

1 AN ACT relating to the acquisition and ownership of real property by a foreign  
2 principal.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 381 IS CREATED TO  
5 READ AS FOLLOWS:

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

7 *(a) "Cabinet" means the Cabinet for Economic Development;*

8 *(b) "De minimis indirect interest" means ownership of registered equities in a*  
9 *publicly traded company, and the ownership interest is either:*

10 *1. Less than five percent (5%) of any class of registered equities or less*  
11 *than five percent (5%) in the aggregate in multiple classes of*  
12 *registered equities; or*

13 *2. A noncontrolling interest in an entity controlled by a company that is*  
14 *both registered with the United States Securities and Exchange*  
15 *Commission as an investment adviser under the Investment Advisers*  
16 *Act of 1940, 15 U.S.C. sec. 80b-1 et seq., as amended, and is not a*  
17 *foreign entity;*

18 *(c) "Fiduciary" has the same meaning as in KRS 131.010;*

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

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

21 *(f) "Foreign principal" means a nonresident alien individual, foreign*  
22 *business, foreign agent, trustee, or fiduciary who has a legal relationship*  
23 *with or is legally bound to take instruction from or execute decisions for the*  
24 *government of any proscribed country referenced in 15 C.F.R. sec. 791.4, as*  
25 *amended;*

26 *(g) "Nonresident alien individual" has the same meaning as in 26 C.F.R. sec.*  
27 *1.871-2; and*

1 (h) "Trustee" has the same meaning as in KRS 218A.405.

2 (2) Notwithstanding any other provision of law to the contrary, a foreign principal  
3 shall not directly or indirectly own, have a controlling interest in, or acquire by  
4 purchase, grant, devise, or descent any interest, except a de minimis indirect  
5 interest, in real property located in the Commonwealth of Kentucky.

6 (3) A foreign principal that directly or indirectly owns or acquires any interest in real  
7 property located in this Commonwealth before the effective date of this Act may  
8 continue to own or hold the real property, but shall not purchase or otherwise  
9 acquire by grant, devise, or descent any additional real property located in the  
10 Commonwealth.

11 (4) (a) A foreign principal shall register with the cabinet if the foreign principal  
12 owned or acquired an interest, other than a de minimis indirect interest, in  
13 real property located in this Commonwealth before the effective date of this  
14 Act. The cabinet shall, by promulgation of an administrative regulation in  
15 accordance with KRS Chapter 13A, establish a form for the registration  
16 required under this subsection. The form shall be available on the cabinet's  
17 website and shall include, at a minimum, the following:

18 1. The name of the owner of the real property; and

19 2. The address of the real property, the property valuation  
20 administrator's parcel identification number, and the property's legal  
21 description.

22 (b) A foreign principal that fails to timely file a registration with the cabinet  
23 shall be subject to a civil penalty of one thousand dollars (\$1,000) for each  
24 day that the registration is not timely filed or is incomplete. A foreign  
25 principal shall register a property interest owned before the effective date of  
26 this Act by December 31, 2025. The registration shall be considered  
27 untimely after January 31, 2026. The cabinet may place a lien against any

1           unregistered real property for the unpaid balance of any penalties assessed  
2           under this paragraph.

3   (5) Notwithstanding subsections (2) and (3) of this section, a foreign principal may  
4   acquire real property or any interest in real property located in this  
5   Commonwealth on or after the effective date of this Act by devise or descent,  
6   through the enforcement of security interests, or through the collection of debts,  
7   provided that the foreign principal sells, transfers, or otherwise divests itself of  
8   the real property within three (3) years after acquiring the real property.

9   (6) If a person has reason to believe that a violation of this section may have  
10   occurred, the person may refer evidence of noncompliance to the Office of the  
11   Attorney General, who shall investigate the evidence for violations of this section.  
12   The Office of the Attorney General may bring an action pursuant to KRS Chapter  
13   15 to enforce the provisions of this section.

14   (7) (a) If the court finds that real property has been purchased or acquired in  
15   violation of this section, then the court shall declare the real property  
16   escheated to the Commonwealth and order the sale of the real property in  
17   the manner provided by law for the judicial foreclosure of a mortgage on  
18   real estate for default of payment. After the Office of the Attorney General  
19   has been reimbursed for all actual costs incurred from the enforcement of  
20   this provision, the proceeds of the sale of the real property pursuant to this  
21   paragraph through judicial foreclosure shall be disbursed in the following  
22   order:

23       1. Payment of delinquent ad valorem taxes;

24       2. Payment to mortgage and other lien holders, in the priority determined  
25       by the court; and

26       3. Deposit in the budget reserve trust fund.

27   (b) At any time during the proceeding, the Office of the Attorney General may

1                   *seek an ex parte order of seizure of the real property upon a showing that*  
2                   *the defendant's control of the real property constitutes a clear and present*  
3                   *danger to the state.*

4                   ➔Section 2. KRS 381.990 is amended to read as follows:

5                   (1) Any officer who certifies an abstract in violation of KRS 381.240 or 381.250 shall  
6                   be fined not less than one hundred dollars (\$100) nor more than five hundred  
7                   dollars (\$500) for each offense. In addition to such fine, the officer shall be liable  
8                   personally and on his official bond to the person in possession of the lands, and to  
9                   any and all other persons aggrieved thereby, to an action for damages sustained by  
10                  such persons by reason of such certificate.

11                  (2) Any person who violates any of the provisions of KRS 381.690 to 381.710 shall be  
12                  fined not less than one hundred dollars (\$100) nor more than five hundred dollars  
13                  (\$500) for each offense.

14                  (3) Any person who fails to comply with the provisions of KRS 381.780 shall be guilty  
15                  of a misdemeanor and shall be fined twenty-five dollars (\$25) for each offense.  
16                  Each day that the violation continues shall constitute a separate offense.

17                  (4) Any person or corporation who violates KRS 381.697 shall be subject to a fine of  
18                  not less than twenty-five dollars (\$25) nor more than two hundred fifty dollars  
19                  (\$250).

20                  (5) Any person who fails to comply with any of the provisions of KRS 381.860 may be  
21                  fined not more than one hundred dollars (\$100) per day for each offense, and the  
22                  county attorney and the Attorney General may prosecute the violator. In addition to  
23                  the fine, the violator may be liable personally to any and all persons aggrieved by  
24                  the violation and subject to an action for damages, plus court costs and plaintiffs'  
25                  attorneys' fees.

26                  *(6) (a) A foreign principal who purchases or acquires real property or any interest*  
27                  *in real property in violation of Section 1 of this Act shall be guilty of a Class*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

*D felony.*

*(b) Any person who knowingly sells real property or any interest in real property to a foreign principal in violation of Section 1 of this Act shall be guilty of a Class D felony.*

➔Section 3. KRS 381.320 is amended to read as follows:

Any alien, not an enemy, may take and hold any personal property except chattels real. If such alien resides within this *Commonwealth*<sup>[state]</sup> he *or she* may take and hold, *subject to the limitations set forth in Section 1 of this Act,* any lands for the purposes of residence, or of occupation by him *or her* or his *or her* servants, or for the purpose of any business, trade, or manufacture, for as long as he *or she* remains a resident of the *Commonwealth*<sup>[state]</sup>. An alien so taking and holding shall have like rights, remedies, and exemptions concerning such property as if he *or she* were a citizen of the United States.