Foreign Land Ownership

Restrictions on foreign land ownership in the United States has its origins in English common law. Since landowners supplied the King's knights, only loyalists could own land in England. The American colonies adopted this view and prohibited ownership of land by nonresident aliens in its territories to prevent the West from being settled by people who didn't intend to become citizens.

Today, about half of the states have restricted foreign ownership of real property in some manner and at least 22 states regulate the ownership of agricultural land. Iowa does not restrict property ownership except for the ownership of agricultural land. Iowa's constitution, Article 1, section 22, allows resident foreigners to enjoy the same rights to property as citizens.

Iowa is one of eight states that prohibit the ownership of agricultural land. The other seven states are: Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, and Wisconsin. Although the number of acres has always been restricted, Iowa's near complete prohibition was adopted in 1979. Iowa's law prohibits ownership of any interest in agricultural land by nonresident aliens, foreign businesses and foreign governments. Nonresident aliens are people who are not citizens of the United States or who have not been admitted to the Unities States for permanent residence.

Iowa's restriction is not absolute as there are several exemptions to this blanket prohibition on ownership. Nonresident aliens may acquire farmland if it is:
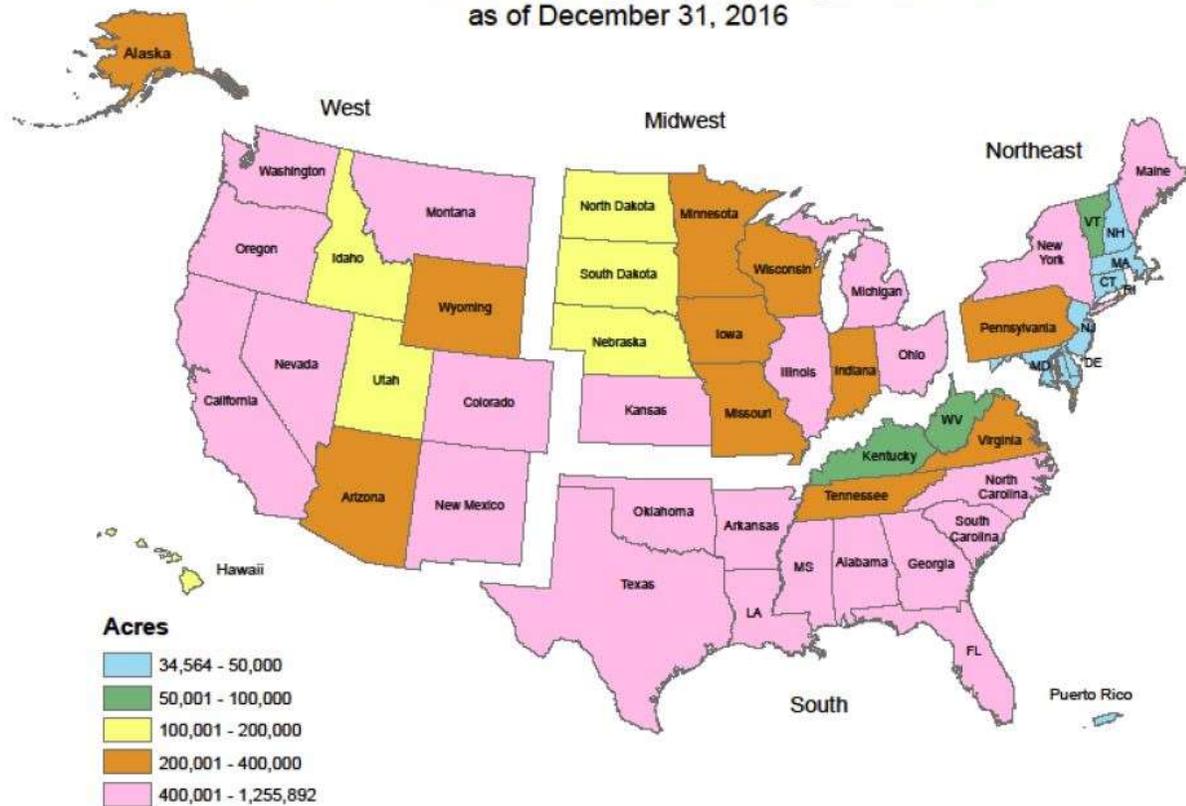1. Inherited and sold within two years;
2. A security interest;
3. Acquired in the collection of debts, by deed in lieu of foreclosure, forfeiture of a contract or deed, enforcement of a lien or claim on the land. But, the land must be disposed of within two years and leased before sale to a person for farming who is not subject to these restrictions.
4. Acquired for research or experimental purposes up to 640 acres;
5. The interest in farmland does not exceed 320 acres and it is acquired for immediate or pending use other than farming. Pending development to a use other than farming, the land shall not be used for farming except under lease to a person not subject to these restrictions. The land must be developed for a use other than farming within five years of acquisition.
6. Purchased prior to January 1, 1980, but no other agricultural land may be purchased in the state.

Foreign owners and foreign governments or their agent, trustee or fiduciary, must report to the Iowa Secretary of State its ownership by March 31 of each year. The report includes the name of the owner, the location and number of acres, the date the land was acquired and the present use of the agricultural land. It the land was purchased for development the report needs to include the status of the development for purposes other than farming. The land must be developed within 5 years of purchase.

Foreign owners are also required to report their ownership to the U.S. Department Agriculture each year under the Agricultural Foreign Investment Disclosure Act of 1978. As of December 31, 2016, foreigners owned 268,155 acres or 0.8% of the privately held agricultural land in the state. About 197,895 of these acres was cropland and 60,747 acres in pasture. This is an increase from 2006 when 29,215 acres of Iowa farmland were reported as foreign owned.

The Iowa Attorney General is responsible for initiating an action in state district court when these provisions are violated. The penalty for violating the restrictions is that the land will be owned by the state.

State Concentration of Foreign Holdings of Agricultural Land
as of December 31, 2016

Acres

	34,564 - 50,000
	50,001 - 100,000
	100,001 - 200,000
	200,001 - 400,000
	400,001 - 1,255,892

Discussion Questions:
1. Are you aware of any foreign-owned land in your county? Have you purchased or sold ag land to a foreign buyers or seller?
2. Are you concerned about foreign countries, businesses or individuals purchasing Iowa farmland?
3. Given the increase in foreign farmland ownership, do you believe the state should improve its reporting and enforcement of the law?