

1-1 By: Parker, Campbell, Kolkhorst S.B. No. 2117
1-2 (In the Senate - Filed March 10, 2025; March 24, 2025, read
1-3 first time and referred to Committee on State Affairs;
1-4 April 22, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 22, 2025,
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Hughes	X			
1-10	Paxton	X			
1-11	Bettencourt	X			
1-12	Birdwell			X	
1-13	Hall	X			
1-14	Hinojosa of Nueces	X			
1-15	Middleton	X			
1-16	Parker	X			
1-17	Perry	X			
1-18	Schwertner			X	
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 2117 By: Parker

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

1-23 relating to the establishment of the Texas Committee on Foreign
1-24 Investment to review certain transactions involving certain
1-25 foreign entities; creating a civil penalty.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-27 SECTION 1. Subtitle B, Title 4, Government Code, is amended
1-28 by adding Chapter 426 to read as follows:

1-29 CHAPTER 426. TEXAS COMMITTEE ON FOREIGN INVESTMENT
1-30 SUBCHAPTER A. GENERAL PROVISIONS

1-31 Sec. 426.001. DEFINITIONS. In this chapter:

1-32 (1) "Committee" means the Texas Committee on Foreign
1-33 Investment.

1-34 (2) "Covered transaction" means a foreign transaction
1-35 that is subject to this chapter in accordance with rules adopted
1-36 under Section 426.101.

1-37 (3) "Critical infrastructure" means infrastructure in
1-38 one of the following categories:

- 1-39 (A) chemical;
- 1-40 (B) commercial facilities;
- 1-41 (C) communications;
- 1-42 (D) critical manufacturing;
- 1-43 (E) dams;
- 1-44 (F) defense industrial bases;
- 1-45 (G) emergency services;
- 1-46 (H) energy;
- 1-47 (I) financial services;
- 1-48 (J) food and agriculture;
- 1-49 (K) government facilities;
- 1-50 (L) health care and public health;
- 1-51 (M) information technology;
- 1-52 (N) nuclear reactors, materials, and waste;
- 1-53 (O) transportation systems; or
- 1-54 (P) water and wastewater systems.

1-55 (4) "Foreign transaction" means a merger,
1-56 acquisition, lease, sale, or other transfer by or to a scrutinized
1-57 foreign entity of the direct or indirect control of or an interest
1-58 in a business, real property, or other asset located in this state,
1-59 except that the term does not include the creation or transfer of a
1-60 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 as a signatory to a trade agreement with the United States or under the laws of a foreign government of a country that is not listed by the Office of the United States Trade Representative as a signatory to a trade agreement with the United States;

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

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

(6) "Sensitive personal data" means information, including health, financial, or biometric information, that may pose a threat to public safety if obtained by a scrutinized 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 of Texas;

(C) the Department of Information Resources, or its successor in functions relating to cybersecurity; and

(D) the Railroad Commission of Texas.

SUBCHAPTER C. REVIEW OF CERTAIN TRANSACTIONS

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

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

(2) affects at least one of the following concerns:

(A) critical infrastructure in this state;

(B) agricultural land in this state;

(C) sensitive personal data of residents of this state; or

(D) a strategic industry or asset identified by the governor, in consultation with the committee.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) the person:

- (A) executes a covered transaction without entering into a mitigation agreement; or
- (B) violates a provision of a mitigation agreement.

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

SUBCHAPTER D. ENFORCEMENT

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

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

- (1) recover the civil penalty imposed under Subsection

(a); and

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

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

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

SUBCHAPTER E. ANNUAL REPORT

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

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

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

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

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

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

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

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