

By: Davis of Dallas

H.B. No. 817

A BILL TO BE ENTITLED

AN ACT

relating to restrictions on the use of state funds to benefit private entities that outsource jobs to foreign countries.

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

SECTION 1. Subtitle F, Title 10, Government Code, is amended by adding Chapter 2264 to read as follows:

CHAPTER 2264. RESTRICTING STATE INVESTMENT IN AND PROVISION OF TAX BENEFITS TO ENTITIES THAT OUTSOURCE JOBS TO FOREIGN COUNTRIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2264.001. DEFINITION. In this chapter, "domestic" means created or organized in the United States or under the laws of the United States or any state.

[Sections 2264.002-2264.050 reserved for expansion]

SUBCHAPTER B. RESTRICTIONS ON INVESTMENTS

Sec. 2264.051. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies in connection with the management or investment of state funds managed or invested:

(1) under the Texas Constitution or other law, including Chapters 404 and 2256; and

(2) by or for:

(A) a public retirement system as defined by Section 802.001 that provides service retirement, disability retirement, or death benefits for officers or employees of the state;

1 (B) an institution of higher education as defined
2 by Section 61.003, Education Code; or

3 (C) another entity that is part of state
4 government and that manages or invests state funds or for which
5 state funds are managed or invested.

6 (b) This subchapter applies in connection with the
7 management or investment of state funds without regard to whether
8 the funds are held in the state treasury.

9 (c) This subchapter does not apply to the extent that an
10 investment standard prescribed by the Texas Constitution prohibits
11 the legislature from restricting the investment discretion of an
12 entity responsible for the management or investment of a fund.

13 Sec. 2264.052. PROHIBITION ON CERTAIN INVESTMENTS. A state
14 governmental entity may not invest state funds in or purchase
15 obligations of a domestic private entity that, at any time during
16 the previous two years, created employment suitable for performance
17 in the United States in a country other than the United States and,
18 as a result, eliminated or failed to create similar employment in
19 the United States.

20 [Sections 2264.053-2264.100 reserved for expansion]

21 SUBCHAPTER C. RESTRICTIONS ON ELIGIBILITY FOR TAX AND FEE BENEFITS

22 Sec. 2264.101. DEFINITION. In this subchapter, "state
23 agency" means a department, board, commission, or other agency in
24 the executive branch of state government. The term does not include
25 an institution of higher education as defined by Section 61.003,
26 Education Code.

27 Sec. 2264.102. APPLICABILITY OF SUBCHAPTER. This

1 subchapter does not apply to a credit, exemption, or discount for
2 which the Texas Constitution specifically prescribes the
3 eligibility requirements.

4 Sec. 2264.103. INELIGIBILITY OF CERTAIN ENTITIES FOR TAX
5 AND FEE BENEFITS. Notwithstanding other law, a domestic private
6 entity is not eligible for a credit, exemption, or discount in
7 relation to a tax or fee imposed by the state if the entity, at any
8 time during the previous two years, created employment suitable for
9 performance in the United States in a country other than the United
10 States and, as a result, eliminated or failed to create similar
11 employment in the United States.

12 Sec. 2264.104. DENIAL OF BENEFITS. (a) A state agency
13 responsible for the issuance of a credit, exemption, or discount in
14 relation to a tax or fee imposed by the state shall adopt rules in
15 accordance with Subchapter B, Chapter 2001, relating to the manner
16 in which:

17 (1) the agency will determine whether to deny the
18 benefit under Section 2264.103; and

19 (2) a person may ask the agency to reconsider the
20 denial.

21 (b) The rules adopted by a state agency shall require that
22 as soon as practicable after making the decision to deny a credit,
23 exemption, or discount to a domestic private entity that is
24 ineligible for the benefit under Section 2264.103 but is otherwise
25 eligible for the benefit, the state agency shall provide the
26 domestic private entity with notice of and the factual basis for the
27 denial and a description of the procedures available to request a

1 reconsideration and to contest the factual or legal basis for the
2 denial.

3 SECTION 2. Chapter 2264, Government Code, as added by this
4 Act, applies only to:

5 (1) an investment made by a state governmental entity
6 on or after September 1, 2006; and

7 (2) a credit, exemption, or discount provided or
8 denied on or after September 1, 2006, in relation to a tax or fee
9 imposed by the state.

10 SECTION 3. This Act takes effect September 1, 2005.