

HOUSE BILL No. 1177

DIGEST OF INTRODUCED BILL

Citations Affected: IC 1-1; IC 21-49-1-2; IC 32-22.

Synopsis: Limitations on interests of foreign countries. Prohibits the state, a state agency, and a political subdivision from entering into a contract with a prohibited person for the provision of goods or services. Amends the amount of a gift received from a foreign source that must be reported by a postsecondary educational institution. Prohibits certain individuals and business entities from purchasing real property located within Indiana. Permits the attorney general to investigate and issue subpoenas upon receipt of information that leads the attorney general to believe a violation of the critical infrastructure or foreign ownership of real property statutes has occurred. Permits the attorney general to bring an action on behalf of the state or a political subdivision for a violation of the critical infrastructure and foreign ownership of real property statutes.

Effective: July 1, 2024.

Haggard, Bartels, Lindauer

January 9, 2024, read first time and referred to Committee on Judiciary.



Second Regular Session of the 123rd General Assembly (2024)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1177



A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 1-1-16-9, AS ADDED BY P.L.118-2023,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2024]: Sec. 9. (a) After June 30, 2023, a qualified entity may
4 not enter into an agreement relating to critical infrastructure with a
5 company if:
6 (1) under the agreement, the company would be able to directly
7 or remotely access or control critical infrastructure or a
8 cybersecurity system of a critical infrastructure; and
9 (2) the company is:
10 (A) owned by, or the majority of stock or other ownership
11 interest of the company is held or controlled by:
12 (i) individuals who are citizens of China, Iran, North Korea,
13 Russia, or a country designated as a threat to critical
14 infrastructure by the governor under section 8(b) of this
15 chapter; or
16 (ii) a company or other entity, including a governmental
17 entity, that is owned or controlled by citizens of, or is



1 directly controlled by the government of, China, Iran, North
 2 Korea, Russia, or a country designated as a threat to critical
 3 infrastructure by the governor under section 8(b) of this
 4 chapter; or

5 (B) headquartered in China, Iran, North Korea, Russia, or a
 6 country designated as a threat to critical infrastructure by the
 7 governor under section 8(b) of this chapter.

8 (b) The prohibition set forth in subsection (a) applies regardless of
 9 whether:

10 (1) the securities of the company, or of the company's parent
 11 company, are publicly traded; or

12 (2) the company or the company's parent company is listed as a
 13 company of a country designated as a threat by the governor
 14 under section 8(b) of this chapter or a Chinese, Iranian, North
 15 Korean, or Russian company on a public stock exchange;

16 as applicable.

17 **(c) Upon receipt of information that leads the attorney general**
 18 **to believe that a violation of this section may exist, the attorney**
 19 **general may investigate the alleged violation and issue subpoenas**
 20 **requiring the:**

21 **(1) appearance of witnesses;**

22 **(2) production of relevant records; and**

23 **(3) giving of relevant testimony.**

24 **(d) The attorney general may bring an action on behalf of the**
 25 **state or a political subdivision for one (1) or more of the following,**
 26 **together with the costs and expenses of the suit, including**
 27 **reasonable attorney's fees and expert fees, in connection with a**
 28 **violation of this section:**

29 **(1) Appropriate injunctive or other equitable relief, including**
 30 **disgorgement of any gains derived from the violation.**

31 **(2) A civil penalty, as prescribed in subsection (e).**

32 **(3) Injuries or damages sustained directly or indirectly by the**
 33 **state or political subdivision as a result of the violation.**

34 **(e) In an action brought under subsection (d), the attorney**
 35 **general may recover a civil penalty of not more than one hundred**
 36 **thousand dollars (\$100,000) per violation of this section.**

37 SECTION 2. IC 1-1-17 IS ADDED TO THE INDIANA CODE AS
 38 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 39 1, 2024]:

40 **Chapter 17. Prohibition on Contracts With Certain Foreign**
 41 **Owned Companies and Foreign Individuals**

42 **Sec. 1. As used in this chapter, "business entity" means:**



1 (1) a corporation, professional corporation, nonprofit
 2 corporation, limited liability company, partnership, or limited
 3 partnership; or

4 (2) the equivalent of any entity described in subdivision (1).

5 Sec. 2. As used in this chapter, "controlling person" includes the
 6 following:

7 (1) A beneficial owner (as defined in IC 23-1-20-3.5) of five
 8 percent (5%) or more of the shares of a business entity.

9 (2) An officer, director, or other individual who possesses
 10 inside information about a business entity because of the
 11 officer, director, or other individual's relationship with the
 12 business entity.

13 (3) A person, individually or as a member of a group, who has
 14 the ability to directly or indirectly affect a business entity's
 15 management or policies.

16 Sec. 3. As used in this chapter, "foreign adversary" includes the
 17 following:

18 (1) China.

19 (2) Iran.

20 (3) North Korea.

21 (4) Russia.

22 (5) A foreign government listed in 15 CFR 7.4.

23 (6) A country designated as a threat to critical infrastructure
 24 by the governor under IC 1-1-16-8.

25 Sec. 4. (a) As used in this chapter, "prohibited person" includes
 26 the following:

27 (1) An individual who is a citizen or resident of a foreign
 28 adversary.

29 (2) A business entity organized under the laws of a foreign
 30 adversary.

31 (3) A business entity headquartered in a foreign adversary.

32 (4) A business entity with a controlling person who is either of
 33 the following:

34 (A) An individual who is a citizen or resident of a foreign
 35 adversary.

36 (B) A business entity or other entity, including a
 37 governmental entity, that is owned or controlled by citizens
 38 or residents of, or is directly controlled by the government
 39 of, a foreign adversary.

40 (b) The term includes an agent, trustee, or fiduciary of a
 41 prohibited person.

42 Sec. 5. After June 30, 2024, the following may not enter into a



1 contract with a prohibited person for the provision of goods or
2 services:

- 3 (1) The state.
- 4 (2) A state agency (as defined in IC 1-1-15-3).
- 5 (3) A political subdivision (as defined in IC 36-1-2-13).

6 Sec. 6. After June 30, 2024, every contract to which the state, a
7 state agency, or a political subdivision is a party must contain a
8 provision requiring the contractor to confirm under penalties of
9 perjury that the contractor is not a prohibited person. A breach of
10 this provision may be regarded as a material breach of the
11 contract.

12 Sec. 7. Upon receipt of information that leads the attorney
13 general to believe that a violation of this chapter may exist, the
14 attorney general may investigate the alleged violation and issue
15 subpoenas requiring the:

- 16 (1) appearance of witnesses;
- 17 (2) production of relevant records; and
- 18 (3) giving of relevant testimony.

19 Sec. 8. The attorney general may bring an action on behalf of
20 the state or a political subdivision for one (1) or more of the
21 following, together with the costs and expenses of the suit,
22 including reasonable attorney's fees and expert fees, in connection
23 with a violation of this chapter:

- 24 (1) Appropriate injunctive or other equitable relief, including
25 disgorgement of any gains derived from the violation.
- 26 (2) A civil penalty of not more than one hundred thousand
27 dollars (\$100,000) per violation of this chapter.
- 28 (3) Injuries or damages sustained directly or indirectly by the
29 state or political subdivision as a result of the violation.

30 SECTION 3. IC 21-49-1-2, AS ADDED BY P.L.156-2022,
31 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2024]: Sec. 2. Whenever any institution is owned or
33 controlled by a foreign source or receives a gift from or enters into a
34 contract (including any restricted or conditional gift or contract) with
35 a foreign source the value of which ~~meets the reporting threshold set~~
36 ~~forth in 20 U.S.C. 1011f~~, **is at least fifty thousand dollars (\$50,000)**,
37 the institution shall submit a disclosure report to the Indiana
38 commissioner for higher education.

39 SECTION 4. IC 32-22-2-5 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 5. (a) **Except as**
41 **provided in IC 32-22-5-5 and IC 32-22-5-6**, natural persons who are
42 aliens, whether they reside in the United States or any foreign country,



1 subject to section 7 of this chapter, may:

- 2 (1) acquire real estate by purchase, devise, or descent;
 3 (2) hold and enjoy real estate; and
 4 (3) convey, devise, transmit, mortgage, or otherwise encumber
 5 real estate;

6 in the same manner and with the same effect as citizens of Indiana or
 7 the United States.

8 (b) The title of any real estate inherited, mortgaged, conveyed, or
 9 devised is not affected by the alienage of any person from or through
 10 whom the title is claimed or derived.

11 SECTION 5. IC 32-22-3 IS REPEALED [EFFECTIVE JULY 1,
 12 2024]. (Rights of a Foreign Business Entity to Hold and Convey
 13 Agricultural Land).

14 SECTION 6. IC 32-22-5 IS ADDED TO THE INDIANA CODE AS
 15 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 16 1, 2024]:

17 **Chapter 5. Rights of Certain Foreign Individuals and Foreign
 18 Business Entities to Purchase Real Property**

19 **Sec. 1. As used in this chapter, "business entity" means:**

- 20 (1) a corporation, professional corporation, nonprofit
 21 corporation, limited liability company, partnership, or limited
 22 partnership; or
 23 (2) the equivalent of any entity described in subdivision (1).

24 **Sec. 2. As used in this chapter, "controlling person" includes the
 25 following:**

- 26 (1) A beneficial owner (as defined in IC 23-1-20-3.5) of five
 27 percent (5%) or more of the shares of a business entity.
 28 (2) An officer, director, or other individual who possesses
 29 inside information about a business entity because of the
 30 officer, director, or other individual's relationship with the
 31 business entity.
 32 (3) A person, individually or as a member of a group, who has
 33 the ability to directly or indirectly affect a business entity's
 34 management or policies.

35 **Sec. 3. As used in this chapter, "foreign adversary" includes the
 36 following:**

- 37 (1) China.
 38 (2) Iran.
 39 (3) North Korea.
 40 (4) Russia.
 41 (5) A foreign government listed in 15 CFR 7.4.
 42 (6) A country designated as a threat to critical infrastructure



1 by the governor under IC 1-1-16-8.

2 **Sec. 4. (a) As used in this chapter, "prohibited person" includes**
3 **the following:**

4 (1) **An individual who is a citizen or resident of a foreign**
5 **adversary.**

6 (2) **A business entity organized under the laws of a foreign**
7 **adversary.**

8 (3) **A business entity headquartered in a foreign adversary.**

9 (4) **A business entity with a controlling person who is either of**
10 **the following:**

11 (A) **An individual who is a citizen or resident of a foreign**
12 **adversary.**

13 (B) **A business entity or other entity, including a**
14 **governmental entity, that is owned or controlled by citizens**
15 **or residents of, or is directly controlled by the government**
16 **of, a foreign adversary.**

17 (b) **The term includes an agent, trustee, or fiduciary of a**
18 **prohibited person.**

19 **Sec. 5. (a) After June 30, 2024, a prohibited person may not**
20 **acquire by grant, purchase, devise, descent, or otherwise any real**
21 **property located in Indiana.**

22 (b) **After June 30, 2024, a prohibited person may not enter into**
23 **a lease for real property located in Indiana unless:**

24 (1) **the real property will be used only for residential**
25 **purposes; and**

26 (2) **the lease is for a term of not more than twelve (12) months.**

27 **Sec. 6. (a) Not later than June 30, 2026, a prohibited person**
28 **must divest ownership of any real property located in Indiana.**

29 (b) **If a prohibited person does not divest ownership of real**
30 **property located in Indiana as required under subsection (a), the**
31 **attorney general may commence an action in the circuit court**
32 **where the real property is located. Upon commencing an action**
33 **under this subsection, the attorney general must record a notice of**
34 **the pendency of the action with the county recorder.**

35 (c) **If the circuit court finds that the real property is held in**
36 **violation of this chapter, the circuit court must order that the real**
37 **property be sold through judicial foreclosure. The proceeds of the**
38 **sale of real property through judicial foreclosure will be disbursed**
39 **in the following order of priority:**

40 (1) **first, to any lien holders, in order of priority; and**

41 (2) **second, to the state, for the attorney general's costs and**
42 **expenses of the action, including reasonable attorney's fees**



1 **and expert fees.**

