By: Castellano H.B. No. 1272

A BILL TO BE ENTITLED

AN ACT

relating to the public disclosure of local economic development agreements involving data centers.

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

SECTION 1. Section 403.0246, Government Code, is amended by adding Subsections (c-1) and (c-2) to read as follows:

(c-1) In this subsection and Subsection (c-2):

(1) "Data center" means any facility that primarily contains electronic equipment used to process, store, or transmit digital information, including a facility used primarily for cryptocurrency mining or other distributed ledger or blockchain computation and a facility used primarily for the training or operation of an artificial intelligence model. The term does not include:

(A) a facility owned and operated by this state, a political subdivision of this state, or an institution of higher education as defined by Section 61.003, Education Code;

(B) electronic equipment, or the space containing electronic equipment, that supports a manufacturing, health care, financial, retail, or other business operation conducted by the owner or operator of the equipment at the same site, if housing that equipment is not the primary use of the site; or

(C) a facility used primarily by a

telecommunications provider to place tangible personal property that is used to deliver telecommunications services.

(2) "Data center agreement" means a local development agreement under which a tax abatement, loan, grant, rebate, refund, or other payment or benefit is made, computed, or conditioned wholly or partly on the construction, expansion, operation, or location of a data center, or on the amount of taxes or fees paid by or attributable to a data center or the owner or operator of a data center.

(c-2) Notwithstanding Chapter 552 or any other law, the electronic copy of a data center agreement required by Subsection (c)(8) must be a complete copy of the agreement, including each schedule, exhibit, and amendment, without redaction, except for information that the attorney general has determined under Subchapter G, Chapter 552, to be excepted from required public disclosure under Section 552.110. The local government shall submit with the agreement a copy of each attorney general decision on which a redaction relies.

SECTION 2. Section 403.0247, Government Code, is amended by amending Subsection (e) and adding Subsection (f) to read as follows:

(e) It is a defense to an action brought under this section that the local government provided the required information or documents to the extent the information or documents are not exempt from disclosure or confidential under Chapter 552, except that for a data center agreement, as defined by Section 403.0246(c-1), it is a defense only that the local government provided the information

and documents required by Section 403.0246(c-2).

(f) A local government that has not complied with Section 403.0246(c-2) with respect to a data center agreement may not make a payment or provide an abatement or other benefit under the agreement until the local government complies. A payment or benefit that would have accrued under the agreement during the period of noncompliance is forfeited.

SECTION 3. The changes in law made by this Act apply only to a local development agreement entered into on or after the effective date of this Act. For purposes of this section, the renewal or extension of an agreement on or after the effective date of this Act, or an amendment of an agreement on or after that date that increases the amount or extends the duration of a benefit provided under the agreement, is considered the entering into of a new agreement on the date of the renewal, extension, or amendment.

SECTION 4. This Act takes effect September 1, 2027.