

1-1 By: Campbell, Hall S.B. No. 2116
1-2 (In the Senate - Filed March 12, 2021; April 1, 2021, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 April 20, 2021, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 20, 2021,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2116 By: Hancock

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to prohibiting contracts or other agreements with certain
1-22 foreign-owned companies in connection with critical infrastructure
1-23 in this state.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. This Act may be cited as the Lone Star
1-26 Infrastructure Protection Act.

1-27 SECTION 2. Subtitle C, Title 5, Business & Commerce Code, is
1-28 amended by adding Chapter 113 to read as follows:

1-29 CHAPTER 113. PROHIBITION ON AGREEMENTS WITH CERTAIN FOREIGN-OWNED
1-30 COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE

1-31 Sec. 113.001. DEFINITIONS. In this chapter:

1-32 (1) "Company" means a sole proprietorship,
1-33 organization, association, corporation, partnership, joint
1-34 venture, limited partnership, limited liability partnership, or
1-35 limited liability company, including a wholly owned subsidiary,
1-36 majority-owned subsidiary, parent company, or affiliate of those
1-37 entities or business associations, that exists to make a profit.

1-38 (2) "Critical infrastructure" means a communication
1-39 infrastructure system, cybersecurity system, electric grid,
1-40 hazardous waste treatment system, or water treatment facility.

1-41 (3) "Cybersecurity" means the measures taken to
1-42 protect a computer, computer network, computer system, or other
1-43 technology infrastructure against unauthorized use or access.

1-44 (4) "Designated country" means a country designated by
1-45 the governor as a threat to critical infrastructure under Section
1-46 113.003.

1-47 Sec. 113.002. PROHIBITED ACCESS TO CRITICAL
1-48 INFRASTRUCTURE. (a) A business entity may not enter into an
1-49 agreement relating to critical infrastructure in this state with a
1-50 company:

1-51 (1) if, under the agreement, the company would be able
1-52 to directly or remotely access or control critical infrastructure
1-53 in this state; and

1-54 (2) if the company is:

1-55 (A) owned by or the majority of stock or other
1-56 ownership interest of the company is held or controlled by:

1-57 (i) individuals who are citizens of China,
1-58 Iran, North Korea, Russia, or a designated country; or

1-59 (ii) a company or other entity, including a
1-60 governmental entity, that is owned or controlled by citizens of or

2-1 is directly controlled by the government of China, Iran, North
 2-2 Korea, Russia, or a designated country; or
 2-3 (B) headquartered in China, Iran, North Korea,
 2-4 Russia, or a designated country.

2-5 (b) The prohibition described by Subsection (a) applies
 2-6 regardless of whether:

2-7 (1) the company's or its parent company's securities
 2-8 are publicly traded; or

2-9 (2) the company or its parent company is listed on a
 2-10 public stock exchange as:

2-11 (A) a Chinese, Iranian, North Korean, or Russian
 2-12 company; or

2-13 (B) a company of a designated country.

2-14 Sec. 113.003. DESIGNATION OF COUNTRY AS THREAT TO CRITICAL
 2-15 INFRASTRUCTURE. (a) The governor, after consultation with the
 2-16 public safety director of the Department of Public Safety, may
 2-17 designate a country as a threat to critical infrastructure for
 2-18 purposes of this chapter.

2-19 (b) The governor may consult the Homeland Security Council,
 2-20 established under Subchapter B, Chapter 421, Government Code, to
 2-21 assess a threat to critical infrastructure for purposes of making a
 2-22 designation under this section.

2-23 SECTION 3. Subtitle F, Title 10, Government Code, is
 2-24 amended by adding Chapter 2274 to read as follows:

2-25 CHAPTER 2274. PROHIBITION ON CONTRACTS WITH CERTAIN FOREIGN-OWNED
 2-26 COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE

2-27 Sec. 2274.0101. DEFINITIONS. In this chapter:

2-28 (1) "Company" means a sole proprietorship,
 2-29 organization, association, corporation, partnership, joint
 2-30 venture, limited partnership, limited liability partnership, or
 2-31 limited liability company, including a wholly owned subsidiary,
 2-32 majority-owned subsidiary, parent company, or affiliate of those
 2-33 entities or business associations, that exists to make a profit.

2-34 (2) "Critical infrastructure" means a communication
 2-35 infrastructure system, cybersecurity system, electric grid,
 2-36 hazardous waste treatment system, or water treatment facility.

2-37 (3) "Cybersecurity" means the measures taken to
 2-38 protect a computer, computer network, computer system, or other
 2-39 technology infrastructure against unauthorized use or access.

2-40 (4) "Designated country" means a country designated by
 2-41 the governor as a threat to critical infrastructure under Section
 2-42 2274.0103.

2-43 (5) "Governmental entity" means a state agency or
 2-44 political subdivision of this state.

2-45 Sec. 2274.0102. PROHIBITED CONTRACTS. (a) A governmental
 2-46 entity may not enter into a contract or other agreement relating to
 2-47 critical infrastructure in this state with a company that is:

2-48 (1) owned by or the majority of stock or other
 2-49 ownership interest of the company is held or controlled by:

2-50 (A) individuals who are citizens of China, Iran,
 2-51 North Korea, Russia, or a designated country; or

2-52 (B) a company or other entity, including a
 2-53 governmental entity, that is owned or controlled by citizens of or
 2-54 is directly controlled by the government of China, Iran, North
 2-55 Korea, Russia, or a designated country; or

2-56 (2) headquartered in China, Iran, North Korea, Russia,
 2-57 or a designated country.

2-58 (b) The prohibition described by Subsection (a) applies
 2-59 regardless of whether:

2-60 (1) the company's or its parent company's securities
 2-61 are publicly traded; or

2-62 (2) the company or its parent company is listed on a
 2-63 public stock exchange as:

2-64 (A) a Chinese, Iranian, North Korean, or Russian
 2-65 company; or

2-66 (B) a company of a designated country.

2-67 Sec. 2274.0103. DESIGNATION OF COUNTRY AS THREAT TO
 2-68 CRITICAL INFRASTRUCTURE. (a) The governor, after consultation
 2-69 with the public safety director of the Department of Public Safety,

3-1 may designate a country as a threat to critical infrastructure for
3-2 purposes of this chapter.

3-3 (b) The governor may consult the Homeland Security Council,
3-4 established under Subchapter B, Chapter 421, to assess a threat to
3-5 critical infrastructure for purposes of making a designation under
3-6 this section.

3-7 SECTION 4. Chapter 113, Business & Commerce Code, as added
3-8 by this Act, and Chapter 2274, Government Code, as added by this
3-9 Act, apply to a contract or agreement entered into on or after the
3-10 effective date of this Act.

3-11 SECTION 5. This Act takes effect September 1, 2021.

3-12 * * * * *