

SUBJECT: Prohibiting contracting with entity discriminating against firearm industry

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 8 ayes — Paddie, Harless, P. King, Metcalf, Raymond, Shaheen, Slawson, Smithee

3 nays — Hernandez, Deshotel, Howard

2 absent — Hunter, Lucio

WITNESSES: For — Felisha Bull, Gun Owners of America; Tara Mica, National Rifle Association; Darren Lasorte, National Shooting Sports Foundation; Rick Briscoe, Open Carry Texas; Darryl Valdes, Texas State Rifle Association; and six individuals; (*Registered, but did not testify*: Angela Smith, Fredericksburg Tea Party; Andi Turner, Texas State Rifle Association; and 28 individuals)

Against — (*Registered, but did not testify*: Matt Simpson, ACLU of Texas; Will Temple, Securities Industry and Financial Markets Association; Gyl Switzer, Texas Gun Sense; Joshua Houston, Texas Impact; and 11 individuals)

On — Whitney Blanton, Texas Treasury and Safekeeping Trust Company

BACKGROUND: Operation Choke Point was a program operated by the U.S. Department of Justice and the Federal Deposit Insurance Corporation between 2013 and 2017, under which unofficial directives were issued to banks to restrict access to essential banking services for merchants in certain industries, including members of the firearms and ammunition industries. Concerns have been raised that although the program ended in 2017, leaders of banks and financial institutions have continued this discriminatory banking practice.

DIGEST: CSHB 2558 would prohibit a governmental entity from entering into a contract with a company for the purchase of goods or services unless the

contract contained a written verification from the company that it:

- did not have a written or unwritten internal practice, policy, guidance, or directive that discriminated against a firearm entity or firearm trade association based solely on its status as a firearm entity or trade association; and
- would not discriminate during the term of the contract against a firearm entity or trade association based solely on its status.

To discriminate against a firearm entity or trade association would mean, with respect to the entity or trade association:

- refusing to engage in the trade of any goods or services;
- refraining from continuing an existing business relationship;
- terminating an existing business relationship; or
- otherwise expressing a prejudice against the entity or association.

The bill would apply only to a contract to be paid partly or wholly from public funds between a governmental entity and a company with at least 10 full-time employees that had a value of at least \$100,000. The bill would not apply to a governmental entity that determined the requirement was inconsistent with its constitutional or statutory duties related to the issuance of debt obligations or the deposit or investment of funds.

The bill would take effect September 1, 2021, and would apply only to a contract entered into on or after that date.