

## **BILL ANALYSIS**

C.S.H.B. 682  
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Government Efficiency & Reform  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

As Texas faces a difficult budget this biennium, it is important to find new sources of revenue to address the shortfall and to soften the effect on essential programs. Opening state websites to advertisements that are tasteful and not intrusive is one approach to building state revenues. C.S.H.B. 682 allows advertisements to be placed on state agency websites and on the official State of Texas website through contracts that are subject to certain rules of the Department of Information Resources and to the extent allowed under federal law.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Information Resources in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 682 amends the Government Code to require a state agency to contract with a private entity to lease advertising space on the agency's official Internet website and to require the Department of Information Resources (DIR) to contract with a private entity to lease advertising space on the official Internet website for the State of Texas. The bill specifies that an agency and the DIR are to carry out the bill's provisions in accordance with rules adopted by the DIR and to the extent allowed under federal law. The bill requires DIR to develop a standard contract for the lease of advertising space on an Internet website and requires that standard contract to include terms that provide for the payment of a fee by the person leasing the advertising space in an amount set by department rule and that require the advertisements to comply with department rules relating to content and composition. The bill requires the DIR to adopt rules to implement the bill's provisions and requires such rules to establish guidelines relating to the content and composition of advertisements that may be placed on an Internet website; procedures for procuring advertisements that relate, to the greatest extent practicable, to the stated purpose of the state agency; policies that require each advertisement to be clearly labeled on the Internet website as an advertisement and a disclaimer on each Internet website that clearly states that the State of Texas does not endorse the products or services advertised on the state agency Internet website; a schedule of fees to be charged for the lease of advertising space; and the amount of the lease payment that a private entity may retain for administering the lease contract. The bill requires a private entity administering a lease to collect the fees due from the leasing entity and, after deducting the private entity's fees, to forward the remainder of the fees collected to the comptroller of public accounts for deposit to the credit of the general revenue fund. The bill defines "department" and "state agency."

### **EFFECTIVE DATE**

September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 682 contains a definition for "department" not in the original. The substitute differs from the original by requiring a state agency and the Department of Information Resources (DIR) to contract with a private entity for the leasing of advertising space on an agency's website and on the official State of Texas website, respectively, whereas the original authorizes a state agency and the DIR to lease such space on those websites, respectively.

C.S.H.B. 682 contains a provision not in the original that specifies that an agency and the DIR are to carry out the substitute's provisions in accordance with rules adopted by the DIR and to the extent allowed under federal law, whereas the original specifies that an agency is to carry out the original's provisions in accordance with rules adopted by DIR.

C.S.H.B. 682 contains a provision not in the original requiring the DIR to develop a standard contract for the lease of advertising space. The substitute differs from the original by specifying provisions that must be included in the standard DIR-developed contract, whereas the original requires those provisions to be included in an agency leasing contract. The substitute contains a provision not in the original adding a requirement for rules adopted by the department regarding the labeling of advertising and inclusion of a disclaimer that the State of Texas does not endorse advertised products or services.

C.S.H.B. 682 differs from the original by making provisions regarding the collection of fees, the retention of an amount of a lease payment as an administrative fee, and the forwarding of the remainder to the comptroller of public accounts applicable to the private entity with whom a state agency or the DIR has contracted for leasing services, whereas the original makes those provisions applicable to the state agency entering into a leasing contract.