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By the Committee on Rules; and Senator Yarborough

595-03596-24 2024814c1 A bill to be entitled

An act relating to real property ownership; amending s. 692.201, F.S.; defining terms; revising the definition of the term "foreign principal"; amending s. 692.202, F.S.; revising the ownership interest that a foreign principal may have in agricultural land; requiring certain foreign principals to register the ownership of a controlling interest in agricultural land owned before a certain date; requiring foreign principals to divest themselves of the controlling interest in agricultural land within a certain timeframe; specifying an exception for certain residential development; deleting a requirement for a buyer purchasing an interest in agricultural land to provide a signed affidavit; authorizing criminal penalties for certain sales and purchases of controlling interests in agricultural land; making technical changes; amending s. 692.203, F.S.; revising the ownership interest that a foreign principal may have in real property on or near military installations or critical infrastructure facilities; requiring certain foreign principals to register the ownership of a controlling interest in real property on or near military installations or critical infrastructure facilities owned before a certain date; requiring foreign principals to divest themselves of the controlling interest in certain real property within a certain timeframe; specifying an exception for certain residential development; authorizing

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criminal penalties for certain sales and purchases of controlling interests in real property on or near military installations or critical infrastructure facilities; making technical changes; amending s. 692.204, F.S.; revising the ownership interest that certain persons or entities associated with the People's Republic of China may have in real property; requiring such persons or entities to register the ownership of a controlling interest in real property owned before a certain date; requiring the persons or entities associated with the People's Republic of China to divest themselves of the controlling interest in certain real property they own within a certain timeframe; specifying an exception for certain residential development; authorizing criminal penalties for certain sales and purchases of controlling interests in real property by certain business entities associated with the People's Republic of China; creating s. 704.09, F.S.; authorizing an owner of real property to create an easement, servitude, or other interest in the owner's real property; providing that such easement, servitude, or other interest is valid; providing an exception; providing legislative intent; providing a directive to the Division of Law Revision; providing an effective date.

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Be It Enacted by the Legislature of the State of Florida:

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Section 1. Present subsections (2) through (6) of section 692.201, Florida Statutes, are redesignated as subsections (4) and (6) through (9), respectively, and new subsections (2), (3), and (5) are added to that section, to read:

- 692.201 Definitions.—As used in this part, the term:
- (2) "Business entity" has the same meaning as in s. 606.03.
- (3) "Controlling interest" means the possession of the power to control access to or the use or management of a parcel of real property through ownership interests in or securities of a business entity or entities that own the parcel of real property, or through direct ownership interests in a parcel of real property. A business entity or person who directly or indirectly has an ownership interest of 25 percent or more of a parcel of real property is presumed to have a controlling interest. The term does not include a de minimus indirect interest.
- $\underline{(4)}$ "Critical infrastructure facility" means any of the following, if it employs measures such as fences, barriers, or guard posts that are designed to exclude unauthorized persons:
 - (a) A chemical manufacturing facility.
 - (b) A refinery.
 - (c) An electrical power plant as defined in s. 403.031(20).
- (d) A water treatment facility or wastewater treatment plant.
 - (e) A liquid natural gas terminal.
 - (f) A telecommunications central switching office.
- (g) A gas processing plant, including a plant used in the processing, treatment, or fractionation of natural gas.
 - (h) A seaport as listed in s. 311.09.

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(i) A spaceport territory as defined in s. 331.303(18).

- (j) An airport as defined in s. 333.01.
- (5) "De minimus indirect interest" means a foreign principal's ownership of a business entity's registered equities in a publicly traded company, if the foreign principal's ownership interest in the company is either:
- (a) Less than 5 percent of any class of registered equities or less than 5 percent in the aggregate in multiple classes of registered equities; or
- (b) A noncontrolling interest in an entity controlled by a company that is both registered with the United States

 Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is not a foreign entity.
 - (7) (4) "Foreign principal" means:
- (a) The government or any official of the government of a foreign country of concern;
- (b) A political party or member of a political party or any subdivision of a political party in a foreign country of concern;
- (c) A partnership, <u>an</u> association, <u>a</u> corporation, <u>an</u> organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country of concern, or a subsidiary of such entity; or
- (d) Any person who is domiciled in a foreign country of concern, unless the person and is not:
- $\underline{\text{1.}}$ A citizen or lawful permanent resident of the United States;
 - 2. A holder of a current verified visa to enter the United

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States which does not limit the holder to tourist-based travel; or

- 3. A holder of official documentation confirming that the person has been granted asylum in the United States.
- (e) Any person, entity, or collection of persons or entities, described in paragraphs $\underline{(a)}$ - $\underline{(d)}$ $\underline{(a)}$ through $\underline{(d)}$ having a controlling interest in a partnership, \underline{an} association, \underline{a} corporation, \underline{an} organization, \underline{a} trust, or any other legal entity or subsidiary formed for the purpose of owning real property in this state.

Section 2. Section 692.202, Florida Statutes, is amended to read:

- 692.202 Purchase of agricultural land by foreign principals prohibited.—
- or, have a controlling interest in, or acquire by purchase, grant, devise, or descent agricultural land or any interest, except a de minimus indirect interest, in such land in this state. A foreign principal has a de minimus indirect interest if any ownership is the result of the foreign principal's ownership of registered equities in a publicly traded company owning the land and if the foreign principal's ownership interest in the company is either:
- (2) A foreign principal that directly or indirectly owns or acquires a controlling interest in agricultural land or any interest in such land in this state before July 1, 2023, may continue to own or hold such land or interest, but may not purchase or otherwise acquire a controlling interest in by grant, devise, or descent any additional agricultural land or

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interest in such land in this state.

- (3) (a) A foreign principal that directly or indirectly owns or acquires a controlling interest in agricultural land or any interest in such land in this state before July 1, 2023, must register with the Department of Agriculture and Consumer Services by January 1, 2024. The department must establish a form for such registration, which <u>must</u>, at <u>a minimum</u>, <u>must</u> include all of the following:
- 1. The name of the owner of the agricultural land or the owner of the interest in such land.
- 2. The address of the agricultural land, the property appraiser's parcel identification number, and the property's legal description.
 - 3. The number of acres of the agricultural land.
- (b) A foreign principal that fails to timely file a registration with the department is subject to a civil penalty of \$1,000 for each day that the registration is late. The department may place a lien against the unregistered agricultural land for the unpaid balance of any penalties assessed under this paragraph.
- (4) (a) Notwithstanding subsection (1), a foreign principal may acquire a controlling interest in agricultural land on or after July 1, $2023:_{7}$
- 1. By devise or descent, through the enforcement of security interests, or through the collection of debts, provided that the foreign principal sells, transfers, or otherwise divests itself of the controlling interest in agricultural land within 3 years after acquiring the controlling interest; or agricultural land.

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2. For the primary purpose of development and sale of residential units as shown on a final plat if the person or entity provides an affidavit to the Department of Commerce signed under penalty of perjury attesting that the acquisition is primarily for the development and sale of residential units and that those residential units will be offered for sale after the acquisition of the first construction permit.

- (b) Violations of this subsection are subject to penalties under subsections (7) and (8).
- (5) (a) At the time of purchase, a buyer of agricultural land or an interest in such land must provide an affidavit signed under penalty of perjury attesting that the buyer is:
 - 1. Not a foreign principal; and
 - 2. In compliance with the requirements of this section.
- (b) The failure to obtain or maintain the affidavit does not:
- 1. Affect the title or insurability of the title for the agricultural land; or
- 2. Subject the closing agent to civil or criminal liability, unless the closing agent has actual knowledge that the transaction will result in a violation of this section.
- (c) The Florida Real Estate Commission shall adopt rules to implement this subsection, including rules establishing the form for the affidavit required under this subsection.
- (6) (a) The agricultural land or <u>a controlling</u> an interest in such land that is owned or acquired in violation of this section may be forfeited to the state.
- (b) The Department of Agriculture and Consumer Services may initiate a civil action in the circuit court of the county in

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which the property lies for the forfeiture of the agricultural land or any interest therein.

- (c) Upon filing such action, the clerk must record a lis pendens in accordance with s. 48.23. The court must advance the cause on the calendar. The defendant may at any time petition to modify or discharge the lis pendens based upon a finding that there is no probable cause to believe that the agricultural land, or any portion thereof, is owned or held in violation of this section.
- (d) If the court finds that the agricultural land, or any portion thereof, is owned or held in violation of this section, the court must enter a final judgment of forfeiture vesting title to the agricultural land in this state, subject only to the rights and interests of bona fide lienholders, and such final judgment relates back to the date of the lis pendens.
- (e) The department may sell the agricultural land subject to a final judgment of forfeiture. Any proceeds from the sale must first be paid to any lienholders of the land, followed by payment of any outstanding fines assessed pursuant to this section, after which the department must be reimbursed for all costs related to the forfeiture civil action and any costs related to the sale of the land. Any remaining proceeds must be paid to the property owner.
- (f) At any time during the forfeiture proceeding, the department may seek an ex parte order of seizure of the agricultural land upon a showing that the defendant's control of the agricultural land constitutes a clear and present danger to the state.
 - (7) A foreign principal that purchases or acquires

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agricultural land or <u>a controlling</u> any interest therein in violation of this section commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

- (8) A person who knowingly sells agricultural land or \underline{a} controlling any interest therein in violation of this section commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.
- (9) The Department of Agriculture and Consumer Services shall adopt rules to implement this section.

Section 3. Section 692.203, Florida Statutes, is amended to read:

- 692.203 Purchase of real property on or around military installations or critical infrastructure facilities by foreign principals prohibited.—
- (1) A foreign principal may not directly or indirectly own, or have a controlling interest in, or acquire by purchase, grant, devise, or descent any interest, except a de minimus indirect interest, in real property on or within 10 miles of any military installation or critical infrastructure facility in this state. A foreign principal has a de minimus indirect interest if any ownership is the result of the foreign principal's ownership of registered equities in a publicly traded company owning the land and if the foreign principal's ownership interest in the company is either:
- (2) A foreign principal that directly or indirectly owns or acquires a controlling any interest in real property on or within 10 miles of any military installation or critical infrastructure facility in this state before July 1, 2023, may continue to own or hold the controlling interest in such real

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property, but may not purchase or otherwise acquire \underline{a} controlling interest in by grant, devise, or descent any additional real property on or within 10 miles of any military installation or critical infrastructure facility in this state.

- (3) (a) A foreign principal must register with the Department of Commerce Economic Opportunity if the foreign principal owns or acquires a controlling interest in real property on or within 10 miles of any military installation or critical infrastructure facility in this state as authorized under subsection (4) or if the foreign principal owned or acquired a controlling an interest, other than a de minimus indirect interest, in such property before July 1, 2023. The department must establish a form for such registration which must, at a minimum, must include all of the following:
 - 1. The name of the owner of the real property.
- 2. The address of the real property, the property appraiser's parcel identification number, and the property's legal description.
- (b) A foreign principal that fails to timely file a registration with the department is subject to a civil penalty of \$1,000 for each day that the registration is late. A foreign principal must register a controlling property interest owned before July 1, 2023, by December 31, 2023. The registration is considered to be late after January 31, 2024. A foreign principal who owns or acquires a controlling interest in real property on or after July 1, 2023, as authorized under subsection (4), must register the real property within 30 days after acquiring the controlling interest property is owned or acquired. The department may place a lien against the

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

- (4) Notwithstanding subsection (1), a foreign principal who is a natural person may purchase one residential real property that is up to 2 acres in size if all of the following apply:
- (a) The parcel is not on or within 5 miles of any military installation in this state.
- (b) The person has a current verified United States Visa that is not limited to authorizing tourist-based travel or official documentation confirming that the person has been granted asylum in the United States, and such visa or documentation authorizes the person to be legally present within this state.
- (c) The purchase is in the name of the person who holds the visa or official documentation described in paragraph (b).
- (5) (a) Notwithstanding subsections (1) and (2), a foreign principal may acquire real property or a controlling any interest therein which is on or within 10 miles of any military installation or critical infrastructure facility in this state on or after July 1, 2023:7
- 1. By devise or descent, through the enforcement of security interests, or through the collection of debts, provided that the foreign principal sells, transfers, or otherwise divests itself of such real property or controlling interest within 3 years after acquiring the real property or interest; or.
- 2. For the primary purpose of development and sale of residential units as shown on a final plat if the person or entity provides an affidavit to the Department of Commerce

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signed under penalty of perjury attesting that the acquisition is primarily for the development and sale of residential units and that those residential units will be offered for sale after the acquisition of the first construction permit.

- (b) Violations of this subsection are subject to penalties under subsections (7) and (8).
- (6)(a) At the time of purchase, a buyer of the real property that is on or within 10 miles of any military installation or critical infrastructure facility in this state must provide an affidavit signed under penalty of perjury attesting that the buyer is:
- 1. Not a foreign principal or not a foreign principal prohibited from purchasing the subject real property; and
 - 2. In compliance with the requirements of this section.
- (b) The failure to obtain or maintain the affidavit does not:
- 1. Affect the title or insurability of the title for the real property; or
- 2. Subject the closing agent to civil or criminal liability, unless the closing agent has actual knowledge that the transaction will result in a violation of this section.
- (c) The Florida Real Estate Commission shall adopt rules to implement this subsection, including rules establishing the form for the affidavit required under this subsection.
- (7)(a) If any real property is owned or acquired in violation of this section, the real property may be forfeited to the state.
- (b) The Department of <u>Commerce Economic Opportunity</u> may initiate a civil action in the circuit court of the county in

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which the property lies for the forfeiture of the real property or any interest therein.

- (c) Upon filing such action, the clerk must record a lis pendens in accordance with s. 48.23. The court must advance the cause on the calendar. The defendant may at any time petition to modify or discharge the lis pendens based upon a finding that there is no probable cause to believe that the real property, or any portion thereof, is owned or held in violation of this section.
- (d) If the court finds that the real property, or any portion thereof, is owned or held in violation of this section, the court must enter a final judgment of forfeiture vesting title to the real property in this state, subject only to the rights and interests of bona fide lienholders, and such final judgment relates back to the date of the lis pendens.
- (e) The department may sell the real property subject to a final judgment of forfeiture. Any proceeds from the sale must first be paid to any lienholders of the land, followed by payment of any outstanding fines assessed pursuant to this section, after which the department must be reimbursed for all costs related to the forfeiture civil action and any costs related to the sale of the land. Any remaining proceeds must be paid to the property owner.
- (f) At any time during the forfeiture proceeding, the department may seek an ex parte order of seizure of the real property upon a showing that the defendant's control of the real property constitutes a clear and present danger to the state.
- (8) A foreign principal that purchases or acquires real property or a controlling any interest therein in violation of

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this section commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

- (9) A person who knowingly sells real property or \underline{a} controlling any interest therein in violation of this section commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.
- (10) The Department of <u>Commerce</u> <u>Economic Opportunity</u> shall adopt rules to implement this section.
- Section 4. Section 692.204, Florida Statutes, is amended to read:
- 692.204 Purchase or acquisition of real property by the People's Republic of China prohibited.—
- (1) (a) The following persons or entities may not directly or indirectly own or, have a controlling interest in, or acquire by purchase, grant, devise, or descent any interest, except a deminimus indirect interest, in real property in this state:
- (a) 1. The People's Republic of China, the Chinese Communist Party, or any official or member of the People's Republic of China or the Chinese Communist Party.
- $\underline{\text{(b)}}$ 2. Any other political party or member of a political party or a subdivision of a political party in the People's Republic of China.
- $\underline{\text{(c)}}_3$. A partnership, an association, a corporation, an organization, or any other combination of persons organized under the laws of or having its principal place of business in the People's Republic of China, or a subsidiary of such entity.
- (d) 4. Any person who is domiciled in the People's Republic of China, unless the person and who is not:
 - 1. A citizen or lawful permanent resident of the United

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States;

2. A holder of a current verified visa to enter the United States which does not limit the holder to tourist-based travel; or

- 3. A holder of official documentation confirming that the person has been granted asylum in the United States.
- <u>(e) 5.</u> Any person, entity, or collection of persons or entities described in <u>paragraphs (a) (d)</u> subparagraphs 1. through 4. having a controlling interest in a partnership, <u>an</u> association, <u>a</u> corporation, <u>an</u> organization, <u>a</u> trust, or any other legal entity or subsidiary formed for the purpose of owning real property in this state.
- (b) A person or entity has a de minimus indirect interest if any ownership is the result of the person's or entity's ownership of registered equities in a publicly traded company owning the land and if the person's or entity's ownership interest in the company is either:
- 1. Less than 5 percent of any class of registered equities or less than 5 percent in the aggregate in multiple classes of registered equities; or
- 2. A noncontrolling interest in an entity controlled by a company that is both registered with the United States

 Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is not a foreign entity.
- (2) Notwithstanding subsection (1), a natural person described in <u>subsection (1)</u> paragraph (1)(a) may purchase one residential real property that is up to 2 acres in size if all of the following apply:

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(a) The parcel is not on or within 5 miles of any military installation in this state.

- (b) The person has a current verified United States Visa that is not limited to authorizing tourist-based travel or official documentation confirming that the person has been granted asylum in the United States and such visa or documentation authorizes the person to be legally present within this state.
- (c) The purchase is in the name of the person who holds the visa or official documentation described in paragraph (b).
- (3) A person or entity described in <u>subsection (1)</u>

 paragraph (1)(a) that directly or indirectly owns or acquires <u>a</u>

 <u>controlling any</u> interest in real property in this state before

 July 1, 2023, may continue to own or hold such real property,

 but may not purchase or otherwise acquire <u>a controlling interest</u>

 <u>in by grant, devise, or descent</u> any additional real property in this state.
- (4) (a) A person or entity described in <u>subsection</u> (1) paragraph (1) (a), subsection (2), or <u>paragraph</u> (5) (a) <u>subsection</u> (5) must register with the Department of <u>Commerce Economic</u> Opportunity if the person or entity owns or acquires <u>more than</u> a <u>controlling de minimus indirect</u> interest in real property in this state. The department must establish a form for such registration which, at a minimum, must include all of the following:
 - 1. The name of the owner of the real property.
- 2. The address of the real property, the property appraiser's parcel identification number, and the property's legal description.

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(b) A person or entity that fails to timely file a registration with the department is subject to a civil penalty of \$1,000 for each day that the registration is late. The person or entity subject to the registration requirements must register the property or property interests owned or acquired before July 1, 2023, by December 31, 2023. The registration is considered to be late 30 days after January 31, 2024. A person or entity that owns or acquires a controlling interest in real property or an interest in real property as authorized under subsection (2) or subsection (5), other than a de minimus indirect interest, on or after July 1, 2023, must register the real property or interest within 30 days after the controlling property or interest is owned or acquired. The department may place a lien against the unregistered real property for the unpaid balance of any penalties assessed under this paragraph.

- (5) (a) Notwithstanding subsection (1), a person or an entity described in subsection (1) paragraph (1) (a) may acquire a controlling interest in real property in this state on or after July 1, 2023: τ
- 1. By devise or descent, through the enforcement of security interests, or through the collection of debts, provided that the person or entity sells, transfers, or otherwise divests itself of such controlling interest real property within 3 years after acquiring the controlling interest real property, unless the person or entity is exempt under s. 692.205; or-
- 2. For the primary purpose of development and sale of residential units as shown on a final plat if the person or entity provides an affidavit to the Department of Commerce signed under penalty of perjury attesting that the acquisition

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is primarily for the development and sale of residential units and that those residential units will be offered for sale after the acquisition of the first construction permit.

- (b) Violations of this subsection are subject to penalties under subsections (7) and (8).
- (6) (a) At the time of purchase, a buyer of real property in this state must provide an affidavit signed under penalty of perjury attesting that the buyer is:
- 1. Not a person or entity described in <u>subsection (1)</u> paragraph (1)(a) or that the buyer is a person described in <u>subsection (1)</u> paragraph (1)(a) but is authorized under subsection (2) to purchase the subject property; and
 - 2. In compliance with the requirements of this section.
- (b) The failure to obtain or maintain the affidavit does not:
- 1. Affect the title or insurability of the title for the real property; or
- 2. Subject the closing agent to civil or criminal liability, unless the closing agent has actual knowledge that the transaction will result in a violation of this section.
- (c) The Florida Real Estate Commission shall adopt rules to implement this subsection, including rules establishing the form for the affidavit required under this subsection.
- (7)(a) If any real property is owned or acquired in violation of this section, the real property may be forfeited to the state.
- (b) The Department of <u>Commerce Economic Opportunity</u> may initiate a civil action in the circuit court of the county in which the property lies for the forfeiture of the real property

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or any interest therein.

- (c) Upon filing such action, the clerk must record a lis pendens in accordance with s. 48.23. The court must advance the cause on the calendar. The defendant may at any time petition to modify or discharge the lis pendens based upon a finding that there is no probable cause to believe that the real property, or any portion thereof, is owned or held in violation of this section.
- (d) If the court finds that the real property, or any portion thereof, is owned or held in violation of this section, the court must enter a final judgment of forfeiture vesting title to the real property in this state, subject only to the rights and interests of bona fide lienholders, and such final judgment relates back to the date of the lis pendens.
- (e) The department may sell the real property subject to a final judgment of forfeiture. Any proceeds from the sale must first be paid to any lienholders of the land, followed by payment of any outstanding fines assessed pursuant to this section, after which the department must be reimbursed for all costs related to the forfeiture civil action and any costs related to the sale of the land. Any remaining proceeds must be paid to the property owner.
- (f) At any time during the forfeiture proceeding, the department may seek an ex parte order of seizure of the real property upon a showing that the defendant's control of the real property constitutes a clear and present danger to the state.
- (8) A violation of this section constitutes a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

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(9) A person who knowingly sells real property or \underline{a} controlling any interest therein in violation of this section commits a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

- (10) The Department of <u>Commerce</u> <u>Economic Opportunity</u> shall adopt rules to implement this section.
- Section 5. Section 704.09, Florida Statutes, is created to read:
- 704.09 Creation of easements, servitudes, and other interests affecting real property owned by the same owner.—
- (1) An owner of real property may create an easement, servitude, or other interest in the owner's real property, notwithstanding that the owner owns all of the affected real property.
- (2) An easement, servitude, or other interest in real property created by an owner in the owner's real property before the effective date of this act is valid unless invalidated by a court on grounds other than unity of title.
- Section 6. It is the intent of the Legislature to respect the intent of parties to real property transactions that occurred before the effective date of this act and the parties' reliance on easements, servitudes, or other interests created by those transactions.
- Section 7. The Division of Law Revision is directed to replace the phrase "the effective date of this act" wherever it occurs in s. 704.09, Florida Statutes, as created by this act, with the date this act becomes a law.
 - Section 8. This act shall take effect upon becoming a law.