

1-1 By: Leach, et al. (Senate Sponsor - Schwertner) H.B. No. 5061  
 1-2 (In the Senate - Received from the House May 5, 2025;  
 1-3 May 5, 2025, read first time and referred to Committee on Business  
 1-4 & Commerce; May 13, 2025, reported favorably by the following vote:  
 1-5 Yeas 11, Nays 0; May 13, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to prohibiting certain activities by contractors and  
 1-22 vendors of state agencies; providing administrative penalties.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. This Act shall be known as the Texas Integrity in  
 1-25 State Contracting and Privacy Protection Act.

1-26 SECTION 2. Chapter 2261, Government Code, is amended by  
 1-27 adding Subchapter G to read as follows:

1-28 SUBCHAPTER G. CERTAIN PROHIBITED ACTIVITIES BY CONTRACTORS AND  
 1-29 VENDORS

1-30 Sec. 2261.301. DEFINITIONS. In this subchapter:

1-31 (1) "State agency employee" includes an independent  
 1-32 contractor who contracts with a state agency to perform work or  
 1-33 provide a service.

1-34 (2) "Surveillance" means monitoring, investigating,  
 1-35 tracking, or collecting information about an individual without the  
 1-36 individual's express or contractual authorization, including  
 1-37 physical surveillance, electronic tracking, and data mining. The  
 1-38 term does not include collecting information that is publicly  
 1-39 available or available to the public through a subscription  
 1-40 service.

1-41 (3) "Undue influence" means an improper use of power,  
 1-42 position, or information to manipulate a decision-making process,  
 1-43 including the use of private or confidential information for  
 1-44 personal or organizational gain.

1-45 Sec. 2261.3015. APPLICABILITY. Notwithstanding Sections  
 1-46 2261.001(a) and (d), this subchapter applies to each procurement of  
 1-47 goods or services made by a state agency, including a procurement  
 1-48 made:

1-49 (1) by the comptroller;

1-50 (2) under purchasing authority delegated to the agency  
 1-51 by or under Section 51.9335 or 73.115, Education Code, or Section  
 1-52 2155.131 or 2155.132 of this code; or

1-53 (3) by the Texas Department of Transportation or a  
 1-54 procurement paid for by local or institutional funds of an  
 1-55 institution of higher education.

1-56 Sec. 2261.302. PROHIBITED ACTIVITIES. A contractor or  
 1-57 subcontractor of a state agency or a vendor responding to a contract  
 1-58 solicitation may not directly or indirectly through a third party:

1-59 (1) engage in surveillance targeting:

1-60 (A) a member of the state legislature or a person  
 1-61 employed to support the state legislature in any capacity;

2-1                                    (B) a family member of a person described by  
2-2 Paragraph (A);  
2-3                                    (C) a state agency employee; or  
2-4                                    (D) an individual making a complaint or raising  
2-5 concerns regarding state agency operations or contracting;  
2-6                                    (2) engage in an act of intimidation, coercion,  
2-7 extortion, undue influence, or other similar conduct intended to  
2-8 influence, silence, or retaliate against a person described by  
2-9 Subdivision (1)(A), (B), (C), or (D); or  
2-10                                   (3) use private or confidential information to  
2-11 manipulate or influence a state contracting decision or proceeding.  
2-12 Sec. 2261.303. OVERSIGHT AND ENFORCEMENT. (a) The state  
2-13 auditor's office shall oversee and enforce this subchapter.  
2-14                                   (b) The state auditor's office may collaborate with the  
2-15 Texas Ethics Commission to ensure compliance with this subchapter  
2-16 and transparency of oversight and enforcement actions.  
2-17                                   (c) The Texas Rangers division of the Department of Public  
2-18 Safety shall investigate any alleged criminal offense related to a  
2-19 violation of this subchapter.  
2-20 Sec. 2261.304. COMPLAINT PROCESS. (a) A person who  
2-21 believes that a prohibited activity under Section 2261.302 has  
2-22 occurred may file a complaint with the state auditor's office.  
2-23                                   (b) The state auditor's office shall establish and maintain  
2-24 a confidential reporting hotline and an online portal for  
2-25 submitting a complaint under Subsection (a).  
2-26 Sec. 2261.305. INVESTIGATION. (a) The state auditor's  
2-27 office shall investigate a complaint submitted under Section  
2-28 2261.304 and determine whether a violation of this subchapter  
2-29 occurred not later than the 90th day after the date the office  
2-30 receives the complaint.  
2-31                                   (b) If during an investigation of a complaint the state  
2-32 auditor's office suspects that a criminal offense has been  
2-33 committed, the office shall refer the matter to the Texas Rangers  
2-34 division of the Department of Public Safety for a comprehensive  
2-35 criminal investigation. The Texas Rangers division of the  
2-36 Department of Public Safety shall investigate the complaint and, if  
2-37 appropriate, refer the matter to the attorney general's office for  
2-38 prosecution.  
2-39 Sec. 2261.306. ENFORCEMENT: CONTRACT TERMINATION; BARRING  
2-40 FROM STATE CONTRACTS; ADMINISTRATIVE PENALTIES. (a) On a final  
2-41 determination by the state auditor's office that a person violated  
2-42 this subchapter, the person is:  
2-43                                    (1) for a first violation:  
2-44                                    (A) subject to immediate termination of any state  
2-45 contracts without further obligation;  
2-46                                    (B) liable for an administrative penalty in an  
2-47 amount not to exceed:  
2-48                                    (i) \$500,000; or  
2-49                                    (ii) \$2 million if the violation involved  
2-50 undue influence or the misuse of private or confidential  
2-51 information; and  
2-52                                    (C) barred from responding to a solicitation for  
2-53 or being awarded a state contract until:  
2-54                                    (i) the tenth anniversary of the date the  
2-55 person receives the final determination; or  
2-56                                    (ii) the fifteenth anniversary of the date  
2-57 the person receives the final determination if the violation  
2-58 involved undue influence or the misuse of private or confidential  
2-59 information; and  
2-60                                    (2) for a second or subsequent violation:  
2-61                                    (A) subject to immediate termination of all state  
2-62 contracts without further obligation;  
2-63                                    (B) liable for an administrative penalty in an  
2-64 amount not to exceed:  
2-65                                    (i) \$1 million; or  
2-66                                    (ii) \$2 million if the violation involved  
2-67 undue influence or the misuse of private or confidential  
2-68 information; and  
2-69                                    (C) barred permanently from responding to a

3-1 solicitation for or being awarded a state contract.

3-2 (b) An individual who authorizes or directs an entity to  
 3-3 violate this subchapter may be subject to a penalty under this  
 3-4 section in the same manner as an entity that is determined to have  
 3-5 violated this subchapter.

3-6 (c) A violation of this subchapter committed by or involving  
 3-7 the following individuals or entities is considered a violation of  
 3-8 this subchapter by a contractor, subcontractor, vendor, or  
 3-9 respondent to a contract solicitation by a state agency:

3-10 (1) a parent company of the contractor, subcontractor,  
 3-11 vendor, or respondent;

3-12 (2) a subsidiary wholly or partially owned by the  
 3-13 contractor, subcontractor, vendor, or respondent;

3-14 (3) a sister or affiliate entity under common  
 3-15 ownership or control of the contractor, subcontractor, vendor, or  
 3-16 respondent;

3-17 (4) a subdivision, division, or operational branch of  
 3-18 the contractor, subcontractor, vendor, or respondent;

3-19 (5) a subcontractor, agent, representative, or third  
 3-20 party acting on behalf of or in coordination with the contractor,  
 3-21 subcontractor, vendor, or respondent;

3-22 (6) a joint venture, consortium, or partnership in  
 3-23 which the contractor, subcontractor, vendor, or respondent has an  
 3-24 interest;

3-25 (7) an employee, officer, or executive of the  
 3-26 contractor, subcontractor, vendor, or respondent acting within the  
 3-27 employee's, officer's, or executive's scope of employment; and

3-28 (8) an entity with which the contractor,  
 3-29 subcontractor, vendor, or respondent shares significant  
 3-30 operational control, decision-making authority, financial  
 3-31 interest, or business goals.

3-32 (d) Subsection (c) applies regardless of whether an  
 3-33 individual or entity described by that subsection is a direct party  
 3-34 to a contract or procurement agreement. An individual or entity  
 3-35 described by Subsections (c)(1) through (8) is subject to the  
 3-36 enforcement actions, penalties, and disqualifications provided by  
 3-37 this subchapter.

3-38 (e) The state auditor's office shall notify the comptroller  
 3-39 of each final determination that a person violated this subchapter.  
 3-40 The comptroller shall distribute information to state agencies  
 3-41 regarding the final determination to assist state agencies in  
 3-42 carrying out the intent of this subchapter. Each state agency shall  
 3-43 review the information distributed by the comptroller to ensure  
 3-44 that the agency does not award a contract in violation of this  
 3-45 section.

3-46 Sec. 2261.307. RETALIATION AGAINST EMPLOYEES AND  
 3-47 WHISTLEBLOWERS PROHIBITED. (a) In this section, "employee" means  
 3-48 a person who is an employee of a:

3-49 (1) contractor or subcontractor of a state agency;

3-50 (2) vendor responding to a contract solicitation by a  
 3-51 state agency; or

3-52 (3) provider or recipient of state services.

3-53 (b) An employee or other person with knowledge of a  
 3-54 violation of this subchapter has a cause of action against an  
 3-55 employer or entity who suspends or terminates services, contracts,  
 3-56 or employment of or otherwise disciplines or discriminates or  
 3-57 retaliates against the employee or other person in any manner for:

3-58 (1) reporting to a supervisor, state regulatory  
 3-59 agency, or law enforcement agency a violation of this subchapter;  
 3-60 or

3-61 (2) initiating or cooperating in any investigation by  
 3-62 or proceeding of a governmental entity relating to a state  
 3-63 contract, including by providing information or testimony in the  
 3-64 proceeding.

3-65 (c) The petitioner may recover:

3-66 (1) actual damages and damages for lost wages or  
 3-67 services if the petitioner's employment was suspended or  
 3-68 terminated;

3-69 (2) exemplary damages;

