

## **BILL ANALYSIS**

Senate Research Center

S.B. 252  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2007 and 2013 the legislature passed acts prohibiting state retirement systems from investing in companies engaged in business with the Sudanese and Iranian governments. The intent of this legislation was to halt retirement systems' investments in companies associated with the Sudanese government's genocide in Darfur or the Iranian sponsorship of terrorist activities. While these acts prohibited certain retirement systems' investments, they did not bar state agencies or political subdivisions from contracting with companies engaged in business with Iran or Sudan. Interested parties observe that the absence of a contract prohibition creates a loophole in Texas' policy: public funds may still be spent on companies that are prohibited investments for retirement systems through contracts for goods or services.

Interested parties further observe that governmental entities are not prohibited from contracting with companies engaged in business operations with foreign terrorist organizations. Some of these terrorist organizations, such as the Islamic State of Iraq and Syria (commonly referred to as ISIS), have acquired strategic control of territory where they have implemented development or other economic programs of their own. Interested parties observe that as these terrorist organizations expand their development or economic programs, they may engage in business relationships with private companies for those purposes. As is the case with companies engaged in business in Iran or Sudan, Texas governmental entities are not prohibited from contracting with companies engaged in business with foreign terrorist organizations like ISIS.

S.B. 252 updates state contract law to prohibit governmental entities from contracting with companies engaged in active business operations with Sudan, Iran, or a foreign terrorist organization. The intent of this change is to ensure that Texas taxpayers' dollars are not spent on companies engaged in business with other nation states or terrorist organizations that are anathema to the policy interests of the United States or the State of Texas.

S.B. 252 amends current law relating to prohibiting governmental contracts with a company doing business with Iran, Sudan, or a foreign terrorist organization.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 2252, Government Code, by adding Subchapter F, as follows:

#### **SUBCHAPTER F. PROHIBITION ON CONTRACTS WITH CERTAIN COMPANIES**

Sec. 2252.151. DEFINITIONS. Defines "company," "foreign terrorist organization," "governmental contract," and "governmental entity."

Sec. 2252.152. CONTRACTS WITH COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATION PROHIBITED. Prohibits a governmental entity from entering into a governmental contract with a

company identified on a list prepared and maintained under Section 806.051 (Listed Companies), 807.051 (Listed Companies), or 2252.153.

Sec. 2252.153. LISTED COMPANIES. Requires the Texas comptroller of public accounts to prepare, maintain, and make available to each governmental entity, a list of companies known to have contracts with or provide supplies or services to a foreign terrorist organization.

Sec. 2252.154. EXCEPTION. Provides that, notwithstanding any other law, a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Sudan, its federal sanctions regime relating to Iran, or any federal sanctions regime relating to a foreign terrorist organization is not subject to contract prohibition under this subchapter.

SECTION 2. Provides that Subchapter F, Chapter 2252, Government Code, as added by this Act, applies only to a contract or purchase for which a governmental entity first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act.

SECTION 3. Effective date: September 1, 2017.