

By: Campbell, et al.  
(Parker)

S.B. No. 2116

Substitute the following for S.B. No. 2116:

By: Paddie

C.S.S.B. No. 2116

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to prohibiting contracts or other agreements with certain  
3 foreign-owned companies in connection with critical infrastructure  
4 in this state.

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

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

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

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

12 Sec. 113.001. DEFINITIONS. In this chapter:

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

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

22 (3) "Cybersecurity" means the measures taken to  
23 protect a computer, computer network, computer system, or other  
24 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 may consult the Homeland Security Council,  
12 established under Subchapter B, Chapter 421, Government Code, to  
13 assess a threat to critical infrastructure for purposes of making a  
14 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 may consult the Homeland Security Council,  
18 established under Subchapter B, Chapter 421, to assess a threat to  
19 critical infrastructure for purposes of making a designation under  
20 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 September 1, 2021.