

## **BILL ANALYSIS**

Senate Research Center

S.B. 711  
By: Perry  
State Affairs  
2/28/2023  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In recent years there have been growing concerns about foreign actors buying up real property in the United States. In particular, stakeholders have highlighted that hostile foreign actors have begun to acquire large parcels of land near areas of strategic military and economic importance. Furthermore, the seller is often unaware that they might be selling their private property to a foreign actor.

The proposed legislation requires that prior to purchasing real property, any prohibited foreign actor must provide written notification to the seller identifying that they are a prohibited foreign actor. Once a seller receives the written notification, the seller can proceed with the sale or immediately revoke any promise to sell the property.

The bill defines "prohibited foreign actor" to mean an alien, business, government, or an agent, trustee, or fiduciary of an alien, business, or government from a country identified as a country that poses a risk to the national security of the United States in the most recent annual report on worldwide threats, commonly known as the Annual Threat Assessment, issued by the United States Director of National Intelligence pursuant to Section 108B, National Security Act of 1947 (50 U.S.C. Section 3043b).

The goal of this legislation is to allow sellers to know if they are selling property to a prohibited foreign actor, while also ensuring that private property rights are not infringed upon.

As proposed, S.B. 711 amends current law relating to the purchase of or other acquisition of title to real property by prohibited foreign actors.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 5.005, Property Code, as follows:

Sec. 5.005. ALIENS. Creates an exception under Section 5.0051.

SECTION 2. Amends Subchapter A, Chapter 5, Property Code, by adding Section 5.0051, as follows:

Sec. 5.0051. FOREIGN OWNERSHIP OR ACQUISITION OF REAL PROPERTY. (a) Defines "real property" and "prohibited foreign actor."

(b) Prohibits a prohibited foreign actor, notwithstanding any other law, from purchasing or otherwise acquiring title to real property in this state without written notification to the seller.

(c) Requires a buyer required to provide written notification under Subsection (b) to do so as soon as reasonably possible, but not later than 10 days before the closing of the property. Requires that the notification specifically identify:

(1) whether the buyer is an alien, foreign business, foreign government, or an agent, trustee, or fiduciary of an alien, foreign business, or foreign government; and

(2) the buyer's country of citizenship or country of creation or organization.

(d) Authorizes a seller, upon receipt of written notification described by Subsection (c), to choose to proceed with the sale of the property or immediately revoke any promise to sell the property.

(e) Requires a court to dismiss any action brought against a seller for revoking a promise to sell real property based on a notification provided under Subsection (c), and prohibits any party from recovering any damages in a suit against a seller if the seller revokes a promise to sell based on notification provided under Subsection (c).

(f) Requires the Texas Real Estate Commission to develop a form to provide the written notification required by Subsection (c).

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2023.