

BILL ANALYSIS

C.S.H.B. 1739
By: Romero, Jr.
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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 and engage with local governments in Texas on different business endeavors. C.S.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.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.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 trade secrets from another entity organized under federal, state, or local law and is owned wholly or partly by, 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 U.S. Trade Representative in accordance with federal law; or
- any entity that owns or controls, is owned or controlled by, is under common ownership with, or is a successor to an entity meeting such criteria.

C.S.H.B. 1739 requires 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 to contain a written statement by the entity with which the local government or person is contracting verifying that the entity is not an entity with which the local government or person is prohibited from entering into a contract under the bill's provisions. If the written statement is found to be false, the contract is voidable by the local government or person operating the airport.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1739 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision voiding an airport infrastructure or equipment contract for goods or services if the requisite written statement contained in the contract is found to be false.

The substitute includes a procedural provision that applies the bill's provisions only to an airport infrastructure or equipment contract entered into, modified, or renewed on or after the bill's effective date.