

SENATE BILL 2927

By Bailey

AN ACT to amend Tennessee Code Annotated, Title 66,
Chapter 2, relative to ownership of real property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-2-301, is amended by adding the following as a new subdivision:

() "Chinese entity" means:

(A) 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;

(B) Any political party, member of a political party, or subdivision of a political party in the People's Republic of China;

(C) 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, including a subsidiary of such entity;

(D) A person who is domiciled in the People's Republic of China and who is not a citizen or lawful permanent resident of the United States; and

(E) A person, entity, or collection of persons or entities described in subdivisions () (A)-(D) having a controlling interest in a partnership, association, corporation, organization, trust, or any other legal entity or subsidiary formed for the purpose of owning real property in this state.

SECTION 2. Tennessee Code Annotated, Title 66, Chapter 2, Part 3, is amended by adding the following as a new section:

(a) The general assembly finds that:

(1) Certain foreign nations currently possessing autocratic and totalitarian governments hostile to the interests of the United States and hostile to the freedoms inherent in western liberal democracy represent a threat to the freedom and security of the United States and this state;

(2) While this state has an interest in protecting, supporting, and uplifting individuals of all nations who seek the freedoms inherent to residency in and citizenship of the United States, that this state must be cautious to ensure that hostile governments not be allowed to influence, infiltrate, and weaken such freedoms;

(3) Given demonstrated efforts by certain hostile nations to exert corrupting influence on such freedoms, including through foreign investment and economic coercion, it is incumbent on the general assembly to ensure that this state remains free of such efforts; and

(4) This legislation is enacted to protect the values of western liberal democracy and ensure that this state, as well as the United States of America, remains a land of refuge for those fleeing totalitarianism, discrimination, and dictatorship.

(b) A Chinese entity shall not directly or indirectly own, have a controlling interest in, acquire by purchase, grant, devise, or descent any interest in, or hold by lease, contract, or usufruct an interest in, except a de minimus indirect interest in, real property in this state or within ten (10) miles of a military installation.

(c) 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 five percent (5%) of any class of registered equities or less than five percent (5%) 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 (15 U.S.C. § 80b-1), as amended, and is not a foreign entity.

(d) Notwithstanding subsection (b), a Chinese entity that is a natural person may purchase one (1) residential real property that is up to two (2) acres in size if:

(1) The parcel is not on or within five (5) miles of a military installation in this state;

(2) 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; and

(3) The purchase is in the name of the person who holds the visa or official documentation described in subdivision (d)(2).

(e) This section does not prohibit a corporation, partnership, limited partnership, trustee, or other business entity from leasing land from its owner and using such land for agricultural research and development or experimental purposes, including testing, developing, or producing crop production inputs, including, but not limited to, seeds,

plants, pesticides, soil amendments, biologicals, and fertilizers, for sale or resale to farmers.

(f) A Chinese entity who owns, holds, leases, or controls more than a de minimus interest in real property in this state as of July 1, 2024, shall register such property interest with the secretary of state pursuant to § 66-2-305 and is subject to the civil penalties for violations under § 66-2-306.

(g) A Chinese entity having an interest in real property as of July 1, 2024, shall, within two (2) years from the effective date of this act, fully divest itself of the interest.

(h) Notwithstanding subsection (b), a person or an entity described in Section 1(D) may acquire real property in this state on or after July 1, 2024, by devise or descent, through the enforcement of security interests, or through the collection of debts, if the person or entity sells, transfers, or otherwise divests itself of such real property within two (2) years after acquiring such interest in the real property.

(i) This section does not prohibit the free purchase, sale, lease, or possession of real property in this state for diplomatic purposes covered by the Vienna Convention on Diplomatic Relations or by any individual who is:

(1) A citizen of the United States;

(2) A legal permanent resident of the United States;

(3) An individual who has been granted asylum or other protected status by the United States government; or

(4) The spouse of an individual listed in subdivisions (i)(1)-(3).

(j)

(1) At the time of purchase or of acquisition by means of contract, lease, or other instrument, an entity or person acquiring an interest in real property in this state shall execute an affidavit signed under penalty of perjury attesting that

the acquisition is not prohibited by subsection (b) and shall maintain a copy of the affidavit throughout the period during which the entity or person holds an interest in such property.

(2) The failure to obtain or maintain the affidavit pursuant to subdivision (j)(1) does not:

(A) Affect the title, or the insurability or transferability, of the real property; or

(B) Subject a 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.

(3) The Tennessee real estate commission shall adopt rules to implement this subsection (j), including rules establishing the form for the affidavit.

SECTION 3. Tennessee Code Annotated, Section 66-2-306, is amended by deleting the language "sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or an agent, trustee, or other fiduciary thereof," and substituting instead "sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or an agent, trustee, or other fiduciary thereof, or a Chinese entity,".

SECTION 4. This act takes effect July 1, 2024, the public welfare requiring it.