

By: Metcalf

H.B. No. 34

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2270.0001, Government Code, is amended by adding Subdivision (2-a) and amending Subdivision (9) to read as follows:

(2-a) "Country of concern" means:

(A) China, Iran, North Korea, or Russia; or

(B) a country designated by the governor under

Section 2270.0121.

(9) "Scrutinized company" means:

(A) a company that:

(i) engages in scrutinized business operations described by Section 2270.0052; or

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

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

(C) a company that is a scrutinized company under Section 2270.0124; and

(D) a company that engages in scrutinized business operations described by Section 2270.0152.

SECTION 2. Section 2270.0002, Government Code, is amended to read as follows:

Sec. 2270.0002. EXCEPTION. Notwithstanding any other law, a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Sudan, its federal sanctions regime relating to Iran or another country of concern, or any federal sanctions regime relating to a designated foreign terrorist organization is not subject to divestment or investment prohibition under this chapter.

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

SUBCHAPTER C-1. GENERAL PROVISIONS RELATING TO INVESTMENTS IN COUNTRIES OF CONCERN

Sec. 2270.0121. DESIGNATION AS COUNTRY OF CONCERN. (a) The governor, after consultation with the public safety director of the Department of Public Safety, may designate a country as a country of concern for purposes of this subchapter.

(b) The governor shall consult the Homeland Security Council, established under Subchapter B, Chapter 421, to assess the status of a country of concern for purposes of making a designation under this section.

Sec. 2270.0122. PROHIBITION ON INVESTMENT IN COUNTRY OF CONCERN. An investing entity may not acquire a security issued by a country of concern or an entity owned or controlled by or subject to the jurisdiction of a country of concern.

Sec. 2270.0123. PROHIBITION AGAINST INVESTMENT OR DEPOSIT IN CERTAIN BANKS. An investing entity may not invest or make a

deposit in a bank with a principal place of business located in a country of concern.

Sec. 2270.0124. SCRUTINIZED COMPANIES IN COUNTRIES OF CONCERN. A company is a scrutinized company if:

(1) the company is organized under the laws of, has its principal place of business in the territory of, or is controlled by a country of concern;

(2) the company is owned by a country of concern or individuals who are citizens of a country of concern; or

(3) the majority of stock or other ownership interest of the company is held or controlled by a country of concern or individuals who are citizens of a country of concern.

SECTION 4. Sections 2270.0201(a) and (b), Government Code, are amended to read as follows:

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

(1) companies that are scrutinized companies under Section 2270.0001(9)(A);

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

(3) companies that are scrutinized companies under Section 2270.0001(9)(C); and

(4) companies that are scrutinized companies under Section 2270.0001(9)(D).

(b) In maintaining the list of scrutinized companies under Subsection (a), the comptroller may review and rely, as appropriate in the comptroller's judgment, on publicly available information

1 regarding companies with business operations in Sudan, in Iran or
2 another country of concern, or with designated foreign terrorist
3 organizations, as applicable, including information provided by
4 the state, nonprofit organizations, research firms, international
5 organizations, and governmental entities.

6 SECTION 5. Subchapter E, Chapter 2270, Government Code, is
7 amended by adding Section 2270.02035 to read as follows:

8 Sec. 2270.02035. ACTIONS RELATED TO LISTED COMPANY OWNED OR
9 CONTROLLED BY OR LOCATED IN COUNTRY OF CONCERN. (a) For each
10 listed company identified under Section 2270.0202 that is a
11 scrutinized company under Section 2270.0124, the investing entity
12 shall send a written notice informing the company of its listed
13 company status and warning the company that it may become subject to
14 divestment by investing entities.

15 (b) The notice shall offer the company the opportunity to,
16 not later than the 90th day after the date the company receives
17 notice under this section, change its organizational or ownership
18 structure or location so as to not be a scrutinized company as
19 described by Section 2270.0124 in order to avoid qualifying for
20 divestment by investing entities.

21 (c) If, during the time provided by Subsection (b), the
22 company makes any applicable changes required by that subsection,
23 the comptroller shall remove the company from the list of
24 scrutinized companies and this chapter will no longer apply to the
25 company unless the company later again becomes a scrutinized
26 company as described by Section 2270.0124.

27 (d) If, after the time provided by Subsection (b) expires,

1 the listed company continues to operate as a scrutinized company as
2 described by Section 2270.0124, the investing entity shall sell,
3 redeem, divest, or withdraw all publicly traded securities of the
4 company, except securities described by Section [2270.0207](#),
5 according to the schedule provided by Section [2270.0206](#).

6 SECTION 6. Not later than January 1, 2026, the comptroller
7 of public accounts shall include on the list maintained under
8 Section [2270.0201](#)(a), Government Code, as amended by this Act, the
9 companies described by Subsection (a)(3) of that section.

10 SECTION 7. This Act takes effect September 1, 2025.