

BILL ANALYSIS

Senate Research Center
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S.B. 1260
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Transportation
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As Filed

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.

As proposed, S.B. 1260 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, 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. 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).

(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. Amends Section 22.020(a), Transportation Code, as follows:

(a) Authorizes a local government, by contract, lease, or other arrangement, on a consideration fixed by the local government and for a term not to exceed 99 years, rather than 40 years, to authorize a qualified person to operate, as the agent of the local government or otherwise, an airport owned or controlled by the local government.

SECTION 4. Amends Sections 22.021(a) and (d), Transportation Code, as follows:

(a) Authorizes a local government, in operating an airport or air navigation facility that it owns, leases, or controls, to enter into a contract, lease, or other arrangement for a term not exceeding 99, rather than 40, years with a person:

(1)-(3) makes no changes to these subdivisions.

(d) Provides that the 99-year, rather than 40-year, limit on the term of a contract, lease, or other arrangement provided by Subsection (a) does not apply to a contract, lease, or other arrangement under Section 22.021 (Use of Airport by Another) between a local government and this state, the United States, or an agency or instrumentality of this state or the United States.

SECTION 5. Amends Sections 22.022(a) and (b), Transportation Code, as follows:

(a) Prohibits a lease of real property from exceeding 99, rather than 40, years if:

(1)-(2) makes no changes to these subdivisions.

(b) Prohibits a renewal or extension of a lease under Subsection (a) from exceeding 99, rather than 40, years. Prohibits the renewals or extensions from in the aggregate exceeding 99, rather than 40, years if the lease provides for more than one renewal or extension.

SECTION 6. Makes application of Section 22.0191, Transportation Code, as added by this Act, prospective.

SECTION 7. Effective date: September 1, 2023.