

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 885 (Delegate Chisholm, *et al.*)

Environment and Transportation and
Economic Matters

Agricultural Land and Programs - People's Republic of China

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, and 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 or 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 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 2021 annual report on information reported under AFIDA ([Foreign Holdings of U.S. Agricultural Land, Through December 31, 2021](#)) discussed 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 was 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 was 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.

FSA's most recently available annual report ([*Foreign Holdings of U.S. Agricultural Land, Through December 31, 2022*](#)) similarly indicates that more data is needed in order to better understand the impacts of foreign investment in U.S. agricultural land on family farms and rural communities. The report also discusses Chinese investment in U.S. agricultural land, indicating that according to reported information, Chinese investors owned a minimum of 346,915 acres of agricultural land as of December 31, 2022 – less than 1% of foreign-held agricultural land acres in the United States (with no filings directly by the government of China). Chinese investments in U.S. agricultural land were spread across the country, with Texas, North Carolina, Missouri, Utah, and Virginia having the largest amounts of acreage. A listing in the report of landholdings by the top 15 Chinese foreign investors as of December 31, 2022, contains 2,008 acres of land held in Maryland (505 acres in Charles County and 1,503 acres in Prince George's County).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 968 of 2023.

Designated Cross File: None.

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

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km/sdk

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