

1 AN ACT relating to the acquisition of agricultural land.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 247 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Agricultural land" has the same meaning as in 7 U.S.C. sec. 3508;*

7 *(b) "Fiduciary" has the same meaning as in KRS 131.010;*

8 *(c) "Foreign agent" has the same meaning as in 18 U.S.C. sec. 1839;*

9 *(d) "Foreign business" has the same meaning as in 26 C.F.R. sec. 301.7701-5;*

10 *(e) "Nonresident alien" has the same meaning as in 26 C.F.R. sec. 1.871-2;*

11 *and*

12 *(f) "Trustee" has the same meaning as in KRS 218A.405.*

13 *(2) Notwithstanding any other provision of law to the contrary, except as provided in*
14 *subsections (3) and (4) of this section, on or after the effective date of this Act, a*
15 *nonresident alien, foreign business, foreign agent, trustee, or fiduciary who has a*
16 *legal relationship with or is legally bound to take instruction from or execute*
17 *decisions for the government of any proscribed country referenced in 22 C.F.R.*
18 *sec. 126.1, as amended, shall be prohibited from:*

19 *(a) The purchase, lease, or acquisition of any interest in public or private*
20 *agricultural land located in the Commonwealth of Kentucky; and*

21 *(b) Participation in programs administered by the Department of Agriculture,*
22 *Agricultural Development Board, and Kentucky Agricultural Finance*
23 *Corporation.*

24 *(3) Any agricultural land purchased, leased, or acquired by a nonresident alien,*
25 *foreign business, foreign agent, trustee, or fiduciary who has a legal relationship*
26 *with or is legally bound to take instruction from or execute decisions for the*
27 *government of any proscribed country referenced in 22 C.F.R. sec. 126.1, as*

1 amended, prior to the effective date of this Act may continue to own or hold the
2 agricultural land, but shall not purchase, lease, or acquire any additional
3 agricultural land or interest in agricultural land in this Commonwealth.

4 (4) A nonresident alien, foreign business, foreign agent, trustee, or fiduciary may
5 own, purchase, hold, or develop agricultural land for immediate or potential
6 nonagricultural use in an amount necessary for the conduct of its
7 nonagricultural business operation, including the filing of any permit or
8 application to any state or federal agency having jurisdiction over the project for
9 permitting purposes, provided that:

10 (a) Development of the nonagricultural business operation has been completed
11 within five (5) years from acquiring the land. Failure to develop the land
12 within that time shall be deemed a violation of this section; and

13 (b) The agricultural land shall not be used for farming, except under lease to a
14 family farm unit, family farm corporation, or an authorized farm
15 corporation, pending the development of the agricultural land for a
16 nonagricultural use.

17 (5) Nothing in this section shall exempt a nonresident alien, foreign business,
18 foreign agent, trustee, or fiduciary who has a legal relationship with or is legally
19 bound to take instruction from or execute decisions for the government of any
20 proscribed country referenced in 22 C.F.R. sec. 126.1, as amended, from:

21 (a) The provisions of the Agricultural Foreign Investment Disclosure Act, 7
22 U.S.C. sec. 3501 et seq., and its accompanying regulations at 7 C.F.R. pt.
23 781 et seq., or any amendments thereto; and

24 (b) Filing a copy of the report required by 7 U.S.C. sec. 3501 et seq. and its
25 accompanying regulations at 7 C.F.R. pt. 781 et seq., or amendments
26 thereto, with the Department of Agriculture within the time period specified
27 therein.

- 1 (6) The Department of Agriculture shall review any report:
- 2 (a) Received in accordance with subsection (6) of this section; and
- 3 (b) Voluntarily submitted by a county register of deeds alleging a violation of
- 4 this section.
- 5 (7) If the Department of Agriculture has reason to believe that a violation of this
- 6 section may have occurred, the department shall refer evidence of noncompliance
- 7 to the Office of the Attorney General, which shall investigate the evidence for
- 8 violations of this section. The Office of the Attorney General may bring an action
- 9 pursuant to KRS Chapter 15 to enforce the provisions of this section.
- 10 (8) (a) If the court finds that agricultural land has been purchased or acquired in
- 11 violation of this section, then the court shall declare the agricultural land
- 12 escheated to the state and order the sale of the agricultural land in the
- 13 manner provided by law for the judicial foreclosure of a mortgage on real
- 14 estate for default of payment. After the Office of the Attorney General has
- 15 been reimbursed for all actual costs incurred from the enforcement of this
- 16 section, the proceeds of the sale of the agricultural land pursuant to this
- 17 paragraph through judicial foreclosure shall be disbursed in the following
- 18 order:
- 19 1. Payment of delinquent ad valorem taxes;
- 20 2. Payment to mortgage and other lien holders, in the priority determined
- 21 by the court; and
- 22 3. Deposit in the budget reserve trust fund.
- 23 (b) If the court finds that agricultural land has been leased in violation of this
- 24 section, then the court shall rescind the lease and it shall be rendered null
- 25 and void.