# Legislative Study Group (LSG) Floor Report — Wednesday, April 9, 2025

| Constitutional Amendments Calendar | | | | |
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| **HJR 99**<br><br>By:<br>Harris | Proposing a constitutional amendment authorizing the legislature to exempt from ad valorem taxation tangible personal property consisting of animal feed held by the owner of the property for sale at retail. | Ways & Means<br><br>10 Ayes<br>0 Nays<br>0 PNV<br>3 Absent | HJR 99 proposes a constitutional amendment for HB 1399, which exempts animal feed inventory from business personal property (BPP) taxes. HB 1399 is duplicative, given existing state-level tax relief, and may result in higher local taxes for residents. | **Unfavorable** |
| **General State Calendar** | | | | |
| **HB 1399**<br><br>By:<br>Harris | Relating to an exemption from ad valorem taxation of tangible personal property consisting of animal feed held by the owner of the property for sale at retail. | Ways & Means<br><br>10 Ayes<br>0 Nays<br>0 PNV<br>3 Absent | While HB 1399 aims to support agricultural operations, its exemption from local business personal property (BPP) tax is duplicative, given existing state-level tax relief, and may result in higher local taxes for residents.<br><br>HB 1399 would exempt animal feed inventory from BPP taxes. However, these items are already exempt from state sales tax. In fact, livestock feed is already largely exempt from taxation throughout its lifecycle—from production to consumption.<br><br>HB 1399's tax exemption benefits retail store owners, even larger chain stores. Supporters of HB 1399 assert that livestock feed retailers are essential for farmers and ranchers and try to keep their feed prices as low as possible, even with razor-thin margins. Unfortunately, like any exemption, there is no guarantee that savings will be passed on to consumers.<br><br>Furthermore, removing BPP value from local tax rolls typically shifts the tax burden onto residents. This may be more pronounced in smaller, more rural counties that already struggle to provide the services required by the State, whether or not they have the funds to do so. | **Unfavorable** |

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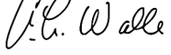
| **HB 1400**<br><br>By: Harris \| Jones, Venton | Relating to creation of the groundwater science, research, and innovation fund to be administered by the Texas Water Development Board. | Natural Resources<br><br>13 Ayes<br>0 Nays<br>0 PNV<br>0 Absent | HB 1400 would establish the Groundwater Science, Research, and Innovation Fund, a dedicated account within the state treasury that would be managed by the Texas Water Development Board (TWDB). The fund would support grants for the advancement of groundwater science and innovation. Groundwater plays a crucial role in Texas, supplying over half of the state's water needs. As the population grows and the demand for water increases, ensuring the sustainability of this vital resource becomes even more critical.<br><br>Accurate, up-to-date groundwater science is crucial for effective water management, but current investments are insufficient and poorly coordinated. HB 1400 aims to address this by creating a program through the TWDB to provide grants to Groundwater Conservation Districts (GCDs) for a range of initiatives, including enhancing groundwater models for improved planning and decision-making and protecting groundwater quality.<br><br>HB 1400 requires the TWDB to adopt rules and procedures for administering and determining eligibility for these grants. To ensure that smaller, resource-limited counties have a fair chance at receiving the grant, the bill mandates that at least 35% of available funds be reserved for small and rural groundwater districts, defined as those with populations of no more than 100,000 with annual revenues not exceeding $250,000. | **Favorable** |
| **HB 1094**<br><br>By: Lambert | Relating to the regulation of transportation protection agreements. | Pensions, Investments & Financial Services<br><br>8 Ayes<br>0 Nays<br>0 PNV<br>1 Absent | HB 1094 could increase risks for consumers of transportation protection agreements (TPAs) by excluding TPAs from state regulation.<br><br>Transportation protection agreements provide for the transportation of human remains when death occurs further than 75 miles from the deceased person's legal residence. Consumers buy these products from third party vendors, not funeral homes. No money is refunded if the customer doesn't end up requiring the service.<br><br>**HB 1094 would define, by statute, that TPAs are neither prepaid funeral benefits nor insurance and are therefore not subject to regulations that govern either.**<br>Clarifying that these agreements are not prepaid funeral benefits would simply reflect the current regulatory framework in which the Texas Department of Banking does not consider TPAs to be prepaid funeral benefits, therefore does not require them to comply with its regulations. This bill would simply codify this.<br><br>Currently, the Texas Department of Insurance does not uniformly regulate TPAs as insurance. They evaluate each TPAs status as insurance on a case-by-case basis. Some TPAs may be in the business of insurance but have not been reviewed and evaluated. **Therefore, TPA companies may be operating as unauthorized insurance products.** The Texas Department of Insurance states that TPAs, conceptually, appear to be insurance. | **Unfavorable** |



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| | | | Supporters of this bill say that TPAs are not insurance because they function as prepaid service contracts. However, transportation protection agreements function much like typical insurance. Customers pay a premium to mitigate the cost of future risk, namely death while traveling. If a customer does not require transportation, they don't get any money back.<br><br>**HB 1094 omits TPAs from any regulation whatsoever, decreasing consumer protections.**<br>Even if TPAs were not insurance, the legislature should not preempt the TDI's ability to review these products on a case by case basis. According to the TDI, passing this bill may remove products or policies that are currently regulated as insurance from the purview of regulators.<br><br>When TPAs are not regulated as insurance, they are exempt from rules that protect consumers. Insurance products must maintain actuarial soundness of a guaranteeing trust as a hedge against default. In the event that an insurance company could not pay out claimants, Guaranty Association funds would help cover unpaid insurance claims. Without those protections, the customers of bankrupt TPA vendors would be more vulnerable.<br><br>There are advantages to deregulation. Non-trust backed products are cheaper than insurance and the current quasi-regulated environment has not, to date, caused widespread consumer harm. Florida and Arizona adopted similar legislation and have not seen an uptick in consumer abuse.<br><br>Nevertheless, the maintenance of consistent regulation for insurance would require that lawmakers oppose this bill. | |
| **HB 365**<br><br>By: González, Mary \| Harris \| Walle \| Guillen \| Lopez, Janie | Relating to the authority of the Texas Water Development Board to provide financial assistance from the economically distressed areas account that is not required to be repaid. | Natural Resources<br><br>13 Ayes<br>0 Nays<br>0 PNV<br>0 Absent | HB 365 aims to incentivize political subdivisions and water supply corporations to build out water infrastructure in economically distressed areas by offering additional financial assistance through state-issued bonds.<br><br>Many residents in these economically distressed areas struggle with inadequate water infrastructure, sewage systems, and plumbing. This is especially true in colonias — neighborhoods where developers sold cheap land with the promises of future development that were never fulfilled. Access to clean water is essential for the health and well-being of every community.<br><br>SB 2452 (86R) reduced the limit for state-issued bonds for projects in economically distressed areas from 90% to 70% of the total principal amount. HB 365 reinstates the limit to 90% of the total principal for the expansion of water infrastructure projects. | **Favorable** |

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| **HB 1109**<br><br>By: VanDeaver \| Bell, Keith \| Wharton | Relating to an exemption from certain motor fuel taxes for counties in this state. | Ways & Means<br><br>10 Ayes<br>0 Nays<br>0 PNV<br>3 Absent | HB 1109 reduces costs for essential county services by exempting counties from motor fuel taxes.<br><br>Currently, certain governmental and nonprofit organizations—such as school districts, volunteer fire departments, and nonprofit food banks—are exempt from the state's 20-cent-per-gallon motor fuel tax. However, counties are not exempt. HB 1109 expands motor fuel tax exemptions to include counties using fuel for official operations, such as law enforcement, road maintenance, and emergency response.<br><br>Generally speaking, tax exemptions should support the public good, and county services do just that. | **Favorable** |
| **HB 647**<br><br>By: Patterson \| Holt | Relating to the removal of certain restrictions imposed on driver's licenses; authorizing a fee. | Homeland Security, Public Safety & Veterans' Affairs<br><br>10 Ayes<br>0 Nays<br>0 PNV<br>1 Absent | HB 647 permits drivers who have undergone corrective eye surgery to remove the vision restriction from their driver's license by submitting a form to the Department of Public Safety (DPS) electronically or by mail, potentially reducing in-person visits and DPS wait times.<br><br>Currently, Texas drivers who have corrective eye surgery must visit a DPS office in person and pass a new vision test to have the corrective lens restriction removed from their driver's license. HB 647 requires DPS to establish an electronic and mail-in process for submitting a written statement from either a physician or optometrist verifying they no longer need corrective lenses, along with the required fee. | **Favorable** |

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