

BILL ANALYSIS

H.B. 119
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Homeland Security, Public Safety & Veterans' Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that foreign adversaries of the United States attempt to influence state policymaking and state government officials for the purpose of aligning state laws with the adversaries' foreign policy goals and that these foreign adversaries can hire lobbyists to influence policy at the state level, which can subvert both state and federal defense efforts. H.B. 119 seeks to prevent foreign adversaries from exerting such undue influence on state policy and protect both state and federal interests by requiring a person to register as a lobbyist with the Texas Ethics Commission if the person communicates directly with certain state government officials on behalf of a foreign adversary or a related entity and prohibiting such a person from being compensated by the foreign adversary.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 119 amends the Government Code to require a person to register as a lobbyist with the Texas Ethics Commission (TEC) if the person communicates directly with one or more members of the legislative or executive branch to influence legislation or administrative action on behalf of a foreign adversary, a foreign adversary client, or a foreign adversary political party as defined by the bill. The bill defines the following terms:

- "foreign adversary" as:
 - a foreign government or foreign nongovernment person designated as a foreign adversary by the U.S. secretary of commerce under applicable federal regulations;
 - an agency or entity under the control of a country designated as a foreign adversary in that manner;
 - a person wholly or partly owned or operated by or subject to the control of a country designated as a foreign adversary in that manner and a subsidiary or parent of such a person; and
 - a person organized under the laws of or that has its principal place of business in a country designated as a foreign adversary in that manner and a subsidiary of such a person;
- "foreign adversary client" as:

- a current or former official of a foreign adversary political party or official in the executive, legislative, administrative, military, or judicial branch of a foreign adversary or a current or former executive or officer of a foreign adversary;
- a corporation, business, or other entity that has been formed by, or for the benefit of, such a current or former official, executive, or officer; and
- an immediate family member of such a current or former official, executive, or officer, including the person's spouse, parent, sibling, and child and a parent or sibling of the person's spouse;
- "foreign adversary political party" as an organization or a combination of individuals in the jurisdictional limits of a foreign adversary, including a unit or branch of a foreign adversary's government, that is engaged in an activity wholly or partly devoted to or whose aim or purpose is to:
 - establish, administer, control, or acquire the administration or control of a foreign adversary or a subdivision of a foreign adversary; or
 - further or influence the political or public interests, policies, or relations of a foreign adversary or a subdivision of a foreign adversary;
- "control" as the direct or indirect power to determine, direct, dictate, or decide important matters affecting an entity, including through:
 - the ownership of at least 20 percent of the total outstanding voting interest in an entity;
 - board representation;
 - the ability to appoint or discharge a board member, officer, director, employee, or contractor;
 - proxy voting, a special share, a contractual arrangement, a legal obligation, or a formal or informal arrangement to act in concert; or
 - another means of exercising power; and
- "wholly or partly owned or operated" as the following:
 - for a person that is a publicly traded company, that a foreign adversary has the ability to exercise control over the company; access to any material, nonpublic, and technical information in the company's possession; or other rights or involvement in controlling or participating in the decision-making of the company beyond those available to a retail investor holding an equivalent share of ownership; and
 - for a person that is a privately held company, that a foreign adversary has any share of ownership of the company.

H.B. 119 prohibits a registrant who is required to register as a lobbyist with the TEC under the bill's provisions from receiving or agreeing to receive direct or indirect compensation, including intangible or in-kind compensation, from a foreign adversary, a foreign adversary client, or a foreign adversary political party on whose behalf the registrant communicates directly with one or more members of the legislative or executive branch to influence legislation or administrative action. The bill authorizes the attorney general to bring an action for injunctive relief against a registrant who violates or is threatening to violate this prohibition and authorizes a court, in an injunction issued under these provisions, to include reasonable requirements to prevent further violations of the prohibition.

H.B. 119 authorizes the attorney general, in addition to the injunctive relief authorized under the bill's provisions, to bring an action for civil penalties against a registrant who violates the prohibition and establishes that such an assessed civil penalty must be in an amount not to exceed \$10,000 for each violation and the amount of any compensation the registrant received in violation of the prohibition. The bill authorizes the attorney general to recover reasonable expenses incurred in bringing an action under the bill's provisions, including court costs, reasonable attorney's fees, investigative costs, witness fees, and deposition costs.

H.B. 119 applies only to conduct requiring a person to register as a lobbyist or to compensation received by a person required to register as a lobbyist under applicable state law that occurs or

is received on or after the bill's effective date. Conduct that occurs or compensation received before the bill's effective date is governed by the law in effect on the date the conduct occurred or compensation was received, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.