

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1743H.04C
Bill No.: HCS for HB Nos. 903, 465, 430 & 499
Subject: Agriculture; Property, Real and Personal
Type: Original
Date: February 3, 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 | (234,873) | (272,739) | (275,297) |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue | (234,873) | (272,739) | (275,297) |

| 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 |
| General Revenue | 3 FTE | 3 FTE | 3 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 3 FTE | 3 FTE | 3 FTE |

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

Officials from the **Attorney General's Office (AGO)** assume three (3) FTE will be required to implement the provisions of this proposal. The AGO assumes the need for two (2) Assistant Attorneys General (at \$70,000 annually) and one (1) staff position (at \$45,000 annually).

Oversight assumes the AGO will not require both Assistant Attorneys General and reduced the FTE estimate to one AAG and one support person..

Officials from the **Office of the Secretary of State (SOS)** assume §442.571 requires an entity to file with the Secretary of State within thirty calendar days after a transaction has occurred. SOS will then be required under subsection 3.(1) to receive and process the submission. This is a new filing, which will require an individual to gain knowledge and understanding of the new requirements, and be able to provide information when customer inquiries occur. It is unknown how many submissions will be submitted. It is presumed that a system of tracking the total amount of agriculture land exceeding five acres or more will be an on-going process in order to determine if and when foreign ownership has exceeded one-half of one percent of the total aggregate agricultural acreage in the state. For these reasons SOS estimates one FTE is required.

The Secretary of State reserves the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the SOS.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the DOR.

In response to a previous version, officials from the **Missouri Department of Agriculture** and **Office of the Governor** each assumed the proposal would 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.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act.

The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for

Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

| <u>FISCAL IMPACT – State Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|--|---------------------------|---------------------------|---------------------------|
| | | | |
| GENERAL REVENUE | | | |
| | | | |
| <u>Costs - AGO</u> | | | |
| Personnel Service | (\$95,833) | (\$116,150) | (\$117,312) |
| Fringe Benefits | (\$61,830) | (\$74,626) | (\$75,061) |
| Expense & Equipment | (\$25,774) | (\$19,778) | (\$20,273) |
| <u>Total Costs - AGO</u> | (\$183,437) | (\$210,554) | (\$212,646) |
| FTE Change | 2 FTE | 2 FTE | 2 FTE |
| | | | |
| <u>Costs - SOS</u> | | | |
| Personnel Service | (\$27,980) | (\$33,912) | (\$34,251) |
| Fringe Benefits | (\$23,456) | (\$28,273) | (\$28,400) |
| Expense & Equipment | \$0 | \$0 | \$0 |
| <u>Total Costs - SOS</u> | (\$51,436) | (\$62,185) | (\$62,651) |
| FTE Change | 1 FTE | 1 FTE | 1 FTE |
| | | | |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$234,873)</u> | <u>(\$272,739)</u> | <u>(\$275,297)</u> |
| | | | |
| Estimated Net FTE Change on General Revenue | 3 FTE | 3 FTE | 3 FTE |

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

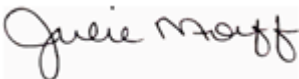
Currently, foreign ownership of agricultural land in the state of Missouri may not exceed 1% of the total agricultural land in the state. This bill reduces the percentage to 0.5% and requires any sale or transfer of such land by an alien or foreign business to be reported, as defined in the bill, to 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
February 3, 2023



Ross Strope
Assistant Director
February 3, 2023