

BILL ANALYSIS

Senate Research Center
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S.B. 2117
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In recent years, Texas has experienced significant growth in foreign investment across a range of sectors, including technology, energy, agriculture, and critical infrastructure. While many of these investments have produced clear economic benefits, they have also raised concerns about the potential security implications of placing sensitive information, strategic assets, and critical infrastructure under foreign control. Federal law governs some aspects of foreign investment, but gaps remain in addressing state-level risks that could affect public safety and the secure operation of Texas's key industries.

S.B. 2117 addresses these concerns by creating the Texas Committee on Foreign Investment, modeled in part on processes at the federal level but tailored to the state's unique needs. This committee is designed to provide a structured and transparent mechanism for reviewing and, when necessary, mitigating potential security and economic threats posed by foreign transactions involving crucial Texas assets. S.B. 2117 strikes a balance between ensuring Texas's economic vitality and safeguarding its security interests, preserving both the state's strong investment climate and the well-being of its citizens.

As proposed, S.B. 2117 amends current law relating to the establishment of the Texas Committee on Foreign Investment to review certain transactions involving certain foreign entities and creates a civil penalty.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the governor in SECTION 1 (Section 426.101, Government Code) of this bill.

Rulemaking authority is expressly granted to the Texas Committee on Foreign Investment in SECTION 1 (Section 426.103, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle B, Title 4, Government Code, by adding Chapter 426, as follows:

CHAPTER 426. TEXAS COMMITTEE ON FOREIGN INVESTMENT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 426.001. DEFINITIONS. Defines "committee," "covered transaction," "critical infrastructure," "foreign entity," "foreign transaction," and "sensitive personal data."

Sec. 426.002. APPLICABILITY. Provides that this chapter does not apply to a transaction governed exclusively by federal law, including an international agreement between the United States and a foreign nation.

SUBCHAPTER B. TEXAS COMMITTEE ON FOREIGN INVESTMENT

Sec. 426.051. COMMITTEE; MEMBERSHIP. (a) Provides that the Texas Committee on Foreign Investment (committee) is established to facilitate the review of certain foreign transactions as provided by this chapter.

(b) Provides that the committee is composed of certain members meeting certain criteria.

SUBCHAPTER C. REVIEW OF CERTAIN TRANSACTIONS

Sec. 426.101. FOREIGN TRANSACTIONS SUBJECT TO REVIEW; PUBLICATION OF CRITERIA. (a) Requires the governor, in consultation with the committee, to by rule adopt criteria for determining whether a foreign transaction is subject to this chapter. Requires that the criteria provide that a foreign transaction is subject to this chapter if the transaction meets certain criteria.

(b) Authorizes the governor, in consultation with the committee, to by rule exempt certain transactions from the requirements of this chapter.

(c) Requires the governor, as soon as practicable after adopting the criteria under Subsection (a) or an exemption under Subsection (b), to submit to the secretary of state (SOS) the criteria and exemptions adopted under this section and requires SOS to publish and maintain the information on SOS's Internet website.

Sec. 426.102. NOTICE; REVIEW; REPORT TO COMMITTEE. (a) Requires a person who intends to enter into a covered transaction, not later than the 90th day before the date of the closing or other settlement of the transaction, to notify the attorney general in the form and manner prescribed by the attorney general.

(b) Requires the attorney general, not later than the 30th day after the date the attorney general receives notice under Subsection (a), to complete an initial review of the information provided in the notice and determine whether further investigation is warranted. Requires the attorney general, if the attorney general determines that further investigation is warranted, to conduct a secondary investigation. Requires the attorney general to conclude a secondary investigation not later than the 45th day after the date the attorney general concludes the initial review.

(c) Requires the attorney general, on completion of an initial review and, if applicable, secondary investigation under Subsection (b), to submit a report containing the results of the review and investigation to the committee.

Sec. 426.103. MITIGATION AGREEMENT. (a) Requires the attorney general, if the attorney general determines that a mitigation agreement is necessary to protect the state's interests, as soon as practicable after submitting the report under Section 426.102, to submit a proposed mitigation report to the committee. Requires that the agreement address concerns raised in the report and authorizes the agreement to require a party to a covered transaction to comply with certain requirements proposed by the attorney general.

(b) Requires the committee, on receipt of the mitigation agreement from the attorney general, to adopt or reject the agreement.

(c) Requires the committee, if the committee adopts the mitigation agreement, to deliver the agreement to each party to the covered transaction.

(d) Requires the attorney general, if the committee rejects the mitigation agreement, to prepare a new mitigation agreement that addresses the committee's concerns with the initial agreement.

(e) Requires the committee to adopt rules providing procedures to implement this section.

Sec. 426.104. VIOLATION. Provides that a person violates this chapter if the attorney general determines that a covered transaction involving the person requires a mitigation agreement and the person executes a covered transaction without entering into a mitigation agreement or violates a provision of a mitigation agreement.

Sec. 426.105. CONFIDENTIALITY. Provides that, notwithstanding any other law, information the committee obtains during a review under Section 426.102 or includes in a mitigation agreement under Section 426.103 is confidential and excepted from disclosure under Chapter 552 (Public Information). Authorizes the information to be used in a proceeding under Subchapter D at the attorney general's discretion.

SUBCHAPTER D. ENFORCEMENT

Sec. 426.151. CIVIL PENALTY; INJUNCTION. (a) Provides that a person who violates this chapter is liable to the state for a civil penalty in an amount not to exceed \$50,000 for each violation.

(b) Authorizes the attorney general to bring an action to recover the civil penalty imposed under Subsection (a) and restrain or enjoin a person from violating this chapter, including by requiring a person to divest of an interest that is the subject of a mitigation agreement.

(c) Authorizes the attorney general to recover reasonable attorney's fees and other reasonable expenses incurred in bringing an action under this section.

Sec. 426.152. VENUE. Authorizes the attorney general, notwithstanding any other law, to bring an action under this chapter in the county where all or a substantial part of the assets that are the subject of the covered transaction are located.

SUBCHAPTER E. ANNUAL REPORT

Sec. 426.201. ANNUAL REPORT. Requires the committee, not later than September 1 of each year, to prepare and submit to the governor, lieutenant governor, and speaker of the house of representatives a report that includes the number of transactions reviewed by the attorney general during the preceding fiscal year, an analysis of the measures imposed by the committee in mitigation agreements entered into under this chapter, and a summary of recommendations for legislative changes the committee considers appropriate to promote state and national security.

SECTION 2. Requires the governor, in consultation with the committee, not later than December 1, 2025, to adopt criteria under Section 426.101, Government Code, as added by this Act.

SECTION 3. Makes application of Chapter 426, Government Code, as added by this Act, prospective to January 1, 2026.

SECTION 4. Effective date: September 1, 2025.