

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

HOUSE BILL NO. 1135
(Representatives Klemm, Beltz, Motschenbacher, Thomas)
(Senators Dwyer, Luick, Myrdal)

AN ACT to amend and reenact sections 47-10.1-01 and 47-10.1-02 of the North Dakota Century Code, relating to exceptions to the acquisition of agricultural land by foreign governments.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 47-10.1-01 of the North Dakota Century Code is amended and reenacted as follows:

47-10.1-01. Definitions.

In this chapter, unless the context or subject matter otherwise requires:

1. "Agricultural land" means land capable of use in the production of agricultural crops, livestock or livestock products, poultry or poultry products, milk or dairy products, or fruit and other horticultural products but does not include any land zoned by a local governmental unit for a use other than, and nonconforming with, agricultural use, but does not include any oil, gas, coal, or other minerals underlying the land, any interest in minerals, separate from the surface, whether acquired by lease or otherwise, or any easements or tracts of land acquired in connection with the extraction, refining, processing, or transportation of minerals.
2. "Controlling interest" means:
 - a. Possession of fifty one percent or more of the ownership interests in an entity; or
 - b. A percentage ownership interest in an entity of less than fifty-one percent, if the foreign government actually directs the business and affairs of the entity without the requirement or consent of any other party.
3. "Foreign government" means a government or the state-controlled enterprise of a foreign government. The term does not include the government of the United States or its states, territories, or possessions or the government of Canada or its provinces or territories.
4. "Foreign governmental interest in agricultural land" includes the purchase, acquisition, or possession of any absolute or qualified ownership of land by a foreign government, except does not include a leasehold interest.
5. "Interest in agricultural land" includes any leasehold interest.
6. "State-controlled enterprise" means a business enterprise, however denominated, in which a foreign government has a controlling interest.

SECTION 2. AMENDMENT. Section 47-10.1-02 of the North Dakota Century Code is amended and reenacted as follows:

47-10.1-02. Restriction on acquisition - Exceptions.

1. An individual who is not a citizen of the United States, a citizen of Canada, or a permanent resident alien of the United States may not acquire directly or indirectly any interest in agricultural land unless:

- a. The individual is an alien entitled to enter the United States under the provisions of a treaty of commerce and navigation between the United States and the foreign state of which the individual is a national, solely to develop and direct the operations of an enterprise in which the individual has invested or to direct the operations of an enterprise in which the individual is actively in the process of investing a substantial amount of capital;
 - b. The individual resides in this state for at least ten months out of every year;
 - c. The individual actively participates in the operation of the agricultural land;
 - d. The agricultural landholding does not exceed six hundred forty acres [258.99 hectares]; and
 - e. The agricultural landholding includes a dairy operation.
2. An individual who is permitted to acquire an interest in agricultural land under subsection 1 shall:
 - a. Notify the agriculture commissioner of any land acquisition within thirty days of the acquisition; and
 - b. Annually provide the agriculture commissioner with a list of all addresses at which the individual resided during the previous year and the dates during which the individual resided at each address.
3. If an individual ceases to meet the exceptions provided for in subsection 1, the individual shall dispose of the agricultural land within twenty-four months.
4. A partnership, limited partnership, limited liability company, trustee, or other business entity may not, directly or indirectly, acquire or otherwise obtain any interest, whether legal, beneficial, or otherwise, in any title to agricultural land unless the ultimate beneficial interest of the entity is held directly or indirectly by citizens of the United States or permanent resident aliens of the United States.
5. This section does not apply to agricultural land that may be acquired by devise, inheritance, as security for indebtedness, by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, that all agricultural land acquired in the collection of debts or by the enforcement of a lien or claim must be disposed of within three years after acquiring ownership if the acquisition would otherwise violate this section.
6. This section does not apply to a foreign corporation or a foreign limited liability company which acquires agricultural land for use as an industrial site when construction contracts are entered into by the corporation or limited liability company within one hundred fifty days after acquisition of the land; provided, that this exception applies only to so much agricultural land as is reasonably necessary for industrial purposes. A foreign corporation or a foreign limited liability company which owns agricultural land for industrial purposes but which discontinues using the land for industrial purposes shall dispose of the land as provided by chapter 10-06.1. A foreign corporation or foreign limited liability company shall dispose of agricultural land acquired for industrial purposes within one year after acquisition if construction contracts are not entered into within one hundred fifty days after acquisition of the land.
7. This section does not apply to citizens or subjects of a foreign country whose rights to hold land are secured by treaty or to common carriers by railroad subject to the jurisdiction of the interstate commerce commission.

8. Notwithstanding subsection 4 and subsection 6, after June 30, 2023, a foreign government may not purchase, acquire, or hold any foreign governmental interest in agricultural land in the state. This section does not apply to any interest in agricultural land held by a foreign government before July 1, 2023.
9. Notwithstanding the provisions of this chapter, the prohibition on ownership of agricultural land does not apply to the acquisition of agricultural land or an interest in agricultural land by a state-controlled enterprise if the agricultural land:
 - a. Is used for agricultural research and development, or experimental purposes, including testing, developing, or producing crop production inputs, including seed, fertilizer, pesticides, soil amendments, plants, or biologicals; and
 - b. Does not exceed one hundred sixty acres [64.75 hectares].

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1135.

House Vote: Yeas 90 Nays 1 Absent 3

Senate Vote: Yeas 47 Nays 0 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,

at _____ o'clock _____ M.

Secretary of State