

By: Campbell, Hall

S.B. No. 2116

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 for-profit 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 Sec. 113.002. DESIGNATION OF THREAT TO CRITICAL
2 INFRASTRUCTURE. (a) The governor may designate a country as a
3 threat to critical infrastructure with the consultation of the
4 public safety director of the Department of Public Safety.

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

8 Sec. 113.003. PROHIBITED ACCESS TO CRITICAL
9 INFRASTRUCTURE. (a) A business entity may not enter into an
10 agreement relating to critical infrastructure in this state with a
11 company:

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

15 (2) if the company is:

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

18 (i) individuals who are citizens of China,
19 Iran, North Korea, Russia, or a country designated under Section
20 113.002; or

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

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

27 (b) The prohibition described by Subsection (a) applies

1 regardless of whether:

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

4 (2) the company or its parent company is listed as a
5 Chinese, Iranian, North Korean, or Russian company on a public
6 stock exchange.

7 SECTION 2. Subtitle F, Title 10, Government Code, is
8 amended by adding Chapter 2274 to read as follows:

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

11 Sec. 2274.0101. DEFINITIONS. In this chapter:

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

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

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

24 (4) "Governmental entity" means a state agency or
25 political subdivision of this state.

26 Sec. 2274.0102. PROHIBITED CONTRACTS. (a) A governmental
27 entity may not enter into a contract or other agreement relating to

1 critical infrastructure in this state with a company that is:

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

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

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

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

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

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

17 (2) the company or its parent company is listed as a
18 Chinese, Iranian, North Korean, or Russian company on a public
19 stock exchange.

20 SECTION 3. Chapter 113, Business & Commerce Code, as added
21 by this Act, and Chapter 2274, Government Code, as added by this
22 Act, apply to a contract or agreement entered into on or after the
23 effective date of this Act.

24 SECTION 4. This Act takes effect September 1, 2021.