



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 394: Prohibit Foreign Ownership of NC Land.

2025-2026 General Assembly

Committee: House Judiciary 2. If favorable, re-refer to **Date:** May 12, 2026
Homeland Security and Military and Veterans Affairs. If favorable, re-refer to Rules, Calendar, and Operations of the House

Introduced by: Sens. Brinson, Hanig, Moffitt **Prepared by:** Debbie Griffiths
Analysis of: PCS to Third Edition Staff Attorney
S394-CSCI-50

OVERVIEW: *The Proposed Committee Substitute (PCS) for Senate Bill 394 would provide that prohibited foreign parties may not hold any interest in agricultural land, or property within a 50-mile radius of a military installation.*

BILL ANALYSIS:

Section 1 would create a definition of an "adversarial foreign government" which would mirror the list of nations prohibited by the federal government from importing or exporting defense items under the International Traffic in Arms Regulations. It would then 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:

- An adversarial foreign government or a foreign government formed within an adversarial foreign government.
- An entity or trust, other than a government, that is created or organized under the laws of a foreign government within an adversarial foreign government.
- A entity or trust, other than a government, that meets certain criteria.
- 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 interest, in any of the following:

- Agricultural land.
- Property that is within a 50-mile radius of a military installation.

A prohibited foreign entity that holds any interest in lands described above prior to December 1, 2026, could continue to hold those lands but may not acquire any new interest in such lands, and must register with the Secretary of State. 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, 2026, 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.

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At a time no later than the time of closing, a buyer of land regulated by this law, must provide an affidavit, which would be attached as an exhibit to a deed, attesting that the buyer is not a prohibited foreign party and is in compliance with this law. Failure to obtain or maintain the affidavit would not affect the title or insurability of the title.

Generally no person, other than a prohibited foreign party, would have any civil or criminal liability for any of the following:

- (1) Failing to determine or make inquiry of whether any entity is a prohibited foreign party.
- (2) Failing to obtain, maintain, or otherwise comply with the affidavit requirement discussed above.

However, if a person knowingly sold property to a prohibited foreign party, that person could have liability for such action and would be guilty of 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 attach as an exhibit to those documents 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, 2026.

*Robert Ryan, Staff Attorney with the Legislative Analysis Division, substantially contributed to this summary.