

**To: Chair Roers and Members of the Senate Committee on State and Local Government**

**From:** Senator Jose Castaneda, District 40 — Minot, Bill Sponsor

**Date:** 1/31/2025

**Subject:** Testimony in Support of SB 2361

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### **Chair Roers and Members of the Senate Committee on State and Local Government**

Last session Sen Paulson sponsored SB 2371 which was signed into law. The law amended section 47-01-09 of the North Dakota Century Code by placing restrictions on ownership of real property by a foreign adversary. Unfortunately, it has a sunset clause of July 31, 2025. The expectation was that with the study done in the 2023-2025 interim, we would have a replacement bill with more teeth than the current statute this session. SB 2026 was meant to be that solution, but as you know, it left this committee with a DNP and failed on the senate floor. We as a committee were looking for a much more streamlined way to ensure that foreign countries of concern do not take hold in North Dakota.

Upon taking office, Governor Armstrong appointed newly retired Major General Alan Dohrmann as his Chief Operating Officer. This appointment brings a new skill set and oversight by the Governor's office that just wasn't there before.

This brings us to HB1209. This bill was drafted in collaboration with the Governor's Office, specifically Mr. Dohrmann, and directs a top-down analysis to pinpoint the exact mode of the threats posed by foreign countries of concern and also examines our vulnerabilities. Although this threat has been seen as mostly economic in nature through investments and land acquisition, foreign adversarial influence can extend into education through academia or cause adverse political influence just to name two ways. The threat is dynamic. The adversary will continuously shift methods when it feels it is losing effectiveness. Although part of the solution, albeit for next session, will be to codify effective and workable methods and procedures to prevent foreign investment and land acquisition, we need sector specific dynamic mitigation. That level of defense will most likely require establishing a state intelligence and counter-threat unit that is lean and cost effective. I am not aware of any study that has analyzed the threat from this perspective and that is what this bill aims to do in the interim. The executive branch and Mr. Dohrmann are on board and have testified that this work can be done with current state resources. The results of this study will have sensitive information especially in the threat analysis and vulnerability assessment areas. That is the reason for Section 3 on page 5. Any legislation that we pass must to be strategic, not transactional, if we want to be successful in mitigating this threat.

However, a study of this nature will use up the balance interim to reap any meaningful results. In the meantime, that leaves our only defense against foreign countries of interest, section 47-01-09 of the North Dakota Century Code sunseting on July 31st of this year. So, we kill two birds with one stone. Sections 1, 2, and 3 of SB 2361 extend the sunset clause by two years while Section 4, being identical to HB 1209 as passed by the house on Monday in a 91-1 vote, takes care of creating the framework for creating a multi-faceted and dynamic risk mitigation strategy. The reason that the same bill is in both houses is that when SB 2026 failed the senate I needed a hedge against HB 1209 not passing the house or getting drastically amending.

Thank you for your consideration. I respectfully request a Do Pass recommendation for this bill and I stand for questions.

Jose Castaneda  
State Senator  
District 40 -- Minot