

BILL ANALYSIS

Senate Research Center
88R14861 CXP-D

C.S.S.B. 541
By: Campbell
Business & Commerce
3/22/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Over the past two decades the United States has been engaged in near-peer power competition with the authoritarian regime in Beijing. China has continuously attempted to upset post-World War II global power dynamics, regional partnerships, and global stability. The Chinese Communist Party's (CCP) comprehensive strategy to become a dominant power includes state-funded technological endeavors acting directly under the guise of private industry, which in turn can be used for espionage, data collection, and economic harm. As Chinese Information and Communications Technologies (ICTS) become more ubiquitous, it is imperative that we ensure that companies with direct ties to the Chinese government are not supplying our state's technology needs. Technologies directly influenced by the CCP threaten national security, may contain secret backdoors, and can cause economic harm. We must not continue to allow state money to be spent on CCP-backed technology companies.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 541 amends current law relating to the barring of certain vendors from participation in contracts with the state or a political subdivision and to prohibiting the use of technologies manufactured or sold by certain of those vendors.

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 Subtitle A, Title 6, Government Code, by adding Chapter 620, as follows:

**CHAPTER 620. USE OF CERTAIN TECHNOLOGIES BY GOVERNMENTAL ENTITY
PROHIBITED**

Sec. 620.001. DEFINITION. Defines "governmental entity."

Sec. 620.002. PROHIBITION. Requires a governmental entity to adopt a policy prohibiting the installation or use by the governmental entity of a technology manufactured or sold by an entity prohibited from participating in federal contracts under Section 889, John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. No. 115-232), as it existed on January 1, 2023.

SECTION 2. Amends Section 2155.077, Government Code, by adding Subsection (a-3), as follows:

(a-3) Requires the Comptroller of Public Accounts of the State of Texas to bar a vendor from participating in state contracts that are subject to Subtitle D (State Purchasing and General Services), including contracts for which purchasing authority is delegated to a state agency, if the vendor:

(1) is prohibited from participating in federal contracts under Section 889, John S.

McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. No. 115-232), as it existed on January 1, 2023;

(2) contracts with an entity described by Subdivision (1); or

(3) is designated as a risk to state security by the governor, with advice from the Homeland Security Council, under rules adopted by the governor.

SECTION 3. Amends Subchapter Z, Chapter 271, Local Government Code, by adding Section 271.909, as follows:

Sec. 271.909. BARRING CERTAIN VENDORS FROM PARTICIPATION IN CONTRACTS. Requires the governing body of a political subdivision by ordinance, order, or other measure to bar a vendor from participating in contracts with the political subdivision if the vendor:

(1) is prohibited from participating in federal contracts under Section 889, John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. No. 115-232), as it existed on January 1, 2023;

(2) contracts with an entity described by Subdivision (1); or

(3) is designated as a risk to state security by the governor, with advice from the Homeland Security Council, under rules adopted by the governor.

SECTION 4. Requires each governmental entity to adopt the policy required by Chapter 620, Government Code, as added by this Act, not later than November 1, 2023.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2023.