

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
9 granted direct or remote access to or control of critical
10 infrastructure in this state, excluding access specifically
11 allowed by the business entity for product warranty and support
12 purposes; and

13 (2) if the business entity knows that the company is:

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

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

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

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

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

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

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

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

5 (B) a company of a designated country.

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

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

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

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

19 Sec. 2274.0101. DEFINITIONS. In this chapter:

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

26 (2) "Critical infrastructure" means a communication
27 infrastructure system, cybersecurity system, electric grid,

1 hazardous waste treatment system, or water treatment facility.

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

5 (4) "Designated country" means a country designated by
6 the governor as a threat to critical infrastructure under Section
7 2274.0103.

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

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

13 (1) if, under the contract or other agreement, the
14 company would be granted direct or remote access to or control of
15 critical infrastructure in this state, excluding access
16 specifically allowed by the governmental entity for product
17 warranty and support purposes; and

18 (2) if the governmental entity knows that the company
19 is:

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

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

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

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

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

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

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

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

11 (B) a company of a designated country.

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

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

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

25 SECTION 5. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

1 Act does not receive the vote necessary for immediate effect, this
2 Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2116 passed the Senate on April 26, 2021, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 29, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2116 passed the House, with amendments, on May 24, 2021, by the following vote: Yeas 141, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor