

BILL ANALYSIS

C.S.H.B. 2558
By: Capriglione
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

From 2013 to 2017, Operation Choke Point was a program operated by the U.S. Department of Justice (DOJ) and the Federal Deposit Insurance Corporation (FDIC). Under the program, the DOJ issued unofficial directives to banks to restrict access to essential banking services for merchants in certain industries, including members of the firearms and ammunition industries. Although the program was officially ended in 2017, bank executives and financial institution leaders have reportedly continued the program's discriminatory banking practices. C.S.H.B. 2558 seeks to ensure that companies contracting with a state agency or political subdivision do not have an internal practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2558 amends the Government Code to prohibit a state agency or political subdivision from entering into a contract paid partly or wholly from public funds with a company for the purchase of goods or services unless the contract contains a written verification from the company that:

- it does not have a written or unwritten internal practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association based solely on the entity's or association's status as such; and
- it will not engage in any such discrimination during the contract term.

That prohibition applies only to a contract between a state agency or political subdivision and a company with at least 10 full-time employees that has a value of at least \$100,000, but it expressly does not apply to a state agency or political subdivision that determines the prohibition is inconsistent with its constitutional or statutory duties related to the issuance of debt obligations or the deposit or investment of funds. The bill defines, among other terms, "discriminate against a firearm entity or firearm trade association" as any of the following actions with respect to the entity or association:

- refusing to engage in the trade of any goods or services;
- refraining from continuing an existing business relationship;
- terminating an existing business relationship; or
- otherwise expressing a prejudice against the entity or association.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2558 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes an exception from the prohibition not in the original for a state agency or political subdivision that determines the prohibition is inconsistent with its constitutional or statutory duties related to the issuance of debt obligations or the deposit or investment of funds.

The substitute updates the definition of "firearm trade association" to correct a typographical error.