



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0204 Introduced on January 15, 2025
Subject: Alien Ownership of Real Property
Requestor: Senate Judiciary
RFA Analyst(s): Manic
Impact Date: February 11, 2025

Fiscal Impact Summary

This bill establishes that no citizen of a foreign adversary or corporation controlled by a foreign adversary, as defined by this bill, may acquire any interest in real property within the state. The bill also clarifies that the limitation does not apply to a citizen of a foreign adversary if this citizen is also a citizen of the United States or resides in the United States and has been granted lawful permanent resident status by the United States government and acquires no more than five acres for residential use. The bill further provides for conditions of a summary judgement in a civil action initiated or funded by a party controlled by a foreign adversary. Also, the bill allows the party controlled by a foreign adversary with a summary judgement against them to appeal directly to the Supreme Court and requires the Supreme Court to hear the appeal on an expedited schedule.

The Department of Commerce (Commerce) indicates that the bill will have no expenditure impact on the agency. Commerce has engaged the SC State Law Enforcement Division (SLED) to perform the due diligence on prospective foreign companies seeking incentives for economic activity in the state to determine whether they are owned by foreign adversaries at no charge.

Both SLED and Judicial have confirmed that the bill will have no expenditure impact as both agencies will be able to manage the additional workload with existing staff and appropriations.

Commerce anticipates this bill may impact economic development for the state for both future projects and existing companies. This bill may limit the potential growth of many existing companies and influence the decision of several prospective projects considering locating in the state, which may have an adverse effect on future tax revenues.

The Revenue and Fiscal Affairs Office (RFA) has previously contacted all counties to determine the potential expenditure impact similar legislation may have on local governments. We received a response from the counties of Dorchester and Kershaw. Both counties indicated this bill will have no expenditure impact. Based on these responses, RFA anticipates this bill will have no expenditure impact on local governments.

Explanation of Fiscal Impact

Introduced on January 15, 2025

State Expenditure

This bill establishes that no citizen of a foreign adversary or corporation controlled by a foreign adversary, as defined by this bill, may acquire any interest in real property within the state. This bill clarifies that the limitation does not apply to a citizen of a foreign adversary if this citizen is also a citizen of the United States or resides in the United States and has been granted lawful permanent resident status by the United States government and acquires no more than five acres for residential use. The bill also defines foreign adversary as any foreign government or nongovernment person determined by the United States Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct that is significantly to the national security of the United States or the security and safety of United States citizens.

Further, the bill specifies that these limitations do not apply to businesses and industries operating within the limits of the state on December 31, 2022, as long as the land or real property is acquired for purposes of expansion and the expansion is approved by the Secretary of State and the Governor. Also, the bill's requirements do not apply to businesses that have received commitments or proposals from the Department of Commerce related to discretionary state incentives on or before March 23, 2025. Such businesses are eligible to acquire land or real property to establish operations or later expand in the state with the approval of the Secretary of Commerce and the Governor.

The bill also provides for conditions of a summary judgement in a civil action initiated or funded by a party controlled by a foreign adversary. In addition, the bill allows the party controlled by a foreign adversary with a summary judgement against them to appeal the summary judgment directly to the Supreme Court and requires the Supreme Court to hear the appeal on an expedited schedule.

Department of Commerce. Commerce indicates that the bill will have no expenditure impact as the agency has engaged SLED free of charge to determine whether foreign companies seeking incentives for economic activity in SC are owned by foreign adversaries. Also, the agency indicates that it is not involved in the acquisition of land and that the bill does not specify that Commerce is required to provide due diligence on foreign companies acquiring an interest in real property or land. Commerce further specifies that the only affirmative action the bill requires of Commerce is for the Secretary of Commerce to approve, along with the Governor, land acquisitions made by foreign adversaries related to expansions where the business was operating within the limits of the state on December 31, 2022.

State Law Enforcement Division. SLED has confirmed that the bill will have no expenditure impact on the agency as it will be able to manage the additional workload with existing staff and appropriations.

Judicial. Judicial indicates that the bill will have no expenditure impact as they do not anticipate the number of appeal cases with the Supreme Court to be significant and expect to manage such instances with existing staff and resources.

State Revenue

This bill specifies that no citizen of a foreign adversary or corporation controlled by a foreign adversary, as defined by this bill, may acquire any interest in real property within the state.

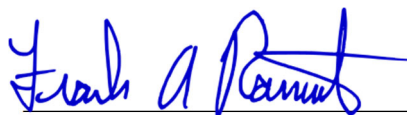
Commerce anticipates this bill may impact economic development for the state for both future projects and existing companies. This bill may limit the potential growth of many existing companies and influence the decision of several prospective projects considering locating in the state.

Local Expenditure

RFA has previously contacted all counties to determine the potential expenditure impact similar legislation may have on local governments. We received a response from the counties of Dorchester and Kershaw. Both counties indicated this bill will have no expenditure impact. Based on these responses, RFA anticipates this bill will have no expenditure impact on local governments.

Local Revenue

N/A



Frank A. Rainwater, Executive Director