

## **BILL ANALYSIS**

Senate Research Center

S.B. 2116  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 2116 would ban the following governments from connecting physically/remotely into Texas critical infrastructure due to acts of aggression towards the United States, human rights abuses, intellectual property theft, previous critical infrastructure attacks, and ties to other hostile actions performed against the State of Texas and the United States: companies owned (controlling interests) or connected to individuals holding citizenship with the governments of China, Iran, North Korea, and/or Russia.

Critical infrastructure is defined as an electrical grid system, water treatment facility, communications system, critical cyber infrastructure, or chemical facility.

As proposed, S.B. 2116 amends current law relating to prohibiting contracts or other agreements with certain foreign-owned companies in connection with critical infrastructure in this state.

### **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. Authorizes this Act to be cited as the Lone Star Infrastructure Protection Act.

SECTION 2. Amends Subtitle C, Title 5, Business & Commerce Code, by adding Chapter 113, as follows:

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

Sec. 113.001. DEFINITIONS. Defines "company," "critical infrastructure," and "cybersecurity."

Sec. 113.002. DESIGNATION OF THREAT TO CRITICAL INFRASTRUCTURE. (a) Authorizes the governor to designate a country as a threat to critical infrastructure with the consultation of the public safety director of the Department of Public Safety of the State of Texas.

(b) Authorizes the governor to consult the Homeland Security Council, as described by Chapter 421 (Homeland Security), Government Code, to assess a threat to critical infrastructure under this section.

Sec. 113.003. PROHIBITED ACCESS TO CRITICAL INFRASTRUCTURE. (a) Prohibits a business entity from entering into an agreement relating to critical infrastructure in this state with a company:

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

(2) if the company is:

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

(i) individuals who are citizens of China, Iran, North Korea, Russia, or a country designated under Section 113.002; or

(ii) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a country designated under Section 113.002; or

(B) headquartered in China, Iran, North Korea, Russia, or a country designated under Section 113.002.

(b) Provides that the prohibition described by Subsection (a) applies regardless of whether the company's or its parent company's securities are publicly traded, or whether the company or its parent company is listed as a Chinese, Iranian, North Korean, or Russian company on a public stock exchange.

SECTION 2. Amends Subtitle F, Title 10, Government Code, by adding Chapter 2274, as follows:

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

Sec. 2274.0101. DEFINITIONS. Defines "company," "critical infrastructure," "cybersecurity," and "governmental entity."

Sec. 2274.0102. PROHIBITED CONTRACTS. (a) Prohibits a governmental entity from entering into a contract or other agreement relating to critical infrastructure in this state with a company that is:

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

(A) individuals who are citizens of China, Iran, North Korea, Russia, or a country designated under Section 113.002; or

(B) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a country designated under Section 113.002; or

(2) headquartered in China, Iran, North Korea, Russia, or a country designated under Section 113.002.

(b) Provides that the prohibition described by Subsection (a) applies regardless of whether the company's or its parent company's securities are publicly traded, or whether the company or its parent company is listed as a Chinese, Iranian, North Korean, or Russian company on a public stock exchange.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2021.