

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting contracts or other agreements involving the receipt of certain tax incentives by certain foreign-owned 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 INVOLVING RECEIPT OF TAX INCENTIVES BY CERTAIN FOREIGN-OWNED COMPANIES

Sec. 2278.001. DEFINITIONS. In this chapter:

(1) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

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

(3) "Tax incentive" has the meaning assigned by Section 490G.001.

Sec. 2278.002. PROHIBITED CONTRACTS. (a) A governmental entity may not enter into a contract or other agreement relating to tax incentives in this state with a company if:

(1) under the contract or other agreement, the company

1 would receive or be granted tax incentives from the governmental  
2 entity; and

3 (2) the governmental entity knows that the company is:

4 (A) owned by or the majority of stock or other  
5 ownership interest of the company is held or controlled by a company  
6 or other entity, including a governmental entity, that is directly  
7 controlled by the government of China, Iran, North Korea, or  
8 Russia; or

9 (B) headquartered in China, Iran, North Korea, or  
10 Russia.

11 (b) The prohibition described by Subsection (a) applies  
12 regardless of whether:

13 (1) the company's or its parent company's securities  
14 are publicly traded; or

15 (2) the company or its parent company is listed on a  
16 public stock exchange as a Chinese, Iranian, North Korean, or  
17 Russian company.

18 Sec. 2278.003. ASSISTANCE BY ECONOMIC INCENTIVE OVERSIGHT  
19 BOARD. On request, the Economic Incentive Oversight Board  
20 established under Chapter 490G shall, not later than the 60th  
21 business day after the request, provide a governmental entity with  
22 information to identify companies that may be prohibited from  
23 contracting with a governmental entity under Section 2278.002.

24 SECTION 2. The change in law made by this Act applies only  
25 to a contract entered into on or after the effective date of this  
26 Act. A contract entered into before the effective date of this Act  
27 is governed by the law in effect on the date the contract was

1 entered into, and the former law is continued in effect for that  
2 purpose.

3         SECTION 3. This Act takes effect immediately if it receives  
4 a vote of two-thirds of all the members elected to each house, as  
5 provided by Section 39, Article III, Texas Constitution. If this  
6 Act does not receive the vote necessary for immediate effect, this  
7 Act takes effect September 1, 2023.