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S.B. No. 2117

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;

- (H) energy;
- (I) financial services;
- (J) food and agriculture;
- (K) government facilities;
- (L) health care and public health;
- (M) information technology;
- (N) nuclear reactors, materials, and waste;
- (O) transportation systems; or
- (P) water and wastewater systems.

(4) "Foreign transaction" means a merger, acquisition, lease, sale, or other transfer by or to a scrutinized foreign entity of the direct or indirect control of or an interest in a business, real property, or other asset located in this state, except that the term does not include the creation or transfer of a security interest in the property of a transmission and distribution utility.

(5) "Scrutinized foreign entity" means:

(A) a person who is not:

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

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

(B) a foreign government; or

(C) a business entity:

(i) organized in a foreign country that is not listed by the Office of the United States Trade Representative

1 as a signatory to a trade agreement with the United States or under  
2 the laws of a foreign government of a country that is not listed by  
3 the Office of the United States Trade Representative as a signatory  
4 to a trade agreement with the United States;

5 (ii) that has its principal place of  
6 business in a foreign country that is not listed by the Office of  
7 the United States Trade Representative as a signatory to a trade  
8 agreement with the United States; or

9 (iii) controlled by an entity described by  
10 Subparagraph (i) or (ii).

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

16 Sec. 426.002. APPLICABILITY. This chapter does not apply  
17 to a transaction governed exclusively by federal law, including an  
18 international agreement between the United States and a foreign  
19 nation.

20 SUBCHAPTER B. TEXAS COMMITTEE ON FOREIGN INVESTMENT

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

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

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

27 (2) the following officers or their designees:

1                   (A) the attorney general;  
2                   (B) the land commissioner;  
3                   (C) the comptroller; and  
4                   (D) the commissioner of agriculture; and  
5           (3) the heads of the following agencies or their  
6 designees:

7                   (A) the Department of Public Safety;  
8                   (B) the Public Utility Commission of Texas;  
9                   (C) the Department of Information Resources, or  
10 its successor in functions relating to cybersecurity; and  
11                   (D) the Railroad Commission of Texas.

12                   SUBCHAPTER C. REVIEW OF CERTAIN TRANSACTIONS

13           Sec. 426.101. FOREIGN TRANSACTIONS SUBJECT TO REVIEW;  
14 PUBLICATION OF CRITERIA. (a) The governor, in consultation with  
15 the committee, shall by rule adopt criteria for determining whether  
16 a foreign transaction is subject to this chapter. The criteria must  
17 provide that a foreign transaction is subject to this chapter if the  
18 transaction:

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

21                   (2) affects at least one of the following concerns:  
22                   (A) critical infrastructure in this state;  
23                   (B) agricultural land in this state;  
24                   (C) sensitive personal data of residents of this  
25 state; or  
26                   (D) a strategic industry or asset identified by  
27 the governor, in consultation with the committee.

1        (b) The governor, in consultation with the committee, may by  
2 rule exempt certain transactions from the requirements of this  
3 chapter.

4        (c) As soon as practicable after adopting the criteria under  
5 Subsection (a) or an exemption under Subsection (b), the governor  
6 shall submit to the secretary of state the criteria and exemptions  
7 adopted under this section and the secretary of state shall publish  
8 and maintain the information on the secretary of state's Internet  
9 website.

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

15       (b) Not later than the 30th day after the date the attorney  
16 general receives notice under Subsection (a), the attorney general  
17 shall complete an initial review of the information provided in the  
18 notice and determine whether further investigation is warranted.  
19 If the attorney general determines that further investigation is  
20 warranted, the attorney general shall conduct a secondary  
21 investigation. The attorney general shall conclude a secondary  
22 investigation not later than the 45th day after the date the  
23 attorney general concludes the initial review.

24       (c) On completion of an initial review and, if applicable,  
25 secondary investigation under Subsection (b), the attorney general  
26 shall submit a report containing the results of the review and  
27 investigation to the committee.

1       Sec. 426.103. MITIGATION AGREEMENT. (a) If the attorney  
2 general determines that a mitigation agreement is necessary to  
3 protect the state's interests, the attorney general shall, as soon  
4 as practicable after submitting the report under Section 426.102,  
5 submit a proposed mitigation agreement to the committee. The  
6 agreement must address concerns raised in the report and may  
7 require a party to a covered transaction to comply with certain  
8 requirements proposed by the attorney general, including:

- 9               (1) data protection protocols;  
10              (2) security clearance requirements;  
11              (3) restrictions on access by scrutinized foreign  
12 entities to assets that are a part of a covered transaction; and  
13              (4) compliance reporting.

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

16       (c) If the committee adopts the mitigation agreement, the  
17 committee shall deliver the agreement to each party to the covered  
18 transaction.

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

22       (e) The committee shall adopt rules providing procedures to  
23 implement this section.

24       Sec. 426.104. VIOLATION. A person violates this chapter  
25 if:

- 26              (1) the attorney general determines that a covered  
27 transaction involving the person requires a mitigation agreement;

1 and

2 (2) the person:

3 (A) executes a covered transaction without  
4 entering into a mitigation agreement; or

5 (B) violates a provision of a mitigation  
6 agreement.

7 Sec. 426.105. CONFIDENTIALITY. Notwithstanding any other  
8 law, information the committee obtains during a review under  
9 Section 426.102 or includes in a mitigation agreement under Section  
10 426.103 is confidential and excepted from disclosure under Chapter  
11 552. The information may be used in a proceeding under Subchapter D  
12 at the attorney general's discretion.

13 SUBCHAPTER D. ENFORCEMENT

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

17 (b) The attorney general may bring an action to:

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

20 (2) restrain or enjoin a person from violating this  
21 chapter, including by requiring a person to divest of an interest  
22 that is the subject of a mitigation agreement.

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

26 Sec. 426.152. VENUE. Notwithstanding any other law, the  
27 attorney general may bring an action under this chapter in the

1 county where all or a substantial part of the assets that are the  
2 subject of the covered transaction are located.

3 SUBCHAPTER E. ANNUAL REPORT

4 Sec. 426.201. ANNUAL REPORT. Not later than September 1 of  
5 each year, the committee shall prepare and submit to the governor,  
6 lieutenant governor, and speaker of the house of representatives a  
7 report that includes:

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

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

13 (3) a summary of recommendations for legislative  
14 changes the committee considers appropriate to promote state and  
15 national security.

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

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

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