



SENATE BILL 394: Prohibit Foreign Ownership of NC Land.

2025-2026 General Assembly

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 16, 2025
Introduced by:	Sens. Brinson, Hanig, Moffitt	Prepared by:	Robert Ryan
Analysis of:	PCS to Second Edition S394-CSCE-10		Staff Attorney

OVERVIEW: *The PCS for Senate Bill 394 would provide that prohibited foreign parties may not hold any interest in agricultural land, or property within a 25-mile radius of a military installation.*

BILL ANALYSIS: Section 1 of the PCS would define China, Iran, North Korea, and Russia as adversarial nations and would define a "**prohibited foreign party**" as any of the following, unless the entity has been approved by the Committee of Foreign Investment in the United States:

- A citizen or resident of an adversarial nation.
- A foreign government formed within an adversarial nation.
- A party other than an individual or government that is created or organized under the laws of a foreign government within an adversarial nation.
- A party other than an individual or government that is organized under the laws of any state, but over which any person or entity in the above categories has a significant interest or substantial control.
- An agent, trustee, or other fiduciary of any entity in the above categories.

The PCS would generally prohibit a prohibited foreign party from purchasing, acquiring, leasing, or holding any interest, except for a de minimis direct interest¹, in any of the following:

- Agricultural land.
- Property that is within a 25-mile radius of a military installation.

However, a prohibited foreign party who is a resident alien of the United States would be able to acquire and hold those lands to the same extent as a citizen of the United States for as long as that person resides in this State.

A prohibited foreign entity that holds any interest in lands described above prior to December 1, 2025, could continue to hold those lands but may not acquire any new interest in such lands, and must register

¹ Defined as 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 (i) less than 10% of any class of registered equities, or (ii) 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.

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with the Secretary of State and the Attorney General. Failure to register would be punishable by a civil penalty of at least \$1,000 per day. The unpaid balance would constitute a lien against the land.

If a prohibited foreign entity acquires such lands after December 1, 2025, it would be required to divest itself of the land within three years of the acquisition. If the prohibited foreign entity fails to divest itself, the Attorney General would be required to commence a receivership proceeding in the county where the property is situated seeking the appointment of a general receiver.

At the time of purchase of any lands listed above, a buyer must provide an affidavit attesting that the buyer is not a prohibited foreign party and is in compliance with this section. Failure to obtain or maintain the affidavit would not affect the title or insurability of the title. Nonparties would be exempt from liability unless the nonparty has actual knowledge that the violation will result in a violation of this section.

Violation of this section would be a Class 2 misdemeanor.

Section 2 of this act would provide that when recording a deed or other document that conveys an ownership interest in land, the register of deeds would also be required to index the buyer affidavit required by section 1.

Section 3 would make conforming changes to reflect the receivership proceedings created by section 1.

EFFECTIVE DATE: This act would become effective December 1, 2025.

BACKGROUND: A prohibition on ownership of a quartz mining operation or land containing commercial valuable amounts of high purity quartz by an adversarial foreign government was enacted in 2024.

**Chris Sauders, Staff Attorney with the Legislative Analysis Division, substantially contributed to this summary.*