

By: Kolkhorst, et al.

S.B. No. 17

A BILL TO BE ENTITLED

AN ACT

relating to the purchase of or acquisition of title to 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 OF OR ACQUISITION OF TITLE TO REAL PROPERTY
8 BY CERTAIN 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" means:

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

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

- 14 (1) direct the activities of the controlled
15 organization;
- 16 (2) make or direct others to make legal commitments on
17 behalf of the controlled organization; or
- 18 (3) hire and fire a principal decision maker of the
19 controlled organization.

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

- 22 (1) exercise of a voting ownership interest of the
23 controlled organization sufficient to elect a governing person or
24 governing authority of the controlled organization to exercise on
25 the controlling individual's or organization's behalf the authority
26 described by Subsection (a); or
- 27 (2) a financial, legal, practical, contractual, or

1 other arrangement that functionally enables the controlling
2 individual or organization to exercise the authority described by
3 Subsection (a).

4 Sec. 5.253. EXCEPTIONS: UNITED STATES CITIZENS AND LAWFUL
5 PERMANENT RESIDENTS; RESIDENCE HOMESTEAD PROPERTY; LEASEHOLD.

6 This subchapter does not apply to:

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

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

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

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

18 Sec. 5.254. PROHIBITION ON PURCHASE OF OR ACQUISITION OF
19 TITLE TO REAL PROPERTY. (a) In this section, "risk to the health,
20 safety, and welfare of the public" includes a likelihood that an
21 individual, organization, or governmental entity will engage in an
22 act that:

23 (1) constitutes:

24 (A) a violation of state or federal criminal law;

25 (B) corporate espionage; or

26 (C) a public nuisance; or

27 (2) causes or threatens to cause bodily injury to a

1 person, including the introduction of a dangerous disease or
2 dangerous substance into an area.

3 (b) Except as provided by Section 5.253 and notwithstanding
4 any other law, the following may not purchase or otherwise acquire
5 title to real property in this state if the purchase of or
6 acquisition of title to the property by the individual,
7 organization, or governmental entity would create a risk to the
8 health, safety, and welfare of the public:

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

10 (2) an organization that is:

11 (A) headquartered in a designated country;

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

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

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

18 (4) an individual who is domiciled in a designated
19 country.

20 Sec. 5.255. ATTORNEY GENERAL ENFORCEMENT. (a) If the
21 attorney general has a reasonable suspicion that the purchase of or
22 acquisition of title to real property in this state by an
23 individual, organization, or governmental entity in violation of
24 this subchapter creates a risk to the health, safety, and welfare of
25 the public, as defined by Section 5.254, the attorney general may
26 bring an action to enforce this subchapter in a district court in
27 the county where all or part of the real property that is the

1 subject of the violation is located.

2 (b) The attorney general shall record notice of an action
3 brought under Subsection (a) in the real property records of each
4 county where any part of the real property subject to the action is
5 located.

6 (c) A purchase of or acquisition of title to real property
7 in violation of Section 5.254 is not void because of the violation,
8 and the validity or enforceability by any person of a purchase
9 contract for or the conveyance of the real property is not otherwise
10 affected by the violation.

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

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

18 (2) if the attorney general has reason to believe that
19 a person may be in possession, custody, or control of any
20 documentary material or other evidence or may have any information
21 relevant to an investigation of a suspected violation of Section
22 5.254, issuing in writing and serving on the person a civil
23 investigative demand requiring the person to:

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

26 (B) answer in writing any written
27 interrogatories;

1 (C) give oral testimony; or

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

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

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

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

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

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

20 (2) appoints a receiver to:

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

23 (B) return to the individual, organization, or
24 governmental entity any proceeds of the sale or other disposition
25 of the real property.

26 (b) On appointment and qualification, a receiver appointed
27 under this section has the powers and duties of a receiver under

1 Chapter 64, Civil Practice and Remedies Code.

2 SECTION 4. The changes in law made by this Act apply only to
3 the purchase of or other acquisition of title to real property on or
4 after the effective date of this Act. The purchase of or other
5 acquisition of title to real property before the effective date of
6 this Act is governed by the law in effect immediately before the
7 effective date of this Act, and that law is continued in effect for
8 that purpose.

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