

By: Denny

H.B. No. 444

A BILL TO BE ENTITLED

AN ACT

1
2 relating to contracts between a school district and a business
3 entity in which a district trustee has a substantial interest;
4 providing a criminal penalty.

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

6 SECTION 1. Section 171.003(a), Local Government Code, is
7 amended to read as follows:

8 (a) A local public official commits an offense if the
9 official knowingly:

10 (1) violates Section 171.004 or 171.0041;

11 (2) acts as surety for a business entity that has work,
12 business, or a contract with the governmental entity; or

13 (3) acts as surety on any official bond required of an
14 officer of the governmental entity.

15 SECTION 2. Chapter 171, Local Government Code, is amended
16 by adding Section 171.0041 to read as follows:

17 Sec. 171.0041. CERTAIN SCHOOL DISTRICT CONTRACTS
18 PROHIBITED. (a) Except as provided by Subsection (b), a school
19 district may not enter into a contract with a business entity in
20 which a district trustee has a substantial interest.

21 (b) A school district may enter into a contract with a
22 business entity in which a district trustee has a substantial
23 interest if:

24 (1) the board of trustees at an open meeting

1 determines, based on credible evidence, that:

2 (A) no other business entity within a 50-mile
3 radius of the school district's central administrative office is
4 capable of providing the same or better quality goods or services at
5 the same or lower cost; and

6 (B) the goods or services at issue are reasonably
7 priced; and

8 (2) each trustee who has a substantial interest in the
9 business entity complies with Section 171.004.

10 SECTION 3. Section 171.0041, Local Government Code, as
11 added by this Act, applies only to a contract executed on or after
12 September 1, 2003. A contract executed before September 1, 2003, is
13 governed by the law as it existed on the date the contract was
14 executed, and the former law is continued in effect for that
15 purpose.

16 SECTION 4. This Act takes effect September 1, 2003.