

By: Hughes

S.B. No. 2530

A BILL TO BE ENTITLED

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

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

5 SECTION 1. Section 809.001, Government Code, is amended by  
6 adding Subsection (A-1) to and amending Subsection (B) of  
7 Subdivision (1) and amending Subdivision (4) to read as follows:

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

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

17 (A-1) engages in the exploration, production,  
18 utilization, transportation, sale, or manufacturing of fossil  
19 fuel-based energy; or

20 (B) does business with a company described by  
21 Paragraph (A) or (A-1).

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

23 (A) financial services[~~r~~] company;

24 (B) banking[~~r~~] company; or

1           (C) [~~investment company~~] mutual fund or  
2 exchange-traded fund, including a money market fund or government  
3 money market fund.

4           SECTION 2. Section 809.101, Government Code, is amended as  
5 follows:

6           Sec. 809.101. Report. Not later than January 5 of each year,  
7 each state governmental entity shall file a publicly available  
8 report with the presiding officer of each house of the  
9 legislature, ~~and~~ the attorney general, and the comptroller that:

10           (1) identifies all securities sold, redeemed, divested, or  
11 withdrawn in compliance with Section 809.054;

12           (2) identifies all prohibited investments under Section  
13 809.057; ~~and~~

14           (3) summarizes any changes made under Section 809.055 ~~and~~;

15           (4) identifies all contracts with listed financial  
16 companies as defined under Section 809.001(6); and

17           (5) identifies all contracts with affiliates of listed  
18 financial companies as defined under Section 809.001(4)(A) and (B).

19 For purposes of this Section, "affiliate" means a person who  
20 controls, is controlled by, or is under common control with another  
21 person.

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

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

26           Sec. 809.201. PROVISION REQUIRED IN CONTRACT. (a) This  
27 section applies only to a contract that:

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

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

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

10           (1) does not boycott energy companies;

11           (2) will not boycott energy companies during the term  
12 of the contract;

13           (3) is not a listed financial company as defined under  
14 Section 809.001(6); and

15           (4) is not an affiliate of a listed financial company  
16 as defined under Section 809.001(4)(A) or (B).

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

23           **(d)** For purposes of this Section, "affiliate" means a person  
24 who controls, is controlled by, or is under common control with  
25 another person.

26           SECTION 4. Section 809.201, Government Code, as added by  
27 this Act, applies only to a contract entered into on or after the

1 effective date of this Act. A contract entered into before that date  
2 is governed by the law in effect on the date the contract was  
3 entered into, and the former law is continued in effect for that  
4 purpose.

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