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REBO QUARTERLY

ISSUE HIGHLIGHTS

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What's Inside

With foreign and commercial ownership in the United States increasing by billions each year, related transactions—and legislation restricting these transactions—both reflected this growth throughout 2024.

In our first edition of REBO Quarterly, we look back on the legislative priorities, industry shifts, and new restrictions governing the 2024 beneficial ownership landscape. These include distinct updates on both the state and federal levels, with restrictive state-level trends regarding foreign and corporate ownership—primarily of agricultural land—not yet reaching Congress. We discuss the bills introduced and successfully enacted by state legislatures in 2024, as well as the ongoing bills and decisions extending to 2025 and beyond.

Despite a lack of prohibitive measures, foreign investment was nonetheless a focus for Congress as well, with members introducing both standalone legislation and bills expanding upon current authorities such as the Agricultural Foreign Investment Disclosure Act (AFIDA) and Committee on Foreign Investment in the United States (CFIUS). With various federal negotiations and state-level meetings continuing into 2025, we conclude this edition of REBO Quarterly with a forecast of the year ahead.

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State-Level Real Estate Beneficial Restrictions on Ownership

2024 was a busy year for legislatures throughout the United States on the topic of limitations and restrictions on ownership of real property assets. Last year, state legislators introduced over 75 bills in 29 states throughout the country that affect the beneficial ownership of real property. Legislative proposals affecting beneficial ownership generally fell into three categories: restricting ownership of agricultural land by foreign persons or entities; restricting ownership of any real property near critical infrastructure by foreign persons or entities; and restricting ownership of agricultural land by corporate entities.

The most common ownership bills specifically targeted individuals, entities, and governments from certain countries designated as “foreign countries of concern.” These “foreign countries of concern” most often included the People’s Republic of China, Iran, Russia, North Korea, and Venezuela.

While the majority of bills introduced pertain to foreign ownership, certain states have also explored restricting domestic corporate ownership of real property. Growing interest in enacting corporate farming laws has the potential to trigger unintended consequences that the commercial real estate industry must be aware of when acquiring tracts of land, particularly when acquired for development in rural or semi-rural areas. In addition, corporate ownership provisions may be intertwined within larger foreign ownership legislative proposals, necessitating a careful analysis of all bills affecting beneficial ownership of land.

Successfully Enacted State Beneficial Ownership Bills

Of the successful bills prohibiting certain parties from owning land, the definition of those subject to restriction varies by state. The majority of bills passed in 2024 prohibit “foreign adversary” citizens, governments, and business entities as defined in 15 C.F.R. § 7.4, a list generated by the secretary of the Department of Commerce, which currently lists the People’s Republic of China, Cuba, Iran, North Korea, Russia, and Venezuela. Others prohibit adversaries designated by the secretary of state as a Country of Particular Concern,ⁱ or countries subject to international traffic in arms regulations under 22 C.F.R. § 126.1.ⁱⁱ Some seek to define adversaries as those parties on sanctions lists maintained by the Office of Foreign Assets Control,ⁱⁱⁱ while others directly name a list of countries.^{iv}

States also diverge in the exemption provisions they include in law. Louisiana and Indiana exempt legal permanent residents from their foreign ownership laws. Louisiana’s HB 238 also contains a provision not found in other bills passed this year that exempts religious, educational, charitable, or scientific corporations. Oklahoma, Tennessee, Nebraska, and Kansas bills exempt from their ownership laws business entities that have a national security agreement with the Committee on Foreign Investment in the United States (CFIUS). Georgia, Mississippi, and South Dakota bills

stipulate that foreign ownership prohibitions do not apply to business entities leasing land for agricultural research and development purposes. Indiana specifies that its prohibition law does not apply to agricultural land that has not been used for farming within the last five years, unless it is recognized by the US Farm Service Agency as farmland.

Proposed foreign ownership bills around the country differ in their treatment of existing real property owned by prohibited foreign parties. The most common treatment of the bills that were successful in 2024 was to direct any prohibited parties to divest of their ownership interest within a certain timeframe of the bill’s effective date, typically one or two years.^v Some bills specify that their provisions only apply after the bill’s effective date or a future date.^{vi} In rare circumstances, a bill will apply retroactively; Idaho’s HB 496 was signed into law in March 2024 but applied retroactively to April 2023.

The following 15 bills impacting beneficial ownership of land were approved by state legislatures in 2024:

Georgia SB 420

Introduced on 29 January and signed into law on 30 April, the bill adds a new section to the code that provides that no nonresident alien shall acquire directly or indirectly any possessory interest in agricultural land or land within 10 miles of any military installation. In this case, “nonresident alien” is defined narrowly to mean a noncitizen of the United States who also is an agent of a foreign government designated as a foreign adversary and has been absent from the United States for six out of the preceding 12 months. The prohibition also applies to business entities domiciled in a foreign adversary or domiciled in the United States but with 25% ownership by a foreign adversary.

Idaho HB 496

HB 496 was introduced on 7 February and signed by the governor on 12 March. It amends existing foreign ownership restrictions to exempt federally recognized Indian tribes from the definition of “foreign government.” It also adds forest lands to the kinds of property that foreign governments and state-controlled enterprises are prohibited from acquiring.

Indiana HB 1183

Introduced on 9 January and signed into law on 15 March, the bill, in addition to prohibiting citizens or business entities controlled by a foreign adversary (which includes the People’s Republic of China, Cuba, Iran, North Korea, Russia, and Venezuela) from acquiring agricultural land in the state, also specifically prohibits the acquisition of mineral rights, water rights, or riparian rights on agricultural land.

Iowa SF 2204

Introduced on 1 February and signed into law on 9 April, the bill tightens existing Iowa statutes restricting foreign persons and business entities from acquiring agricultural land suitable for use in farming. The act amends Iowa code by eliminating a provision in law

that suspends certain registration requirements, thereby restoring its requirements. SF 2204 also expands the information required to be completed in a registration form to include the identity of the foreign person or authorized representative; the identity of any parent corporation, subsidiary, or person acting as an intermediary; the purpose for holding the agricultural land; and a listing of any other interest in agricultural land held by the registrant that exceeds 250 acres.

Iowa SF 574

SF 574 was introduced on 24 April 2023, and carried over into 2024, where it was signed by the governor on 1 May. The bill created the “Major Economic Growth Attraction Program.” As part of multiple provisions relating to economic development, the law authorizes the Iowa Economic Development Authority board to give an exemption to the existing restrictions in law on agricultural land holdings for a foreign business if it meets certain requirements. These requirements include a business locating the project on a site larger than 250 acres and a business making a qualifying investment in the proposed project of over US\$1 billion.

Kansas SB 172

SB 172 was introduced on 7 February and passed by the Kansas Legislature on 30 April. However, Kansas Governor Laura Kelly (D) vetoed the bill. The bill would have prohibited foreign principals from acquiring any interest in nonresidential real property within 100 miles of any military installation. Given the wide restriction range and the position of McConnell Air Force Base in Wichita near the center of the state, the bill would have applied to most areas of the state. Democrats largely opposed the legislation, and critics of the bill voiced concern that language in the bill allowing seizure of private property without guaranteed compensation would be unconstitutional. In her veto message, Governor Kelly wrote:

“While I agree that it is important for our state to implement stronger protections against foreign adversaries, this legislation contains multiple provisions that are likely unconstitutional and cause unintended consequences...the retroactive nature of this legislation raises further serious constitutional concerns.”

The bill ultimately was not reconsidered by legislators and did not become law.

Louisiana HB 238

HB 238 was introduced on 27 February and was signed into law on 3 June. The bill restricts foreign adversaries or corporations in which a foreign adversary has a controlling interest from owning, acquiring, leasing, or otherwise obtaining any interest in agricultural land. The law defines “foreign adversary” as the People’s Republic of China (and Hong Kong), Iran, Cuba, North Korea, Russia, and Venezuela.

Mississippi SB 2519

Introduced on 16 February and signed by the governor on 15 April, the bill prohibits ownership of majority part or a majority interest in forest or agricultural land by a nonresident alien. “Majority part” or “majority interest” means an interest of 50% or more in the aggregate held by nonresident aliens. “Nonresident alien” is defined as an individual or business entity domiciled in the People’s Republic of China, Cuba, Iran, North Korea, Russia, or Venezuela, or an entity domiciled in the United States but majority owned by a foreign adversary entity. In addition, the bill specifies that land classified as

industrial or residential but is otherwise used as forest or agricultural land shall be subject to the act.

Nebraska LB 1301

Introduced on 16 January at the request of the governor, LB 1301 was signed on 16 April. The bill amends existing law to prohibit nonresident aliens, foreign corporations, and foreign governments from purchasing, acquiring title to, or taking any leasehold interest extending for a period for more than five years (or any other greater interest less than a fee interest) in any real estate in the state by descent, devise, purchase, or otherwise. The law also prohibits restricted entities from purchasing, acquiring, holding title to, or being a lessor or lessee of real estate for the purpose of erecting manufacturing or industrial establishments, with certain exemptions.

Nebraska LB 1120

Separately, LB 1120, which was introduced on 10 January and also signed into law on 16 April, requires that upon a conveyance of real property located in whole or in part within a restricted area (i.e., within a certain radius of critical infrastructure or a military installation), the purchaser must complete and sign an affidavit stating it is not affiliated with any foreign government or nongovernment person determined to be a foreign adversary pursuant to 15 C.F.R. § 7.4. Specifically, the bill targets those individuals and entities from the People’s Republic of China, Cuba, Iran, North Korea, Russia, and Venezuela.

Oklahoma SB 1705

Introduced on 5 February and approved by the governor on 31 May, the bill amends the exiting foreign ownership law to prohibit foreign government adversaries and foreign government enterprises from acquiring land in the state. The law defines a “foreign government enterprise” to mean a business entity or state-backed investment fund in which a foreign government adversary holds a controlling interest.

South Dakota HB 1231

HB 1231 was introduced on 31 January and signed by the governor on 3 March. Prior to passage, South Dakota prohibited aliens and foreign governments from acquiring agricultural lands exceeding 160 acres. HB 1231 prohibits foreign entities from owning, leasing, or holding an easement on agricultural land in the state unless the lease is exclusively for agricultural research purposes and encumbers no more than 320 acres, or the lease is exclusively for contract feeding of livestock.

Tennessee HB 2553

HB 2553 was introduced on 31 January and was signed into law on 21 May. The bill replaces the prior definitions of individuals and entities restricted in their real property ownership and expands upon land ownership restrictions through the creation of two separate prohibitions: one that restricts a prohibited foreign-party-controlled business from acquiring an interest in public or private land and another that restricts a prohibited foreign party from acquiring an interest in agricultural land (regardless of whether the party intends to use it for nonfarming purposes). Additionally, HB 2553 creates the Office of Agricultural Intelligence within the Tennessee Department of Agriculture to enforce the new law.

Utah HB 516

Introduced on 8 February and signed into law on 21 March, the bill

modifies the definition of a “restricted foreign entity” to prevent entities owned or majority controlled by the following governments from obtaining any interest in real property in the state: the People's Republic of China, Iran, North Korea, or Russia.

Wyoming SF 77

SF 77 was introduced on 6 February and signed by the governor on 14 March. The bill allows the governor and the Wyoming Office of Homeland Security to designate critical infrastructure zones and requires county clerks to report each transaction involving property within a five-mile radius of the designated zones. The law also authorizes the attorney general to take any action necessary to determine the identity of any party reported by the county clerks.

Corporate Ownership Spotlight

While the majority of bills introduced in the states regarding beneficial ownership of land focused on limiting foreign actors, at least five bills proposed changes that would reduce the ability of business entities to acquire real property. Nebraska's LB 1301 and Iowa's SF 2204, detailed above, both made changes to existing statutes that restrict corporate entities from engaging in farming in those states. In addition, two bills in California and one in Virginia took aim at investment funds acquiring land or water rights.

California Assembly Bill 1205

As originally introduced, the bill required the State Water Resources Control Board to conduct a study and report to the legislature on the existence of speculation or profiteering by an investment fund in the sale, transfer, or lease of an interest in any surface water right or groundwater right previously put to beneficial use on agricultural lands. The measure was amended in August 2024 to remove all study provisions and instead renames and makes changes to the unrelated California Promise Program.

California SB 1153

SB 1153 would have prohibited a hedge fund from purchasing, acquiring, leasing, or holding a controlling interest in agricultural land within the state. The bill would have required the California Department of Food and Agriculture to compile an annual report containing, among other information, the total amount of agricultural land that is under hedge fund ownership, how that land is being put to use, and any legislative, regulatory, or administrative policy recommendations in light of the information from the annual report. The bill did not receive a hearing before the end of the legislative session.

Virginia SB 693

SB 693 was introduced on 19 January but did not receive a hearing before the legislative session concluded. The bill would have restricted any partnership, corporation, or real estate investment trust that manages funds pooled from investors, is a fiduciary to such investors, and has US\$50 million or more in net value or assets under management on any day during a taxable year from acquiring any interest in residential land in the state.

Ongoing Rulemaking and Court Challenges

In addition to the aforementioned bills that were signed into law in 2024, certain other bills that were passed in 2023 continue to be active in 2024 and 2025. Specifically, in Florida, bills related to the foreign ownership of real property in the state continue to make headlines. **Florida Statute § 692.202–.205**, which were signed into law in 2023, create a three-pronged approach to restricting foreign ownership of real property assets in the state.^{vii} The first prong prohibits the foreign ownership of agricultural land in the state with few exceptions. The second prong prohibits foreign ownership of any real property within a certain radius of critical infrastructure or military installations within the state. Lastly, the third prong prohibits Chinese ownership (at the individual, entity, or government level) of any real property within the state. The statute also creates a registration regime for all real property assets held by foreign principals prior to 1 July 2023. Administrative rules and regulations regarding the first prong of the statute were finalized as of 4 April 2024. **Final rules** surrounding the third prong of the laws were published in late January by the Florida Department of Commerce and will become effective 6 February 2025. In addition to the rule promulgation, the third prong of the statute is also currently being challenged in the Eleventh Circuit Court of Appeals. We continue to actively monitor these developments.

In Arkansas, SB 383 was enacted in 2023. The proposal prohibited foreign investments through two separate restrictions: a restriction on foreign-party-controlled businesses from acquiring interest in land, and a restriction on prohibited foreign parties from acquiring any interest in agricultural land. In November 2024, Jones Eagle—a digital asset mining company owned by a Chinese-born naturalized US citizen—filed a lawsuit requesting a preliminary injunction against the law. On 9 December, the presiding federal judge granted the injunction, which prevents enforcement of the law against the company until further orders from the court. The plaintiff argues that the federal government retains exclusive authority over foreign affairs, and that the Arkansas law violates this foreign affairs preemption. The court found that Jones Eagle was likely to prevail on the question, noting that the Arkansas law “go[es] so far as to target specific foreign countries for economic restrictions and conflict with the express foreign policy of the federal government as represented by the FIRRMA and ITAR regimes.”^{viii} The case is pending in the Eighth Circuit Court of Appeals. We will continue to actively monitor these developments and their effect on recent and upcoming legislation regarding foreign ownership of real property.

Federal-Level Restrictions on Beneficial Ownership of Real Estate

Like state legislatures, there was a strong focus on foreign investment in agricultural land in Congress in 2024. Unlike state legislatures, Congress has not yet implemented restrictive or prohibitive measures addressing foreign or corporate ownership of real property.

Though largely a Republican effort, a few bills were bipartisan: **H.R. 7678**, the Protecting Against Foreign Adversary Investments Act sponsored by then-Representative Elissa Slotkin (D-MI-7), would have required CFIUS's approval of certain real estate sales to foreign entities of concern and required a report to Congress assessing the feasibility of divestiture of real estate owned by foreign entities of concern.

Members of Congress also introduced several bills building on the Agricultural Foreign Investment Disclosure Act (AFIDA) and CFIUS authorities by (i) expanding AFIDA reporting mandates or increasing penalties for nondisclosure or both, and (ii) extending CFIUS jurisdiction over broader categories of land. There were also bills that would create new stand-alone prohibitions on purchases of US land by certain foreign persons.

A provision of proposed bill **H.R. 7476** to counter Chinese influence would have required the United States Department of Agriculture (USDA) to prohibit the purchase of agricultural land by companies owned in full or in part by the People's Republic of China. **S. 3666**

would have required data sharing between the USDA and CFIUS, while **S. 4443** would have directed the director of national intelligence to complete a study on the threat posed to the United States by foreign investment in agricultural land. Most recently, Senator Mike Braun (R-IN) and Representative Dan Newhouse (R-WA-4) introduced companion bills requiring the USDA to notify CFIUS of each covered transaction it has reason to believe may pose a risk to national security.

In addition to stand-alone legislation, elements of some of the above bills were included in annual budget appropriations omnibus packages. On 4 March 2024, the federal Fiscal Year 2024 Agriculture Appropriations bill was signed into law by President Joe Biden as part of the **Consolidated Appropriations Act, 2024**. The package included a section addressing foreign ownership of agricultural land: it required the secretary of agriculture to be included as a member of CFIUS on a case-by-case basis with respect to covered transactions involving agricultural land, biotechnology, or the agricultural industry. The bill also directed the USDA to notify CFIUS of any agricultural land transaction that it has reason to believe may pose a risk to national security, particularly on transactions by the governments of the People's Republic of China, North Korea, Russia, and Iran.

2025 Forecast

Federal Level

The Farm Bill is a five-year package of bills that governs a broad range of agricultural programs covering commodities, conservation, nutrition, rural development, forestry, energy, and more. The last time a Farm Bill was passed into law was the Agriculture Improvement Act of 2018, which was passed on 20 December 2018 and expired on 30 September 2023. Facing a stalemate on negotiations of a new Farm Bill in late 2023 and early 2024, members of Congress agreed to pass a one-year extension of the 2018 Farm Bill to continue authorizations until the end of the fiscal year (September 2024) and the end of the crop year (December 2024).

However, Senate and House negotiations on a new Farm Bill did not sufficiently progress in 2024, so agriculture leaders again passed a one-year extension on 21 December 2024 to continue authorizations until September 2025. While there is strong commitment from Republican Congressional leadership to finalize the bill this year, success will depend on many factors, including on how quickly the House and Senate can address other policy priorities.

Both the Senate Democratic and the House Republican agriculture leaders have released draft Farm Bill proposals for a new five-year authorization. Both parties and chambers seem to agree on the need to address foreign ownership of agricultural land. The Senate Democratic and the House Republican proposals include provisions to the following:

- Establish a minimum civil penalty if a person has failed to submit a report or has knowingly submitted a report under AFIDA with incomplete, false, or misleading information.
- Direct outreach programs to increase public awareness and provide education regarding AFIDA reporting requirements.
- Require the USDA to designate a chief of operations within the department to monitor compliance of AFIDA.
- Mandate establishment of an online filing system for AFIDA reports.

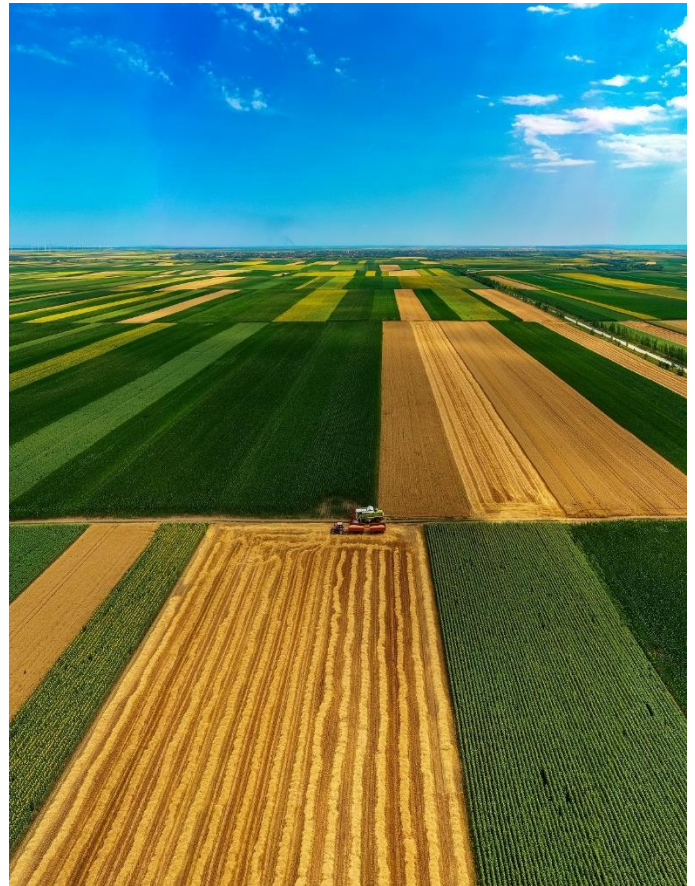
In addition, the federal House Agriculture Committee has six incoming Republicans this year—five of them newcomers to Congress—who will want to make their mark on agricultural policy in the new legislative session. Newcomer Mark Messmer (R-IN-8) previously sponsored and passed a bill in 2022 in Indiana to cap the amount of agricultural land any foreign business entity can acquire in the state. In addition, Rep. Newhouse, who has prioritized addressing foreign ownership of agricultural land in the past two years, joins the House Agriculture Committee this year. We expect to see legislation from Rep. Newhouse in this area.

State Level

With respect to the outlook in the states, 46 states meet annually, while four states (Nevada, North Dakota, Texas, and Montana) meet only during odd-numbered years. With the additional four states convening this year, we expect to see a very active year for legislative proposals affecting beneficial ownership of real property.

New Jersey and Virginia are the only states where bills from the 2024 legislative session carry over into the 2025 session, which means that all legislative proposals that were not signed into law in 2024 in the other 48 states are considered to have died and must be re-introduced in 2025.

Already as of 29 January, at least 57 bills affecting beneficial ownership have been pre-filed or introduced in 22 different states. The majority of these bills so far are aimed at preventing foreign entities from acquiring agricultural land.



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Endnotes

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- ⁱ Oklahoma Senate Bill (SB) 1705.
 - ⁱⁱ Tennessee House Bill (HB) 2553.
 - ⁱⁱⁱ Nebraska Legislature Bill (LB) 1301.
 - ^{iv} Utah HB 516, South Dakota HB 1231.
 - ^v Tennessee HB 2553; Kansas SB 172; Mississippi SB 2519; Utah HB 516.
 - ^{vi} Louisiana HB 238; Wyoming Senate File (SF) 77.
 - ^{vii} Marisa N. Bocci, Kari L. Larson & Douglas Stanford, **Real Estate Beneficial Ownership Regulatory Alert: Florida Restricts Real Estate Ownership by Individuals and Entities From “Countries of Concern”**, K&L Gates HUB (Sept. 11, 2023).
 - ^{viii} **Jones Eagle LLC v. Ward**, 4:24-cv-00990-KGB (E.D. Ark. Dec. 9, 2024).