

BILL ANALYSIS

Senate Research Center
88R10071 KJE-D

S.B. 1537
By: Parker et al.
Subcommittee on Higher Education
4/18/2023
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The risk of espionage at Texas universities has become a growing concern in recent years, as these institutions continue to attract researchers, professors, and students from all over the world. With the presence of high-level intellectual property and sensitive information, the potential for espionage activities is significant, particularly with the involvement of foreign entities. Texas universities are particularly vulnerable to this type of risk, as they often have close ties with research institutions, government agencies, and international partners, making them an attractive target for intelligence gathering and theft of sensitive information.

There have been cases of foreign entities attempting to steal sensitive and confidential information from universities, which could result in significant damage to the nation's security and economy. Such activities also jeopardize the academic freedom of researchers and undermine the integrity of the research enterprise. Given the critical role that universities play in research and innovation, protecting their intellectual property is essential to maintaining Texas's competitive edge.

S.B. 1537 seeks to address these concerns by implementing measures to prevent espionage and intellectual property theft at Texas universities.

As proposed, S.B. 1537 amends current law relating to measures to prevent espionage and intellectual property theft at public institutions of higher education.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 51.506, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 51, Education Code, by adding Subchapter J, as follows:

SUBCHAPTER J. ESPIONAGE AND INTELLECTUAL PROPERTY THEFT PREVENTION

Sec. 51.501. DEFINITIONS. Defines "coordinating board" and "institution of higher education."

Sec. 51.502. DISCLOSURE OF FOREIGN FUNDING. Requires each institution of higher education to submit to the Texas Higher Education Coordinating Board (THECB) a report on the funding received by the institution from a foreign entity during the preceding academic year, not later than September 1 of each year.

Sec. 51.503. PROHIBITION ON ACCEPTING GIFTS, GRANTS, OR DONATIONS FROM CERTAIN FOREIGN ENTITIES. Prohibits an institution of higher education from accepting a gift, grant, or donation from the government of China or a company or other entity directly or indirectly controlled by the government of China.

Sec. 51.504. TRAINING ON ESPIONAGE AND INTELLECTUAL PROPERTY THEFT PREVENTION. (a) Requires each institution of higher education to require

each researcher at the institution to complete training on the prevention of espionage and intellectual property theft.

(b) Requires that the training include instruction on:

- (1) an understanding of the current national security risks related to espionage and intellectual property theft;
- (2) the methods used in espionage and intellectual property theft;
- (3) the signs of espionage and intellectual property theft;
- (4) measures to protect sensitive information and intellectual property;
and
- (5) procedures for reporting suspected incidents of espionage or intellectual property theft.

(c) Requires that the training be provided in conjunction with any other training required for researchers at the institution of higher education provided by the institution's information security office.

Sec. 51.505. REPORTING SYSTEM. Requires each institution of higher education to establish a reporting system for students, faculty, and staff to report to the institution suspicious activity that may be related to espionage or intellectual property theft.

Sec. 51.506. RULES. Requires THECB to adopt rules necessary to implement this subchapter.

SECTION 2. Requires each public institution of higher education, not later than September 1, 2024, to:

- (1) submit the initial report required under Section 51.502, Education Code, as added by this Act; and
- (2) ensure that each researcher at the institution has completed the training required by Section 51.504, Education Code, as added by this Act.

SECTION 3. Effective date: September 1, 2023.