

By: Giddings, Denny

H.B. No. 758

A BILL TO BE ENTITLED

AN ACT

relating to contracts between a school district and a business entity in which a district trustee has a substantial interest.

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

SECTION 1. Chapter 171, Local Government Code, is amended by adding Section 171.0041 to read as follows:

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

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

(1) the board of trustees at an open meeting determines, based on credible evidence, that:

(A) no other business entity within a 50-mile radius of the school district's central administrative office has offered to provide:

(i) the same or better quality goods or services at the same or lower cost; or

(ii) the best value for the district; and

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

(2) the school district complies with Section 44.031,

1 Education Code, in entering into the contract; and

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

4 SECTION 2. Section 171.0041, Local Government Code, as
5 added by this Act, applies only to a contract executed on or after
6 September 1, 2003. A contract executed before September 1, 2003, is
7 governed by the law as it existed on the date the contract was
8 executed, and the former law is continued in effect for that
9 purpose.

10 SECTION 3. This Act takes effect September 1, 2003.