

## **BILL ANALYSIS**

C.S.H.B. 1196  
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Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

In recent years, intellectual property theft has taken center stage as a critical global issue. The People's Republic of China, in particular, has been a bad actor on the global stage and has remained on the United States Trade Representative Priority Watch List for some time. A 2019 FBI report estimated intellectual property theft by the People's Republic of China costs the American economy \$225-\$600 billion annually. These bad actors with ties to intellectual property theft have in some cases been identified in court as such and yet they continue to try and engage with local governments on different business endeavors. C.S.H.B. 1196 seeks to protect the intellectual property of American companies by placing limitations on the types of contracts that can be entered into by airports for the procurement of passenger boarding bridges.

### **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. 1196 amends the Transportation Code to prohibit a local government or a person operating an airport on behalf of a local government from entering into an airport infrastructure or equipment contract for the procurement of a passenger boarding bridge with the following entities:

- an entity that a federal court determines has misappropriated intellectual property or trade secrets from another entity organized under federal, state, or local law and is owned wholly or partly by, is controlled by, or receives subsidies from the government of the People's Republic of China;
- any entity that owns, controls, is owned or controlled by, is under common ownership with, or is a successor to an entity meeting such criteria; or
- any entity that has entered into an agreement with or accepted funding from either such entity, whether in the form of a minority investment interest, debt, partnership, or other contractual or written agreement.

C.S.H.B. 1196 requires such an airport infrastructure or equipment contract to contain a written statement by the contracted entity that the entity is not prohibited from entering into a contract under the bill's provisions. If the written statement is found to be false, the contract is voidable by the local government or person operating the airport.

C.S.H.B. 1196 applies only to an airport infrastructure or equipment contract entered into, modified, or renewed on or after the bill's effective date.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 1196 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits the prohibition in the introduced against a local government or a person operating an airport on behalf of a local government from entering into an applicable contract with an entity that a federal court determines has misappropriated intellectual property or trade secrets from another entity organized under the laws of another state.

The substitute includes a prohibition absent from the introduced against such a local government or person entering into such a contract with any entity that has entered into an agreement with, or accepted funding from, any entities with which the local government or person is prohibited from entering into a contract under the bill's provisions.