

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1743H.011
 Bill No.: HB 903
 Subject: Agriculture; Property, Real and Personal
 Type: Original
 Date: January 25, 2023

Bill Summary: This proposal changes the laws regarding the foreign ownership of real property.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---|---|---|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| General Revenue | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) |
| | | | |
| Total Estimated Net Effect on General Revenue | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight notes there have been other bills filed this year dealing with foreign ownership of Missouri agriculture land in which the Missouri Department of Agriculture (MDA) assumed they would have costs (FTE) associated with the provisions set forth in those bills. This proposal provides that any alien or foreign business must submit any proposed acquisitions to the Attorney General's Office (AGO) and the Office of the Secretary of State (SOS). The SOS must establish the form and manner for these submissions and the AGO must review and investigate these submissions. At the time the fiscal note was due, Oversight has not received a response from either the AGO or the SOS; however, Oversight assumes, based on the Missouri Department of Agriculture's responses to other proposals, that the SOS and the AGO could incur costs related to this proposal. Therefore, Oversight will assume an "Unknown, less than \$250,000" cost to both the AGO and the SOS on the fiscal note.

In addition, Oversight assumes MDA will not incur costs related to this proposal as the provisions do not require additional duties for the department.

Officials from the **Department of Revenue, Office of the Governor and Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

| <u>FISCAL IMPACT – State Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| GENERAL REVENUE | | | |
| <u>Cost</u> – AGO – review and investigate submissions from alien or foreign businesses for the acquisition of agricultural land | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) |
| <u>Cost</u> – SOS – provide a method for submissions from alien or foreign businesses for the acquisition of agricultural land | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) | (Unknown, less than \$250,000) |

| <u>FISCAL IMPACT – Local Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|---|---------------------|------------|------------|
| | | | |
| | \$0 | \$0 | \$0 |

FISCAL IMPACT – Small Business

Small agricultural businesses could be impacted as a result of this proposal.

FISCAL DESCRIPTION

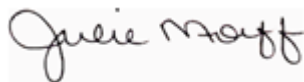
Currently, foreign ownership of agricultural land in the state of Missouri may not exceed 1% of the total agricultural land in the state. This bill reduces the percentage to 0.5% and requires any sale or transfer of such land by an alien or foreign business to be reported, as defined in the bill, to the Attorney General and Secretary of State within 30 days. The Attorney General must review the transactions and investigate acquisitions of agricultural land if the Attorney General believes the acquisition violates these prohibitions. Land acquired in violation is subject To court action and divestiture. The limitations on percentage of acreage that an alien or foreign business may acquire does not apply to certain land used for research or experimental purposes.

The bill also prohibits a foreign business from certain countries from purchasing any land in the state. The Governor, in consultation with the state Homeland Security Council, must review at least every two years the list of countries whose businesses are prohibited from acquiring land in the state and make recommendations to the General Assembly for modifications to the List.

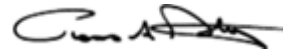
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Agriculture
Department of Revenue
Office of the Secretary of State
Attorney General's Office
Joint Committee on Administrative Rules
Office of the Governor



Julie Morff
Director
January 25, 2023



Ross Strobe
Assistant Director
January 25, 2023