

By: Hughes, Kolthorst

S.B. No. 2530

A BILL TO BE ENTITLED

1 AN ACT
2 relating to contracts with and investments in companies that
3 boycott certain energy companies.

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

5 SECTION 1. Sections 809.001(1) and (4), Government Code,
6 are amended to read as follows:

7 (1) "Boycott energy company" means, without an
8 ordinary business purpose, refusing to deal with, terminating
9 business activities with, or otherwise taking any action that is
10 intended to penalize, inflict economic harm on, or limit commercial
11 relations with a company because the company:

12 (A) engages in the exploration, production,
13 utilization, transportation, sale, or manufacturing of fossil
14 fuel-based energy and does not commit or pledge to meet
15 environmental standards beyond applicable federal and state law;

16 (B) engages in the exploration, production,
17 utilization, transportation, sale, or manufacturing of fossil
18 fuel-based energy; or

19 (C) [~~(B)~~] does business with a company described
20 by Paragraph (A) or (B).

21 (4) "Financial company" means a publicly traded:

22 (A) financial services orbanking company;

23 or

24 (B) investment company, including a mutual fund

1 or exchange-traded fund.

2 SECTION 2. Section 809.101, Government Code, is amended to
3 read as follows:

4 Sec. 809.101. REPORT. (a) In this section, "affiliate"
5 means a person who controls, is controlled by, or is under common
6 control with another person.

7 (b) Not later than January 5 of each year, each state
8 governmental entity shall file a publicly available report with the
9 presiding officer of each house of the legislature, the
10 comptroller, and the attorney general that:

11 (1) identifies all:

12 (A) securities sold, redeemed, divested, or
13 withdrawn in compliance with Section 809.054;

14 (B) [~~(2) identifies all~~] prohibited investments
15 under Section 809.057;

16 (C) contracts with a listed financial company;
17 and

18 (D) contracts with an affiliate of a listed
19 financial services or banking company; and

20 (2) [~~(3)~~] summarizes any changes made under Section
21 809.055.

22 SECTION 3. Chapter 809, Government Code, is amended by
23 adding Subchapter D to read as follows:

24 SUBCHAPTER D. CONTRACTS WITH COMPANIES BOYCOTTING CERTAIN ENERGY
25 COMPANIES

26 Sec. 809.151. PROVISION REQUIRED IN CONTRACT. (a) In
27 this section, "affiliate" has the meaning assigned by Section

1 809.101.

2 (b) This section applies only to a contract that:

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

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

8 (c) Except as provided by Subsection (d), a state
9 governmental entity may not enter into a contract with a company
10 unless the contract contains a written verification from the
11 company that it:

12 (1) does not boycott energy companies;

13 (2) will not boycott energy companies during the term
14 of the contract;

15 (3) is not a listed financial company; and

16 (4) is not an affiliate of a listed financial services
17 or banking company.

18 (d) Subsection (c) does not apply to a state governmental
19 entity that determines the requirements of Subsection (c) are
20 inconsistent with the state governmental entity's constitutional
21 or statutory duties related to the issuance, incurrence, or
22 management of debt obligations or the deposit, custody, management,
23 borrowing, or investment of funds.

24 SECTION 4. Subchapter D, Chapter 809, Government Code, as
25 added by this Act, applies only to a contract entered into on or
26 after the effective date of this Act. A contract entered into
27 before that date is governed by the law in effect on the date the

1 contract was entered into, and the former law is continued in effect
2 for that purpose.

3 SECTION 5. This Act takes effect September 1, 2023.