

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader - Revised

House Bill 968 (Delegate Fisher, *et al.*)

Environment and Transportation and
Economic Matters

Agricultural Land and Programs - People's Republic of China - Prohibition on
Purchase and Participation

This bill prohibits a nonresident alien who is a citizen of the People's Republic of China, a commercial enterprise or business incorporated in the People's Republic of China, or an individual employed by or associated with the government of the People's Republic of China, from (1) purchasing agricultural land, including land used for raising livestock, that is located in the State or (2) participating in State agricultural programs that are unrelated to regulatory requirements for food and food safety.

Fiscal Summary

State Effect: The bill is not expected to have a direct, material impact on State finances. Any penalties imposed for violations of the bill's prohibition are not expected to materially affect State finances.

Local Effect: The bill is not expected to have a direct, material impact on local government finances. Any penalties imposed for violations of the bill's prohibition are not expected to materially affect local government finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Foreign Ownership of Property in the State

Any alien, who is not an enemy, may own, sell, devise, dispose of, or otherwise deal with property in the same manner as if they had been a citizen of the State by birth.

Federal Disclosure Requirements – Agricultural Land

Under the federal Agricultural Foreign Investment Disclosure Act (AFIDA), any foreign person who acquires or transfers any interest, other than a security interest (and limited other interests specified in regulations), in agricultural land must submit a report to the Secretary of Agriculture – containing information on the foreign person, the agricultural land, the acquisition or transfer, and the person’s intended use of the land – not later than 90 days after the date of the acquisition or transfer.

Every six months, the Secretary of Agriculture must transmit to each state department of agriculture, or other appropriate state agency, a copy of each report submitted to the Secretary during the six-month period, which involved agricultural land in the state.

The U.S. Department of Agriculture’s Farm Service Agency (FSA) publishes [annual reports](#) on the information.

Penalties for Violations of the Agriculture Article

Any person who violates a provision of the Agriculture Article of the Maryland Code (to which the bill’s prohibition is added) is guilty of a misdemeanor, and unless another penalty is specifically provided elsewhere in the article, subject to a fine of up to \$500 and/or imprisonment for up to three months. A second or subsequent violation is subject to a fine of up to \$1,000 and/or imprisonment for up to one year. A second or subsequent violation is one that occurs within two years of any prior violation and arises out of a separate set of circumstances.

Small Business Effect: The bill may have a meaningful impact on small businesses to the extent it affects the value, cost, or availability of agricultural land in the State, whether now or in the future. FSA’s most recent annual report on information reported under AFIDA ([Foreign Holdings of U.S. Agricultural Land, Through December 31, 2021](#)) discusses analyses conducted on the effect of foreign investment in agricultural land on land values and land rental rates, indicating that both land values and rental rates have implications for (1) farm wealth and access to credit; (2) expenses paid by farm and ranch operators; and

(3) land access for beginning farmers and ranchers. The analyses indicated that there is not a consistent or significant relationship between foreign investment in agricultural land and land values or land rental rates; however, the report indicated more research is needed to investigate in greater depth the relationship between state-level restrictions on foreign ownership of agricultural land, foreign acquisitions, and changes in agricultural land values and rents.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Agriculture; U.S. Department of Agriculture; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2023
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