

By: Kolkhorst, et al. S.B. No. 17
(Hefner, Metcalf, Patterson, McQueeney, Spiller, et al.)

Substitute the following for S.B. No. 17:

By: Hefner C.S.S.B. No. 17

A BILL TO BE ENTITLED

AN ACT

relating to the purchase or acquisition of an interest in real property by certain aliens or foreign entities.

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

SECTION 1. Section 64.001(a), Civil Practice and Remedies Code, is amended to read as follows:

(a) A court of competent jurisdiction may appoint a receiver:

(1) in an action by a vendor to vacate a fraudulent purchase of property;

(2) in an action by a creditor to subject any property or fund to the creditor's ~~his~~ claim;

(3) in an action between partners or others jointly owning or interested in any property or fund;

(4) in an action by a mortgagee for the foreclosure of the mortgage and sale of the mortgaged property;

(5) for a corporation that is insolvent, is in imminent danger of insolvency, has been dissolved, or has forfeited its corporate rights; ~~or~~

(6) in an action by the attorney general under Subchapter H, Chapter 5, Property Code; or

(7) in any other case in which a receiver may be appointed under the rules of equity.

SECTION 2. Section 5.005, Property Code, is amended to read

as follows:

Sec. 5.005. ALIENS. Except as provided by Subchapter H, an
[An] alien has the same real and personal property rights as a
United States citizen.

SECTION 3. Chapter 5, Property Code, is amended by adding
Subchapter H to read as follows:

SUBCHAPTER H. PURCHASE OR ACQUISITION OF REAL PROPERTY BY CERTAIN
FOREIGN INDIVIDUALS OR ENTITIES

Sec. 5.251. DEFINITIONS. In this subchapter:

(1) "Agricultural land" means land that is located in
this state and that is suitable for:

(A) use in production of plants and fruits grown
for human or animal consumption, or plants grown for the production
of fibers, floriculture, silviculture, viticulture, horticulture,
or planting seed; or

(B) domestic or native farm or ranch animals kept
for use or profit.

(2) "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.

(3) "Designated country" means a country identified by
the United States Director of National Intelligence as a country
that poses a risk to the national security of the United States in
at least one of the three most recent Annual Threat Assessments of

the U.S. Intelligence Community issued pursuant to Section 108B, National Security Act of 1947 (50 U.S.C. Section 3043b).

(4) "Domiciled" means having established a place as an individual's true, fixed, and permanent home and principal residence to which the individual intends to return whenever absent.

(5) "Organization" has the meaning assigned by Section 1.002, Business Organizations Code.

(6) "Real property" includes:

(A) agricultural land;

(B) an improvement located on agricultural land;

(C) commercial property;

(D) industrial property;

(E) groundwater;

(F) residential property;

(G) a mine or quarry;

(H) a mineral in place;

(I) standing timber; or

(J) water rights.

Sec. 5.252. EXCEPTIONS: UNITED STATES CITIZENS AND LAWFUL RESIDENTS; CERTAIN ENTITIES OWNED OR CONTROLLED BY UNITED STATES CITIZENS OR LAWFUL RESIDENTS; LEASEHOLD. This subchapter does not apply to:

(1) an individual who is a citizen or lawful permanent resident of the United States;

(2) a company or organization that is owned by or under the control of:

(A) one or more individuals described by
Subdivision (1); and

(B) no individual described by Section 5.253; or
(3) a leasehold interest in land or improvements
constructed on a leasehold if the duration of the interest is less
than 100 years.

Sec. 5.253. PROHIBITION ON PURCHASE OR ACQUISITION OF REAL
PROPERTY. Notwithstanding any other law, the following may not
purchase or otherwise acquire an interest in real property in this
state:

(1) a governmental entity of a designated country;

(2) a company or organization that is:

(A) headquartered in a designated country;

(B) directly or indirectly held or controlled by
the government of a designated country; or

(C) owned by or the majority of stock or other
ownership interest of which is held or controlled by individuals
described by Subdivision (4);

(3) a company or organization that is owned by or the
majority of stock or other ownership interest of which is held or
controlled by a company or organization described by Subdivision
(2); or

(4) an individual who:

(A) is domiciled in a designated country;

(B) is a citizen of a designated country who is
domiciled outside of the United States in a country:

(i) other than a designated country; and

1 (ii) for which the individual has not
2 completed the naturalization process for becoming a citizen of that
3 country;

4 (C) is a citizen of a designated country who is
5 unlawfully present in the United States; or

6 (D) is:

7 (i) a citizen of a country other than the
8 United States; and

9 (ii) acting as an agent or on behalf of a
10 designated country.

11 Sec. 5.254. INVESTIGATION AND ENFORCEMENT BY ATTORNEY
12 GENERAL; LAW ENFORCEMENT REFERRAL. (a) The attorney general shall
13 establish procedures to examine a purchase or acquisition of an
14 interest in real property and determine whether an investigation of
15 a possible violation of this subchapter is warranted.

16 (b) If the attorney general determines that an
17 investigation of a purchase or acquisition of an interest in real
18 property is warranted under this section, the attorney general
19 shall investigate the purchase or acquisition of an interest in
20 real property and determine whether a violation of this subchapter
21 occurred.

22 (c) If the attorney general determines that a violation of
23 this subchapter occurred, the attorney general:

24 (1) may bring an in rem action against real property to
25 enforce this subchapter in a district court in the county where all
26 or part of the real property that is the subject of the violation is
27 located; and

1 (2) may refer the matter to the appropriate local,
2 state, or federal law enforcement agency.

3 (d) The attorney general shall record notice of an action
4 brought under Subsection (c) in the real property records of each
5 county where any part of the real property subject to the action is
6 located.

7 (e) Except for an acquisition of a leasehold interest, a
8 purchase or acquisition of an interest in real property in
9 violation of Section 5.253 is not void because of the violation, and
10 the validity or enforceability by any person of a purchase contract
11 for or the conveyance of an interest in the real property is not
12 otherwise affected by the violation.

13 Sec. 5.255. ATTORNEY GENERAL INVESTIGATION AND DISCOVERY;
14 SECRETARY OF STATE INTERROGATORIES AND RECORDS. (a) The attorney
15 general may conduct discovery to investigate a potential action
16 under Section 5.254 or in an action brought under Section 5.254,
17 including by:

18 (1) petitioning for an order authorizing the taking of
19 a deposition under Rule 202, Texas Rules of Civil Procedure; or

20 (2) if the attorney general has reason to believe that
21 a person may be in possession, custody, or control of any
22 documentary material or other evidence or may have any information
23 relevant to an investigation of a suspected violation of Section
24 5.253, issuing in writing and serving on the person a civil
25 investigative demand requiring the person to:

26 (A) produce any of the documentary material for
27 inspection and copying;

1 (B) answer in writing any written
2 interrogatories;
3 (C) give oral testimony; or
4 (D) provide any combination of civil
5 investigative demands under Paragraph (A), (B), or (C).

6 (b) The secretary of state shall on request by the attorney
7 general:

8 (1) serve interrogatories on an individual or entity
9 as necessary to determine the ownership or control of an
10 organization that is the subject of an action by the attorney
11 general under Section 5.254; and

12 (2) provide to the attorney general all records held
13 by the secretary relating to the ownership or control of an
14 organization that is the subject of an action by the attorney
15 general under Section 5.254.

16 Sec. 5.256. DIVESTITURE; APPOINTMENT OF RECEIVER;
17 DISTRIBUTION OF SALE PROCEEDS. (a) If the district court finds
18 that the real property subject to an action brought under Section
19 5.254 was purchased or an interest in the real property was
20 otherwise acquired in violation of Section 5.253, the court shall:

21 (1) enter an order that:

22 (A) states the court's finding;

23 (B) orders the divestment of the individual's or
24 entity's interest in the real property; and

25 (C) appoints a receiver to:

26 (i) divest the individual's or entity's
27 interest in the real property through sale, termination of a

1 leasehold, or other disposition of the interest; and

2 (ii) manage and control the real property
3 pending the sale or other disposition of the interest in the real
4 property; and

5 (2) refer the matter to the appropriate prosecuting
6 attorney for criminal prosecution of any appropriate criminal
7 offense in connection with the transaction.

8 (b) On appointment and qualification, a receiver appointed
9 under this section has the powers and duties of a receiver under
10 Chapter 64, Civil Practice and Remedies Code.

11 (c) Proceeds from the sale or other disposition of an
12 interest in real property under an order described by Subsection
13 (a) shall be applied first to satisfy any existing liens on the
14 property and then to pay the reasonable costs incurred by the state
15 in enforcing this subchapter. The remaining proceeds shall be
16 remitted to the individual or entity that purchased or otherwise
17 acquired the interest in violation of this subchapter.

18 SECTION 4. As soon as practicable after the effective date
19 of this Act, the attorney general shall adopt rules for the
20 implementation of Subchapter H, Chapter 5, Property Code, as added
21 by this Act.

22 SECTION 5. The changes in law made by this Act apply only to
23 the purchase or acquisition of an interest in real property on or
24 after the effective date of this Act. The purchase or acquisition
25 of an interest in real property before the effective date of this
26 Act is governed by the law in effect immediately before the
27 effective date of this Act, and that law is continued in effect for

1 that purpose.

2 SECTION 6. It is the intent of the legislature that every
3 provision, section, subsection, sentence, clause, phrase, or word
4 in this Act, and every application of the provisions in this Act to
5 each person or entity, is severable from each other. If any
6 application of any provision in this Act to any person, group of
7 persons, or circumstances is found by a court to be invalid for any
8 reason, the remaining applications of that provision to all other
9 persons and circumstances shall be severed and may not be affected.
10 If a court finds invalid, for any reason, a prohibition under this
11 Act on the purchase or acquisition of an interest in real property
12 in this state by an individual described by Section 5.253(4),
13 Property Code, as added by this Act, the court shall,
14 notwithstanding the finding, construe this Act to prohibit the
15 purchase or acquisition of an interest in real property in this
16 state by an individual who is a citizen of a country other than the
17 United States and is domiciled in a designated country described by
18 Section 5.251(3), Property Code, as added by this Act.

19 SECTION 7. This Act takes effect September 1, 2025.