

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1503

Introduced by

Representatives Hoverson, Timmons

Senator Paulson

1 A BILL for an Act to create and enact a new subsection to section 54-12-01 and a new section
2 to chapter 54-12 of the North Dakota Century Code, relating to ownership of real property and
3 commercial assets by foreign adversaries; to provide for a legislative management study; and to
4 provide an expiration date.

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

6 **SECTION 1.** A new subsection to section 54-12-01 of the North Dakota Century Code is
7 created and enacted as follows:

8 Conduct reviews and issue permits to a covered person as provided under section 2 of
9 this Act and continue to assess threats to the state from malign activities, efforts, or
10 influence by persons owned by a foreign adversary.

11 **SECTION 2.** A new section to chapter 54-12 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Regulation of covered persons.**

14 Notwithstanding any other provision of law:

15 1. For purposes of this section:

16 a. "Covered person" means a person that owns or controls any real estate or
17 commercial assets or operates a business within this state which is owned by,
18 controlled by, or subject to the jurisdiction or direction of a foreign adversary or an
19 individual acting on behalf of or in conjunction with a foreign adversary, except
20 the term does not include a person that, as of the effective date of this Act, has
21 been a registered business and in good standing in this state for seven years or
22 longer, or a person that has been approved by the committee on foreign
23 investment in the United States and maintains an active national security
24 agreement with the federal government of the United States.

- 1 b. "Foreign adversary" means an individual or a government identified as a foreign
2 adversary in 15 CFR 7.4(a).
- 3 2. A covered person may not own real estate, commercial assets, or operate a business
4 within this state without first registering as a covered person and obtaining a permit
5 from the attorney general. The registration of a covered person must include the
6 beneficial or ownership interests of any person associated with the covered person,
7 including the nation in which the covered person is domiciled, operated within and
8 from, or owned wholly or in part.
- 9 3. Upon receiving the information in subsection 2, the attorney general shall conduct a
10 state security review. The review must:
- 11 a. Be completed within ninety days of receiving the information under subsection 2;
12 b. Include information from any federal and state military and intelligence
13 organizations operating within this state;
14 c. Be conducted in conjunction with any relevant state, county, or municipal bodies
15 to assess the potential impacts to any federal or state military and intelligence
16 organizations operating within this state; and
17 d. Be made available as a public record if the covered person conducts business in
18 this state and to the extent the review does not reflect information provided by the
19 covered person and identified as confidential or proprietary, as provided by
20 section 44-04-18.4.
- 21 4. All criminal violations committed by a covered person, constituting a threat to the state,
22 must be reported immediately to the attorney general. If deemed necessary by the
23 attorney general, the attorney general may report criminal violations to any state and
24 federal authorities. If the attorney general review uncovers proof of any criminal
25 violation under county, state, or federal law that constitutes a threat to this state within
26 the previous five-year period, the permit must be revoked. If a covered person's permit
27 is revoked, the covered person has thirty business days to appeal the attorney
28 general's decision to the appropriate district court in the county where the covered
29 person is domiciled. Failure to appeal revocation within the permitted period
30 constitutes a waiver of appeal. If the permit ultimately is revoked by the attorney

- 1 general or the district court, the attorney general shall notify the covered person of the
2 official revocation, and the covered person must be provided:
- 3 a. Twelve months to wind down all business enterprises in the state; and
4 b. Thirty-six months to divest of ownership of all real property and commercial
5 assets within this state.
- 6 5. An active, registered business that has maintained a status of good standing with the
7 secretary of state for seven years or longer, or a business approved by the committee
8 on foreign direct investment, is not exempt from a state security review directed by the
9 attorney general under this section.
- 10 6. This section applies to any covered person that:
- 11 a. Is domiciled in this state;
12 b. Operates a duly registered business in this state;
13 c. Operates a charitable enterprise in this state; or
14 d. Obtains any beneficial interest in real estate, commercial assets, or a business or
15 charitable organization in this state.
- 16 7. Any organization, on the effective date of this Act, owning real estate or commercial
17 assets or operating a business, that would otherwise be considered a covered person
18 under this section, is subject to the annual permit review process effective one
19 hundred eighty days from the effective date of this Act.

20 **SECTION 3. LEGISLATIVE MANAGEMENT STUDY - NUMBER OF COVERED**

21 **PERSONS IN NORTH DAKOTA.** During the 2023-24 interim, the legislative management shall
22 consider studying the number of persons that own or control any real estate or commercial
23 assets or operate a business within this state which is owned by, controlled by, or subject to the
24 jurisdiction or direction of foreign adversaries or individuals acting on behalf of or in conjunction
25 with foreign adversaries. This study must attempt to ascertain the number of such persons
26 residing in this state which operate a business or a charitable enterprise or have obtained a
27 beneficial interest in real estate, commercial assets, or a business or charitable organization in
28 this state. The legislative management shall report its findings and recommendations, together
29 with any legislation required to implement the recommendations, to the sixty-ninth legislative
30 assembly.

1 **SECTION 4. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31,
2 2025, and after that date are ineffective.