

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 394
Agriculture, Energy, and Environment Committee Substitute Adopted 4/8/25
Judiciary Committee Substitute Adopted 4/29/25

Short Title: Prohibit Foreign Ownership of NC Land. (Public)

Sponsors:

Referred to:

March 25, 2025

A BILL TO BE ENTITLED
AN ACT TO PROHIBIT THE ACQUISITION OF AGRICULTURAL LANDS OR LANDS
ADJACENT TO MILITARY INSTALLATIONS BY CERTAIN ADVERSARIAL
ENTITIES; TO PROVIDE FOR THE DIVESTMENT OF THOSE LANDS; AND TO
PROVIDE FOR DOCUMENTATION AND REGISTRATION OF LAND OWNERSHIP
BY CERTAIN ADVERSARIAL ENTITIES.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 64 of the General Statutes is amended by adding a new Article
to read:

"Article 4.

"Prohibit Adversarial Foreign Government Acquisition of Certain Lands.

"§ 64-60. Title.

This act shall be known and be cited as the North Carolina Farmland and Military Protection
Act.

"§ 64-61. Purpose.

The General Assembly finds that it is in the public interest for the State to exercise its
governmental police power to guard its agricultural land and military installations from the
potential of adversarial foreign government control in order to ensure that the State's farmers are
able to produce a safe, abundant, and affordable supply of food and fiber and to protect our
national security for the benefit of the people of this State and the United States.

"§ 64-62. Definitions.

As used in this Article, the following definitions apply:

(1) Adversarial nation. – One of the following:

- a. China.
- b. Iran.
- c. North Korea.
- d. Russia.

(2) Agricultural land. – Any land situated in this State that is used for agricultural
production purposes as defined in G.S. 106-581.1(1) through (4). The term
does not include land situated in this State that is leased for agricultural
research and development purposes or other activities for the purpose of
producing inputs and/or products for farmers or other end-users, provided that
the acreage leased by the lessee does not exceed 250 acres in the aggregate.



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- (3) De minimis direct interest. – Any ownership of land resulting from ownership of registered equities in a publicly traded company owning the land and if the ownership interest in the company is either of the following:
- a. Less than ten percent (10%) of any class of registered equities. Ownership of registered equities is determined by processes established under federal law.
- b. A noncontrolling interest in an entity controlled by a company that is both registered with the United States Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is not a foreign entity.
- (4) Foreign government. – Any government other than the federal government or the government of a state or a political subdivision of a state.
- (5) Interest. – Any estate, remainder, or reversion, or any portion of the estate, remainder, or reversion, or an option pursuant to which one party has a right to cause the transfer of legal or equitable title to land described in G.S. 64-63(a), including, without limitation, a lease of land described in G.S. 64-63(a): (i) for a term of one year or longer or (ii) renewable by option for terms which, if the options were all exercised, would total one year.
- (6) Military installation. – Fort Bragg, Pope Army Airfield, Marine Corps Base Camp Lejeune, New River Marine Corps Air Station, Cherry Point Marine Corps Air Station, Military Ocean Terminal at Sunny Point, the United States Coast Guard Air Station at Elizabeth City, Naval Support Activity Northwest, Air Route Surveillance Radar (ARSR-4) at Fort Fisher, Camp Butner, and Seymour Johnson Air Force Base, in its own right and as the responsible entity for the Dare County Bombing Range, and any military training facility located within the State that is subject to the installations' oversight and control. Military installation does not include churches, schools, offices, or residential facilities outside the defined boundaries of the above named facilities, and does not include temporary military operations areas.
- (7) Party. – Any individual, corporation, company, association, firm, partnership, society, joint-stock company, trust, estate, or any other legal entity.
- (8) Prohibited foreign party. – Any of the following:
- a. A citizen or resident of an adversarial nation.
- b. A foreign government formed within an adversarial nation.
- c. A party other than an individual or government that is created or organized under the laws of a foreign government within an adversarial nation.
- d. A party other than an individual or a government that meets all of the following criteria:
1. Is created or organized under the laws of any state.
2. A significant interest or substantial control is directly or indirectly held or is capable of being exercised by one or more of the following:
- I. An individual referred to in sub-subdivision a. of this subdivision.
- II. A foreign government referred to in sub-subdivision b. of this subdivision.
- III. A party referred to in sub-subdivision c. of this subdivision.
- IV. A combination of the individuals, parties, or governments referred to in this sub-sub-subdivision.

- e. An agent, trustee, or other fiduciary of a person or entity enumerated in this subdivision.
- f. This definition does not apply to an entity that meets either of the following criteria:
1. The entity has received a determination from the Committee of Foreign Investment in the United States (CFIUS) that there are no unresolved national security concerns with respect to the entity in connection to a matter submitted to CFIUS and which CFIUS concluded all action pursuant to § 721 of the Defense Production Act of 1950, as amended.
 2. The entity has a national security agreement with CFIUS and maintains the validity of such national security agreement.
- (9) Residence. – A person's principal dwelling place where that person intends to remain permanently for an indefinite period of time.
- (10) Resident alien. – A person who is not a citizen of the United States and is a resident of one of the following:
- a. A state of the United States.
 - b. A territory of the United States.
 - c. A trusteeship of the United States.
 - d. A protectorate of the United States.
- (11) Significant interest or substantial control. – One of the following:
- a. An interest of thirty-three percent (33%) or more held by one or more of the following:
 1. An individual referred to in sub-subdivision (8)a. of this section.
 2. A single government referred to in sub-subdivision (8)b. of this section.
 3. A party referred to in sub-subdivision (8)c. of this section.
 4. A party referred to in sub-subdivision (8)d. of this section.
 - b. An interest of thirty-three percent (33%) or more held whenever the parties, individuals, or governments referred to in sub-subdivision (8)a. of this section are acting in concert with respect to the interest even though no single individual, party, or government holds an interest of thirty-three percent (33%) or more.
 - c. An interest of fifty percent (50%) or more, in the aggregate, held by parties, individuals, or governments referred to in sub-subdivision (8)a. of this section even though the individuals, parties, or governments may not be acting in concert.

"§ 64-63. Prohibited foreign party acquisition of certain lands prohibited.

(a) Notwithstanding any provision of law to the contrary, no prohibited foreign party shall purchase, acquire, lease, or hold any interest in the following:

- (1) Agricultural land.
- (2) Property situated within a 25-mile radius of a military installation.

(b) Except as provided in this section, a prohibited foreign party shall not acquire by grant, purchase, devise, descent, or otherwise, any interest, other than a de minimis direct interest, in land described in subsection (a) of this section in this State regardless of how the prohibited foreign party intends to use the land. A party may not knowingly hold land as an agent, trustee, or other fiduciary for a prohibited foreign party in violation of this section. A prohibited foreign party that acquires land in violation of this section remains in violation as long as the prohibited foreign party holds an interest in the land. A prohibited foreign party who is a resident alien of the United States shall have the right to acquire and hold land described in subsection (a) of this

1 section in the State upon the same terms as a citizen of the United States during the continuance
2 of the party's residence in this State.

3 (c) A prohibited foreign party that has acquired any interest in land described in
4 subsection (a) of this section in this State prior to the effective date of this section may continue
5 to own or hold that interest, but may not acquire by grant, purchase, devise, descent, or otherwise,
6 any additional interest in land described in subsection (a) of this section in this State and must
7 register with the Secretary of State and the Attorney General. The Secretary of State and the
8 Attorney General shall maintain one joint database of those foreign parties that have registered,
9 and the database shall be accessible and searchable by the public on each agency's website. The
10 Secretary of State and the Attorney General shall establish a registration form for the purposes
11 of this subsection and the form shall include at least the following:

12 (1) The name of the owner of the land or the owner of the interest in the land.

13 (2) The address of the land, the parcel identification number, and the property's
14 legal description.

15 (3) The number of acres of the land.

16 (4) The mailing address of the owner of the land.

17 (5) Country of citizenship and residency status or country of incorporation of the
18 owner of the land or the owner of the interest in the land.

19 (d) A prohibited foreign party that fails to timely file a registration with the Secretary of
20 State and/or the Attorney General is subject to a civil penalty of not less than one thousand dollars
21 (\$1,000) for each day that the registration is late, the clear proceeds of which shall be remitted to
22 the Civil Fines and Forfeitures Fund, in accordance with G.S. 115C-457.2. The unpaid balance
23 of any penalties assessed under this subsection shall constitute a lien against the land if a Notice
24 of Foreign Ownership Violation Lien has been recorded by the Attorney General in the office of
25 the register of deeds in the county where the property is located, and the lien shall have priority
26 from the date and time of recordation and shall be enforced by the Attorney General.

27 (e) A prohibited foreign party that acquires land described in subsection (a) of this section
28 on or after the effective date of this section, by devise or descent, through the enforcement of
29 security interests, or through the collection of debts, other than a de minimis direct interest, shall
30 sell, transfer, or otherwise divest itself of the land within three years after acquiring the land.

31 (f) At the time of purchase, a buyer of any interest in land described in subsection (a) of
32 this section shall provide an affidavit signed under penalty of perjury attesting that the buyer is
33 (i) not a prohibited foreign party and (ii) in compliance with the requirements of this section. The
34 affidavit is not required to be notarized and shall be attached as an exhibit to the deed or other
35 document that conveys an ownership interest in the land. The failure to obtain or maintain the
36 affidavit shall not affect the title or insurability of the title for the land, and shall not result in civil
37 or criminal liability to any person or entity, unless the person or entity is in violation of subsection
38 (k) of this section herein, or subject any nonparty to the purchase to civil or criminal liability,
39 unless a nonparty to the purchase has actual knowledge that the transaction will result in a
40 violation of this section. The Real Estate Commission shall establish the form for the affidavit
41 required under this subsection.

42 (g) Upon receipt of information that leads the Attorney General to believe that a
43 prohibited foreign party has not divested itself of the land described in subsection (a) of this
44 section as required under subsection (e) of this section, the Attorney General shall enforce a
45 violation of this section by commencing a receivership proceeding in the county where the
46 property is situated under Article 38A of Chapter 1 of the General Statutes seeking the
47 appointment of a general receiver pursuant to G.S. 1-507.24(e1). Any interest in real property
48 acquired or held in violation of this section shall be subject to divestiture pursuant to G.S. 64-64.

49 (h) A violation of this section by an adversarial foreign government may, at the discretion
50 of the noteholder, be deemed a default under a loan, mortgage, or deed of trust and shall provide
51 the lender the automatic right to trigger default on the loan, mortgage, or deed of trust.

(i) The responsibility for determining whether an individual or other entity is subject to this Article, pursuant to either civil or criminal law, rests solely with the adversarial foreign government and the State of North Carolina and no other individual or entity.

(j) Title to land described in subsection (a) of this section is not invalid or subject to divestiture due to a violation of this section by any former owner or any other person holding or owning a former interest in the land described in subsection (a) of this section.

(k) A party who knowingly sells an interest in land described in subsection (a) of this section in violation of this section or who has actual knowledge that the transaction will result in a violation of this section but aids and abets a party in knowingly selling an interest in land described in subsection (a) of this section, shall be guilty of a Class 2 misdemeanor. It is an affirmative defense to prosecution under this subsection that a prohibited foreign party is a resident alien of this State.

(l) An individual or other entity who is not an adversarial foreign government shall bear no civil or criminal liability for failing to determine or make inquiry of whether an individual or other entity is an adversarial foreign government.

(m) This Article does not create or authorize a private right of action to enforce the provisions of this Article.

"§ 64-64. Divestiture procedure.

(a) Upon receipt of information that leads the Attorney General to believe that a violation of G.S. 64-63 may have occurred, the Attorney General shall investigate the alleged violation and may issue subpoenas requiring any of the following:

- (1) Appearances of witnesses.
- (2) Production of relevant records.
- (3) Giving of relevant testimony.

(b) The Attorney General shall enforce a violation of G.S. 64-63 by commencing a receivership proceeding under Article 38A of Chapter 1 of the General Statutes seeking the appointment of a general receiver pursuant to G.S. 1-507.24(e1). The following apply to a receivership proceeding initiated pursuant to this section:

- (1) Proceeds of the sale shall be paid as follows:
 - a. The costs of the receivership and sale.
 - b. To secured parties, in their order of priority, except for liens which under the terms of the sale are to remain on the property.
 - c. No proceeds shall be distributed from the receivership sale to the adversarial foreign government. Any excess proceeds are forfeited and shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- (2) At the receivership sale, any secured party shall be able to place a bid in an amount that is not more than the amount owed plus any costs incurred to the secured party as of the date of the sale, as established in the court order for the sale of the property.
- (3) Upon commencement of an action under this section, the Attorney General shall file a notice of lis pendens as soon as practicable with the register of deeds of the county or counties in which the real property is situated. Upon the entry of an order for the sale of the property under this section, the Attorney General shall record a copy of the order as soon as practicable in the office of the register of deeds of the county or counties where the real property is situated.
- (4) The receiver shall honor and give priority to any default that has been triggered on a loan, mortgage, or deed of trust prior to the commencement of a receivership under this section."

1 **SECTION 2.** Article 2 of Chapter 161 of the General Statutes is amended by adding
2 a new section to read:

3 **"§ 161-14.04. Citizenship and residential status of parties to a deed or conveyance.**

4 When recording a deed or other document that conveys an ownership interest in land
5 described by G.S. 64-63(a), the register of deeds shall attach the affidavit as an exhibit to the
6 deed or other document that conveys an ownership interest in land as required by G.S. 64-63(f)
7 according to the requirements of G.S. 161-22."

8 **SECTION 3.** G.S. 1-507.24 is amended by adding a new subsection to read:

9 **"(e1) Receiver for Sale of Real Property Owned by Adversarial Foreign Government. – A**
10 **general receiver may be appointed for the purpose of conducting a sale of real property in**
11 **accordance with G.S. 64-64 upon a finding by the court that an interest in the real property is**
12 **held by an adversarial foreign government in violation of G.S. 64-63(a)."**

13 **SECTION 4.** If any section or provision of this act is declared unconstitutional or
14 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
15 the part so declared to be unconstitutional or invalid.

16 **SECTION 5.** This act becomes effective on December 1, 2025. Section 1 of this act
17 applies to offenses committed on or after that date.