

1-1 By: Flores S.B. No. 1884
 1-2 (In the Senate - Filed March 8, 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 7, Nays 2, one present not
 1-6 voting; April 20, 2023, 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. 1884 By: Hughes

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

1-23 relating to identification of and sanctions against certain foreign
 1-24 actors.

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

1-26 SECTION 1. Title 7, Government Code, is amended by adding
 1-27 Chapter 794 to read as follows:

1-28 CHAPTER 794. TRACKING AND SANCTIONING CORRUPT FOREIGN ACTORS

1-29 Sec. 794.001. ANNUAL REPORT. (a) Not later than September
 1-30 1 of each year, the secretary of state shall prepare a report that
 1-31 identifies each foreign actor the secretary determines to have
 1-32 knowingly engaged in actions that undermine the security and
 1-33 sovereignty of this state, or in significant corruption or
 1-34 obstruction of investigations into acts of corruption in the
 1-35 foreign actor's home country, including:

- 1-36 (1) corruption related to government contracts;
- 1-37 (2) bribery and extortion;
- 1-38 (3) the transfer or facilitation of the transfer of
 1-39 proceeds of corruption, including through money laundering;
- 1-40 (4) acts of violence, harassment, or intimidation
 1-41 directed at governmental and nongovernmental corruption
 1-42 investigators;
- 1-43 (5) engaging in or aiding and abetting criminal
 1-44 activity, including human trafficking, across the Texas-Mexico
 1-45 border; and
- 1-46 (6) facilitating the illegal entry of migrants into
 1-47 this state from the United Mexican States.

1-48 (b) The secretary of state may obtain information necessary
 1-49 to prepare a report required by Subsection (a) from:

- 1-50 (1) the Office of Foreign Assets Control within the
 1-51 United States Department of the Treasury;
- 1-52 (2) the office of the attorney general;
- 1-53 (3) the Department of Public Safety;
- 1-54 (4) the comptroller; or
- 1-55 (5) any other state or federal agency having
 1-56 information the secretary believes necessary to prepare the report.

1-57 (c) The secretary of state may notify an individual of the
 1-58 secretary's intent to identify the individual in the annual report
 1-59 and the possible ramifications of that identification.

1-60 (d) The secretary of state shall adopt rules necessary to

2-1 administer this section, including rules establishing a procedure
 2-2 by which an individual identified in an annual report may seek
 2-3 expungement of the individual's name from the report.

2-4 (e) The secretary of state shall publish the annual report
 2-5 required by Subsection (a) on the secretary of state's public
 2-6 Internet website.

2-7 Sec. 794.002. IMPOSITION OF SANCTIONS. With respect to
 2-8 each foreign actor identified in a report required by Section
 2-9 794.001(a):

2-10 (1) the comptroller shall prohibit the identified
 2-11 individual and any business or other entity affiliated with the
 2-12 individual from entering into contracts with any state agency or
 2-13 political subdivision of this state;

2-14 (2) the secretary of state shall deny the application
 2-15 for registration or seek revocation of the registration of any
 2-16 foreign entity affiliated with the identified individual seeking to
 2-17 transact business in this state and impose an appropriate civil
 2-18 penalty as provided by Chapter 9, Business Organizations Code; and

2-19 (3) the governing board of an institution of higher
 2-20 education, as defined by Section 61.003, Education Code, shall deny
 2-21 admission to the foreign actor as provided by Section 51.811,
 2-22 Education Code, or expel the foreign actor as provided by Section
 2-23 51.9092, Education Code.

2-24 SECTION 2. Section 9.151(a), Business Organizations Code,
 2-25 is amended to read as follows:

2-26 (a) A court may revoke the registration of a foreign filing
 2-27 entity if, as a result of an action brought under Section 9.153, the
 2-28 court finds that one or more of the following problems exist:

2-29 (1) the entity did not comply with a condition
 2-30 precedent to the issuance of the entity's registration or an
 2-31 amendment to the registration;

2-32 (2) the entity's registration or any amendment to the
 2-33 entity's registration was fraudulently filed;

2-34 (3) a misrepresentation of a material matter was made
 2-35 in an application, report, affidavit, or other document the entity
 2-36 submitted under this code;

2-37 (4) the entity has continued to transact business
 2-38 beyond the scope of the purpose or purposes expressed in the
 2-39 entity's registration; [~~or~~]

2-40 (5) public interest requires revocation because:

2-41 (A) the entity has been convicted of a felony or a
 2-42 high managerial agent of the entity has been convicted of a felony
 2-43 committed in the conduct of the entity's affairs;

2-44 (B) the entity or the high managerial agent has
 2-45 engaged in a persistent course of felonious conduct; and

2-46 (C) revocation is necessary to prevent future
 2-47 felonious conduct of the same character; or

2-48 (6) a high managerial agent of the entity is a foreign
 2-49 actor identified in the secretary of state's annual report of
 2-50 corrupt foreign actors published under Chapter 794, Government
 2-51 Code.

2-52 SECTION 3. Subchapter U, Chapter 51, Education Code, is
 2-53 amended by adding Section 51.811 to read as follows:

2-54 Sec. 51.811. PROHIBITION ON ADMISSION OF CERTAIN
 2-55 PROSPECTIVE STUDENTS CONNECTED WITH CORRUPT FOREIGN ACTIVITIES.

2-56 Notwithstanding any other provision of this subchapter, Subchapter
 2-57 W, or other law, the governing board of an institution of higher
 2-58 education, as defined by Section 61.003, may not offer admission to
 2-59 an applicant for admission to the institution or for admission to
 2-60 any certificate or degree program, including a graduate,
 2-61 postgraduate, or professional degree program, offered by the
 2-62 institution, if the applicant is identified in the secretary of
 2-63 state's annual report of corrupt foreign actors published under
 2-64 Chapter 794, Government Code.

2-65 SECTION 4. Subchapter Z, Chapter 51, Education Code, is
 2-66 amended by adding Section 51.9092 to read as follows:

2-67 Sec. 51.9092. EXPULSION OF CERTAIN STUDENTS CONNECTED WITH
 2-68 CORRUPT FOREIGN ACTIVITIES. The governing board of an institution
 2-69 of higher education, as defined by Section 61.003, shall, at least

3-1 twice each year, consult the secretary of state's annual report of
3-2 corrupt foreign actors published under Chapter 794, Government
3-3 Code, and immediately expel any student who is identified in the
3-4 report.

3-5 SECTION 5. This Act takes effect September 1, 2023.

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