

## **BILL ANALYSIS**

Senate Research Center  
87R3506 BEE-F

S.B. 1098  
By: Creighton  
Transportation  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In the late 1990s, the United States Southern District Court of Texas determined that Tianda Airport Support had misappropriated intellectual property from an American company, FMC Corporation, which is now known as JBT. Tianda was prohibited from manufacturing or selling passenger boarding bridges incorporating elements from FMC's designs anywhere in the world.

In late 2017, the City of Houston entered a memorandum of understanding with C.I.M.C.-Tianda Airport Support to lease or purchase land near George Bush Intercontinental Airport and open a manufacturing center. C.I.M.C.-Tianda is a successor company of Tianda Airport Support. After the City of Houston was informed of the background of Tianda, they ultimately pulled back on that deal.

There are Texas companies with Texas employees doing their own costly research and development for airport passenger boarding bridges. They are designing and manufacturing airport passenger bridges in our state. These companies employ 1,300 Americans and are doing business the right way.

Allowing a Chinese government-owned company with a history of intellectual property theft to undercut Texas companies is inexcusable. Texas companies design and fabricate their products in America, while Tianda would likely manufacture components in kit form in China, then ship to the United States for assembly. Furthermore, there are serious concerns about data privacy as airport boarding bridges are beginning to incorporate technology such as face recognition in concert with Customs and Border Protection. Contracting with a company such as Tianda would mean placing biometric data in the hands of a Chinese government-owned company.

S.B. 1098 would address these issues by prohibiting an airport from contracting with a company that falls into both of the following categories:

A federal court has determined the company misappropriated intellectual property or trade secrets from another entity; and

Is owned wholly or partly by, controlled by, or subsidized by a country that is identified under Section 182, Trade Act of 1974, as a priority foreign country OR is subject to monitoring by the Office of the United States Trade Representative in accordance with the Trade Act of 1974.

The committee substitute would put the onus of the bill with the company bidding on projects, much like our current prohibitions on state entities contracting with companies boycotting Israel, by requiring a written statement by the bidding company that they do not fall under the provisions of this bill.

By passing S.B. 1098, we can protect Texas companies, Texas jobs, and Texans' privacy.

As proposed, S.B. 1098 amends current law relating to certain contracts regarding airports and associated air navigation facilities operated by or on behalf of a local government.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 22.019, Transportation Code, to create an exception under Section 22.0191, and to make a nonsubstantive change.

SECTION 2. Amends Subchapter B, Chapter 22, Transportation Code, by adding Section 22.0191, as follows:

Sec. 22.0191. AIRPORT INFRASTRUCTURE OR EQUIPMENT CONTRACTS. (a) Defines "airport infrastructure or equipment contract."

(b) Prohibits a local government or a person operating an airport on behalf of a local government from entering into an airport infrastructure or equipment contract with:

(1) an entity that:

(A) a federal court determines has misappropriated intellectual property or trade secrets from another entity organized under federal, state, or local law; and

(B) is owned wholly or partly by, is controlled by, or receives subsidies from the government of a country that:

(i) is identified under Section 182, Trade Act of 1974 (19 U.S.C. Section 2242), as a priority foreign country; or

(ii) is subject to monitoring by the Office of the United States Trade Representative in accordance with Section 306, Trade Act of 1974 (19 U.S.C. Section 2416); or

(2) any entity that owns, controls, is owned or controlled by, is under common ownership with, or is a successor to an entity described by Subdivision (1).

(c) Requires that an airport infrastructure or equipment contract for goods or services entered into by a local government or a person operating an airport on behalf of a local government contain a written statement by the entity with which the local government or person is contracting verifying that the entity is not an entity described by Subsection (b)(1) or (2).

SECTION 3. Effective date: upon passage or September 1, 2021.