By:  Spiller H.B. No. 4006

A BILL TO BE ENTITLED

AN ACT

relating to the purchase of or acquisition of title to real property by certain foreign entities.

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

SECTION 1.  Section 5.005, Property Code, is amended to read as follows:

Sec. 5.005.  ALIENS. Except as provided by Subchapter H, an [~~An~~] alien has the same real and personal property rights as a United States citizen.

SECTION 2.  Chapter 5, Property Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. PURCHASE OF OR ACQUISITION OF TITLE TO REAL

PROPERTY BY CERTAIN FOREIGN ENTITIES

Sec. 5.251.  PROHIBITION ON PURCHASE OF OR ACQUISITION OF TITLE TO REAL PROPERTY. Notwithstanding any other law, the following may not purchase or otherwise acquire title to real property in this state:

(1)  a governmental entity of China, Iran, North Korea, or Russia;

(2)  a company or other entity that is:

(A)  headquartered in China, Iran, North Korea, or Russia;

(B)  directly or indirectly held or controlled by the government of China, Iran, North Korea, or Russia; or

(C)  owned by or the majority of stock or other ownership interest of which is held or controlled by entities who are citizens of China, Iran, North Korea, or Russia;

(3)  a company or other entity that is owned by or the majority of stock or other ownership interest of which is held or controlled by a company or entity described by Subdivision (2).

Sec. 5.252.  ATTORNEY GENERAL ENFORCEMENT. (a) If the attorney general has reason to believe that an entity has purchased or otherwise acquired title to real property in violation of Section 5.251, the attorney general may bring an action to enforce this subchapter in a district court in the county where all or part of the real property that is the subject of the violation is located.

(b)  The attorney general shall record notice of an action brought under Subsection (a) in the real property records of each county where any part of the real property subject to the action is located.

(c)  If the district court finds that the real property subject to an action brought under Subsection (a) was purchased or otherwise acquired by an entity in violation of Section 5.251, the court shall enter an order stating that finding and ordering the entity to divest all interest in the property. The attorney general shall record a copy of the order in the real property records of each county where any part of the real property subject to the order is located.

Sec. 5.253.  DIVESTMENT; FORCED SALE. (a) Not later than the first anniversary of the date the district court enters an order under Section 5.252(c), an entity found by the district court to have purchased or acquired title to real property in violation of this subchapter shall divest all interest in the real property.

(b)  If an entity fails to divest an interest in real property as required by an order issued under Subsection (a), the district court shall enter an order that divests the entity's interest in the real property and directs the sheriff or constable for each county where any part of the real property is located to seize and conduct a public sale of the property in the manner that similar property is sold under execution.

Sec. 5.254.  DISTRIBUTION OF SALE PROCEEDS. (a) An officer conducting a public sale under Section 5.253(b) is entitled to retain from the proceeds of the sale an amount equal to the reasonable expenses incurred by the officer.

(b)  The remaining proceeds of a sale conducted under Section 5.253(b) shall be remitted to the comptroller for deposit in the general revenue fund.

SECTION 3.  As soon as practicable after the effective date of this Act, the attorney general shall adopt rules for the implementation of Subchapter H, Chapter 5, Property Code, as added by this Act.

SECTION 4.  The changes in law made by this Act apply only to the purchase of or other acquisition of title to real property on or after the effective date of this Act. The purchase of or other acquisition of title to real property before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 5.  This Act takes effect September 1, 2023.