

By: Toth

H.B. No. 982

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on contracts with certain companies that use certain environmental, social, and governance criteria.

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

SECTION 1. Subtitle F, Title 10, Government Code, is amended by adding Chapter 2278 to read as follows:

CHAPTER 2278. PROHIBITION ON CONTRACTS WITH COMPANIES THAT USE PROHIBITED ESG CRITERIA

Sec. 2278.001. DEFINITIONS. In this chapter:

(1) "Company" has the meaning assigned by Section 808.001, except that the term does not include a sole proprietorship.

(2) "Governmental entity" means a state agency or political subdivision of this state.

(3) "Prohibited ESG criteria" means environmental, social, and governance criteria that furthers political policies at the expense of the Texas economy and company shareholders.

Sec. 2278.002. PROVISION REQUIRED IN CONTRACT. (a) This section applies only to a contract that:

(1) is between a governmental entity and a company with 10 or more full-time employees; and

(2) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity.

(b) A governmental entity may not enter into a contract with

1 a company for goods or services unless the contract contains a  
2 written verification from the company that it does not, and will not  
3 during the term of the contract, use prohibited ESG criteria to  
4 evaluate a business decision or investment strategy.

5 SECTION 2. Section 2278.002, Government Code, as added by  
6 this Act, applies only to a contract entered into on or after  
7 January 1, 2024. A contract entered into before that date is  
8 governed by the law in effect on the date the contract was entered  
9 into, and the former law is continued in effect for that purpose.

10 SECTION 3. This Act takes effect September 1, 2023.