

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/CS/HB 1355 Interests of Foreign Countries
SPONSOR(S): State Affairs Committee and Judiciary Committee, Borrero and others
TIED BILLS: IDEN./SIM. **BILLS:** CS/CS/SB 264

FINAL HOUSE FLOOR ACTION: 95 Y's 17 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/CS/HB 1355 passed the House on May 3, 2023, as CS/CS/SB 264, as amended, and was returned to the Senate. On May 4, 2023, the Senate concurred in the House amendment, as amended by the Senate, and returned the bill to the House. The House concurred in the amendment, as amended by the Senate, and subsequently passed the bill, as amended, on May 4, 2023.

Foreign ownership and investment in United States agricultural land has generated significant interest in recent years. Several high-profile incidents have prompted lawmakers to evaluate and respond to the potential impacts of foreign ownership of land on national security and trade.

The bill restricts a Florida governmental entity's ability to contract with or provide economic incentives to a foreign country of concern. The bill also places specific limitations on the type and location of land and real property that may be owned or acquired by a foreign country of concern and certain persons and entities affiliated with such countries. The bill generally prohibits:

- A foreign country of concern and affiliated persons or entities from acquiring agricultural land;
- A foreign country of concern and affiliated persons or entities from acquiring real property on or within 10 miles of a military installation or critical infrastructure facility;
- The People's Republic of China and affiliated entities from acquiring real property in the state.

The bill provides specific exceptions in certain instances for:

- A natural person lawfully present within the state seeking to purchase a residential property up to two acres, as long as such property is more than five miles from a military installation.
- A "de minimus indirect interest" in certain property.
- An acquisition of real property for diplomatic purposes.

The bill provides property registration requirements, civil and criminal penalties, and a process for forfeiture of property in certain situations. The bill also:

- Amends the Florida Electronic Health Records Act and Florida Health Care Licensing Procedures Act to require that any offsite storage of medical information and patient records be physically maintained at a location within the United States, a territory of the United States, or Canada.
- Increases the criminal penalty from a second-degree felony to a first-degree felony for committing extortion or threats while acting as a foreign agent to benefit a foreign country of concern.

The bill was approved by the Governor on May 8, 2023, ch. 2023-33, L.O.F., and will become effective on July 1, 2023.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

Foreign Ownership of United States Real Property

Foreign ownership and investment in U.S. agricultural land has generated significant interest in recent years.¹ Several high-profile incidents have prompted lawmakers to evaluate and respond to the potential impacts of foreign ownership and investment on national security, trade, and food security.²

In 2022, Fufeng Group Limited, a Chinese food manufacturer, acquired 300 acres of land 12 miles from the Grand Forks Air Force Base (AFB) in North Dakota in order to build a production plant.³ Grand Forks AFB reportedly houses a significant amount of the nation's sophisticated military drone technology.⁴ A staff research report published by the Congressionally-created U.S.-China Economic and Security Review Commission noted that the proximity of the Fufeng Group's land purchase to the base could make it conveniently situated to monitor air traffic flow in and out of the base as well as other business patterns and security-related concerns.⁵

In January 2023, Andrew P. Hunter, the Assistant Secretary of the Air Force for Acquisition, Technology and Logistics,⁶ sent U.S. Senator John Hoeven a letter providing the Air Force's official position on the project. The letter confirmed that the AFB is the center of military activities related to both air and space operations and that the Air Force's position was that the proposed Fufeng project presented a significant threat to national security with risks of significant impacts to military operations in that area.⁷

Additionally, there is growing concern regarding the impact of foreign land ownership on national food security. A recent letter from 130 lawmakers to the U.S. Government Accountability Office expressed concern that "foreign investment in U.S. farmland could result in foreign control of available U.S. farmland, especially prime agricultural lands, and possibly lead to foreign control over food production and food prices."^{8,9}

In 2021, foreign individuals and entities held an interest in 40.8 million acres of the nation's agricultural land.¹⁰ Foreign land holdings have increased by an average of 2.2 million acres per year since 2015.¹¹

¹ See Aleks Phillips, *What the U.S. Is Doing to Curtail Chinese Land Ownership*, Newsweek, Feb. 13, 2023, <https://www.newsweek.com/chinese-land-ownership-investment-us-military-bases-1780886> (last visited April 14, 2023).

² See Letter from Congressmen Glenn "GT" Thompson & James Comer to Gene L. Dodaro, Comptroller General of the U.S. Government Accountability Office (Oct. 1, 2022), https://oversight.house.gov/wp-content/uploads/2022/10/20221001_GAO_foreignlandownership.pdf (last visited Mar. 18, 2023).

³ Congressional Research Service (CRS), *Foreign Ownership and Holdings of U.S. Agricultural Land* (version 4, updated Jan. 24, 2023), <https://crsreports.congress.gov/product/pdf/IF/IF11977> (last visited Mar. 18, 2023).

⁴ Ariel Zilber, *Chinese Firm Bought North Dakota Farm Near U.S. Air Force Drone Base: Report*, New York Post, Jul. 1, 2022, <https://nypost.com/2022/07/01/chinese-firm-bought-farm-near-us-air-force-drone-base-report/> (last visited Mar. 20, 2023); see also Letter from Thompson & Comer, *supra* note 2; see also Lauren Greenwood, U.S.-China Economic and Security Review Commission, *China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad* (May 26, 2022) https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf (last visited Mar. 18, 2023).

⁵ Greenwood, *supra* note 4.

⁶ U.S. Air Force, *Andrew P. Hunter* (Sept. 2022), <https://www.af.mil/About-Us/Biographies/Display/Article/3154079/andrew-p-hunter/> (last visited Mar. 18, 2023).

⁷ Letter from Andrew P. Hunter, Office of the Assistant Secretary, to U.S. Senator John Hoeven (Jan. 27, 2023), <https://www.hoeven.senate.gov/imo/media/doc/USAIRFORCE-FUFENG-LETTER-HOEVEN.pdf> (last visited Mar. 20, 2023).

⁸ Letter from Thompson & Comer, *supra* note 2.

⁹ Rachel Treisman, NPR, *China is Buying Up More U.S. Farmland. Some Lawmakers Consider That a Security Threat* (Mar. 1, 2023), <https://www.npr.org/2023/03/01/1160297853/china-farmland-purchases-house-hearing-competition> (last visited Mar. 20, 2023).

¹⁰ CRS, *supra* note 3, at 2.

¹¹ *Id.*

As of 2021, the states with the most foreign-owned agricultural acreage were Texas (5.3 million acres), Maine (3.6 million acres), Colorado (1.9 million acres), Alabama (1.8 million acres), and Oklahoma (1.7 million acres). Other states with more than 1 million foreign-owned acres include Florida, along with Arkansas, California, Georgia, Kansas, Louisiana, Michigan, New Mexico, Oregon, and Washington.¹²

According to the U.S. Department of Agriculture, of the 21,849,568 acres of privately held agricultural land in Florida, 1,382,284 acres (6.3 percent) are held by foreign nationals, which is among the highest proportions in the U.S.¹³

Government Procurement

In General

Chapter 287, F.S., sets forth the procurement and contracting procedures for most state agencies.¹⁴ In general, the law requires a competitive solicitation process when state agencies wish to procure commodities or contractual services that cost more than \$35,000.¹⁵ A “competitive solicitation” is the process of requesting and receiving two or more sealed bids, proposals, or replies submitted by responsive vendors.¹⁶ Depending on the type of contract and scope of work or goods sought, an agency may use one of three procurement methods:

- Invitation to bid (ITB) – An agency must use an ITB when the agency is capable of specifically defining the scope of work for which a contractual service is required or when the agency is capable of establishing precise specifications defining the actual commodity or group of commodities required.¹⁷
- Request for proposals (RFP) – An agency must use an RFP when the purposes and uses for which the commodity, group of commodities, or contractual service being sought can be specifically defined and the agency is capable of identifying necessary deliverables.¹⁸
- Invitation to negotiate (ITN) – An ITN is a solicitation used by an agency that is intended to determine the best method for achieving a specific goal or solving a particular problem and identifies one or more responsive vendors with which the agency may negotiate in order to receive the best value.¹⁹

Contracts for commodities or services may be renewed for the term of the original contract or for up to three years, whichever is longer. Renewals must be in writing, are contingent upon satisfactory performance evaluations by the agency and the availability of funds, and may not include compensation for costs associated with the renewal.²⁰

The Department of Management Services (DMS) oversees state purchasing activity and registers vendors that wish to provide goods or services to the state.²¹ DMS also maintains lists of vendors who

¹² *Id.*

¹³ Farm Service Agency, U.S. Department of Agriculture, *Foreign Holdings of U.S. Agricultural Land Through Dec. 31, 2021*, <https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/annual-reports/index> (last visited Mar. 20, 2023).

¹⁴ “Agency” means any of the various state officers, departments, boards, commissions, divisions, bureaus, and councils and any other unit of organization, however designated, of the executive branch of state government. “Agency” does not include the university and college boards of trustees or the state universities and colleges. S. 287.012(1), F.S.

¹⁵ Ss. 287.057 and 287.017, F.S.

¹⁶ S. 287.012(6), F.S.

¹⁷ S. 287.057(1)(a), F.S.

¹⁸ S. 287.057(1)(b), F.S.

¹⁹ S. 287.057(1)(c), F.S.

²⁰ S. 287.057(14), F.S.

²¹ Ss. 287.032 and 287.042, F.S.; see also Department of Management Services, *Vendor Registration and Vendor Lists*, https://www.dms.myflorida.com/business_operations/state_purchasing/state_agency_resources/vendor_registration_and_vendor_lists (last visited Mar. 20, 2023).

may not submit bids, proposals, or replies to agency requests for proposals. These include companies identified on the following lists:

- Suspended vendor list, which includes vendors who are in default on a contract or have repeatedly failed to fulfill the terms of state contracts. Contracts cannot be awarded to such vendors until the vendor reimburses the agency for the costs of re-procurement and the agency is satisfied that further default will not occur.²²
- Convicted vendor list, which includes vendors who have been disqualified due to conviction of a public entity crime, which includes fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation related to a contract for services to be provided to a public entity.²³
- Discriminatory vendor list, which includes vendors who have been disqualified for violating any state or federal law prohibiting discrimination based on race, gender, national origin, disability, or religion.²⁴
- Antitrust violator vendor list, which includes vendors who have been disqualified due to being convicted or held civilly liable for an antitrust violation.²⁵

Scrutinized List of Prohibited Companies

Companies on the Scrutinized Companies with Activities in Sudan list, on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector list, or engaged in business operations²⁶ in Syria are prohibited from bidding on, submitting a proposal for, or entering into or renewing a contract with an agency or a local governmental entity²⁷ for goods or services of \$1 million or more.²⁸ Similarly, a company on the Scrutinized Companies that Boycott Israel list or engaged in a boycott of Israel may not bid on, submit a proposal for, or enter into or renew a contract with an agency or local governmental entity for goods or services of any amount.²⁹ The State Board of Administration is charged with maintaining a complete list of scrutinized companies based on criteria outlined in statute.³⁰

Accessibility of Florida Medical and Health Care Records

The Florida Electronic Health Records Exchange Act

The Florida Electronic Health Records Exchange Act³¹ (Act) authorizes a health care provider to release or access an identifiable health record of a patient without his or her consent for use in treating an emergency medical condition, when consent cannot be obtained from the patient or the patient's representative due to the patient's condition.³² Under current law, an "identifiable health record" means any health record³³ that identifies the patient with respect to which there is a reasonable basis to believe the information can be used to identify the patient.³⁴ The Act provides immunity from civil liability for a health care provider who accesses or releases an identifiable health record in good faith

²² S. 287.1351, F.S.

²³ S. 287.133, F.S.

²⁴ S. 287.134, F.S.

²⁵ S. 287.137, F.S.

²⁶ "Business operations" means, for purposes specifically related to Syria, engaging in commerce in any form in Syria, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, military equipment, or any other apparatus of business or commerce. S. 287.135(1)(c), F.S.

²⁷ "Local governmental entity" means a county, municipality, special district, or other political subdivision of the state. S. 287.135(1)(d), F.S.

²⁸ S. 287.135(2)(b), F.S.

²⁹ S. 287.135(2)(a), F.S.

³⁰ Ss. 215.4725, and 215.473, F.S.

³¹ S. 408.051, F.S.

³² S. 408.051(3), F.S.

³³ S. 408.051(2)(d), F.S., defines a "health record" as any information, recorded in any form or medium, which relates to the past, present, or future health of an individual for the primary purpose of providing health care and health-related services.

³⁴ S. 408.051(2)(f), F.S., defines a "patient" as an individual who has sought, is seeking, is undergoing, or has undergone care or treatment in a health care facility or by a health care provider.

under s. 408.051, F.S. It also directs the Agency for Health Care Administration (AHCA) to create a form to document patient authorization for the use or release of an identifiable health record.³⁵

The Health Care Licensing Procedures Act

The Health Care Licensing Procedures Act³⁶ (Act) provides a streamlined and consistent set of basic licensing requirements for health care providers.³⁷ The Act is intended to minimize confusion, standardize terminology, and address issues relating to specific providers.³⁸ The Act provides minimum licensure requirements, with which applicants and licensees must comply to obtain and maintain a license.³⁹

Effect of the Bill

Contracts and Personal Identifying Information

The bill prohibits a governmental entity from entering into a contract with an entity which would give access to an individual's personal identifying information under certain situations. For purposes of this prohibition, the bill provides the following definitions for the section:

- “Controlling interest” means the possession of the power to direct or cause the direction of the management or policies of a company, whether through ownership of securities, by contract, or otherwise. A person or entity that directly or indirectly has the right to vote 25 percent or more of the voting interests of the company or is entitled to 25 percent or more of its profits is presumed to possess a controlling interest.
- “Department” means the Florida Department of Management Services (DMS).
- “Foreign country of concern” means:
 - The People’s Republic of China.
 - The Russian Federation.
 - The Islamic Republic of Iran.
 - The Democratic People’s Republic of Korea.
 - The Republic of Cuba.
 - The Venezuelan regime of Nicolás Maduro.
 - The Syrian Arab Republic.
 - Any agency of, or any other entity under the significant control of, one of the above-listed foreign countries of concern.
- “Governmental entity” means any state, county, district, authority, or municipal officer, department, division, board, bureau, commission, or other separate unit of government created or established by law including, but not limited to, the Commission on Ethics, the Public Service Commission, the Office of Public Counsel, and any other public or private agency, person, partnership, corporation, or business entity acting on behalf of any public agency.

Under the bill, a governmental entity is prohibited from knowingly entering into a contract with an entity which would give access to an individual's personal identifying information (PII) if:

- The entity is owned by the government of a foreign country of concern;
- The government of a foreign country of concern has a controlling interest in the entity; or
- The entity is organized under the laws of or has its principal place of business in a foreign country of concern.

Beginning January 1, 2024, a governmental entity may not accept a bid on, a proposal for, or a reply to, or enter into, a contract with an entity which would grant the entity access to PII unless the entity

³⁵ S. 408.051(4), F.S.

³⁶ Ch. 408, Part II, F.S.; *see also* s. 408.801(1), F.S. (providing a short title).

³⁷ S. 408.801(2), F.S.

³⁸ *Id.*

³⁹ *See generally* s. 408.810, F.S.

provides the governmental entity with a signed affidavit. The affidavit must provide that the entity is not owned by the government of a foreign country of concern, is not owned by a foreign country of concern, and is not organized under the laws of or is headquartered in a foreign country of concern.

Beginning July 1, 2025, a governmental entity may not extend or renew a contract with a foreign country of concern entity if continuing such a contract would grant the entity access to PII. An entity extending or renewing a contract with a governmental entity must provide a sworn affidavit that the entity is not owned by the government of a foreign country of concern, is not owned by a foreign country of concern, and is not organized under the laws of or is headquartered in a foreign country of concern.

The bill authorizes the Florida Attorney General to bring a civil action against any entity that violates the provisions of the bill. A violation is punishable by civil penalties including monetary penalties, prohibitions on conducting business, ineligibility to renew licensing, or being placed on the suspended vendor list. Any penalties must be deposited into the General Revenue Fund. The bill grants DMS rulemaking authority to create the correlating affidavit form and otherwise implement the bill.

Prohibition on Contracting for Economic Incentives

The bill creates s. 288.007, F.S., to prohibit governmental entities from entering into contracts for an economic incentive with a foreign entity. Prior to providing any economic incentive, a governmental entity must obtain a sworn affidavit attesting that the recipient or applicant is not a “foreign entity.” The bill also requires the Department of Economic Opportunity (DEO) to adopt rules to administer the new statute, including rules establishing the form for the required affidavit. The bill defines the following terms for purposes of this section:

- “Controlled by” means having possession of the power to direct or cause the direction of the management or policies of a company, whether through ownership of securities, by contract, or otherwise. A person or entity that directly or indirectly has the right to vote 25 percent or more of the voting interests of the company, or that is entitled to 25 percent or more of its profits, is presumed to control the foreign entity.
- “Economic incentive” means all programs administered by, or for which an applicant for the program must seek certification, approval, or other action by, the DEO under ch. 288, F.S. (governing commercial development and capital improvements), ch. 212, F.S. (governing tax on sales, use, and other transactions), or ch. 220, F.S. (the income tax code), and all local economic development programs, grants, or financial benefits administered by a political subdivision or an agent thereof.
- “Foreign country of concern” means:
 - The People’s Republic of China.
 - The Russian Federation.
 - The Islamic Republic of Iran.
 - The Democratic People’s Republic of Korea.
 - The Republic of Cuba.
 - The Venezuelan regime of Nicolás Maduro.
 - The Syrian Arab Republic.
 - Any agency of, or any other entity under the significant control of, one of the above-listed foreign countries of concern.
- “Foreign entity” means an entity that is:
 - Owned or controlled by the government of a foreign country of concern; or
 - A partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country of concern, or a subsidiary of such entity.
- “Government entity” means a state agency, a political subdivision, or any other public or private agency, person, partnership, corporation, or business entity acting on behalf of any public agency.

Prohibition on the Ownership of Agricultural Land and Real Property

The bill generally restricts the purchase of certain agricultural land and real property⁴⁰ in Florida, as more specifically enumerated below.

Definitions

The bill classifies as a “foreign country of concern”:

- The People’s Republic of China.
- The Russian Federation.
- The Islamic Republic of Iran.
- The Democratic People’s Republic of Korea.
- The Republic of Cuba.
- The Venezuelan regime of Nicolás Maduro.
- The Syrian Arab Republic.
- Any agency of, or any other entity under the significant control of, one of the above-listed foreign countries of concern.

Under the bill, a “foreign principal” means:

- The government or any official of the government of a foreign country of concern;
- A political party or member of a political party or any subdivision of a political party in a foreign country of concern;
- A partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country of concern or a subsidiary of such entity;
- Any person who is domiciled in a foreign country of concern and is not a citizen of the United States or lawful permanent resident of the United States; or
- Any person, entity, or collection thereof described above having a controlling interest in a partnership, association, corporation, organization, trust, or any other legal entity or subsidiary formed for the purpose of owning real property in this state.

The bill defines a “critical infrastructure facility” as any of the following, if it employs measures like fences, barriers, or guard posts that are designed to exclude unauthorized persons:

- A chemical manufacturing facility.
- A refinery.
- An electrical power plant as defined in s. 403.031(20).
- A water treatment facility or wastewater treatment plant.
- A liquid natural gas terminal.
- A telecommunications central switching office.
- A gas processing plant, including a plant used in the processing, treatment, or fractionation of natural gas.
- A seaport as listed in s. 311.09.
- A spaceport territory as defined in s. 331.303(18).
- An airport as defined in s. 333.01.

The bill specifically restricts the ownership or acquisition of certain real property by the People’s Republic of China, or one of the following persons or entities affiliated with the People’s Republic of China (“entity affiliated with the People’s Republic of China”):

- The Chinese Communist Party, or any official or member of the People’s Republic of China or the Chinese Communist Party;
- Any other political party or member of a political party in the People’s Republic of China;

⁴⁰ The bill defines “real property” as land, buildings, fixtures, and all other improvements to land.

- Any partnership, association, corporation, organization or any other combination of persons organized under the laws of or having its principal place of business in the People’s Republic of China, or a subsidiary of such an entity; and
- Any person who is domiciled in the People’s Republic of China and who is not a citizen or lawful permanent resident of the U.S.

Specific Restrictions on Land and Real Property Ownership and Acquisition

The bill restricts the following three types of land and real property ownership or acquisition:

- The ownership or acquisition of agricultural land by a foreign principal;
- The ownership or acquisition of real property on or within 10 miles of a U.S. military installation⁴¹ or critical infrastructure facility by a foreign principal; and
- The ownership or acquisition of real property by an entity affiliated with the People’s Republic of China.

The bill prohibits a foreign principal or an entity affiliated with the People’s Republic of China from directly or indirectly owning or acquiring such enumerated land or real property in Florida except for a de minimus indirect interest. A foreign principal or an entity affiliated with the People’s Republic of China has a de minimus indirect interest if any ownership in such land or real property is the result of the ownership of registered equities in a publicly traded company owning the land and if the ownership interest in the company is either:

- Less than 5 percent of any class of registered equities or less than 5 percent in the aggregate in multiple classes of registered equities; or
- A noncontrolling interest in an equity controlled by a company that is both registered with the United States Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is not a foreign entity.

A foreign principal or an entity affiliated with the People’s Republic of China that directly or indirectly owns or acquires such land or real property or any interest therein in the state before July 1, 2023:

- May continue to own or hold such land or real property or interest therein, but is prohibited from purchasing or otherwise acquiring any additional land or real property or interest therein in the state.
- Must register with the corresponding department⁴² by January 1, 2024. The corresponding department must establish a form for such registration, which, at minimum, must include:
 - The name of the owner of the land or real property.
 - The address of the property, the property appraiser’s parcel identification number, and the property’s legal description.
 - In the case of agricultural land, the number of acres of the subject property.

A foreign principal or an entity affiliated with the People’s Republic of China that fails to timely file such a registration with the corresponding department is subject to a civil penalty of \$1,000 for each day that the registration is overdue. The department may place a lien against the unregistered land or real property for the unpaid balance of any penalties assessed pursuant to the bill.

The bill clarifies that a foreign principal or an entity affiliated with the People’s Republic of China may still acquire land or real property on or after July 1, 2023, by devise or descent, through the enforcement of security interests, or through the collection of debts, but must sell, transfer, or otherwise divest itself of such land or real property within 3 years after acquisition.

⁴¹ The bill defines a military installation as a base, camp, post, station, yard, or center encompassing at least 10 contiguous acres that is under the jurisdiction of the Department of Defense or its affiliates.

⁴² Under the bill, the Department of Agriculture and Consumer Services (DACCS) is the corresponding department over the agricultural land ownership prohibition; DEO is the corresponding department over the military proximity and critical infrastructure real property ownership prohibition; and DEO is the corresponding department over prohibition against the ownership of real property by an entity affiliated with the People’s Republic of China.

At the time of purchase, a buyer of land or real property covered under the bill, or an interest holder in such land or real property, must provide a sworn affidavit attesting to compliance with the provisions outlined in the bill. The Florida Real Estate Commission is authorized to adopt rules to implement various provisions within the bill, including rules to create the affidavit. The failure to obtain or maintain the required affidavit of compliance with the provisions established under the bill does not affect the title or insurability of the title to the property. Additionally, the failure to obtain or maintain the required affidavit does not subject the closing agent to criminal or civil liability unless he or she had actual knowledge of the violation.

Forfeiture of Land and Real Property to the State

The bill provides that ownership of such land or real property, or any interest therein, that is owned or acquired in violation of the provisions of the bill may be forfeited to the state. In connection with such forfeitures, the bill provides that:

- The corresponding department (DACS or DEO) may initiate a civil action in the circuit court of the county in which the property is located.
- Upon filing such action, the clerk must record a lis pendens in accordance with state law. The court must advance the cause on the calendar. The defendant may at any time petition to modify or discharge the lis pendens based upon a finding that there is no probable cause to believe that the property, or any portion thereof, is owned or held in violation of the law.
- Upon finding that a violation has occurred, the court must enter a final judgment of forfeiture vesting title to the property in the state, subject only to the rights and interests of bona fide lienholders, and such final judgment relates back to the date of the lis pendens.
- The corresponding department may sell the property subject to a final judgment of forfeiture. Any proceeds from the sale must first be paid to any lienholders of the property, followed by payment of any outstanding fines assessed pursuant to the bill, after which the corresponding department must be reimbursed for all costs related to the forfeiture civil action and any costs related to the sale of the property. Any remaining proceeds must be paid to the property owner.
- At any time during the forfeiture proceeding, the corresponding department may seek an ex parte order of seizure of the property upon a showing that the defendant's control of the property constitutes a clear and present danger to the state.

Criminal Penalties

The bill also provides criminal penalties for certain violations, as follows:

- A foreign principal that purchases or acquires agricultural land, or purchases or acquires real property on or within 10 miles of a military installation or critical infrastructure, in violation of the bill, commits a second-degree misdemeanor, punishable by a term of imprisonment not exceeding 60 days and a \$500 fine.
- A person who knowingly sells agricultural land, or knowingly sells real property on or within 10 miles of a military installation or critical infrastructure facility, or any interest therein, in violation of the bill, commits a misdemeanor of the second degree, punishable by a term of imprisonment not exceeding 60 days and a \$500 fine.
- An entity affiliated with the People's Republic of China who owns or acquires real property in violation of the bill commits a third-degree felony, punishable by a term of imprisonment up to five years and a \$5,000 fine.
- A person who knowingly sells real property or any interest therein to an entity affiliated with the People's Republic of China, as prohibited in the bill, commits a first-degree misdemeanor punishable by a term of imprisonment not to exceed one year and a \$1,000 fine.

The bill authorizes DACS and DEO to adopt rules to implement the provisions established by the bill.

Residential Property Exception

The bill provides an exception for the purchase of residential property by a foreign principal or an entity affiliated with the People's Republic of China. Specifically, the bill authorizes a natural person to purchase one residential real property that is up to two acres in size if the person meets all of the following criteria:

- The parcel is not on or within 5 miles of any military installation in the state.
- The person has a current verified United States Visa that is not limited to authorizing tourist-based travel or official documentation confirming that the person has been granted asylum in the United States, and the person is authorized to be legally present in this state.
- The purchase is in the name of the person who holds the visa or documentation of asylum.

The bill provides a registration requirement and corresponding penalties for failure to register for certain entities or individuals that acquire property legally under certain exceptions created in the bill, including the residential property exception.

Diplomatic Exception

The bill also provides that the bill's prohibitions and requirements do not apply to a foreign principal that acquires such real property for a diplomatic purpose that is recognized, acknowledged, or allowed by the Federal Government.

Health Care Records and Licensing

The bill amends s. 408.051, F.S., the Florida Electronic Health Records Exchange Act, to provide additional definitions and to require that the offsite storage of certain personal medical information must be physically maintained in the continental United States, a territory of the United States, or Canada.

The bill incorporates the definition for "cloud computing" found in ch. 282, part I, F.S., which governs information technology management. As such, cloud computing has the same meaning as provided in Special Publication 800-145 issued by the National Institute of Standards and Technology, which reads as follows:

Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. This cloud model is composed of five essential characteristics, three service models, and four deployment models.⁴³

The bill defines a "health care provider" as:

- Any provider as defined in the Health Care Licensing Procedures Act;⁴⁴
- Any health care practitioner as defined in ch. 456, F.S., which governs health professions and occupations;⁴⁵
- Any health care professional certified under the Radiological Personnel Certification Act;⁴⁶
- Any home health aide as defined in the Home Health Services Act;⁴⁷

⁴³ U.S. Department of Commerce, National Institute of Standards and Technology, *Special Publication 800-145 (The NIST Definition of Cloud Computing)* (Sept. 2011) <https://nvlpubs.nist.gov/nistpubs/Legacy/SP/nistspecialpublication800-145.pdf> (last visited Mar. 20, 2023).

⁴⁴ See s. 408.803(12), F.S. (defining "provider" as any activity, service, agency, or facility regulated by Agency for Health Care Administration and listed in s. 408.802, F.S.).

⁴⁵ See s. 456.001(4), F.S. (defining "health care practitioner" as any person licensed under one of the listed statutes).

⁴⁶ Ch. 468, part IV, F.S.

⁴⁷ See s. 400.462, F.S. (defining "home health aide" as a person who is trained or qualified, as provided by rule, and who provides hands-on personal care, performs simple procedures as an extension of therapy or nursing services, assists in ambulation or exercises, assists in administering medications as permitted in rule and for which the person has received training established by the a gency under part III (regulating home health services), or performs tasks delegated to him or her under ch. 464, F.S. (regulating nursing)).

- Any service provider as defined in the Florida Mental Health Act,⁴⁸ and the service provider’s clinical and nonclinical staff who provide inpatient or outpatient services;
- Any licensed continuing care facility,⁴⁹ and
- Any pharmacy permitted under the Florida Pharmacy Act.⁵⁰

The bill requires a health care provider that utilizes certified electronic health record technology to ensure that all patient information stored in an offsite physical or virtual environment, including through a third-party or subcontracted computing facility or an entity providing cloud computing services, is physically maintained in the continental United States, a territory of the United States, or Canada. The bill applies this provision to all qualified electronic health records that are stored using any technology that can allow information to be electronically retrieved, accessed, or transmitted.

The bill also amends s. 408.810, F.S., to provide certain minimum licensure requirements for health care providers.⁵¹ The bill provides that a licensee must sign an affidavit at the time of his or her initial application for a license, and on any renewal applications thereafter, that attests under penalty of perjury that he or she is in compliance with the bill, specifically the requirement in the bill that health care providers using certified electronic health record technology ensure that all patient information stored in an offsite physical or virtual environment is physically maintained in the continental United States, a territory of the United States, or Canada. The licensee must remain in compliance with this requirement or be subject to disciplinary action by AHCA.

The licensee must also ensure that a person or entity who possesses a controlling interest in the licensee does not also hold, either directly or indirectly, regardless of ownership structure, an interest in an entity that has a business relationship⁵² with a foreign country of concern or that is subject to the statute prohibiting contracting with scrutinized companies.⁵³

Criminal Threats and Extortion

Lastly, the bill amends s. 836.05, F.S., to raise the criminal penalty when a criminal threat is made or extortion is committed by certain foreign agents. Specifically, a person who commits a violation and, at the time of the violation, is acting as a foreign agent with the intent of benefitting a foreign country of concern, commits a felony of the first degree, punishable by a term of imprisonment not to exceed 30 years⁵⁴ and a \$10,000 fine,⁵⁵ or possibly more under the habitual offender statute.⁵⁶

The bill will become effective on July 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

⁴⁸ See s. 394.455(45), F.S. (defining “service provider” as a receiving facility, a facility licensed under ch. 397, F.S. (governing substance abuse services), a treatment facility, an entity under contract with the department to provide mental health or substance abuse services, a community mental health center or clinic, a psychologist, a clinical social worker, a marriage and family therapist, a mental health counselor, a physician, a psychiatrist, an advanced practice registered nurse, a psychiatric nurse, or a qualified professional as defined in s. 39.01, F.S. (referencing licensed physicians, physician assistants, psychiatrists, psychologists, and psychiatric nurses)).

⁴⁹ See ch. 651, F.S. (governing continuing care contracts).

⁵⁰ Ch. 465, F.S.

⁵¹ See *supra* note 44 (defining providers); see also s. 408.802, F.S. (listing regulated providers).

⁵² The bill defines “business relationship” to mean engaging in commerce in any form, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, military equipment, or any other apparatus of business or commerce.

⁵³ S. 287.135, F.S.

⁵⁴ S. 775.082(3)(b)1., F.S.

⁵⁵ S. 775.083(1)(b), F.S.

⁵⁶ See *generally* s. 775.084, F.S.

The bill may result in large amounts of property being seized through forfeiture and sold by the state.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Under the bill, specified governmental entities are prohibited from knowingly entering into contracts for an economic incentive with a foreign entity. Accordingly, such foreign entities will no longer be able to avail themselves of such economic incentives in connection with their projects.

The bill provides that foreign principals who acquired agricultural land or real property on or within 10 miles of a military installation or critical infrastructure facility before July 1, 2023, may continue to own those properties, but may not expand upon their ownership after that date. Similarly, Chinese businesses, and persons who are domiciled in China and not citizens or lawful permanent residents of the U.S., who acquired real property before July 1, 2023, may continue to own those properties, but may not expand upon their ownership after that date. To the extent any of these foreign principals, businesses, or persons' business plans assumed future expansions of property ownership, those plans may be negatively impacted by the bill.

D. FISCAL COMMENTS:

None.