate licensure and renewal costs that further burden these providers. It would also eliminate the need for these practitioners to go through two different regulatory bodies (e.g. TBHEC boards and TMB) - thus streamlining the process - to obtain credentials to fully treat their patients.

### **Texas Parks & Wildlife Department**

**Regulatory language:** Parks and Wildlife Code 45.003 Game Bird Breeders License Parks and Wildlife Code 45.003 & Texas Administrative Code 53.15(b)(2)(3) Commercial Game Bird Breeders License

Consolidation of these two commercial licenses into a single license type with a cost of \$27 would simplify the requirements for all license holders and reduce costs for game bird breeders who possess 1,000 or more birds during a calendar year.

**Regulatory language:** Texas Administrative Code: §65.231 Depredation Permits & Parks and Wildlife Code 43.153(d) Permits to Control Wildlife – Application for Permit, Parks and Wildlife Code - Depredation Permit

Eliminating this fee would support commercial agricultural interests by reducing the cost associated with permit that authorizes the lethal removal of depredated game animals. There are 51 currently active Depredation permits equating to \$12,750 in fee revenue. Eliminating the fee would require a change to 43.153 of the Parks and Wildlife Code and to 65.231 in the Texas Administrative Code.

**Regulatory language:** Texas Administrative Code §65.132 (a) & TAC §53.14 (c) (c) Deer Management Permit and Renewal

Reduction of this fee by 50% would support private landowners engaging in intensive deer management, which is often associated with commercial hunting operations.

A total of 286 Deer Management Permits were issued for the 2024-25 license year, equating to \$286,000. The fee reduction would reduce cost to the permit holder by \$500 per permit, which would equate to a total reduction in cost of \$143,000 for the 2024-25 license year.

**Regulatory language:** Parks and Wildlife Code 43.044 (a)(1-3) Hunting Lease License Fees & Texas Administrative Code 53.11 (a-c)

Eliminating three hunting lease licenses would relieve private landowners who offer hunts in exchange for payment from the requirement of acquiring this license from the Department.

Average sales of 7,627 licenses per year for the last three complete license years equates to average revenue of \$1,056,196 per year.

Hunting lease license types include:

Small (1 to 499 Acres) - \$79

Medium (500 to 999 Acres) - \$147

Large (1000+ Acres) - \$252

**Regulatory language:** Parks and Wildlife Code 43.044 (b)(1-3) Hunting Lease License Fees Parks and Wildlife Code 43.044

Eliminating these four cooperative hunting lease license items would relieve private landowners who offer hunts in exchange for payment on hunting cooperative areas from the requirement to acquire this license from the Department. Average sales of 985 licenses per year for the last three complete license years equates to average revenue of \$8,573 per year.

License Types include:

Small (<10,000 acres) - \$60

Medium – (10,000 – 50,000 acres) \$120

Large (>10,000 acres) - \$240

Participating Landowner's Fee - \$5

**Regulatory language:** Texas Administrative Code §58.353(h)

Unless otherwise specifically authorized by the department in writing, cultivated oyster mariculture is restricted to seed and larvae from native Eastern oyster (*Crassostrea virginica*) broodstock collected or originating from Texas waters and propagated in a permitted Nursery-Hatchery located in Texas.

Requiring that triploids from diploid-tetraploid crosses have a Texas lineage parent reduces available seed options and supply for Texas farmers. Allowing use of triploids from Gulf lineage in diploid-tetraploid crosses would open up more potential seed purchasing options. There are added genetic risks but biosecurity factors against pathogens and diseases would still be in place.

**Regulatory language:** Parks and Wildlife Code 47.001 Definitions; 47.009 Wholesale Fish Dealer's License; 47.0091 Purchase of Aquatic Products by Wholesale Fish Dealers; 47.010 Wholesale Truck Dealer's Fish License; 47.011 Retail Fish Dealer's License; 47.0111 Purchase of Aquatic Products by Retail Fish Dealers; 47.013 Retail Dealer's Truck License; 47.014 Bait Dealer's License; 77.001 Definitions; 77.002 License Fees; 77.043 Bait-Shrimp Dealer License; 77.044 Issuance of Bait-Shrimp Dealer's License; 77.045 Rights and Duties of Bait-Shrimp Dealer; 77.046 Exemptions from Bait-Shrimp Dealer's License

Consolidating fish dealer license types would reduce confusion for businesses and for staff issuing, inspecting, and enforcing licenses when determining which license is required for a certain activity.

Also, current statutes limit who can hold a bait-shrimp dealer's license, reducing business opportunities for wholesale fish dealers.

Current statutes also prevent bait-shrimp from being sold from a motor vehicle in coastal counties reducing business opportunities in situations where additional locations could be reached by utilizing a motor vehicle.

**Regulatory language:** Parks and Wildlife Code 43.044 (c)(1-3) Hunting Lease License Fees Parks and Wildlife Code 43.044 & Texas Administrative Code 53.11 (f-h) Wildlife Management Association Lease License

Eliminating these four license items would relieve private landowners who offer hunts in exchange for payment on wildlife management association areas from the requirement to acquire a license from the Department. Average sales of 490 licenses per year for the last three complete license years equates to average revenue of \$5,852 per year.

License Types include:

Wildlife Management Association Area Hunting Lease Licenses:

Small (<10,000 acres) - \$60

Medium – (10,000 – 50,000 acres) \$120

Large (>10,000 acres) - \$240

Participating Landowner's Fee - \$5

### **Texas Racing Commission**

Many of our occupational licensees who own small businesses require dual licensure under Texas law, such as veterinarians, emergency medical technicians, and private security professionals. The Texas Racing Act requires our agency to issue an additional license to permit them access to the restricted areas of a racetrack

coupled with an additional background check they may have already had done with another state agency for the original license. For example, when we send an applicant for fingerprints for a veterinary license, they have already been through the process with the Texas Veterinary Board, but the current fingerprint contract with Identogo does not permit us to view fingerprint results gathered by a Texas state agency unless our agency and the licensee independently pay an additional fee for that access to the criminal history and rap-back results that follow.

### **Texas Real Estate Commission & Texas Appraiser Licensing Certification Board**

**Regulatory language:** 22 Texas Administrative Code § 535.404

The Agency identified the following rule that may hamper small business formation, operation, or growth: 22 Texas Administrative Code § 535.404. This rule sets forth the fees TREC collects from both: (i) applicants seeking to apply for an easement or right-of-way certificate; and (ii) current easement or right-of-way (ERW) agents seeking to renew. Currently, ERWs are assessed a \$200 fee at both initial certificate application and renewal. Because of a statutorily required late fee, which requires the payment of late fees of up to two times the timely renewal fee, agency staff believes the fee should be separated depending on the type of application (i.e., an original application or renewal), and that the renewal fee be reduced to \$100 to keep those late fee amounts at a more manageable level.

### **Texas Securities Board**

**Regulatory language:** Section 4001.002

Board is proposing a rule that will harmonize state and federal regulatory requirements and minimize regulatory burdens on persons subject to The Securities Act, especially small business all while not increasing any cost to the regulated persons.

### **Texas State Board of Pharmacy**

Title 22 Part 15 Chapter 291 §291.32(d)(2)(A)

This rule provides that the ratio of on-site pharmacists to pharmacy technicians and pharmacy technician trainees in a Class A (community) pharmacy may be 1:6, provided the pharmacist is on-site and a maximum of three of the six are pharmacy technician trainees. The ratio of pharmacists to pharmacy technician trainees may not exceed 1:3. Increasing or eliminating the ratio would allow small business community pharmacies to utilize more supportive personnel without incurring the cost of an additional pharmacist. Note: §291.32(d)(2)(B) contains a statutory ratio requirement for pharmacies meeting certain conditions.

Title 22 Part 15 Chapter 291 §291.17(c)(3)

This rule requires that the signature of the pharmacist-in-charge and the date of an annual controlled substance inventory to be notarized within three days after the day the inventory is completed, excluding Saturdays, Sundays, and federal holidays. Amending this rule to remove the notarization requirement or to allow another pharmacist to sign confirming the PIC signature and date instead of the notarization requirement would eliminate the cost of notarization and save employee time for small business community pharmacies.

Title 22 Part 15 Chapter 291 §291.17(d)(4)

This rule requires that the signature of the pharmacist-in-charge and the date of a change of ownership controlled substance inventory to be notarized within three days after the day the inventory is completed, excluding Saturdays, Sundays, and federal holidays. Amending this rule to remove the notarization requirement or to allow another pharmacist to sign confirming the PIC signature and date instead of the notarization requirement would eliminate the cost of notarization and save employee time for small business community pharmacies.

### **Texas State Board of Plumbing Examiners**

Texas Occupations Code Title 8; Chapter 1301.002 & 1301.352

Creates a Residential Service Tech License with a scope of work that is less that allows a lower barrier to entry into the industry; remove the drain cleaner registration and roll that into an existing license; drop the hours necessary to be a journey man plumber from 8000 hours to 6000, and drop the master plumber requirement to hold a journeyman license from 4 years to 2 years.

### **Texas Veterans Commission**

**Regulatory language:** Title 34 Part 1 Chapter 20 Subchapter D Division 1 Rule 20.282 (18)

The law prohibits veterans with less than one year of residency in Texas to qualify for HUB Certification. While in service, an Active-Duty member can maintain their home of record as their residence if they are discharged from Texas and decide to stay in Texas. The clock on becoming a resident starts after discharge. With the one-year requirement, newly discharged veterans or those moving to Texas with their businesses cannot obtain the certification, thus preventing them from qualifying. Recommend eliminating the one year of residency for veterans who have designated Texas as their Home of Record on their discharge documents.

**Regulatory language:** Title 34 Part 1 Chapter 20 Subchapter D Division 1 Rule 20.282 (17 D)

The current law prohibits veterans with less than 20% disability from qualifying for HUB Certificate. Recommend waiving the 20% disability requirement for all Honorably Discharged Veterans.

**Regulatory language:** Title 2 Chapter 51 Subchapter A Section 51.4013

This law allows a veteran who is obtaining a license to waive the fees if they have previous military experience pertaining to the license. Veterans utilize educational benefits to change career paths and obtain certifications but are unable to waive licensing fees if the chosen career path is not annotated on DD-214 or in a memorandum from the veteran's commanding officer. Recommend waiving the initial permit/license fee for qualified NEW 100% Veteran-Owned Businesses registered with the state.

**Regulatory language:** Senate Bill 938 87R Veteran Verification Letter

This bill allows qualified NEW 100% Veteran-Owned Businesses to waive registration fees with the Texas Secretary of State and Franchise Tax Fees for the first five-years of business. This bill has an expiration date of December 2025.

### **Texas Workforce Commission**

**Regulatory language:** Texas Labor Code, Chapter 303.002(b)(2)

This law ensures that individuals who successfully complete customized training through the Skills Development Fund are paid a wage that matches or exceeds the prevailing wage for the given occupation

in the given labor market area. From time to time, small businesses, especially in rural areas are unable to match this prevailing wage. Therefore, some businesses may abstain from participating in the Skills Development Fund grant program.

**Regulatory language:** Texas Health and Safety Code Chapter 81D, Prohibited Coronavirus Vaccine Mandates by Private Employers & Regulation Title 40, Part 20, Chapter 844, Prohibited Coronavirus Vaccine Mandates by Private Employer

This statute and associated regulations prohibit private employers from requiring that their employees and contractors be vaccinated against COVID-19, even if the employer, in good faith, believes that a COVID-19 vaccination requirement comports with the nature of its business. An employer may not take an adverse action against an employee, prospective employee, contractor, or prospective contractor for failing to comply with the employer's COVID-19 vaccination policy.

If TWC finds that an adverse action has occurred and has not been remediated, it must assess a \$50,000 penalty against the employer. For a small business, a \$50,000 penalty could be enough to drive it out of business.

**Regulatory language:** Title 4 Subtitle A Chapter 4 §204.006

This law taxes new employers that are not eligible for an experience rate at 2.6%. In 2024, the average tax rate for experience rated employers was 0.89%, in 2023 the average tax rate for experience rated employers was 0.81%. The 2.6% rate was established in the 1930's when the Unemployment Insurance program was initiated and has not been modified since. The majority of employers paying the introductory rate are small employers. Federal law provides that a new or newly covered employer may be assigned a reduced rate (not less than 1.0 percent) on any reasonable basis other than the workers' risk of unemployment, until they qualify for a computed rate based on experience in accordance with state law.

Option: Lowering the initial contribution rate for new small employers would reduce their initial unemployment insurance tax burden while they are growing their business."

**Regulatory language:** Texas Government Code §2308.3155

This law requires that childcare programs, many of which are small businesses, be a certified Texas Rising Star provider in order to participate in TWC's Child Care Services program. This state law exceeds the federal Child Care and Development Fund requirements, which only require childcare programs to meet Child Care Regulation's minimum licensing standards. If a provider does not want to participate in the Texas Rising Star quality rating and improvement program, parents do not have the option of enrolling their children, who are receiving CCS subsidized childcare, into that childcare program.

### **Texas Optometry Board**

**Regulatory language:** 22 Texas Administrative Code Part 14 273.2

Related to use of name of deceased or retired optometrist. Currently rule requires business to update name to clearly show deceased/retired status of optometrist if business continues to use the personal name in the business name. This requirement could involve a cost to a small business to update signage, business cards, etc.

**Regulatory language:** 22 Texas Administrative Code Part 14 273.9

Related to requiring small business to have consumer placard or consumer pamphlet available in office so consumer knows how to contact board in case of alleged violation. The rule could be clarified to ensure

licensees know the placard is available for free from the Board and that the pamphlet is available for the licensee to print at his/her own expense.