

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3175H.02C
Bill No.: HCS for HB 1957
Subject: Department of Agriculture; Business and Commerce
Type: Original
Date: February 15, 2024

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 2025	FY 2026	FY 2027
General Revenue	(\$201,123)	(\$233,718)	(\$237,792)
Total Estimated Net Effect on General Revenue	(\$201,123)	(\$233,718)	(\$237,792)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Attorney General's Office (AGO)** assumed this proposal would increase personnel costs because the AGO would be required to review and make individual determinations concerning foreign business agricultural land transactions. Two (2) additional attorneys are necessary to review and make determinations on the transactions. One additional support staff is also requested to support the additional attorneys.

Oversight assumes the AGO will not require both Assistant Attorneys General (AAG) and reduced the FTE estimate to one (1) FTE AAG and one (1) FTE support person.

Officials from the **Missouri Department of Agriculture and Office of Administration** and 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.

In response to a previous version, officials from the **Department of Revenue** assumed the proposal would 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.

Rule Promulgation

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 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Costs - AGO</u>			
Personnel Service	(\$108,333)	(\$132,600)	(\$135,252)
Fringe Benefits	(\$67,024)	(\$81,436)	(\$82,464)
Expense & Equipment	(\$25,766)	(\$19,682)	(\$20,076)
<u>Total Costs - AGO</u>	<u>(\$201,123)</u>	<u>(\$233,718)</u>	<u>(\$237,792)</u>
FTE Change	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$201,123)</u>	<u>(\$233,718)</u>	<u>(\$237,792)</u>
Estimated Net FTE Change on the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<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 Department of Agriculture and the Attorney General 30 days prior to when the sale or transfer is finalized. The Attorney General must review and approve or reject any sale or transfer as provided by in the bill or else the sale or transfer is considered to meet the necessary requirements.

The Department and the Attorney General must review the transactions and investigate acquisitions of agricultural land if the Attorney General believes the acquisition violates these prohibitions.

An alien or foreign business that acquires agricultural land must report the status of the usage of such land at intervals established in the bill. If there is a change in land usage, that change must be reported to the department and the Attorney General within 30 days. 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 do not apply to certain land used for research or experimental purposes.

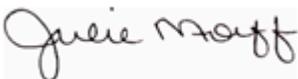
The bill also prohibits a foreign business from a foreign adversary as identified by the federal government from purchasing any land in the state. Violations of this prohibition must be reported to the Attorney General and adhere to the requirements of the USA Patriot Act of 2001.

The bill adds the Attorney General, in addition to the Department, to all requirements for enforcement and reporting relating to agricultural land owned by foreign entities.

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



Julie Morff
Director
February 15, 2024



Ross Strobe
Assistant Director
February 15, 2024