

25.0063.01000

Sixty-ninth
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative S. Olson

1 A BILL for an Act to create and enact a new section to chapter 11-18, a new section to chapter
2 12-60, and a new section to chapter 54-09 of the North Dakota Century Code, relating to
3 statements listing beneficial ownership interests, the establishment of a beneficial owner
4 database by the bureau of criminal investigation, and the filing of beneficial ownership
5 information statements with the secretary of state; to amend and reenact sections 11-11-70,
6 40-05-26, and 47-01-09 of the North Dakota Century Code, relating to the power of counties
7 and municipalities to prohibit local development by a person or government subject to
8 international traffic in arms regulations and the prohibition on ownership of real property by a
9 foreign adversary; and to provide a penalty.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. AMENDMENT.** Section 11-11-70 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **11-11-70. Development by a foreign adversary person or government subject to**
14 **international traffic in arms regulations - Prohibition. (Expired effective July 31, 2025)**

- 15 1. A board of county commissioners, including a board in a home rule county, may not
16 procure, authorize, or approve a development agreement, building plan, or proposal
17 relating to county development with ~~an individual~~ a person or government ~~identified as~~
18 ~~a foreign adversary under 15 CFR 7.4(a)~~ domiciled or formed within a country subject
19 to title 22, Code of Federal Regulations, part 126, section 126.1 or a person identified
20 on the office of foreign assets control sanctions list.
- 21 2. This section does not apply to a ~~foreign adversary defined under~~ person or government
22 subject to subsection 1 possessing an interest in real property if the ~~foreign adversary:~~

- 1 a. ~~Is person or government is~~ a duly registered business and has maintained a
- 2 status of good standing with the secretary of state for seven years or longer
- 3 before August 1, 2023;
- 4 b. ~~Has been approved by the committee on foreign investment in the United States;~~
- 5 and
- 6 e. ~~Maintains an active national security agreement with the federal government.~~

7 **SECTION 2.** A new section to chapter 11-18 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Statement listing beneficial ownership interests to be filed with recorder - Penalty.**

10 1. As used in this section:

11 a. "Beneficial owner" means a person that, directly or indirectly, through any
12 contract, arrangement, understanding, relationship, or otherwise:

13 (1) Exercises substantial control over an organization; or

14 (2) Owens or controls twenty-five percent or more of the ownership interests of
15 an organization.

16 b. "Ownership interests" has the meaning provided in section 10-19.1-01.

17 c. "Reporting company" means an organization:

18 (1) Created by the filing of a document with the secretary of state or equivalent
19 office under the laws of a state or Indian tribe; or

20 (2) Formed under the law of a foreign country and registered to conduct
21 business in the United States by the filing of a document with the secretary
22 of state or equivalent office under the laws of a state or Indian tribe.

23 d. "Substantial control" means a person:

24 (1) Serving as a senior officer of the reporting company;

25 (2) Having authority over the appointment or removal of any senior officer or a
26 majority of the board of directors of the reporting company; or

27 (3) Directing, determining, or substantially influencing important decisions made
28 by the reporting company.

29 2. If a grantee is an organization, the grantee or grantee's authorized agent presenting a
30 deed to the office of the county recorder shall certify on the face of the deed the
31 grantee is:

- 1 a. Not comprised of beneficial owners located outside the United States; or
- 2 b. Comprised of beneficial owners located outside the United States.
- 3 3. A county recorder may not accept and record a deed unless the deed contains the
- 4 certification required under subsection 2.
- 5 4. If a grantee makes a certification under subdivision b of subsection 2, the grantee shall
- 6 disclose, on a statement to be recorded with the deed, a complete list of beneficial
- 7 owners having an interest in the organization, also classified as the grantee.
- 8 5. If the grantee or the grantee's authorized agent makes a certification under
- 9 subdivision b of subsection 2 or the recorder reasonably believes a certification made
- 10 pursuant to subdivision a of subsection 2 has been falsified, the recorder shall mail or
- 11 deliver a copy of the deed to the bureau of criminal investigation within thirty days after
- 12 the deed is recorded.
- 13 6. The bureau of criminal investigation shall review a deed within ninety days of receiving
- 14 the deed from a recorder. If the bureau of criminal investigation reasonably believes a
- 15 grantee is violating this section, section 47-01-09, or chapter 47-10.1, the bureau of
- 16 criminal investigation shall forward the deed to the attorney general.
- 17 7. If the attorney general determines a violation occurred, the attorney general shall
- 18 prosecute the action in the district court of the county in which the majority of the
- 19 property is located or in Burleigh County.
- 20 8. Any grantee that willfully falsifies a statement under subdivision a of subsection 2 is
- 21 guilty of a class B misdemeanor.

22 **SECTION 3.** A new section to chapter 12-60 of the North Dakota Century Code is created
23 and enacted as follows:

24 **Foreign ownership database.**

25 The bureau shall establish a database to collect and store information received under
26 sections 2 and 6 of this Act, section 47-01-09, and chapter 47-10.1, relating to foreign and
27 beneficial ownership interests.

28 **SECTION 4. AMENDMENT.** Section 40-05-26 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **40-05-26. Development by a foreign adversary person or government subject to**
2 **international traffic in arms regulations - Prohibition. (Expired effective July 31, 2025)**

- 3 1. A board of city commissioners or city council, including a board or council in a home
4 rule city, may not procure, authorize, or approve a development agreement, building
5 plan, or proposal relating to city development with an individual a person or
6 government identified as a foreign adversary under 15 domiciled or formed within a
7 country subject to 22 CFR 7.4(a)126.1 or a person identified on the office of foreign
8 assets control sanctions list.
- 9 2. This section does not apply to a foreign adversary as defined in person or government
10 subject to subsection 1 possessing an interest in real property if the foreign adversary:
11 a. Is person or government is a duly registered business and has maintained a
12 status of good standing with the secretary of state for seven years or longer
13 before August 1, 2023;
14 b. Has been approved by the committee on foreign investment in the United States;
15 and
16 e. Maintains an active national security agreement with the federal government.

17 **SECTION 5. AMENDMENT.** Section 47-01-09 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **47-01-09. Public or private ownership - All property subject to - Foreign ownership**
20 **prohibited. (Effective through July 31, 2025)**

- 21 1. All property in this state has an owner, whether that owner is the United States or the
22 state, and the property public, or the owner an individual, and the property private. The
23 state also may hold property as a private proprietor.
- 24 2. Notwithstanding any other provision of law, the following governments or entities may
25 not purchase or otherwise acquire title to real property in this state after July 31, 2023:
26 a. A foreign adversary.
27 b. A foreign business entity with a principal executive office located in a country that
28 is identified as a foreign adversary.
29 e. A foreign business entity in which a foreign adversary owns:
30 (1) More than fifty percent of the total controlling interests or total ownership
31 interests, as defined under section 10-19.1-01, in the foreign business-

- 1 entity, unless the foreign business entity was operating lawfully in the United
2 States on August 1, 2023; or
- 3 (2) ~~Fifty percent or less of the total controlling interests or total ownership~~
4 ~~interests, as defined under section 10-19.1-01, in the foreign business~~
5 ~~entity, if the foreign adversary directs the business operations and affairs of~~
6 ~~the foreign business entity without the requirement of consent of any~~
7 ~~nonforeign adversary controls, directs, or is a beneficial owner of the foreign~~
8 ~~business entity~~, unless the foreign business entity was operating lawfully in
9 the United States on August 1, 2023.
- 10 3. When requested by a city council or commission, county commission, or title agent or
11 company, the attorney general shall complete a civil review, to the extent allowable by
12 law, relating to the qualifications of any foreign adversary business entity acquiring real
13 property under subdivision c of subsection 2.
- 14 4. This section does not apply to an entity possessing an interest in real property under
15 subsection 2 if the entity:
- 16 a. ~~Is~~ is a duly registered business and has maintained a status of good standing
17 with the secretary of state for seven years or longer before August 1, 2023;
- 18 b. ~~Has been approved by the committee on foreign investment in the United States;~~
19 and
- 20 c. ~~Maintains an active national security agreement with the federal government.~~
- 21 5. A foreign government or foreign business entity subject to and in violation of this
22 section shall divest itself of all real property in this state within thirty-six months after
23 August 1, 2023.
- 24 6. If a foreign government or foreign business entity subject to this section fails to divest
25 itself of all real property in this state within the period specified under subsection 4, the
26 state's attorney of the county in which the majority of the real property is situated may
27 issue subpoenas to compel witnesses to appear to provide testimony or produce
28 records.
- 29 7. Upon receiving testimony and records, if the state's attorney concludes a foreign
30 government or foreign business entity, in violation of this section, has failed to divest
31 ownership of real property as required under this section, the state's attorney shall

1 commence an action in the district court of the county in which the majority of the real
2 property is situated. Once the action is commenced, the state's attorney shall file a
3 notice pursuant to section 28-05-07 with the recorder of each county where the real
4 property subject to the action is situated. If the court finds divestment of real property
5 under this section is proper, the district court shall enter an order consistent with its
6 findings. As part of the order, the court shall cancel the notice pursuant to section
7 28-05-08.

8 8. Pursuant to an order for divestment, a foreign government or foreign business entity
9 subject to an order shall divest all real property within six months from the date of the
10 final entry of judgment. A foreign government or foreign business entity that fails to
11 comply with the court's order is subject to a civil penalty not to exceed twenty-five
12 thousand dollars.

13 9. Any real property not divested within the period prescribed by law may be sold at a
14 public sale in the manner provided under chapter 32-19 through an action brought by
15 the state's attorney. A title to real property or encumbrance on the real property may
16 not be deemed invalid by an order of divestiture under this section.

17 10. A person that is not subject to this section may not be required to:
18 a. Determine whether another person is subject to this section; or
19 b. Inquire if another person is subject to this section.

20 11. For purposes of this section, ~~"foreign:~~

21 a. "Beneficial owner" means a person that, directly or indirectly, through any
22 contract, arrangement, understanding, relationship, or otherwise:

23 (1) Exercises substantial control over an organization; or

24 (2) Owns or controls twenty-five percent or more of the ownership interests of
25 an organization.

26 b. "Foreign adversary" means an individual or a person or government identified as-
27 a foreign adversary in 15 CFR 7.4(a) domiciled or formed within a country subject
28 to title 22, Code of Federal Regulations, part 126, section 126.1 or a person
29 identified on the office of foreign assets control sanctions list.

30 c. "Ownership interests" has the meaning provided in section 10-19.1-01.

31 d. "Reporting company" means an organization:

- 1 (1) Created by the filing of a document with the secretary of state or equivalent
2 office under the laws of a state or Indian tribe; or
- 3 (2) Formed under the law of a foreign country and registered to conduct
4 business in the United States by the filing of a document with the secretary
5 of state or equivalent office under the laws of a state or Indian tribe.
- 6 e. "Substantial control" means a person:
 - 7 (1) Serving as a senior officer of the reporting company;
 - 8 (2) Having authority over the appointment or removal of any senior officer or a
9 majority of the board of directors of the reporting company; or
 - 10 (3) Directing, determining, or substantially influencing important decisions made
11 by the reporting company.

12 ~~**Public or private ownership – All property subject to. (Effective after July 31, 2025)**~~

13 ~~All property in this state has an owner, whether that owner is the United States or the state,~~
14 ~~and the property public, or the owner an individual, and the property private. The state also may~~
15 ~~hold property as a private proprietor.~~

16 **SECTION 6.** A new section to chapter 54-09 of the North Dakota Century Code is created
17 and enacted as follows:

18 **Filing of beneficial ownership information statements - Secretary of state to forward**
19 **certain filings - Penalty.**

- 20 1. An organization required to make a beneficial ownership information filing with the
21 financial crimes enforcement network under the Corporate Transparency Act [Pub. L.
22 116-283; 134 Stat. 4604; 31 U.S.C 5336] also shall file a copy of the report with the
23 secretary of state within three months of the acceptance of the federal filing.
- 24 2. The secretary of state shall review each filing upon receipt. If the secretary of state
25 discovers any filing containing a beneficial owner located outside the United States,
26 the secretary of state shall forward the filing to the bureau of criminal investigation for
27 review.
- 28 3. The bureau of criminal investigation shall review a filing within ninety days of receiving
29 the filing from the secretary of state. If the bureau of criminal investigation reasonably
30 believes a person violated section 2 of this Act, section 47-01-09, or chapter 47-10.1,
31 the bureau of criminal investigation shall forward the filing to the attorney general.

- 1 4. If the attorney general determines a violation occurred, the attorney general shall
- 2 prosecute the action in the district court of the county in which the registered agent of
- 3 the organization is located or in Burleigh County.
- 4 5. An organization that willfully violates this section is guilty of a class B misdemeanor.