

BILL ANALYSIS

Senate Research Center

H.B. 1739
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Transportation
5/11/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been reported that intellectual property theft by certain countries and some foreign actors costs American companies untold billions of dollars per year. These bad actors with ties to intellectual property theft have in some cases been identified in court as such but continue to try to engage with local governments in Texas on different business endeavors.

H.B. 1739 amends the Transportation Code to prohibit a local government or a person operating an airport on behalf of the local government from entering into an airport infrastructure or equipment contract, as defined by the bill, with one of the following entities:

- an entity that a federal court determines has misappropriated intellectual property; or
- is controlled by, or receives subsidies from the government of a country that is identified under federal law as a priority foreign country; or is subject to monitoring by the Office of the United States Trade Representative in accordance with federal law.

H.B. 1739 seeks to protect the intellectual property of Texans by prohibiting local governments from entering into contracts for airport projects with certain entities with a history of such theft.

H.B. 1739 amends current law relating to certain contracts regarding airports and associated air navigation facilities operated by or on behalf of a local government.

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 Section 22.019, Transportation Code, to create an exception under Section 22.0191, to the authorization of a local government to enter into a contract necessary to the execution of a power granted the local government and for a purpose provided by Chapter 22 (County and Municipal Airports).

SECTION 2. Amends Subchapter B, Chapter 22, Transportation Code, by adding Section 22.0191, as follows:

Sec. 22.0191. AIRPORT INFRASTRUCTURE OR EQUIPMENT CONTRACTS. (a) Defines "airport infrastructure or equipment contract" for this section.

(b) Prohibits a local government or a person operating an airport on behalf of a local government from entering into an airport infrastructure or equipment contract with:

- (1) an entity that:

(A) a federal court determines has misappropriated intellectual property or trade secrets from another entity organized under federal, state, or local law; and

(B) is owned wholly or partly by, is controlled by, or receives subsidies from the government of a country that:

(i) is identified under Section 182, Trade Act of 1974 (19 U.S.C. Section 2242), as a priority foreign country; or

(ii) is subject to monitoring by the Office of the United States Trade Representative in accordance with Section 306, Trade Act of 1974 (19 U.S.C. Section 2416); or

(2) any entity that owns, controls, is owned or controlled by, is under common ownership with, or is a successor to an entity described by Subdivision (1).

(c) Requires that an airport infrastructure or equipment contract for goods or services entered into by a local government or a person operating an airport on behalf of a local government contain a written statement by the entity with which the local government or person is contracting verifying that the entity is not an entity described by Subsection (b)(1) or (2).

(d) Provides that if the written statement required in an airport infrastructure or equipment contract under Subsection (c) is found to be false, the contract is voidable by the local government or person operating the airport.

SECTION 3. Amends Section 22.020(a), Transportation Code, as follows:

(a) Authorizes a local government, by contract, lease, or other arrangement, on a consideration fixed by the local government and for a term not to exceed 99 years, rather than 40 years, to authorize a qualified person to operate, as the agent of the local government or otherwise, an airport owned or controlled by the local government.

SECTION 4. Amends Sections 22.021(a) and (d), Transportation Code, to make conforming changes.

SECTION 5. Amends Sections 22.022(a) and (b), Transportation Code, to make conforming changes.

SECTION 6. Provides that Section 22.0191, Transportation Code, as added by this Act, applies only to an airport infrastructure or equipment contract entered into, modified, or renewed on or after the effective date of this Act.

SECTION 7. Effective date: upon passage or September 1, 2021.