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By:  Isaac H.B. No. 2425

A BILL TO BE ENTITLED

AN ACT

relating to a prohibition on governmental contracts with Chinese companies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Subtitle F, Title 10, Government Code, is amended by adding Chapter 2278 to read as follows:

CHAPTER 2278. PROHIBITION ON CONTRACTS WITH CHINESE COMPANIES

Sec. 2278.001.  DEFINITIONS. In this chapter:

(1)  "Chinese company" means a company that is headquartered in China or is a wholly owned subsidiary or majority-owned subsidiary of a company headquartered in China, regardless of whether:

(A)  the company's or its parent company's securities are publicly traded; or

(B)  the company or its parent company is listed as a Chinese company on a public stock exchange.

(2)  "Governmental entity" means a state agency or political subdivision of this state.

Sec. 2278.002.  PROVISION REQUIRED IN CONTRACT. A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it is not a Chinese company.

SECTION 2.  Section 2278.002, Government Code, as added by this Act, applies only to a contract entered into on or after January 1, 2024. A contract entered into before that date is governed by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

SECTION 3.  This Act takes effect September 1, 2023.