

## **BILL ANALYSIS**

Senate Research Center  
78R1442 SLO-D

S.B. 335  
By: Wentworth  
Education  
2/14/2003  
As Filed

### **DIGEST AND PURPOSE**

Currently, Texas law does not prohibit a school district from entering into a contract with a business in which a district trustee has a substantial stake. This leads to the possibility and possible perception of a conflict of interest. As proposed, S.B. 335 prohibits a school district from entering into a contract with business in which a district trustee has a substantial stake, and provides a criminal penalty for doing so. This Act includes exceptions for school districts located in areas where alternative businesses are not available.

### **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 171.003(a), Local Government Code, to make a conforming change relating to the addition of Section 171.0041 to the code.

SECTION 2. Amends Chapter 171, Local Government Code, by adding Section 171.0041, as follows:

Sec. 171.0041. CERTAIN SCHOOL DISTRICT CONTRACTS PROHIBITED. (a)  
Prohibits, except as provided by Subsection (b), a school district from entering into a contract with a business in which a district trustee has a substantial interest.

(b) Authorizes a school district to enter into a contract with a business in which a district trustee has a substantial interest under certain circumstances.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2003.