



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 125** HLS 23RS 84
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 24, 2023	6:32 AM	Author: ECHOLS
Dept./Agy.: Statewide		Analyst: Patrice Thomas
Subject: Restricts Agriculture Land Ownership by Foreign Adversaries		

AGRICULTURE RR INCREASE GF EX See Note Page 1 of 1
 Provides relative to agriculture land protection against foreign adversaries

Proposed law restricts any foreign adversary from owning agricultural land within the state. Under proposed law, a foreign adversary shall not directly or indirectly own, acquire, lease, or otherwise obtain agricultural land. Proposed law allows a foreign adversary to sell ownership interest in agricultural land in this state that was acquired before 7/30/23, but the sale cannot be to another foreign adversary after 8/01/23. Proposed law provides exempts foreign adversaries under the following circumstances: (1) right is guaranteed by a treaty or if the person's country of origin affords real estate rights to U.S. citizens; (2) title to agricultural land is held as a security to indebtedness or acquired upon collection of a debt; (3) foreign business entity is a religious, educational, charitable, or scientific corporation; (4) inherited land, or land received as payment for a debt, is sold or transferred within five years. After 7/30/2023, proposed law requires reporting the conveyance to the Secretary of State and the Attorney General no later than 30 days after the acquisition, sale, or transfer. Proposed law provides for civil penalties of \$50,000 and forfeiture. Under the proposed law, the Secretary of State must develop the report conveyance form, and the Attorney General must investigate any violations of this proposed law as well as bring legal action. Proposed law exempts real estate agents, title insurance producers and underwriters, lenders, and examining attorneys.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed law requires any foreign adversaries owning agricultural land within the state to report conveyances to the Secretary of State and the Attorney General no later than 30 days after an acquisition, sale, or transfer.

Secretary of State - Under the proposed law, the Secretary of State must develop the form to report conveyances and accept report filings. The Secretary of State has indicated the duties required under this measure can likely be accomplished by utilizing existing resources. The Legislative Fiscal Office presumes the Secretary of State will assess filing fees to help defray any costs.

Attorney General/Department of Justice - The proposed law requires the Attorney General to review report filings and investigate all acquisitions, sales, and transfers that he believes violate the proposed law and bring legal action. The department reports the Public Protection Division, which is tasked with enforcement, could require a new section and four (4) new employees. The staffing estimates for the new section include salaries and related benefits (\$372,916). Other recurring costs include travel (\$4,500), supplies (\$2,000), operating services (\$28,000), and acquisitions beginning in FY 25. One-time expenditures are acquisitions of office furniture and computer equipment (\$17,808). In subsequent fiscal years, the fiscal note presumes a 4% increase in salaries for market rate adjustments and related benefits as the LFO presumes positions will be classified.

Expenditures	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Salaries	\$240,000	\$249,600	\$259,584	\$269,967	\$280,766
Related Benefits	\$132,916	\$138,543	\$144,410	\$150,528	\$156,907
Personal Services Sub-total	\$372,916	\$388,143	\$403,994	\$420,495	\$437,673
Operating Services	\$28,000	\$28,560	\$29,131	\$29,714	\$30,308
Travel	\$4,500	\$4,590	\$4,682	\$5,570	\$5,681
Supplies	\$2,000	\$2,100	\$2,205	\$2,315	\$2,431
Acquisitions	\$17,808	\$2,000	\$2,200	\$2,420	\$2,541
Total Expenditures	\$425,224	\$425,393	\$442,212	\$460,514	\$478,635

The LFO cannot corroborate the increased workload predicted by the department. To the extent the additional workload is less than what the Attorney General anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources or may be achievable with fewer than four positions. The proposed law authorizes Attorney General to utilize civil penalties collected under this measure to recover expenses incurred associated with investigation and enforcement. To the extent civil penalties are collected, the need for SGF in future fiscal years may be mitigated.

REVENUE EXPLANATION

Proposed law requires the Secretary of State to accept report filings on acquisitions, sales, or transfers of agricultural land by foreign adversaries. The LFO presumes these report filings will be subject to the same fee schedule assessed by the Secretary of State to commercial entities for filing business documents. Also, the proposed law allows the Attorney General to assess a civil penalty of \$50,000 and forfeiture if a foreign adversary does not divest its agricultural land within a year after a judgment. The LFO cannot determine the number of foreign adversaries that will be assessed civil penalties or anticipate the amount of revenue collected from civil penalties.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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