

By: Swanson

H.B. No. 4131

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to prohibiting public schools from owning or having a  
3 business interest in certain entities and real property associated  
4 with those entities.

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

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

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

10 (1) "Affiliate" has the meaning assigned by Section  
11 1.002, Business Organizations Code.

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

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

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

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

23 (3) Sector 72: Accommodation and Food Services.

24 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.