

By: Middleton

S.B. No. 390

A BILL TO BE ENTITLED

AN ACT

1
2 relating to including certain veteran-owned businesses within the
3 definition of a historically underutilized business for purposes of
4 state contracting.

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

6 SECTION 1. Section [2161.001\(2\)](#), Government Code, is amended
7 to read as follows:

8 (2) "Historically underutilized business" means an
9 entity with its principal place of business in this state that is:

10 (A) a corporation formed for the purpose of
11 making a profit in which 51 percent or more of all classes of the
12 shares of stock or other equitable securities are owned by one or
13 more economically disadvantaged persons who have a proportionate
14 interest and actively participate in the corporation's control,
15 operation, and management;

16 (B) a sole proprietorship created for the purpose
17 of making a profit that is completely owned, operated, and
18 controlled by an economically disadvantaged person;

19 (C) a partnership formed for the purpose of
20 making a profit in which 51 percent or more of the assets and
21 interest in the partnership are owned by one or more economically
22 disadvantaged persons who have a proportionate interest and
23 actively participate in the partnership's control, operation, and
24 management;

1 (D) a joint venture in which each entity in the
2 venture is a historically underutilized business, as determined
3 under another paragraph of this subdivision; ~~[or]~~

4 (E) a supplier contract between a historically
5 underutilized business as determined under another paragraph of
6 this subdivision and a prime contractor under which the
7 historically underutilized business is directly involved in the
8 manufacture or distribution of the goods or otherwise warehouses
9 and ships the goods; or

10 (F) a small business concern owned and controlled
11 by veterans that is certified as a veteran-owned small business by
12 the United States Small Business Administration.

13 SECTION 2. This Act takes effect September 1, 2025.