

2022 Regular Session

SENATE BILL NO. 472

BY SENATOR MILLIGAN AND REPRESENTATIVE MIKE JOHNSON

HOMELAND SECURITY. Prohibits contracts with certain foreign-owned companies in connection with critical infrastructure. (gov sig)

1 AN ACT

2 To enact Chapter 49 of Title 51 of the Louisiana Revised Statutes of 1950, to be comprised
3 of R.S. 51:3051 through 3054, relative to homeland security; to provide relative to
4 prohibited contracts; to provide for designation of a country as a threat to critical
5 infrastructure; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. Chapter 49 of Title 51 of the Louisiana Revised Statutes of 1950,
8 comprised of R.S. 51:3051 through 3054, is hereby enacted to read as follows:

9 **CHAPTER 49. PROHIBITION ON CONTRACTS WITH CERTAIN**
10 **FOREIGN-OWNED COMPANIES IN CONNECTION**
11 **WITH CRITICAL INFRASTRUCTURE**

12 **§3051. Short title**

13 **This Chapter shall be known and may be cited as the "Transparency in**
14 **Ownership of Critical Infrastructure Law".**

15 **§3052. Definitions**

16 **As used in this Chapter the following terms have the meanings ascribed**
17 **unless the context clearly indicates otherwise:**

1 (1) "Company" means a sole proprietorship, organization, association,
2 corporation, partnership, joint venture, limited partnership, limited liability
3 partnership, or limited liability company, including a wholly owned subsidiary,
4 majority-owned subsidiary, parent company, or affiliate of those entities or
5 business associations, that exists to make a profit.

6 (2) "Critical infrastructure" means a communication infrastructure
7 system, cybersecurity system, electric grid, hazardous waste treatment system,
8 or water treatment facility.

9 (3) "Cybersecurity" means the measures taken to protect a computer,
10 computer network, computer system, or other technology infrastructure against
11 unauthorized use or access.

12 (4) "Designated country" means a country designated by the governor
13 as a threat to critical infrastructure pursuant to R.S. 51:3054.

14 (5) "Governmental entity" means a state agency or political subdivision
15 of this state.

16 §3053. Prohibited contracts

17 A. A governmental entity shall not enter into a contract or other
18 agreement relating to critical infrastructure in this state with a company if,
19 under the contract or other agreement, the company would be granted direct
20 or remote access to or control of critical infrastructure in this state, excluding
21 access specifically allowed by the governmental entity for product warranty and
22 support purposes under any of the following circumstances:

23 (1) The governmental entity knows that the company is owned by or the
24 majority of stock or other ownership interest of the company is held or
25 controlled by individuals who are citizens of China, Iran, North Korea, Russia,
26 or a designated country.

27 (2) The governmental entity knows that the company or other entity,
28 including a governmental entity, is owned or controlled by citizens of or is
29 directly controlled by the government of China, Iran, North Korea, Russia, or

1 a designated country.

2 (3) The governmental entity knows that the company or other entity is
 3 headquartered in China, Iran, North Korea, Russia, or a designated country.

4 B. The provisions of Subsection A of this Section shall apply regardless
 5 of whether the company's or its parent company's securities are publicly traded
 6 or the company or its parent company is listed on a public stock exchange as a
 7 Chinese, Iranian, North Korean, or Russian company or a company of a
 8 designated country.

9 §3054. Designation of country as a threat to critical infrastructure

10 A. The governor, after consultation with the director of the Governor's
 11 Office of Homeland Security and Emergency Preparedness, may designate a
 12 country as a threat to critical infrastructure for purposes of this Chapter.

13 B. The governor shall consult the Senate and House select committees on
 14 homeland security, to assess a threat to critical infrastructure for purposes of
 15 making a designation under this Section.

16 Section 2. This Act shall become effective upon signature by the governor or, if not
 17 signed by the governor, upon expiration of the time for bills to become law without signature
 18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 19 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 20 effective on the day following such approval.

The original instrument was prepared by LG Sullivan. The following digest,
 which does not constitute a part of the legislative instrument, was prepared
 by Alan Miller.

DIGEST

SB 472 Engrossed 2022 Regular Session Milligan

Proposed law creates the "Transparency in Ownership of Critical Infrastructure Law".

Proposed law defines the following terms:

- (1) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

- (2) "Critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility.
- (3) "Cybersecurity" means the measures taken to protect a computer, computer network, computer system, or other technology infrastructure against unauthorized use or access.
- (4) "Designated country" means a country designated by the governor as a threat to critical infrastructure pursuant to proposed law.
- (5) "Governmental entity" means a state agency or political subdivision of this state.

Proposed law prohibits a governmental entity from entering into a contract or other agreement relating to critical infrastructure in this state with a company if, under the contract or other agreement, the company would be granted direct or remote access to or control of critical infrastructure in this state, excluding access specifically allowed by the governmental entity for product warranty and support purposes under any of the following circumstances:

- (1) The governmental entity knows that the company is owned by or the majority of stock or other ownership interest of the company is held or controlled by individuals who are citizens of China, Iran, North Korea, Russia, or a designated country.
- (2) The governmental entity knows that the company or other entity, including a governmental entity, is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country.
- (3) The governmental entity knows that the company or other entity is headquartered in China, Iran, North Korea, Russia, or a designated country.

Proposed law applies regardless of whether the company's or its parent company's securities are publicly traded or the company or its parent company is listed on a public stock exchange as a Chinese, Iranian, North Korean, or Russian company or a company of a designated country.

Proposed law authorizes the governor, after consultation with the director of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), to designate a country as a threat to critical infrastructure for purposes of proposed law.

Proposed law requires the governor to consult the Senate and House select committees on homeland security, to assess a threat to critical infrastructure for purposes of making a designation under proposed law.

(Adds R.S. 51:3051-3054)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary B to the original bill

- 1. Narrows the scope of the definition of "critical infrastructure".
- 2. Removes provisions relative to reporting requirements.
- 3. Adds provisions prohibiting contracts or agreements relating to critical infrastructure with companies owned by individuals who are citizens of designated countries determined to be a threat to critical infrastructure.
- 4. Designates China, Iran, North Korea, and Russia as countries that are a threat

to critical infrastructure.

5. Allows the governor to add countries deemed to be a threat to critical infrastructure after consultation with the director of GOHSEP.
6. Requires the governor to consult with the Senate and House committees on homeland security to assess threats to critical infrastructure.