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AN ACT

relating to allowing local governments and school districts to prohibit contracts or other transactions with delinquent taxpayers.

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

SECTION 1. Subchapter C, Chapter 252, Local Government Code, is amended by adding Section 252.0436 to read as follows:

Sec. 252.0436. CONTRACT WITH PERSON INDEBTED TO MUNICIPALITY. (a) A municipality by ordinance may establish regulations permitting the municipality to refuse to enter into a contract or other transaction with a person indebted to the municipality.

(b) It is not a violation of this chapter for a municipality, under regulations adopted under Subsection (a), to refuse to award a contract to or enter into a transaction with an apparent low bidder or successful proposer that is indebted to the municipality.

(c) In this section, "person" includes an individual, sole proprietorship, corporation, nonprofit corporation, partnership, joint venture, limited liability company, and any other entity that proposes or otherwise seeks to enter into a contract or other transaction with the municipality requiring approval by the governing body of the municipality.

SECTION 2. Subchapter C, Chapter 262, Local Government

1 Code, is amended by adding Section 262.0276 to read as follows:

2 Sec. 262.0276. CONTRACT WITH PERSON INDEBTED TO COUNTY.

3 (a) By an order adopted and entered in the minutes of the  
4 commissioners court and after notice is published in a newspaper of  
5 general circulation in the county, the commissioners court may  
6 adopt rules permitting the county to refuse to enter into a contract  
7 or other transaction with a person indebted to the county.

8 (b) It is not a violation of this subchapter for a county,  
9 under rules adopted under Subsection (a), to refuse to award a  
10 contract to or enter into a transaction with an apparent low bidder  
11 or successful proposer that is indebted to the county.

12 (c) In this section, "person" includes an individual, sole  
13 proprietorship, corporation, nonprofit corporation, partnership,  
14 joint venture, limited liability company, and any other entity that  
15 proposes or otherwise seeks to enter into a contract or other  
16 transaction with the county requiring approval by the commissioners  
17 court.

18 SECTION 3. Subchapter B, Chapter 44, Education Code, is  
19 amended by adding Section 44.044 to read as follows:

20 Sec. 44.044. CONTRACT WITH PERSON INDEBTED TO SCHOOL  
21 DISTRICT. (a) The board of trustees of a school district by  
22 resolution may establish regulations permitting the school  
23 district to refuse to enter into a contract or other transaction  
24 with a person indebted to the school district.

25 (b) It is not a violation of this subchapter for a school  
26 district, under regulations adopted under Subsection (a), to refuse  
27 to award a contract to or enter into a transaction with an apparent

1 low bidder or successful proposer that is indebted to the school  
2 district.

3 (c) In this section, "person" includes an individual, sole  
4 proprietorship, corporation, nonprofit corporation, partnership,  
5 joint venture, limited liability company, and any other entity that  
6 proposes or otherwise seeks to enter into a contract or other  
7 transaction with the school district requiring approval by the  
8 board.

9 SECTION 4. This Act takes effect September 1, 2003.

David Newburn  
President of the Senate

Tom Caddell  
Speaker of the House

I hereby certify that S.B. No. 850 passed the Senate on April 3, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 9, 2003, by a viva-voce vote.

Lacey Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 850 passed the House, with amendment, on May 6, 2003, by a non-record vote.

Robert Haney  
Chief Clerk of the House

Approved:

27 MAY 03  
Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
9:52 AM 2003

Ann Shea  
Secretary of State