

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: In the nature of a substitute.

**IN THE SENATE OF THE UNITED STATES—116th Cong., 1st Sess.**

**S.** \_\_\_\_\_

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

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. PETERS (for himself and Mr. PORTMAN)

Viz:

1 Strike all after the enacting clause and insert the following:  
2

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

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Secure Federal Leases from Espionage and Suspicious  
6 Entanglements Act” or the “Secure Federal LEASES  
7 Act”.

8 (b) **FINDINGS.**—Congress finds that—

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

1           (2) the General Services Administration collects  
2 highest-level and immediate ownership information  
3 through the System of Award Management, but it is  
4 not currently required to collect beneficial ownership  
5 information and lacks an adequate system for doing  
6 so;

7           (3) the General Services Administration and  
8 Federal agencies with leasing authority may not  
9 know if foreign owners have a stake in the buildings  
10 leased by the agencies, either through foreign-incor-  
11 porated legal entities or through ownership in  
12 United States-incorporated legal entities, even when  
13 the leased space is used for classified operations or  
14 to store sensitive data; and

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

22 **SEC. 2. DEFINITIONS.**

23 In this Act:

24           (1) **BENEFICIAL OWNER.**—

1 (A) IN GENERAL.—Except as provided in  
2 subparagraph (B), the term “beneficial owner”  
3 means, with respect to a covered entity, each  
4 natural person who, directly or indirectly,  
5 through any contract, arrangement, under-  
6 standing, relationship, or otherwise—

7 (i) exercises control over the covered  
8 entity; or

9 (ii) has a substantial interest in or re-  
10 ceives substantial economic benefits from  
11 the assets of the covered entity.

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

15 (i) a minor child;

16 (ii) a person acting as a nominee,  
17 intermediary, custodian, or agent on behalf  
18 of another person;

19 (iii) a person acting solely as an em-  
20 ployee of the covered entity and whose con-  
21 trol over or economic benefits from the  
22 covered entity derives solely from the em-  
23 ployment status of the person;

24 (iv) a person whose only interest in  
25 the covered entity is through a right of in-

1 heritance, unless the person also meets the  
2 requirements of subparagraph (A); or

3 (v) a creditor of the covered entity,  
4 unless the creditor also meets the require-  
5 ments of subparagraph (A).

6 (C) ANTI-ABUSE RULE.—The exceptions  
7 under subparagraph (B) shall not apply if used  
8 for the purpose of evading, circumventing, or  
9 abusing the requirements of this Act.

10 (2) CONTROL.—The term “control” means,  
11 with respect to a covered entity—

12 (A) having the authority or ability to de-  
13 termine how a covered entity is utilized; or

14 (B) having some decision-making power for  
15 the use of a covered entity.

16 (3) COVERED ENTITY.—The term “covered en-  
17 tity” means—

18 (A) a person, corporation, company, busi-  
19 ness association, partnership, society, trust, or  
20 any other nongovernmental entity, organization,  
21 or group; or

22 (B) any governmental entity or instrumen-  
23 tality of a government.

1           (4) EXECUTIVE AGENCY.—The term “Executive  
2           agency” has the meaning given the term in section  
3           105 of title 5, United States Code.

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

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

13          (7) FOREIGN PERSON.—The term “foreign per-  
14          son” means an individual who is not a United States  
15          person.

16          (8) FEDERAL TENANT.—The term “Federal  
17          tenant” means a Federal agency that is occupying  
18          or will occupy a high-security leased space for which  
19          a lease agreement has been secured on behalf of the  
20          Federal agency.

21          (9) FOREIGN ENTITY.—The term “foreign enti-  
22          ty” means a covered entity that is headquartered or  
23          incorporated in a country that is not the United  
24          States.

1           (10) HIGH-SECURITY LEASED SPACE.—The  
2 term “high-security leased space” means a space  
3 leased by a Federal lessee that—

4           (A) will be occupied by Federal employees  
5 for nonmilitary activities; and

6           (B) has a facility security level of III, IV,  
7 or V, as determined by the Federal tenant in  
8 consultation with the Interagency Security  
9 Committee, the Department of Homeland Security,  
10 and the General Services Administration.

11          (11) HIGHEST-LEVEL OWNER.—The term  
12 “highest level owner” means the entity that owns or  
13 controls an immediate owner of the offeror of a  
14 lease, or that owns or controls 1 or more entities  
15 that control an immediate owner of the offeror.

16          (12) IMMEDIATE OWNER.—The term “imme-  
17 diate owner” means an entity, other than the offeror  
18 of a lease, that has direct control of the offeror, in-  
19 cluding ownership or interlocking management, iden-  
20 tity of interests among family members, shared fa-  
21 cilities and equipment, and the common use of em-  
22 ployees.

23          (13) SUBSTANTIAL ECONOMIC BENEFITS.—The  
24 term “substantial economic benefits” means, with  
25 respect to a natural person described in paragraph

1 (1)(A)(ii), having an entitlement to the funds or as-  
2 sets of a covered entity that, as a practical matter,  
3 enables the person, directly or indirectly, to control,  
4 manage, or direct the covered entity.

5 (14) UNITED STATES PERSON.—The term  
6 “United States person” means an individual who—

7 (A) is a citizen of the United States; or

8 (B) is an alien lawfully admitted for per-  
9 manent residence in the United States.

10 (15) WIDELY-HELD.—The term “widely-held”  
11 means a fund that has not less than 100 natural  
12 persons as direct or indirect investors.

13 **SEC. 3. DISCLOSURE OF OWNERSHIP OF HIGH-SECURITY**  
14 **SPACE LEASED FOR FEDERAL AGENCIES.**

15 (a) REQUIRED DISCLOSURES.—Before entering into  
16 a lease agreement with a covered entity or approving a  
17 novation agreement with a covered entity involving a  
18 change of ownership under a lease that will be used for  
19 high-security leased space, a Federal lessee shall require  
20 the covered entity to identify and disclose whether the im-  
21 mediate or highest-level owner of the leased space, includ-  
22 ing an entity involved in the financing thereof, is a foreign  
23 person or a foreign entity, including the country associated  
24 with the ownership entity.

1 (b) NOTIFICATION.—If a disclosure is made under  
2 subsection (a), the Federal lessee shall notify the Federal  
3 tenant of the building or other improvement that will be  
4 used for high-security space in writing, and consult with  
5 the Federal tenant, regarding security concerns and nec-  
6 essary mitigation measures, if any, prior to award of the  
7 lease or approval of the novation agreement.

8 (c) TIMING.—

9 (1) IN GENERAL.—A Federal lessee shall re-  
10 quire a covered entity to provide the information de-  
11 scribed in subsection (a) to a covered entity when  
12 first submitting a proposal in response to a sollicita-  
13 tion for offers issued by the Federal lessee.

14 (2) UPDATES.—A Federal lessee shall require a  
15 covered entity to submit an update of the informa-  
16 tion described in subsection (a) annually, beginning  
17 on the date that is 1 year after the date on which  
18 the Federal tenant began occupancy, with informa-  
19 tion including—

20 (A) the list of immediate or highest-level  
21 owners of the covered entity during the pre-  
22 ceding 1-year period of Federal occupancy; or

23 (B) the information required to be pro-  
24 vided relating to each such immediate or high-  
25 est-level owner.



1 **SEC. 4. IMMEDIATE, HIGHEST-LEVEL, AND BENEFICIAL**  
2 **OWNERS.**

3 (a) **PLAN.**—The General Services Administration  
4 shall develop a Government-wide plan for identifying all  
5 immediate, highest-level, or beneficial owners of high-security  
6 leased spaces before entering into a lease agreement  
7 with a covered entity for the accommodation of a Federal  
8 tenant in a high-security leased space.

9 (b) **REQUIREMENTS.**—

10 (1) **CONTENTS.**—The plan described in subsection  
11 (a) shall include a process for collecting and  
12 utilizing the following information on each immediate,  
13 highest-level, or beneficial owner of a high-security  
14 leased space:

15 (A) Name.

16 (B) Current residential or business street  
17 address.

18 (C) An identifying number or document  
19 that verifies identity as a United States person,  
20 foreign person, or foreign entity.

21 (2) **DISCLOSURES AND NOTIFICATIONS.**—The  
22 plan described in subsection (a) shall—

23 (A) require the disclosure of any immediate,  
24 highest-level, or beneficial owner that is a  
25 foreign person;

1           (B) require that, if the Federal lessee is  
2           assigning the building or other improvement  
3           that will be used for high-security space to a  
4           Federal tenant, the Federal tenant shall be no-  
5           tified of the disclosure described in subpara-  
6           graph (A); and

7           (C) exclude collecting ownership informa-  
8           tion on widely-held pooled investment vehicles,  
9           mutual funds, trusts, or other pooled-invest-  
10          ment vehicles.

11          (c) REPORT AND IMPLEMENTATION.—The General  
12          Services Administration shall—

13           (1) not later than 1 year after the date of en-  
14           actment of this Act, submit the plan described in  
15           subsection (a) to the Committee on Homeland Secu-  
16           rity and Governmental Affairs of the Senate and the  
17           Committee on Oversight and Reform of the House  
18           of Representatives;

19           (2) not later than 2 years after the date of en-  
20           actment of this Act, implement the plan described in  
21           subsection (a); and

22           (3) not later than 1 year after the implementa-  
23           tion of the plan described in subsection (a), and each  
24           year thereafter for 9 years, submit a report to the  
25           Committee on Homeland Security and Governmental

1 Affairs of the Senate and the Committee on Over-  
2 sight and Reform of the House of Representatives  
3 on the status of the implementation of the plan, in-  
4 cluding the number of disclosures made under sub-  
5 section (b)(2).

6 **SEC. 5. OTHER SECURITY AGREEMENTS FOR LEASED**  
7 **SPACE.**

8 A lease agreement between a Federal lessee and a  
9 covered entity for the accommodation of a Federal agency  
10 in a building or other improvement that will be used for  
11 high-security leased space shall include language that pro-  
12 vides that—

13 (1) the covered entity and any member of the  
14 property management company who may be respon-  
15 sible for oversight or maintenance of the high-secu-  
16 rity leased space shall not—

17 (A) maintain access to the high-security  
18 leased space; or

19 (B) have access to the high-security leased  
20 space without prior approval from the Federal  
21 tenant;

22 (2) access to the high-security leased space or  
23 any property or information located within that  
24 space will only be granted by the Federal tenant if  
25 the Federal tenant determines that the access is

1 clearly consistent with the mission and responsibil-  
2 ities of the Federal tenant; and

3 (3) the Federal lessee shall have written proce-  
4 dures in place, signed by the Federal lessee and the  
5 covered entity, governing access to the high-security  
6 leased space in case of emergencies that may dam-  
7 age the leased property.

8 **SEC. 6. APPLICABILITY.**

9 Except where otherwise provided, this Act shall apply  
10 with respect to any lease or novation agreement entered  
11 into on or after the date of the enactment of this Act.