By:  Campbell, Hall S.B. No. 2116

(In the Senate - Filed March 12, 2021; April 1, 2021, read first time and referred to Committee on Business & Commerce; April 20, 2021, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; April 20, 2021, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Hancock              X

Nichols              X

Campbell             X

Creighton            X

Johnson              X

Menéndez             X

Paxton               X

Schwertner           X

Whitmire             X

COMMITTEE SUBSTITUTE FOR S.B. No. 2116 By:  Hancock

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.

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

Sec. 113.002.  PROHIBITED ACCESS TO CRITICAL INFRASTRUCTURE. (a) A business entity may not enter 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 designated country; 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 designated country; or

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

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

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

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

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

(B)  a company of a designated country.

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

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

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

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

Sec. 2274.0101.  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.

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

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

Sec. 2274.0102.  PROHIBITED CONTRACTS. (a) A governmental entity may not enter 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 designated country; 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 designated country; or

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

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

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

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

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

(B)  a company of a designated country.

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

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

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

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

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