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By:  Paul H.B. No. 3399

A BILL TO BE ENTITLED

AN ACT

relating to governmental contracts with companies that engage in certain economic boycotts.

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

SECTION 1.  Chapter 2274, Government Code, as added by Chapter 529 (S.B. 13), Acts of the 87th Legislature, Regular Session, 2021, is amended to read as follows:

CHAPTER 2274. PROHIBITION ON CONTRACTS WITH COMPANIES ENGAGING IN CERTAIN ECONOMIC BOYCOTTS [~~BOYCOTTING CERTAIN ENERGY COMPANIES~~]

Sec. 2274.001.  DEFINITIONS. In this chapter:

(1)  [~~"Boycott energy company" has the meaning assigned by Section 809.001.~~]

[~~(2)~~]  "Company" has the meaning assigned by Section 809.001, except that the term does not include a sole proprietorship.

(2)  "Economic boycott" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, limit commercial relations with, or limit the activities of a company because the company, without violating a federal or state law:

(A)  engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy, timber, mining, or agriculture and does not commit or pledge to meet environmental standards beyond applicable federal and state law;

(B)  does not meet, is not expected to meet, or does not commit to meeting:

(i)  environmental standards or disclosure criteria, including disclosure criteria relating to the elimination, reduction, or offsetting of greenhouse gas emissions; or

(ii)  corporate board, employee composition, compensation, or disclosure criteria that incorporates diversity, equity, and inclusion standards; or

(C)  does business with a company described by Paragraph (A) or (B).

(3)  "Governmental entity" has the meaning assigned by Section 2251.001.

Sec. 2274.002.  PROVISION REQUIRED IN CONTRACT. (a) This section applies only to a contract that:

(1)  is between a governmental entity and a company with 10 or more full-time employees; and

(2)  has a value of $100,000 or more that is to be paid wholly or partly from public funds of the governmental entity.

(b)  Except as provided by Subsection (c), 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:

(1)  does not engage in an economic boycott [~~energy companies~~]; and

(2)  will not engage in an economic boycott [~~energy companies~~] during the term of the contract.

(c)  Subsection (b) does not apply to a governmental entity that determines the requirements of Subsection (b):

(1)  are inconsistent with the governmental entity's constitutional or statutory duties related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds; or

(2)  prevent the governmental entity from obtaining necessary goods and services in an economically practical manner.

SECTION 2.  The changes in law made by this Act apply only to a contract entered into on or after the effective date of this Act. 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.