THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 1665

JAN 2 3 2025

A BILL FOR AN ACT

RELATING TO FOREIGN CRITICAL ASSETS.

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

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

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

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

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

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

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

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

§269- Definitions. As used in this part:

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

"Owned or controlled" or "ownership or control" means ownership of a portion of a company, stock, or other ownership interest in a company, 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; or

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

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

(1) Citizens of a country other than the United States of 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."

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

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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