

By: Kolkhorst, et al.

S.B. No. 17

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

1 as follows:

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

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

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

9 Sec. 5.251. DEFINITIONS. In this subchapter:

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

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

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

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

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

27 (4) "Real property" includes:

- 1 (A) agricultural land;
- 2 (B) an improvement located on agricultural land;
- 3 (C) commercial property;
- 4 (D) industrial property;
- 5 (E) groundwater;
- 6 (F) residential property;
- 7 (G) a mine or quarry;
- 8 (H) a mineral in place;
- 9 (I) standing timber; or
- 10 (J) water rights.

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

16 (1) direct the activities of the controlled
17 organization;

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

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

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

24 (1) exercise of a voting ownership interest of the
25 controlled organization sufficient to elect a governing person or
26 governing authority of the controlled organization to exercise on
27 the controlling individual's or organization's behalf the authority

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

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

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

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

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

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

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

24 (1) a governmental entity of a designated country;

25 (2) an organization that is:

26 (A) headquartered in a designated country;

27 (B) directly or indirectly under the control of

1 the government of a designated country; or

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

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

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

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

10 Sec. 5.255. ATTORNEY GENERAL ENFORCEMENT. (a) If the
11 attorney general has a reasonable suspicion that an individual,
12 organization, or governmental entity has purchased or otherwise
13 acquired real property in this state in violation of this
14 subchapter, the attorney general may bring an in rem action against
15 real property to enforce this subchapter in a district court in the
16 county where all or part of the real property that is the subject of
17 the violation is located.

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

22 (c) Except for an acquisition of a leasehold interest not
23 exempt from this subchapter under Section 5.253(4), a purchase or
24 acquisition of real property in violation of Section 5.254 is not
25 void because of the violation, and the validity or enforceability
26 by any person of a purchase contract for or the conveyance of the
27 real property is not otherwise affected by the violation.

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

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

8 (2) if the attorney general has reason to believe that
9 a person may be in possession, custody, or control of any
10 documentary material or other evidence or may have any information
11 relevant to an investigation of a suspected violation of Section
12 5.254, issuing in writing and serving on the person a civil
13 investigative demand requiring the person to:

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

16 (B) answer in writing any written
17 interrogatories;

18 (C) give oral testimony; or

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

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

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

27 (2) provide to the attorney general all records held

1 by the secretary relating to the ownership or control of an
2 organization that is the subject of an action by the attorney
3 general under Section 5.255.

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

9 (1) states the court's finding; and

10 (2) appoints a receiver to:

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

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

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

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

1 SECTION 5. This Act takes effect September 1, 2025.