

By: Swanson, et al.

H.B. No. 4131

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

1 ownership or business interest in an entity or real property
2 acquired by a school district or open-enrollment charter school
3 before, on, or after the effective date of this Act. A school
4 district or open-enrollment charter school subject to Section
5 45.116, Education Code, as added by this Act, shall divest all
6 ownership of, or business interest in, an entity or real property
7 associated with an entity described by that section not later than
8 September 1, 2024.

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