

By: Paul

H.B. No. 3399

A BILL TO BE ENTITLED

AN ACT

relating to governmental contracts with companies that engage in certain economic boycotts.

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

SECTION 1. Chapter 2274, Government Code, as added by Chapter 529 (S.B. 13), Acts of the 87th Legislature, Regular Session, 2021, is amended to read as follows:

CHAPTER 2274. PROHIBITION ON CONTRACTS WITH COMPANIES ENGAGING IN CERTAIN ECONOMIC BOYCOTTS [~~BOYCOTTING CERTAIN ENERGY COMPANIES~~]

Sec. 2274.001. DEFINITIONS. In this chapter:

(1) [~~"Boycott energy company" has the meaning assigned by Section 809.001.~~]

[~~(2)~~] "Company" has the meaning assigned by Section 809.001, except that the term does not include a sole proprietorship.

(2) "Economic boycott" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, limit commercial relations with, or limit the activities of a company because the company, without violating a federal or state law:

(A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy, timber, mining, or agriculture and does not

1 commit or pledge to meet environmental standards beyond applicable
2 federal and state law;

3 (B) does not meet, is not expected to meet, or
4 does not commit to meeting:

5 (i) environmental standards or disclosure
6 criteria, including disclosure criteria relating to the
7 elimination, reduction, or offsetting of greenhouse gas emissions;
8 or

9 (ii) corporate board, employee
10 composition, compensation, or disclosure criteria that
11 incorporates diversity, equity, and inclusion standards; or

12 (C) does business with a company described by
13 Paragraph (A) or (B).

14 (3) "Governmental entity" has the meaning assigned by
15 Section 2251.001.

16 Sec. 2274.002. PROVISION REQUIRED IN CONTRACT. (a) This
17 section applies only to a contract that:

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

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

22 (b) Except as provided by Subsection (c), a governmental
23 entity may not enter into a contract with a company for goods or
24 services unless the contract contains a written verification from
25 the company that it:

26 (1) does not engage in an economic boycott [~~energy~~
27 ~~companies~~]; and

1 (2) will not engage in an economic boycott [~~energy~~
2 ~~companies~~] during the term of the contract.

3 (c) Subsection (b) does not apply to a governmental entity
4 that determines the requirements of Subsection (b):

5 (1) are inconsistent with the governmental entity's
6 constitutional or statutory duties related to the issuance,
7 incurrence, or management of debt obligations or the deposit,
8 custody, management, borrowing, or investment of funds; or

9 (2) prevent the governmental entity from obtaining
10 necessary goods and services in an economically practical manner.

11 SECTION 2. The changes in law made by this Act apply only to
12 a contract entered into on or after the effective date of this Act.
13 A contract entered into before that date is governed by the law in
14 effect on the date the contract was entered into, and the former law
15 is continued in effect for that purpose.

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