By:  Hughes S.B. No. 2530

A BILL TO BE ENTITLED

AN ACT

relating to state contracts with and investments in certain companies that boycott energy companies.

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

SECTION 1.  Section 809.001, Government Code, is amended by adding Subsection (A-1) to and amending Subsection (B) of Subdivision (1) and amending Subdivision (4) to read as follows:

(1)  "Boycott energy company" 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, or limit commercial relations with a company because the company:

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

(A-1)  engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy; or

(B)  does business with a company described by Paragraph (A) or (A-1).

(4)  "Financial company" means a publicly traded:

(A)  financial services[~~,~~] company;

(B)  banking[~~,~~] company; or

(C)  [~~investment company~~] mutual fund or exchange-traded fund, including a money market fund or government money market fund.

SECTION 2.  Section 809.101, Government Code, is amended as follows:

Sec. 809.101.  Report. Not later than January 5 of each year, each state governmental entity shall file a publicly available report with the presiding officer of each house of the legislature,[ ~~and~~] the attorney general, and the comptroller that:

(1)  identifies all securities sold, redeemed, divested, or withdrawn in compliance with Section 809.054;

(2)  identifies all prohibited investments under Section 809.057;[ ~~and~~]

(3)  summarizes any changes made under Section 809.055[~~.~~];

(4)  identifies all contracts with listed financial companies as defined under Section 809.001(6); and

(5)  identifies all contracts with affiliates of listed financial companies as defined under Section 809.001(4)(A) and (B). For purposes of this Section, "affiliate" means a person who controls, is controlled by, or is under common control with another person.

SECTION 3.  Chapter 809, Government Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. PROHIBITION ON CONTRACTS WITH COMPANIES BOYCOTTING CERTAIN ENERGY COMPANIES

Sec. 809.201.  PROVISION REQUIRED IN CONTRACT. (a) This section applies only to a contract that:

(1)  is between a state 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 state governmental entity.

(b)  Except as provided by Subsection (c), a state governmental entity may not enter into a contract with a company unless the contract contains a written verification from the company that it:

(1)  does not boycott energy companies;

(2)  will not boycott energy companies during the term of the contract;

(3)  is not a listed financial company as defined under Section 809.001(6); and

(4)  is not an affiliate of a listed financial company as defined under Section 809.001(4)(A) or (B).

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

(d)  For purposes of this Section, "affiliate" means a person who controls, is controlled by, or is under common control with another person.

SECTION 4.  Section 809.201, Government Code, as added by this Act, applies 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 5.  This Act takes effect September 1, 2023.