

By: Davis of Dallas

H.B. No. 785

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 2267 to read as follows:

CHAPTER 2267. RESTRICTING STATE INVESTMENT IN AND PROVISION OF TAX BENEFITS TO ENTITIES THAT OUTSOURCE JOBS TO FOREIGN COUNTRIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2267.001. 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 2267.002-2267.050 reserved for expansion]

SUBCHAPTER B. RESTRICTIONS ON INVESTMENTS

Sec. 2267.051. 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. 2267.052. 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 2267.053-2267.100 reserved for expansion]

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

22 Sec. 2267.101. 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. 2267.102. 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. 2267.103. 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. 2267.104. 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 2267.103 or 2267.105; 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 2267.103 or 2267.105 but
25 is otherwise eligible for the benefit, the state agency shall
26 provide the domestic private entity with notice of and the factual
27 basis for the denial and a description of the procedures available

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

3 Sec. 2267.105. REPORTING. (a) In addition to the standard
4 imposed by Section 2267.103, a domestic private entity that applies
5 for a credit, exemption, or discount in relation to a tax or fee
6 imposed by the state is not eligible for the credit, exemption, or
7 discount unless, during the six-month period before applying for
8 the credit, exemption, or discount, the entity reports to the Texas
9 Workforce Commission on the number of jobs the entity created in
10 this state and the number of jobs suitable for performance in the
11 United States that the entity created in a country other than the
12 United States during the 12-month period before the date of the
13 report.

14 (b) Not later than December 31 of each year, the Texas
15 Workforce Commission shall, based on information obtained from the
16 reports under Subsection (a), report to the governor, the
17 lieutenant governor, and the speaker of the house of
18 representatives:

19 (1) the domestic private entities that are not
20 eligible for state investment under Section 2267.052; and

21 (2) the domestic private entities that are not
22 eligible for a credit, exemption, or discount under Section
23 2267.103.

24 SECTION 2. Chapter 2267, Government Code, as added by this
25 Act, applies only to:

26 (1) an investment made by a state governmental entity
27 on or after September 1, 2012; and

1 (2) a credit, exemption, or discount provided or
2 denied on or after September 1, 2012, in relation to a tax or fee
3 imposed by the state.

4 SECTION 3. This Act takes effect September 1, 2011.