By:  Kolkhorst, et al. S.B. No. 17

(In the Senate - Filed February 20, 2025; February 20, 2025, read first time and referred to Committee on State Affairs; March 17, 2025, reported adversely, with favorable Committee Substitute by the following vote: Yeas 10, Nays 1; March 17, 2025, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Hughes               X

Paxton               X

Bettencourt          X

Birdwell             X

Hall                 X

Hinojosa of Nueces   X

Middleton            X

Parker               X

Perry                X

Schwertner           X

Zaffirini                X

COMMITTEE SUBSTITUTE FOR S.B. No. 17 By:  Hall

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1.  Section 64.001(a), Civil Practice and Remedies Code, is amended to read as follows:

(a)  A court of competent jurisdiction may appoint a receiver:

(1)  in an action by a vendor to vacate a fraudulent purchase of property;

(2)  in an action by a creditor to subject any property or fund to the creditor's [~~his~~] claim;

(3)  in an action between partners or others jointly owning or interested in any property or fund;

(4)  in an action by a mortgagee for the foreclosure of the mortgage and sale of the mortgaged property;

(5)  for a corporation that is insolvent, is in imminent danger of insolvency, has been dissolved, or has forfeited its corporate rights; [~~or~~]

(6)  in an action by the attorney general under Subchapter H, Chapter 5, Property Code; or

(7)  in any other case in which a receiver may be appointed under the rules of equity.

SECTION 2.  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 3.  Chapter 5, Property Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. PURCHASE OR ACQUISITION OF REAL PROPERTY BY CERTAIN FOREIGN INDIVIDUALS OR ENTITIES

Sec. 5.251.  DEFINITIONS. In this subchapter:

(1)  "Agricultural land" means land that is located in this state and that is suitable for:

(A)  use in production of plants and fruits grown for human or animal consumption, or plants grown for the production of fibers, floriculture, silviculture, viticulture, horticulture, or planting seed; or

(B)  domestic or native farm or ranch animals kept for use or profit.

(2)  "Designated country" means a country identified by the United States Director of National Intelligence as a country that poses a risk to the national security of the United States in each of the three most recent Annual Threat Assessments of the U.S. Intelligence Community issued pursuant to Section 108B, National Security Act of 1947 (50 U.S.C. Section 3043b).

(3)  "Governing authority," "governing person," and "organization" have the meanings assigned by Section 1.002, Business Organizations Code.

(4)  "Real property" includes:

(A)  agricultural land;

(B)  an improvement located on agricultural land;

(C)  commercial property;

(D)  industrial property;

(E)  groundwater;

(F)  residential property;

(G)  a mine or quarry;

(H)  a mineral in place;

(I)  standing timber; or

(J)  water rights.

Sec. 5.252.  ORGANIZATION UNDER CONTROL OF INDIVIDUAL OR ANOTHER ORGANIZATION. (a) For purposes of this subchapter, an organization is under the control of an individual or another organization if the controlling individual or organization is authorized to:

(1)  direct the activities of the controlled organization;

(2)  make or direct others to make legal commitments on behalf of the controlled organization; or

(3)  hire and fire a principal decision maker of the controlled organization.

(b)  The authority of the controlling individual or organization under Subsection (a) may derive from:

(1)  exercise of a voting ownership interest of the controlled organization sufficient to elect a governing person or governing authority of the controlled organization to exercise on the controlling individual's or organization's behalf the authority described by Subsection (a); or

(2)  a financial, legal, practical, contractual, or other arrangement that functionally enables the controlling individual or organization to exercise the authority described by Subsection (a).

Sec. 5.253.  EXCEPTIONS: UNITED STATES CITIZENS AND LAWFUL PERMANENT RESIDENTS; RESIDENCE HOMESTEAD PROPERTY; LEASEHOLD. This subchapter does not apply to:

(1)  an individual who is a citizen or lawful permanent resident of the United States, including an individual who is a citizen of a foreign country;

(2)  an organization that is owned by or under the control of one or more individuals described by Subdivision (1);

(3)  real property that is intended for use as an individual's residence homestead, as defined by Section 11.13(j), Tax Code; or

(4)  a leasehold interest in land or improvements constructed on a leasehold if the duration of the interest is less than 100 years.

Sec. 5.254.  PROHIBITION ON PURCHASE OR ACQUISITION OF REAL PROPERTY. Except as provided by Section 5.253 and notwithstanding any other law, the following may not purchase or otherwise acquire real property in this state:

(1)  a governmental entity of a designated country;

(2)  an organization that is:

(A)  headquartered in a designated country;

(B)  directly or indirectly under the control of the government of a designated country; or

(C)  owned by or under the control of one or more individuals who are domiciled in a designated country;

(3)  an organization that is owned by or under the control of an organization described by Subdivision (2);

(4)  an individual who is domiciled in a designated country; or

(5)  an individual who is a member of, associated with, or acting on behalf of the government of a designated country.

Sec. 5.255.  ATTORNEY GENERAL ENFORCEMENT. (a) If the attorney general has a reasonable suspicion that an individual, organization, or governmental entity has purchased or otherwise acquired real property in this state in violation of this subchapter, the attorney general may bring an in rem action against real property 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)  Except for an acquisition of a leasehold interest not exempt from this subchapter under Section 5.253(4), a purchase or acquisition of real property in violation of Section 5.254 is not void because of the violation, and the validity or enforceability by any person of a purchase contract for or the conveyance of the real property is not otherwise affected by the violation.

Sec. 5.256.  ATTORNEY GENERAL INVESTIGATION AND DISCOVERY; SECRETARY OF STATE INTERROGATORIES AND RECORDS. (a)  The attorney general may conduct discovery to investigate a potential action under Section 5.255 or in an action brought under Section 5.255, including by:

(1)  petitioning for an order authorizing the taking of a deposition under Rule 202, Texas Rules of Civil Procedure; or

(2)  if the attorney general has reason to believe that a person may be in possession, custody, or control of any documentary material or other evidence or may have any information relevant to an investigation of a suspected violation of Section 5.254, issuing in writing and serving on the person a civil investigative demand requiring the person to:

(A)  produce any of the documentary material for inspection and copying;

(B)  answer in writing any written interrogatories;

(C)  give oral testimony; or

(D)  provide any combination of civil investigative demands under Paragraph (A), (B), or (C).

(b)  The secretary of state shall on request by the attorney general:

(1)  serve interrogatories on an individual or entity as necessary to determine the ownership or control of an organization that is the subject of an action by the attorney general under Section 5.255; and

(2)  provide to the attorney general all records held by the secretary relating to the ownership or control of an organization that is the subject of an action by the attorney general under Section 5.255.

Sec. 5.257.  APPOINTMENT OF RECEIVER. (a) If the district court finds that the real property subject to an action brought under Section 5.255 was purchased or otherwise acquired by an individual, organization, or governmental entity in violation of Section 5.254, the court shall enter an order that:

(1)  states the court's finding; and

(2)  appoints a receiver to:

(A)  manage and control the real property pending the sale or other disposition of the real property; and

(B)  return to the individual, organization, or governmental entity that purchased or otherwise acquired the property in violation of this subchapter any proceeds of the sale or other disposition of the real property after satisfying any existing liens on the property and recovery of any reasonable costs incurred by the state in enforcing this subchapter.

(b)  On appointment and qualification, a receiver appointed under this section has the powers and duties of a receiver under Chapter 64, Civil Practice and Remedies Code.

SECTION 4.  The changes in law made by this Act apply only to the purchase or other acquisition of real property on or after the effective date of this Act. The purchase or other acquisition of 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, 2025.

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