

1-1 By: Bettencourt, et al. S.B. No. 1817
 1-2 (In the Senate - Filed March 7, 2023; March 20, 2023, read
 1-3 first time and referred to Committee on State Affairs;
 1-4 April 20, 2023, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 10, Nays 0; April 20, 2023,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16			X	
1-17	X			
1-18	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1817 By: Hughes

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to investments in certain companies doing business in the
 1-24 Russian Federation.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 2270.0001(9), Government Code, is
 1-27 amended to read as follows:

1-28 (9) "Scrutinized company" means:

1-29 (A) a company that:

1-30 (i) engages in scrutinized business
 1-31 operations described by Section 2270.0052; or

1-32 (ii) has been complicit in the Darfur
 1-33 genocide during any preceding 20-month period;

1-34 (B) a company that engages in scrutinized
 1-35 business operations described by Section 2270.0102; ~~and~~

1-36 (C) a company that engages in scrutinized
 1-37 business operations described by Section 2270.0152; and

1-38 (D) a company that engages in scrutinized
 1-39 business operations described by Section 2270.0162.

1-40 SECTION 2. Section 2270.0002, Government Code, is amended
 1-41 to read as follows:

1-42 Sec. 2270.0002. EXCEPTION. (a) Notwithstanding any other
 1-43 law, a company that the United States government affirmatively
 1-44 declares to be excluded from its federal sanctions regime relating
 1-45 to Sudan, its federal sanctions regime relating to Iran, or any
 1-46 federal sanctions regime relating to a designated foreign terrorist
 1-47 organization is not subject to divestment or investment prohibition
 1-48 under this chapter.

1-49 (b) Notwithstanding any other law, a company that complies
 1-50 with the United States government federal sanctions regime relating
 1-51 to the Russian Federation, including any exemption or federal
 1-52 guidance, is not subject to divestment or investment prohibition
 1-53 under this chapter.

1-54 SECTION 3. Chapter 2270, Government Code, is amended by
 1-55 adding Subchapter D-1 to read as follows:

1-56 SUBCHAPTER D-1. GENERAL PROVISIONS RELATING TO INVESTMENTS IN
 1-57 RUSSIAN FEDERATION

1-58 Sec. 2270.0161. DEFINITION. In this subchapter, "business
 1-59 operations" means engaging in commerce in any form in the Russian
 1-60 Federation, including by acquiring, developing, maintaining,

2-1 owning, selling, possessing, leasing, or operating equipment,
 2-2 facilities, personnel, products, services, personal property, real
 2-3 property, or any other apparatus of business or commerce.

2-4 Sec. 2270.0162. SCRUTINIZED BUSINESS OPERATIONS IN RUSSIAN
 2-5 FEDERATION. A company engages in scrutinized business operations
 2-6 in the Russian Federation if the company has business operations
 2-7 that involve contracts with or providing supplies or services to
 2-8 the government of the Russian Federation, a company in which the
 2-9 government of the Russian Federation has any direct or indirect
 2-10 equity share, a consortium or project commissioned by the
 2-11 government of the Russian Federation, or a company involved in a
 2-12 consortium or project commissioned by the government of the Russian
 2-13 Federation.

2-14 SECTION 4. Section 2270.0201, Government Code, is amended
 2-15 by amending Subsections (a) and (b) and adding Subsection (b-1) to
 2-16 read as follows:

2-17 (a) The comptroller shall prepare and maintain a list of all
 2-18 scrutinized companies. The list must be categorized according to:

2-19 (1) companies that are scrutinized companies under
 2-20 Section 2270.0001(9)(A);

2-21 (2) companies that are scrutinized companies under
 2-22 Section 2270.0001(9)(B); ~~and~~

2-23 (3) companies that are scrutinized companies under
 2-24 Section 2270.0001(9)(C); and

2-25 (4) companies that are scrutinized companies under
 2-26 Section 2270.0001(9)(D).

2-27 (b) In maintaining the list of scrutinized companies under
 2-28 Subsection (a), the comptroller may review and rely, as appropriate
 2-29 in the comptroller's judgment, on publicly available information
 2-30 regarding companies with business operations in Sudan, in Iran,
 2-31 ~~or~~ with designated foreign terrorist organizations, or in the
 2-32 Russian Federation, as applicable, including information provided
 2-33 by the state, nonprofit organizations, research firms,
 2-34 international organizations, and governmental entities.

2-35 (b-1) The governor shall periodically consult with the
 2-36 Homeland Security Council, established under Subchapter B, Chapter
 2-37 421, to review whether a company that is a scrutinized company under
 2-38 Section 2270.0001(9)(D) should be included or continue to be
 2-39 included on the list of scrutinized companies maintained under this
 2-40 section and may, after consulting with the council, direct the
 2-41 comptroller to remove a company from the list.

2-42 SECTION 5. Section 2270.0203, Government Code, is amended
 2-43 to read as follows:

2-44 Sec. 2270.0203. NOTICE TO LISTED COMPANY ENGAGED IN
 2-45 INACTIVE BUSINESS OPERATIONS. For each listed company identified
 2-46 under Section 2270.0202 that is engaged in only inactive
 2-47 scrutinized business operations, the investing entity shall send a
 2-48 written notice informing the company of this chapter and
 2-49 encouraging the company to continue to refrain from initiating
 2-50 active business operations in Sudan, in Iran, ~~and~~ with designated
 2-51 foreign terrorist organizations, and in the Russian Federation
 2-52 until it is able to avoid being considered a listed company. The
 2-53 investing entity shall continue the correspondence as the entity
 2-54 considers necessary, but is not required to initiate correspondence
 2-55 more often than semiannually.

2-56 SECTION 6. Section 2270.0204(b), Government Code, is
 2-57 amended to read as follows:

2-58 (b) The notice shall offer the company the opportunity to
 2-59 clarify its Sudan-related, Iran-related, ~~or~~ designated foreign
 2-60 terrorist organization-related, or Russian Federation-related
 2-61 activities, as applicable, and shall encourage the company, not
 2-62 later than the 90th day after the date the company receives notice
 2-63 under this section, to either cease all scrutinized business
 2-64 operations as described by Sections 2270.0052, 2270.0102, ~~and~~
 2-65 2270.0152, and 2270.0162, or convert such operations to inactive
 2-66 business operations in order to avoid qualifying for divestment by
 2-67 investing entities.

2-68 SECTION 7. Not later than the 180th day after the effective
 2-69 date of this Act, the comptroller of public accounts shall include

3-1 the companies described by Section 2270.0201(a)(4), Government
3-2 Code, as added by this Act, on the list under Section 2270.0201(a),
3-3 Government Code.

3-4 SECTION 8. This Act takes effect immediately if it receives
3-5 a vote of two-thirds of all the members elected to each house, as
3-6 provided by Section 39, Article III, Texas Constitution. If this
3-7 Act does not receive the vote necessary for immediate effect, this
3-8 Act takes effect September 1, 2023.

3-9

* * * * *