

By: Campbell, et al.

S.B. No. 2116

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting contracts or other agreements with certain foreign-owned companies in connection with critical infrastructure in this state.

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

SECTION 1. This Act may be cited as the Lone Star Infrastructure Protection Act.

SECTION 2. Subtitle C, Title 5, Business & Commerce Code, is amended by adding Chapter 113 to read as follows:

CHAPTER 113. PROHIBITION ON AGREEMENTS WITH CERTAIN FOREIGN-OWNED COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE

Sec. 113.001. DEFINITIONS. In this chapter:

(1) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

(2) "Critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility.

(3) "Cybersecurity" means the measures taken to protect a computer, computer network, computer system, or other technology infrastructure against unauthorized use or access.

1           (4) "Designated country" means a country designated by  
2 the governor as a threat to critical infrastructure under Section  
3 113.003.

4           Sec. 113.002. PROHIBITED ACCESS TO CRITICAL  
5 INFRASTRUCTURE. (a) A business entity may not enter into an  
6 agreement relating to critical infrastructure in this state with a  
7 company:

8           (1) if, under the agreement, the company would be able  
9 to directly or remotely access or control critical infrastructure  
10 in this state; and

11           (2) if the company is:

12           (A) owned by or the majority of stock or other  
13 ownership interest of the company is held or controlled by:

14           (i) individuals who are citizens of China,  
15 Iran, North Korea, Russia, or a designated country; or

16           (ii) a company or other entity, including a  
17 governmental entity, that is owned or controlled by citizens of or  
18 is directly controlled by the government of China, Iran, North  
19 Korea, Russia, or a designated country; or

20           (B) headquartered in China, Iran, North Korea,  
21 Russia, or a designated country.

22           (b) The prohibition described by Subsection (a) applies  
23 regardless of whether:

24           (1) the company's or its parent company's securities  
25 are publicly traded; or

26           (2) the company or its parent company is listed on a  
27 public stock exchange as:

1                   (A) a Chinese, Iranian, North Korean, or Russian  
2 company; or

3                   (B) a company of a designated country.

4           Sec. 113.003. DESIGNATION OF COUNTRY AS THREAT TO CRITICAL  
5 INFRASTRUCTURE. (a) The governor, after consultation with the  
6 public safety director of the Department of Public Safety, may  
7 designate a country as a threat to critical infrastructure for  
8 purposes of this chapter.

9           (b) The governor may consult the Homeland Security Council,  
10 established under Subchapter B, Chapter 421, Government Code, to  
11 assess a threat to critical infrastructure for purposes of making a  
12 designation under this section.

13           SECTION 3. Subtitle F, Title 10, Government Code, is  
14 amended by adding Chapter 2274 to read as follows:

15   CHAPTER 2274. PROHIBITION ON CONTRACTS WITH CERTAIN FOREIGN-OWNED  
16   COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE

17   Sec. 2274.0101. DEFINITIONS. In this chapter:

18           (1) "Company" means a sole proprietorship,  
19 organization, association, corporation, partnership, joint  
20 venture, limited partnership, limited liability partnership, or  
21 limited liability company, including a wholly owned subsidiary,  
22 majority-owned subsidiary, parent company, or affiliate of those  
23 entities or business associations, that exists to make a profit.

24           (2) "Critical infrastructure" means a communication  
25 infrastructure system, cybersecurity system, electric grid,  
26 hazardous waste treatment system, or water treatment facility.

27           (3) "Cybersecurity" means the measures taken to

1 protect a computer, computer network, computer system, or other  
2 technology infrastructure against unauthorized use or access.

3 (4) "Designated country" means a country designated by  
4 the governor as a threat to critical infrastructure under Section  
5 2274.0103.

6 (5) "Governmental entity" means a state agency or  
7 political subdivision of this state.

8 Sec. 2274.0102. PROHIBITED CONTRACTS. (a) A governmental  
9 entity may not enter into a contract or other agreement relating to  
10 critical infrastructure in this state with a company that is:

11 (1) owned by or the majority of stock or other  
12 ownership interest of the company is held or controlled by:

13 (A) individuals who are citizens of China, Iran,  
14 North Korea, Russia, or a designated country; or

15 (B) a company or other entity, including a  
16 governmental entity, that is owned or controlled by citizens of or  
17 is directly controlled by the government of China, Iran, North  
18 Korea, Russia, or a designated country; or

19 (2) headquartered in China, Iran, North Korea, Russia,  
20 or a designated country.

21 (b) The prohibition described by Subsection (a) applies  
22 regardless of whether:

23 (1) the company's or its parent company's securities  
24 are publicly traded; or

25 (2) the company or its parent company is listed on a  
26 public stock exchange as:

27 (A) a Chinese, Iranian, North Korean, or Russian

1 company; or

2 (B) a company of a designated country.

3 Sec. 2274.0103. DESIGNATION OF COUNTRY AS THREAT TO  
4 CRITICAL INFRASTRUCTURE. (a) The governor, after consultation  
5 with the public safety director of the Department of Public Safety,  
6 may designate a country as a threat to critical infrastructure for  
7 purposes of this chapter.

8 (b) The governor may consult the Homeland Security Council,  
9 established under Subchapter B, Chapter 421, to assess a threat to  
10 critical infrastructure for purposes of making a designation under  
11 this section.

12 SECTION 4. Chapter 113, Business & Commerce Code, as added  
13 by this Act, and Chapter 2274, Government Code, as added by this  
14 Act, apply to a contract or agreement entered into on or after the  
15 effective date of this Act.

16 SECTION 5. This Act takes effect September 1, 2021.