

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 15, 2021

TO: Honorable Bryan Hughes, Chair, Senate Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1158 by Kolkhorst (relating to state contracts with and investments in social media companies that censor political speech.), **Committee Report 1st House, Substituted**

The fiscal impact of provisions that would prohibit certain state governmental entities from investing in social media companies that censor political speech and prohibit certain governmental entities from executing contracts with the same companies cannot be determined.

The bill would amend the Government Code to prohibit state agencies from contracting with or investing in social media companies that censor political speech.

The bill would require the Office of the Attorney General to prepare and maintain, and provide to each state governmental entity, a list of all social media companies that censor political speech. Under certain circumstances, the bill would require state pension systems and the Permanent School Fund to sell, redeem, divest, or withdraw publicly traded securities of a social media company that censors political speech. The bill requires reporting and provides that the Office of the Attorney General may bring any action necessary to enforce Chapter 809, Government Code.

The fiscal impact of provisions that would prohibit certain state governmental entities from investing in or contracting with social media companies that censor political speech cannot be determined. According to the Employees Retirement System (ERS), the bill could have a major impact to ERS programs and operations. By restricting the entities in which ERS can invest based on non-financial criteria, the bill potentially limits the return potential of ERS investments. According to the Teachers Retirement System, the fiscal impact of the provisions of the bill on the pension fund cannot be determined.

According to the Comptroller's Office of Public Accounts and the Teacher Retirement System, the fiscal impact of the bill cannot be determined.

According to the Office of the Attorney General and the Texas Emergency Services Retirement System, any additional work created though the provisions of this bill could be absorbed within existing resources.

According to the Office of Court Administration, the General Land Office, and the Pension Review Board, no fiscal impact is anticipated from the provisions of the bill.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 212 Office of Court Admin, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 305 General Land Office, 323 Teacher Retirement System, 326 Tx Emergency Serv Retirement System, 327 Employees Retirement System, 338 Pension Review Board

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