
DIGEST

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HB 125 Engrossed

2023 Regular Session

Echols

Abstract: Restricts ownership of agricultural lands by foreign adversaries.

Proposed law restricts any foreign adversary with an ownership interest in a corporation, limited liability company, pension or investment fund, trust, or limited partnership from directly or indirectly, owning, acquiring, leasing, or otherwise obtaining any interest, in agricultural land as defined by present law (R.S. 3:3602).

Proposed law defines "foreign adversary" as an individual or a government identified as a foreign adversary pursuant to 15 CFR 7.4, including the People's Republic of China and the Hong Kong Special Administrative Region, Republic of Cuba, Islamic Republic of Iran, Democratic People's Republic of Korea, Russian Federation, and Venezuela under the leadership of Nicolas Maduro. Specifies that it does not include a person that is a legal permanent resident with lawful presence in the United States.

Proposed law authorizes a foreign adversary to sell or convey ownership interest in agricultural land in this state that was acquired prior to July 30, 2023, but prohibits the sale or other conveyance of such ownership interest to any other foreign business entity that qualifies as a foreign adversary after Aug. 1, 2023.

Proposed law exempts foreign business entities that might otherwise qualify as a foreign adversary from the ownership restrictions applicable to agricultural lands; under the following circumstances:

- (1) If the right is guaranteed by a treaty or if the person's country of origin affords certain real estate rights to United States citizens.
- (2) A title to agricultural land held as a security to indebtedness or real estate acquired upon collection of a debt.
- (3) Religious, educational, charitable, and scientific corporations.
- (4) Inherited land or land received as payment for a debt that is sold or transferred within five years.

Proposed law requires any foreign business entity that acquires, sells, leases, or transfers agricultural land located in the state after July 30, 2023, to report that conveyance to the secretary of state and the attorney general no later than 30 days after the acquisition, sale, or transfer of the agricultural

land is finalized. Specifies that the report must be made in the form and manner prescribed by the secretary of state. Requires the attorney general to review the reports that he receives and investigate the conveyance of agricultural land if the attorney general believes it violates proposed law.

Proposed law requires any corporation, limited liability company, pension or investment fund, trust, or limited partnership in which a foreign entity has an ownership interest that violates proposed law be subject to a civil penalty of \$50,000 and forfeiture of said agricultural land if such entity does not divest itself of land acquired in violation of proposed law within one year after judgment is entered in this action. Establishes requirements for rescinding contracts for violations of proposed law.

Proposed law establishes a process for the attorney general to bring an action for injunctive relief that involves discovery through investigative demands and depositions and to compel discovery through a rule to show cause if a party fails to comply. Authorizes the attorney general to enforce proposed law through lawful means that are available to him. Authorizes the court to issue additional orders such as revocation, forfeiture, or suspension of licensure; to appoint a receiver; to dissolve a domestic corporation; to suspend or terminate a foreign company's right to do business in the state, to require restitution; and to require civil forfeiture of immovable property.

Proposed law specifies that the failure to identify a buyer as a foreign adversary does not create additional liability for those involved in the consummation of a real estate transaction.

(Adds R.S. 3:3613)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Agriculture, Forestry, Aquaculture, and Rural Development to the original bill:

1. Modify the definition of "foreign adversary" by modeling the language after 15 CFR 7.4.
2. Add "leases" as a mandatory reported transaction.
3. Establish requirements for rescinding contracts for violations of proposed law.
4. Add a process, including service and filing requirements, for the attorney general to address violations of proposed law by authorizing him to do the following:
 - (a) Bring an action for injunctive relief that involves discovery through investigative demands and depositions.
 - (b) Compel discovery through a rule to show cause if a party fails to comply.
 - (c) Enforce proposed law through whatever lawful means are available to him.
5. Add authorization for the court to issue additional orders involving the following:

- (a) Revocation, forfeiture, or suspension of licensure.
 - (b) Appointment of a receiver.
 - (c) Dissolution of a domestic corporation.
 - (d) Suspension or termination of a foreign company's right to do business in the state.
 - (e) Restitution.
 - (f) Civil forfeiture of immovable property.
6. Add a provision that specifies that the failure to identify a buyer as a foreign adversary does not create additional liability for those involved in the consummation of a real estate transaction.