

Foreign agricultural land ownership

Executive Summary

Laws that place constraints on ownership of agricultural land by nonresident aliens or foreign owners and businesses are not unanimous across the states. These laws range from general prohibitions on such ownership to a total absence of provisions dealing with this subject. **Missouri** law prohibits aliens and foreign businesses from acquiring by grant, purchase, devise or descent, agricultural land in the state and **law caps are in place for foreign ownership of agricultural land at 1% of the state's total agricultural acreage.** [HB506](#) & [SB243](#) further restrict the provisions associated with foreign acquisition and ownership of agricultural-related businesses and agricultural land, joining 33 states that have placed or are discussing placing some constraints on foreign individuals or businesses acquiring or holding agricultural land.^{8,18}

Highlights

- Foreign investors control – either through direct ownership or long-term leases – more than **35 million acres of U.S. agricultural land. That area is about the size of the state of Iowa.**
- Six states, including Iowa, have laws *banning* foreign ownership of agricultural land, while others have undertaken efforts to restrict foreign ownership of U.S. agricultural land.
- **Missouri ranks 16th in the nation with 324,658 acres of foreign-owned ag land. Based on the proportion of foreign-owned land to all the agricultural land that the state has, Missouri ranks 35th with 0.78% of its agricultural land owned by foreign holders.**

Limitations

- Laws limiting or governing foreign ownership of agriculture land vary from state to state, and who enforces those laws is often unclear.
- Due to inconsistent national data and differences in states' requirements, it is difficult to determine **exactly who owns U.S. agricultural land or how many agricultural businesses are owned by foreign investors in whole or in part.**

Research Background

Composition of the U.S. land ownership

There are 1.9 billion acres of land in the U.S. and the U.S. Department of Agriculture (USDA) categorizes land into six types: pasture/range, forest, cropland, urban, special use and miscellaneous use.¹⁵

Missouri Rev. Stat. § 442.566 defines agricultural land as “any tract of land in this state consisting of more than five acres, whether inside or outside the corporate limits of any municipality, which is capable, without substantial modification to the character of the land, of supporting an agricultural enterprise, including but not limited to land used for the production of agricultural crops or fruit or other horticultural products, or for the raising or feeding of animals for the production of livestock or livestock products, poultry or poultry products, or milk or dairy products.”¹⁸ According to USDA's Agricultural Foreign Investment Disclosure Act (AFIDA), which collects data on agricultural land that is held by foreign owners, “agricultural land” is “any land located in one or more states and used for agricultural, forestry, or timber production purposes...” and it requires

reports when one of the following occurs: (1) when a foreign person “acquires or transfers any interest, other than a security” in agricultural land; (2) when any interest in agricultural land, except a security interest, is held by any foreign person on the day before the effective date of the Act; (3) when a nonforeign owner of agricultural land subsequently becomes a foreign person; and (4) when non-agricultural land owned by a foreign person subsequently becomes agricultural. According to the agency, foreign holdings of U.S. agricultural land increased modestly from 2009 through 2015, on an average of 0.8 million per year. Since 2015, foreign holdings have increased an average of nearly 2.3 million acres, ranging from 0.8 million acres to 3.4 million acres per year. The most significant increase in acres between 2009 and 2019 were in forest land, cropland, and pasture. During this time period, forest land holdings increased from roughly 13.1 million to 17.6 million acres, **cropland increased from roughly 2.8 million to 9.1 million acres, and pasture land increased from approximately 4.6 million acres to about 6.9 million acres.**⁹

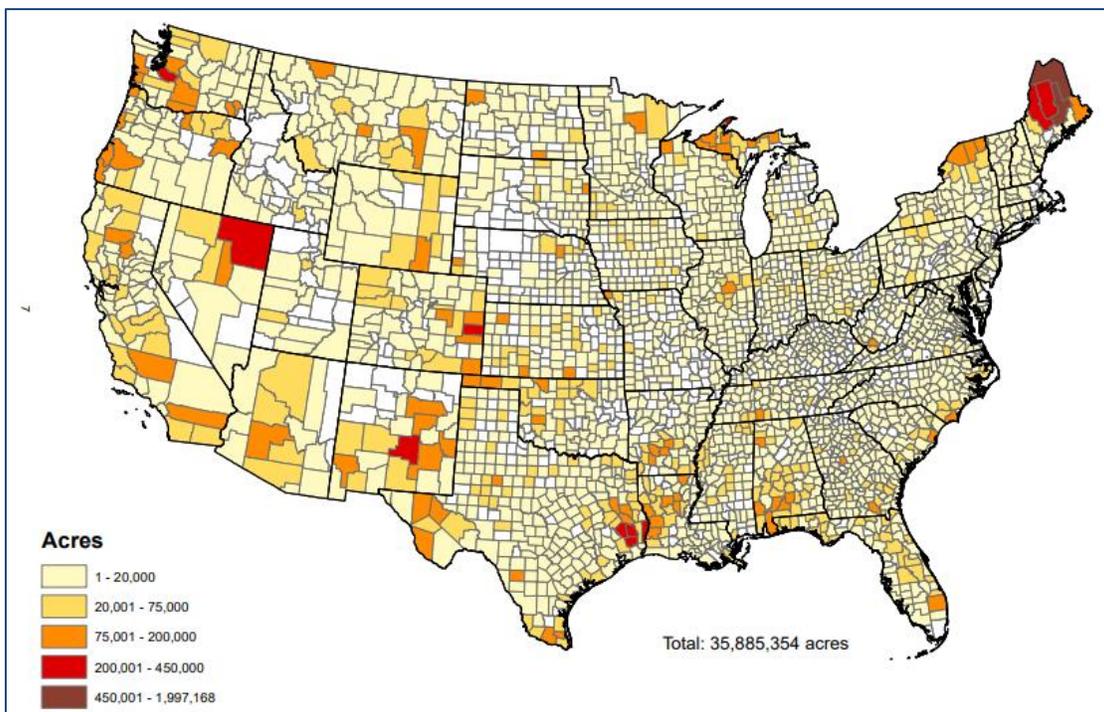


Figure 1. County Concentration of Foreign Holdings of Agricultural and Non-Agricultural Land as of December 31, 2019, USDA.⁹

According to the same data, foreign investors control – either through direct ownership or long-term leases – **over 35 million acres** (or roughly equivalent in size to the state of Iowa) and are valued at more than \$52.2 billion.^{1,9} This number continues to grow; in 1998, approximately 10 million acres of American agricultural land were foreign-owned, compared to 27.3 million acres in 2014. Canada owns 6.87 million acres of American agricultural lands; then follows the Netherlands (4.87 million acres), Germany (1.94 million acres), the United Kingdom (1.7 million acres), Italy (1.4 million acres), and France (1.04 million acres). Additionally, China owns about 146,000 acres, equivalent to more than 400 American farms.¹⁴ Of the agricultural land under foreign ownership, 54.9% is forestland; 23.6% is pastureland and 21.5% cropland.¹²

The two states with the most foreign ownership and investment is Texas, where over 4.4 million acres are foreign-controlled, and Maine, with more than 3.4 million acres in foreign-controlled

agricultural land (Figure 1). Missouri ranks near the middle with 324,658 acres of foreign-owned land.⁹ Missouri is ranked 35th in the nation for the percent of its agricultural land that is held by foreign holders relative to the total state land with 0.78% of its land being foreign-held. It should be noted that although Missouri has had regulatory restrictions in place, **foreign held agricultural land grew by 25,501 acres in just one year** from December 31, 2018 to December 31, 2019, while Iowa, who completely banned foreign investors from owning land in their state was the only state in the nation to see a decrease in foreign-owned land by 7,688 acres in the same period.⁹ Figure 2 shows the trend over the last 15 years in Missouri.

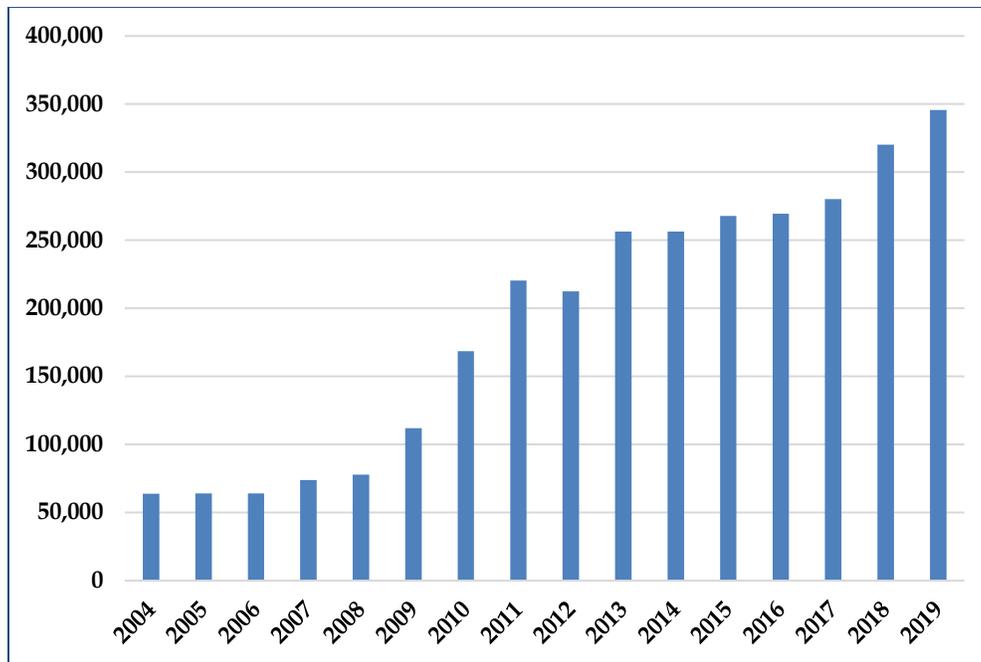


Figure 2. Foreign Held Agricultural Land in Missouri (Acres); calculations by MOST based on AFIDA annual data.⁹

Gaps in the foreign ownership data collection and law enforcement

According to the Midwest Center, laws limiting or governing foreign ownership of agricultural land vary from state to state, and **who enforces those laws is often unclear**. Moreover, while purchases are tracked, it is unclear whether sales of foreign-held agricultural land are consistently documented. The Center has also found that there is little double-checking of the data, resulting in missing owners and typos in numbers. For example, foreign entities who buy land in the U.S. are supposed to *self-report* their control over U.S. agricultural land. However, USDA collects the data and enforcement of the law is inconsistent. As documents obtained under the Freedom of Information Act indicate, the federal government has not assessed a fine under the act since 2014. In addition, based on the same federal database, about 1.3 million acres, worth \$386 million, do not list the country associated with the owner, and about 333,000 acres, worth \$65 million, do not list the owner. Overall, while the AFIDA database has errors and often has incomplete information, it still is a strong indicator of the quantity of land being sold to foreign interests.⁷

The lack of national coordinated legislative effort may result in a chaotic and ineffective structure.⁴ It is difficult to determine exactly who owns U.S. agricultural land or how many agricultural businesses are owned by foreign investors in whole or in part.

On the state and local level, however, legislative actions have been taken to ensure that AFIDA is not the only responsible agency for enforcing the regulations, and for collecting and reporting the ownership data. One example comes from Minnesota, where agriculture commissioners are appointed to have the power to investigate, declare and commence legal actions against actions in their district courts if violations in one or more counties are found. Similarly, Missouri HB506 proposes that county assessors would determine whether the foreign acquisitions comply with the 1% restriction on foreign ownership by tracking and determining the percentages of foreign ownership that fall within their county.

Concerns related to foreign agricultural land ownership

Between 2004 and 2014, the amount of agricultural land held by foreign investors doubled from 13.7 million acres to 27.3 million acres – an area roughly the size of Tennessee.⁷ **Today 2.2% of all privately held U.S. agricultural land and about 1% of all U.S. land is owned by foreign entities.**¹⁰

While representing only about 2% of total agricultural land, the value of the foreign-owned U.S. agricultural land soared from \$17.4 billion (in today's dollars) to \$42.7 billion during that same time period, according to the USDA.⁷As the share of foreign owners of U.S. agricultural land increases,¹¹ policymakers at various levels of the government have *attempted to legislate effective guides for foreign investment*. From a national perspective, the number of U.S. acres that foreign holders have can be considered minimal. **However, land purchases are not evenly distributed among counties or states, and not all land is equally valuable.**⁶

Additionally, efforts to restrict or ban foreign ownership of U.S. agricultural land from being owned by foreign persons or investors cite the issue of food security and national security – that potentially disloyal parties should not be owning the U.S. real estate food base.¹⁰ The Government Accountability Office report which created the Agriculture Foreign Interest Disclosure Act (AFIDA) stated that foreign investment of U.S. agricultural land is a threat because it may increase the price of agricultural land beyond the reach of local residents and allow foreign interests to control domestic food prices.¹³

Similar legislation

While there is no bar on foreign ownership of agricultural land at the federal level, a majority of states have some sort of restriction, most of which are relatively minor. **The states with the most extensive restrictions tend to be in the center of the country (e.g., Iowa). Six states-Hawaii, Iowa, Minnesota, Mississippi, North Dakota and Oklahoma-have laws banning foreign ownership of agricultural land,¹ with Iowa having the most restrictive limitation on nonresident alien ownership of any state in the United States.** The Iowa restriction provides that a “nonresident alien, foreign business, or foreign government, or an agent, trustee or fiduciary thereof, shall not purchase or otherwise acquire agricultural land in this state.”¹⁰ Aliens and corporations are prohibited in **Nebraska** from acquiring a title to or taking any lease or holding of any land that extends the period of five years.² Under the **Minnesota** law, no natural person (unless a United States citizen or a permanent resident alien of the United States) can acquire, directly or indirectly, any interest in

agricultural land, including leaseholds. Also, foreign corporations cannot, either directly or indirectly, acquire or obtain any interest in title to agricultural land unless at least 80 percent of each class of stocks issued is owned by United States citizens or permanent resident aliens.¹⁷ Other states have no restrictions at all or place the same restrictions on foreign individuals or entities as they do on domestic ones.

Missouri law prohibits aliens and foreign businesses from acquiring by grant, purchase, devise or descent, agricultural land in the state and **law caps are in place for foreign ownership of agricultural land at 1% of the state's total agricultural acreage.**^{7,18} The 2021 HB506 and SB243 bills apply further requirements, such as that no more than 1% of the total aggregate agricultural acreage in any county may be owned by foreign ownership.

References

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