

**SENATE AMENDMENTS**  
**2<sup>nd</sup> Printing**

By: Metcalf, Hefner, Bonnen, Capriglione, H.B. No. 34  
et al.

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.

ADOPTED

MAY 19 2025

*Latey Law*  
Secretary of the Senate

By:

*By: [Signature]*

H.B. No. 34

Substitute the following for H.B. No. 34 :

*By: [Signature]*

C.S. H.B. No. 34

A BILL TO BE ENTITLED

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<EOH>

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3

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4

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5

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

6

SECTION 1. Section 2270.0001, Government Code, is amended by

7

adding Subdivisions (2-a) and (2-b) and amending Subdivision (9)

8

to read as follows:

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(2-a) "Control" means the power to exercise a

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controlling influence over the management or policies of a company,

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including involvement in the company's governance structure,

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monitoring, or internal human resources decisions, unless such

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power is solely the result of an official position with the

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company.

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

16

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

17

(B) a country designated by the governor under

18

Section 2270.0121.

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(9) "Scrutinized company" means:

20

(A) a company that:

21

(i) engages in scrutinized business

22

operations described by Section 2270.0052; or

23

(ii) has been complicit in the Darfur

24

genocide during any preceding 20-month period;

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

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

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

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

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

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

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

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

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

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

5       Sec. 2270.0123. PROHIBITION AGAINST INVESTMENT OR DEPOSIT IN  
6 CERTAIN BANKS. An investing entity may not invest or make a  
7 deposit in a bank with a principal place of business located in a  
8 country of concern.

9       Sec. 2270.0124. SCRUTINIZED COMPANIES IN COUNTRIES OF  
10 CONCERN. (a) Except as provided by Subsection (b), a company is a  
11 scrutinized company if:

12           (1) the company is organized under the laws of, is  
13 headquartered in, or has its principal place of business in the  
14 territory of a country of concern;

15           (2) the company is controlled by a country of concern,  
16 the government of a country of concern, the ruling political party  
17 of a country of concern, or the military of a country of concern;  
18 or

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

22       (b) A scrutinized company does not include a company that:

23           (1) is a U.S. person, as defined by 15 C.F.R. Section  
24 772.1; or

25           (2) receives not more than 50 percent of its total  
26 annual global revenue from a country of concern, regardless of  
27 whether it has one or more subsidiaries or affiliates that are



1 companies described by Subsection (a).

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

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

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

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

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

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

14 (b) In maintaining the list of scrutinized companies under  
15 Subsection (a), the comptroller may review and rely, as appropriate  
16 in the comptroller's judgment, on publicly available information  
17 regarding companies with business operations in Sudan, in Iran or  
18 another country of concern, or with designated foreign terrorist  
19 organizations, as applicable, including information provided by  
20 the state, nonprofit organizations, research firms, international  
21 organizations, and governmental entities.

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

24 Sec. 2270.02035. ACTIONS RELATED TO LISTED COMPANY OWNED OR  
25 CONTROLLED BY OR LOCATED IN COUNTRY OF CONCERN. (a) For each  
26 listed company identified under Section 2270.0202 that is a  
27 scrutinized company under Section 2270.0124, the investing entity

1 shall send a written notice informing the company of its listed  
2 company status and warning the company that it may become subject  
3 to divestment by investing entities.

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

10 (c) If, during the time provided by Subsection (b), the  
11 company makes any applicable changes required by that subsection,  
12 the comptroller shall remove the company from the list of  
13 scrutinized companies and this chapter will no longer apply to the  
14 company unless the company later again becomes a scrutinized  
15 company as described by Section 2270.0124.

16 (d) Notwithstanding Section 2270.0207, if, after the time  
17 provided by Subsection (b) expires, the listed company continues  
18 to operate as a scrutinized company as described by Section  
19 2270.0124, the investing entity shall sell, redeem, divest, or  
20 withdraw all publicly traded securities of the company, except  
21 private equity funds described by Section 2270.0207, according to  
22 the schedule provided by Section 2270.0206.

23 SECTION 6. Not later than January 1, 2026, the comptroller  
24 of public accounts shall include on the list maintained under  
25 Section 2270.0201(a), Government Code, as amended by this Act, the  
26 companies described by Subsection (a)(3) of that section.

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

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 20, 2025**

**TO:** Honorable Dustin Burrows, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB34** by Metcalf (Relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined due to the lack of data related to the possible loss of return on investments from the Employees Retirement System of Texas and the Teacher Retirement System.

The bill would amend the Government Code to prohibit the investment of state funds in certain countries and in certain private business entities in those countries. The bill would require the Comptroller of Public Accounts (CPA) to categorize scrutinized companies based on their involvement with China, Iran, North Korea, Russia, or other countries of concern and to include new scrutinized companies on an official list by January 1, 2026.

According to the Employees Retirement System of Texas (ERS), the bill would have an indeterminate fiscal impact to the agency's programs and operations because the agency cannot determine its intention to acquire investments in countries that could be added to the list of countries of concern at a future date.

According to the Teacher Retirement System (TRS), the fiscal impact of the bill cannot be determined as the difference in returns between affected investments and those that would replace them cannot be estimated.

It is assumed costs to the CPA related to implementing the provisions of the bill could be absorbed by the agency.

**Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 326 Texas Emergency Services Retirement System, 327 Employees Retirement System, 338 Pension Review Board, 706 Texas Permanent School Fund Corporation

**LBB Staff:** JMc, SD, WP, MGol, LCO, JPO, NV

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 13, 2025**

**TO:** Honorable Bryan Hughes, Chair, Senate Committee on State Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB34** by Metcalf (relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.), **Committee Report 2nd House, Substituted**

The fiscal implications of the bill cannot be determined due to the lack of data related to the possible loss of return on investments from the Employees Retirement System of Texas and the Teacher Retirement System.

The bill would amend the Government Code to prohibit the investment of state funds in certain countries and in certain private business entities in those countries. The bill would require the Comptroller of Public Accounts (CPA) to categorize scrutinized companies based on their involvement with China, Iran, North Korea, Russia, or other countries of concern and to include new scrutinized companies on an official list by January 1, 2026.

According to the Employees Retirement System of Texas (ERS), the bill would have an indeterminate fiscal impact to the agency's programs and operations because the agency cannot determine its intention to acquire investments in countries that could be added to the list of countries of concern at a future date.

According to the Teacher Retirement System (TRS), the fiscal impact of the bill cannot be determined as the difference in returns between affected investments and those that would replace them cannot be estimated.

It is assumed costs to the CPA related to implementing the provisions of the bill could be absorbed by the agency.

**Local Government Impact**

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**LBB Staff:** JMc, WP, MGol, LCO, JPO, NV

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 7, 2025**

**TO:** Honorable Bryan Hughes, Chair, Senate Committee on State Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB34** by Metcalf (Relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.), **As Engrossed**

The fiscal implications of the bill cannot be determined due to the lack of data related to the possible loss of return on investments from the Employees Retirement System of Texas and the Teacher Retirement System.

The bill would amend the Government Code to prohibit the investment of state funds in certain countries and in certain private business entities in those countries. The bill would require the Comptroller of Public Accounts (CPA) to categorize scrutinized companies based on their involvement with China, Iran, North Korea, Russia, or other countries of concern and to include new scrutinized companies on an official list by January 1, 2026.

According to the Employees Retirement System of Texas (ERS), the bill would have an indeterminate fiscal impact to the agency's programs and operations because the agency cannot determine its intention to acquire investments in countries that could be added to the list of countries of concern at a future date.

According to the Teacher Retirement System (TRS), the fiscal impact of the bill cannot be determined as the difference in returns between affected investments and those that would replace them cannot be estimated.

It is assumed costs to the CPA related to implementing the provisions of the bill could be absorbed by the agency.

**Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 326 Texas Emergency Services Retirement System, 327 Employees Retirement System, 338 Pension Review Board, 706 Texas Permanent School Fund Corporation

**LBB Staff:** JMc, WP, MGol, LCO, JPO, NV

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 1, 2025**

**TO:** Honorable Cole Hefner, Chair, House Committee on Homeland Security, Public Safety & Veterans' Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB34** by Metcalf (Relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.), **As Introduced**

The fiscal implications of the bill cannot be determined due to the lack of data related to the possible loss of return on investments from the Employees Retirement System of Texas and the Teacher Retirement System.

The bill would amend the Government Code to prohibit the investment of state funds in certain countries and in certain private business entities in those countries. The bill would require the Comptroller of Public Accounts (CPA) to categorize scrutinized companies based on their involvement with China, Iran, North Korea, Russia, or other countries of concern and to include new scrutinized companies on an official list by January 1, 2026.

According to the Employees Retirement System of Texas (ERS), the bill would have an indeterminate fiscal impact to the agency's programs and operations because the agency cannot determine its intention to acquire investments in countries that could be added to the list of countries of concern at a future date.

According to the Teacher Retirement System (TRS), the fiscal impact of the bill cannot be determined as the difference in returns between affected investments and those that would replace them cannot be estimated.

It is assumed costs to the CPA related to implementing the provisions of the bill could be absorbed by the agency.

**Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 326 Texas Emergency Services Retirement System, 327 Employees Retirement System, 338 Pension Review Board, 706 Texas Permanent School Fund Corporation

**LBB Staff:** JMc, MGol, LCO, JPO, NV

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**ACTUARIAL IMPACT STATEMENT**

**89TH LEGISLATIVE REGULAR SESSION**

**April 1, 2025**

**TO:** Honorable Cole Hefner, Chair, House Committee on Homeland Security, Public Safety & Veterans' Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB34** by Metcalf (Relating to prohibiting the investment of state money in certain countries and in certain private business entities in those countries.), **As Introduced**

**SYNOPSIS OF PROVISIONS AND ACTUARIAL EFFECTS**

The bill would amend the Government Code to prohibit state funds from being invested in China, Iran, North Korea, or Russia, or a country designated by the governor as specified in the bill, and certain private business entities in those countries. Under the provisions of the bill, the Comptroller of Public Accounts (CPA) would prepare and maintain a list of all restricted entities.

The bill would also add additional criteria for a scrutinized company in countries of concern including the following: a company organized under the laws or controlled by a country of concern; a company owned by a country or individuals who are citizens of a country of concern; or the majority of stock or other ownership interest of the company is held or controlled by a country or citizens of a country of concern.

According to the Teacher Retirement System of Texas (TRS), the fiscal impact on the pension fund related to returns on investments cannot be determined as the difference in returns between affected investments and those that would replace them cannot be estimated. According to the Employees Retirement System of Texas (ERS), the bill would have an indeterminate fiscal impact to the agency's programs and operations since restricting entities in which ERS can invest could limit the long-term return potential of investments. The agency indicated it cannot determine its intention to acquire investments in countries that could be added to the list of countries of concern at a future date. The bill does not propose to change the funding or obligations of any public retirement system.

**SOURCES**

Teacher Retirement System of Texas correspondence March 30, 2025.

Employees Retirement System of Texas correspondence March 31, 2025.

**Source**

**Agencies:** 338 Pension Review Board

**LBB Staff:** JMc, MGol, LCO, JPO, NV