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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;

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

1 426.103 is confidential and excepted from disclosure under Chapter
2 552. The information may be used in a proceeding under Subchapter D
3 at the attorney general's discretion.

4 SUBCHAPTER D. ENFORCEMENT

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

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

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

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

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

17 Sec. 426.152. VENUE. Notwithstanding any other law, the
18 attorney general may bring an action under this chapter in the
19 county where all or a substantial part of the assets that are the
20 subject of the covered transaction are located.

21 SUBCHAPTER E. ANNUAL REPORT

22 Sec. 426.201. ANNUAL REPORT. Not later than September 1 of
23 each year, the committee shall prepare and submit to the governor,
24 lieutenant governor, and speaker of the house of representatives a
25 report that includes:

26 (1) the number of transactions reviewed by the
27 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.