School
Karnes City High School

Senate Committee
Government

Senate Author
Kaylee Dement

House Committee
Economic Development

House Authors
Emely Schulte
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Food Truck Freedom Act

HB 11 – SB 21

Fiscal Note

State Government Impact

Estimated Two-year Net Impact to General Revenue Related
An impact of $0 through the biennium ending August 31, 2028.

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

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2027	**$0**
2028	**$0**
2029	**$0**
2030	**$0**
2031	**$0**

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from *Interagency Contracts* 777**	**Probable Savings/(Cost) from *Food & Drug Fee Acct* 341**	**Probable Revenue Gain/(Loss) from *Food & Drug Fee Acct* 341**	***Change in Number of State Employees from FY 2025***
2027	**$0**	**($3,411,182)**	**$850,000**	**33.0**
2028	**($390,392)**	**($3,920,883)**	**$5,100,000**	**33.0**
2029	**($382,892)**	**($3,927,483)**	**$5,100,000**	**33.0**
2030	**($382,892)**	**($3,932,973)**	**$5,100,000**	**33.0**
2031	**($382,892)**	**($3,938,583)**	**$5,100,000**	**33.0**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

The bill would require the Health and Human Services Commission (HHSC) to adopt rules no later than May 1, 2027.

The bill would not require a mobile food vendor to hold a license under the bill until July 1, 2027.

Except for rulemaking activities, the bill would take effect on July 1, 2027.

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

Methodology
According to DSHS, an additional $5,100,000 in each fiscal year beginning in 2028 is estimated to be generated from new licenses and inspections permitted by the bill to be deposited into General Revenue-Dedicated Account 341, Food and Drug Retail Fee (Account No. 341). This amount is based on an estimated 12,000 mobile food vendor licenses at $175 per license ($2,100,000) and 12,000 health inspections at $250 per inspection ($3,000,000). However, based on an estimate provided by DSHS that licensing and inspections would only occur for two months in fiscal year 2027, the revenue estimate is lower in the first fiscal year at $350,000 for licenses and $500,000 for inspections to be deposited into Account No. 341.

This analysis estimates a cost of $3,411,182 from Account No. 341 in fiscal year 2027 and $3,920,883 from Account No. 341 in fiscal year 2028 for DSHS to implement the provisions of the bill.

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

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preparation; a Contract Specialist IV position (1.0 FTE) to provide support in contract management and complete analysis of contractor performance; and a Financial Analyst II position (1.0 FTE) to perform financial monitoring and to grant fiscal compliance oversight work.

This analysis assumes that salaries, benefits, and other FTE costs at DSHS would cost $3,219,174 from Account No. 341 in fiscal year 2027 and $3,903,939 from Account No. 341 in fiscal year 2028. The lower cost in fiscal year 2027 is attributable to an assumed start date for the positions later in the first fiscal year.

Based on information provided by SOAH, this bill would cost $390,392 for salaries, benefits and other operating expenses from Interagency Contracts (IAC) and 3.0 FTE positions in fiscal year 2028. Based on information provided to SOAH by DSHS on the estimated number of mobile food vendors, SOAH estimates 540 additional cases associated with license denials, suspensions, revocations, and administrative penalties under the bill. SOAH estimates each new additional case requiring five Administrative Law Judge (ALJ) hours per case or a total of 2,700 AJL hours per year. To implement the provisions of the bill, SOAH requests two ALJ III positions (2.0 FTEs) with an annual salary of $113,278 for each FTE and an additional Legal Secretary III position (1.0 FTE) with an annual salary of $53,723. Additionally, SOAH estimates a delayed start and no cost in fiscal year 2027.

Technology
DSHS estimates technology needs totaling $192,008 from Account No. 341 in fiscal year 2027 and $16,944 from Account No. 341 in fiscal year 2028. One-time costs include HHSC staff augmentation and existing system modifications in fiscal year 2027. Ongoing costs include software licenses for 24 of the new FTEs in fiscal year 2027 and fiscal year 2028.

Included in the amounts above for SOAH are $21,000 for technology costs (equipment and software) in fiscal year 2028.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.