

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R.

To require the disclosure of beneficial ownership by a foreign person of high-security space leased to accommodate a Federal agency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LYNCH (for himself and Mr. KING of New York) introduced the following bill; which was referred to the Committee on

A BILL

To require the disclosure of beneficial ownership by a foreign person of high-security space leased to accommodate a Federal agency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Secure Government Buildings from Espionage Act of
6 2017”.

7 (b) FINDINGS.—Congress finds that—

1 (1) the Government Accountability Office has
2 reported that the Federal Government often leases
3 high-security space from private sector landlords;

4 (2) the General Services Administration and
5 other Federal agencies with leasing authority are not
6 currently required to collect beneficial ownership in-
7 formation and therefore do not know if foreign own-
8 ers have a stake in the buildings leased by the agen-
9 cies, even when the leased space is used for classified
10 operations or to store sensitive data; and

11 (3) according to a report of the Government
12 Accountability Office, dated January 2017, that ex-
13 amined the risks of foreign ownership of Govern-
14 ment-leased real estate, “leasing space in foreign-
15 owned buildings could present security risks such as
16 espionage and unauthorized cyber and physical ac-
17 cess”.

18 **SEC. 2. DISCLOSURE OF BENEFICIAL OWNERSHIP BY FOR-**
19 **EIGN PERSONS OF HIGH-SECURITY SPACE**
20 **LEASED FOR FEDERAL AGENCIES.**

21 (a) IN GENERAL.—Before entering into a lease
22 agreement with a covered entity for the accommodation
23 of a Federal agency in a building (or other improvement)
24 that will be used for high-security leased space, a Federal
25 lessee shall require the covered entity to—

1 (1) identify each beneficial owner of the covered
2 entity by—

3 (A) name;

4 (B) current residential or business street
5 address; and

6 (C) a unique identifying number from a
7 nonexpired passport issued by the United
8 States or a nonexpired drivers license issued by
9 a State;

10 (2) disclose to the Federal lessee any beneficial
11 owner of the covered entity that is a foreign person;
12 and

13 (3) if the Federal lessee is assigning the build-
14 ing (or other improvement) to a Federal tenant, no-
15 tify the Federal tenant of any disclosure made under
16 paragraph (2).

17 (b) TIMING.—

18 (1) IN GENERAL.—A Federal lessee shall re-
19 quire a covered entity to provide the information de-
20 scribed in subsections (a)(1) and (a)(2) when first
21 submitting a proposal in response to a solicitation
22 for offers issued by the Federal lessee.

23 (2) UPDATES.—A Federal lessee shall require a
24 covered entity to update a submission of the infor-
25 mation described in subsections (a)(1) and (a)(2)

1 not later than 60 days after the date of any change
2 in—

3 (A) the list of beneficial owners of the cov-
4 ered entity; or

5 (B) the information required to be pro-
6 vided relating to each such beneficial owner.

7 (c) DEFINITIONS.—In this section, the following defi-
8 nitions apply:

9 (1) BENEFICIAL OWNER.—

10 (A) IN GENERAL.—The term “beneficial
11 owner” means, with respect to a covered entity,
12 each natural person who, directly or indi-
13 rectly—

14 (i) exercises control over the covered
15 entity through ownership interests, voting
16 rights, agreements, or otherwise; or

17 (ii) has an interest in or receives sub-
18 stantial economic benefits from the assets
19 of the covered entity.

20 (B) EXCEPTIONS.—The term “beneficial
21 owner” does not include, with respect to a cov-
22 ered entity—

23 (i) a minor child;

1 (ii) a person acting as a nominee,
2 intermediary, custodian, or agent on behalf
3 of another person;

4 (iii) a person acting solely as an em-
5 ployee of the covered entity and whose con-
6 trol over or economic benefits from the
7 covered entity derives solely from the em-
8 ployment status of the person;

9 (iv) a person whose only interest in
10 the covered entity is through a right of in-
11 heritance, unless the person also meets the
12 requirements of subparagraph (A); or

13 (v) a creditor of the covered entity,
14 unless the creditor also meets the require-
15 ments of subparagraph (A).

16 (C) ANTI-ABUSE RULE.—The exceptions
17 under subparagraph (B) shall not apply if used
18 for the purpose of evading, circumventing, or
19 abusing the requirements of this section.

20 (2) COVERED ENTITY.—The term “covered en-
21 tity” means a person, copartnership, corporation, or
22 other public or private entity.

23 (3) EXECUTIVE AGENCY.—The term “Executive
24 agency” has the meaning given the term under sec-
25 tion 105 of title 5, United States Code.

1 (4) FEDERAL AGENCY.—The term “Federal
2 agency” means any Executive agency or any estab-
3 lishment in the legislative or judicial branch of the
4 Government.

5 (5) FEDERAL LESSEE.—The term “Federal les-
6 see” means the Administrator of General Services,
7 the Architect of the Capitol, or the head of any Fed-
8 eral agency, other than the Department of Defense,
9 that has independent statutory leasing authority.

10 (6) FOREIGN PERSON.—The term “foreign per-
11 son” means an individual who is not a United States
12 person or an alien lawfully admitted for permanent
13 residence into the United States.

14 (7) HIGH-SECURITY LEASED SPACE.—The term
15 “high-security leased space” means a space leased
16 by a Federal lessee that—

17 (A) will be occupied by Federal employees
18 for nonmilitary activities; and

19 (B) has a facility security level of III, IV,
20 or V, as determined by the Interagency Security
21 Committee.

22 (8) UNITED STATES PERSON.—The term
23 “United States person” means a natural person who
24 is a citizen of the United States or who owes perma-
25 nent allegiance to the United States.