

JAN 23 2025

A BILL FOR AN ACT

RELATING TO FOREIGN CRITICAL ASSETS.

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

1 SECTION 1. The legislature finds that, among the concerns
2 raised by growing foreign influence in the United States and
3 Hawaii, protecting critical infrastructure (i.e., as freshwater
4 systems, electrical grids, and telecommunications networks) is
5 the most urgent security priority. These systems are essential
6 to Hawaii's local economy, public safety, and overall stability,
7 making them prime targets for foreign interference.

8 The legislature further finds that numerous federal
9 agencies responsible for national security have demonstrated
10 that foreign governments, including adversarial countries, are
11 actively seeking ways to access and control United States
12 critical infrastructure, either through direct investment,
13 partnerships, or covert actions. Such access could allow
14 malicious actors to disrupt essential services, steal sensitive
15 data, or compromise national security. Even allied countries,
16 whose interests and leadership can change rapidly, may
17 inadvertently or intentionally exploit their involvement in



1 United States infrastructure to advance their own agendas, often
2 at odds with the interests of the United States and Hawaii.

3 The legislature also finds that the growing interconnected
4 nature of infrastructure systems heightens their vulnerability,
5 as disruptions in one sector can cascade across others. A
6 cautious and strategic approach to foreign investment and
7 influence is therefore critical to safeguarding these assets.
8 By limiting foreign influence and strengthening oversight of
9 those utilities that control Hawaii's critical infrastructure
10 systems, the United States can ensure the resilience and
11 security of its infrastructure against evolving threats,
12 preserving public trust, guarding national security, and
13 protecting Hawaii's sovereignty.

14 The purpose of this Act is to limit foreign ownership of
15 the utilities and companies controlling Hawaii's critical
16 infrastructure.

17 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
18 amended by adding a new part to be appropriately designated and
19 to read as follows:

20 **"PART . FOREIGN OWNERSHIP OF CRITICAL INFRASTRUCTURE**

21 **§269- Definitions.** As used in this part:



1 "Critical infrastructure" means systems for freshwater
2 treatment and delivery, the electrical grid, telecommunications
3 networks, and associated infrastructure necessary to the
4 functioning and security of those systems.

5 "Owned or controlled" or "ownership or control" means
6 ownership of a portion of a company, stock, or other ownership
7 interest in a company, that is equivalent to or greater than:

8 (1) Four per cent of the company;

9 (2) The lowest threshold of ownership of the company that
10 allows for a seat on the company's board of directors;
11 or

12 (3) The lowest percentage of ownership of the company of a
13 sitting member of the board of directors, or number of
14 shares that member represents.

15 **§269- Protection of critical infrastructure; foreign**
16 **ownership or control; limitation.** Notwithstanding section
17 269-17.5, no public or private electric utility, water utility,
18 or telecommunications carrier serving the State or its residents
19 shall be permitted to be owned or controlled by:

20 (1) Citizens of a country other than the United States of
21 America; or



(2) A company or another entity, including a government entity, that is:

(A) Not owned or controlled by citizens of the United States of America;

(B) Not directly controlled by the government of the United States of America; or

(C) Not headquartered in the United States of America.

§269- Report. Each public or private electric utility, water utility, or telecommunications carrier serving the State or its residents shall annually report on any foreign ownership or control that is equivalent to or greater than:

(1) Four per cent of the company;

(2) The lowest threshold of ownership of the company that allows for a seat on the company's board of directors; and

(3) The lowest percentage of ownership of the company of a sitting member of the board of directors, or the number of shares that member represents."



1 SECTION 3. This Act shall take effect upon its approval.

2

INTRODUCED BY:





S.B. NO. 1665

Report Title:

Critical Infrastructure; Foreign Investment; Limitation; Report

Description:

Limits foreign ownership of certain public and private utilities and companies controlling the State's critical infrastructure.

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