86R14114 JES-F

By:  Rosenthal H.B. No. 4275

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting public schools from owning or having a business interest in certain entities and real property associated with those entities.

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

SECTION 1.  Subchapter E, Chapter 45, Education Code, is amended by adding Section 45.116 to read as follows:

Sec. 45.116.  OWNERSHIP OF OR BUSINESS INTEREST IN CERTAIN ENTITIES AND PROPERTY PROHIBITED. (a) In this section:

(1)  "Affiliate" has the meaning assigned by Section 1.002, Business Organizations Code.

(2)  "Business interest" means owning or controlling, directly or indirectly, more than a 10 percent interest in a business entity.

(b)  A school district or open-enrollment charter school may not, directly or indirectly through an affiliate, including an affiliated nonprofit corporation, have a business interest in an entity or own real property associated with an entity described by the North American Industry Classification System (NAICS) in any of the following sector codes:

(1)  Sector 53: Real Estate and Rental and Leasing;

(2)  Sector 71: Arts, Entertainment, and Recreation; or

(3)  Sector 72: Accommodation and Food Services.

SECTION 2.  The change in law made by this Act applies to an ownership or business interest in an entity or real property acquired by a school district or open-enrollment charter school before, on, or after the effective date of this Act. A school district or open-enrollment charter school subject to Section 45.116, Education Code, as added by this Act, shall divest all ownership of, or business interest in, an entity or real property associated with an entity described by that section not later than September 1, 2024.

SECTION 3.  This Act takes effect September 1, 2019.