

By: Lambert

H.B. No. 5007

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of the Texas Committee on Foreign Investment to review certain transactions involving certain foreign entities; creating a civil penalty.

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

SECTION 1. Subtitle B, Title 4, Government Code, is amended by adding Chapter 426 to read as follows:

CHAPTER 426. TEXAS COMMITTEE ON FOREIGN INVESTMENT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 426.001. DEFINITIONS. In this chapter:

(1) "Committee" means the Texas Committee on Foreign Investment.

(2) "Covered transaction" means a foreign transaction that is subject to this chapter in accordance with rules adopted under Section 426.101.

(3) "Critical infrastructure" means infrastructure in one of the following categories:

(A) chemical;

(B) commercial facilities;

(C) communications;

(D) critical manufacturing;

(E) dams;

(F) defense industrial bases;

(G) emergency services;

1           (H) energy;

2           (I) financial services;

3           (J) food and agriculture;

4           (K) government facilities;

5           (L) health care and public health;

6           (M) information technology;

7           (N) nuclear reactors, materials, and waste;

8           (O) transportation systems; or

9           (P) water and wastewater systems.

10          (4) "Foreign entity" means:

11           (A) a person who is not:

12                   (i) a citizen or national of the United  
13 States; or

14                   (ii) an alien who is lawfully admitted for  
15 permanent residence in the United States under the federal  
16 Immigration and Nationality Act (8 U.S.C. Section 1101 et seq.);

17           (B) a foreign government; or

18           (C) a business entity:

19                   (i) organized in a foreign country or under  
20 the laws of a foreign government;

21                   (ii) that has its principal place of  
22 business in a foreign country; or

23                   (iii) controlled by an entity described by  
24 this subdivision.

25          (5) "Foreign transaction" means a merger,  
26 acquisition, lease, sale, or other transfer by or to a foreign  
27 entity of the direct or indirect control of or an interest in a

business, real property, or other asset located in this state.

(6) "Sensitive personal data" means information, including health, financial, or biometric information, that may pose a threat to public safety if obtained by a foreign entity, including by exploiting the information to cause harm or coerce an individual to perform an act on behalf of the entity.

Sec. 426.002. APPLICABILITY. 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) The Texas Committee on Foreign Investment is established to facilitate the review of certain foreign transactions as provided by this chapter.

(b) The committee is composed of the following members:

(1) a representative from the office of the governor appointed by the governor, who shall serve as chair;

(2) the following officers or their designees:

(A) the attorney general;

(B) the land commissioner;

(C) the comptroller; and

(D) the commissioner of agriculture; and

(3) the heads of the following agencies or their designees:

(A) the Department of Public Safety;

(B) the Public Utility Commission;

(C) the Department of Information Resources, or

1 its successor in functions relating to cybersecurity; and

2 (D) the Railroad Commission of Texas.

3 SUBCHAPTER C. REVIEW OF CERTAIN TRANSACTIONS

4 Sec. 426.101. FOREIGN TRANSACTIONS SUBJECT TO REVIEW;  
5 PUBLICATION OF CRITERIA. (a) The governor, in consultation with  
6 the committee, shall by rule adopt criteria for determining whether  
7 a foreign transaction is subject to this chapter. The criteria must  
8 provide that a foreign transaction is subject to this chapter if the  
9 transaction:

10 (1) exceeds the minimum dollar value or the minimum  
11 ownership percentage as determined by the governor; and

12 (2) affects at least one of the following concerns:

13 (A) critical infrastructure in this state;

14 (B) agricultural land in this state;

15 (C) sensitive personal data of residents of this  
16 state; or

17 (D) a strategic industry or asset identified by  
18 the governor, in consultation with the committee.

19 (b) The governor, in consultation with the committee, may by  
20 rule exempt certain transactions from the requirements of this  
21 chapter.

22 (c) As soon as practicable after adopting the criteria under  
23 Subsection (a) or an exemption under Subsection (b), the governor  
24 shall submit to the secretary of state the criteria and exemptions  
25 adopted under this section and the secretary of state shall publish  
26 and maintain the information on the secretary of state's Internet  
27 website.

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

6       (b) Not later than the 30th day after the date the attorney  
7 general receives notice under Subsection (a), the attorney general  
8 shall complete an initial review of the information provided in the  
9 notice and determine whether further investigation is warranted. If  
10 the attorney general determines that further investigation is  
11 warranted, the attorney general shall conduct a secondary  
12 investigation. The attorney general shall conclude a secondary  
13 investigation not later than the 45th day after the date the  
14 attorney general concludes the initial review.

15       (c) On completion of an initial review and, if applicable,  
16 secondary investigation under Subsection (b), the attorney general  
17 shall submit a report containing the results of the review and  
18 investigation to the committee.

19       Sec. 426.103. MITIGATION AGREEMENT. (a) If the attorney  
20 general determines that a mitigation agreement is necessary to  
21 protect the state's interests, the attorney general shall, as soon  
22 as practicable after submitting the report under Section 426.102,  
23 submit a proposed mitigation agreement to the committee. The  
24 agreement must address concerns raised in the report and may  
25 require a party to a covered transaction to comply with certain  
26 requirements proposed by the attorney general, including:

27       (1) data protection protocols;

1           (2) security clearance requirements;

2           (3) restrictions on access by foreign entities to  
3 assets that are a part of a covered transaction; and

4           (4) compliance reporting.

5           (b) On receipt of the mitigation agreement from the attorney  
6 general, the committee shall adopt or reject the agreement.

7           (c) If the committee adopts the mitigation agreement, the  
8 committee shall deliver the agreement to each party to the covered  
9 transaction.

10          (d) If the committee rejects the mitigation agreement, the  
11 attorney general shall prepare a new mitigation agreement that  
12 addresses the committee's concerns with the initial agreement.

13          (e) The committee shall adopt rules providing procedures to  
14 implement this section.

15          Sec. 426.104. VIOLATION. A person violates this chapter  
16 if:

17           (1) the attorney general determines that a covered  
18 transaction involving the person requires a mitigation agreement;  
19 and

20           (2) the person:

21               (A) executes a covered transaction without  
22 entering into a mitigation agreement; or

23               (B) violates a provision of a mitigation  
24 agreement.

25          Sec. 426.105. CONFIDENTIALITY. Notwithstanding any other  
26 law, information the committee obtains during a review under  
27 Section 426.102 or includes in a mitigation agreement under Section

426.103 is confidential and excepted from disclosure under Chapter 552. The information may be used in a proceeding under Subchapter D at the attorney general's discretion.

SUBCHAPTER D. ENFORCEMENT

Sec. 426.151. CIVIL PENALTY; INJUNCTION. (a) 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) The attorney general may bring an action to:

(1) recover the civil penalty imposed under Subsection (a); and

(2) 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) The attorney general may recover reasonable attorney's fees and other reasonable expenses incurred in bringing an action under this section.

Sec. 426.152. VENUE. Notwithstanding any other law, the attorney general may 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. Not later than September 1 of each year, the committee shall prepare and submit to the governor, lieutenant governor, and speaker of the house of representatives a report that includes:

(1) the number of transactions reviewed by the attorney general during the preceding fiscal year;

1           (2) an analysis of the measures imposed by the  
2 committee in mitigation agreements entered into under this chapter;  
3 and

4           (3) a summary of recommendations for legislative  
5 changes the committee considers appropriate to promote state and  
6 national security.

7           SECTION 2. Not later than December 1, 2025, the governor, in  
8 consultation with the Texas Committee on Foreign Investment, shall  
9 adopt criteria under Section 426.101, Government Code, as added by  
10 this Act.

11          SECTION 3. Chapter 426, Government Code, as added by this  
12 Act, applies only to a transaction governed by a contract entered  
13 into on or after January 1, 2026.

14          SECTION 4. This Act takes effect September 1, 2025.