

## **BILL ANALYSIS**

Senate Research Center

S.B. 1260  
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Transportation  
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Enrolled

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

There have been examples in the past of American cities and airports contracting with Chinese government-owned companies that manufacture and sell passenger boarding bridges despite a clear history of intellectual property theft of American companies. Allowing a Chinese government-owned company with a history of this behavior is unacceptable. 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 such a company would mean placing biometric data in the hands of a Chinese government-owned entity.

S.B. 1260 addresses these issues by prohibiting an airport from contracting with a company that falls into any 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 the Chinese government.

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

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

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).

The bill puts the onus with the company bidding on projects by requiring a signed statement by the company that they do not fall under the provisions of this bill.

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

S.B. 1260 amends current law relating to certain contracts regarding airports 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, as follows:

Sec. 22.019. CONTRACTS. Authorizes a local government to enter into a contract necessary to the execution of a power granted the local government and for a purpose provided by Chapter 22 (County and Municipal Airports), except as provided by Section 22.0191.

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

Sec. 22.0191. CERTAIN AIRPORT INFRASTRUCTURE OR EQUIPMENT CONTRACTS. (a) Provides that this section applies only to an airport infrastructure or equipment contract for the procurement of a passenger boarding bridge at an airport.

(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 the People's Republic of China;

(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); or

(3) any entity that has entered into an agreement with or accepted funding from an entity described by Subdivision (1) or (2), whether in the form of a minority investment interest, debt, partnership, or other contractual or written agreement.

(c) Requires that an airport infrastructure or equipment contract 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), (2), or (3).

(d) Provides that the contract is voidable by the local government or person operating the airport if the written statement required in an airport infrastructure or equipment contract under Subsection (c) is found to be false.

SECTION 3. Makes application of Section 22.0191, Transportation Code, as added by this Act, prospective.

SECTION 4. Effective date: upon passage or September 1, 2023.