



The National Agricultural Law Center

nationalaglawcenter.org | nataglaw@uark.edu | [@nataglaw](https://twitter.com/nataglaw)

Farm Ownership & Corporate Farming Laws: *Tennessee*



This material is based upon work supported by the National Agricultural Library, Agricultural Research Service, U.S. Department of Agriculture

A National Agricultural Law Center Research Publication

Farm Ownership & Corporate Farming Laws: Tennessee

Fast Find:

- 1) Prohibition: Tenn. Code Ann. §§ 66-2-301 to 66-2-306 (eff. until 12/31/2024); §§ 66-2-301 to 66-2-308 (eff. 1/1/2025)
- 2) Permission: Tenn. Code Ann. §§ 66-2-101 to 102
- 3) Reporting: Tenn. Code Ann. § 66-2-305 (eff. until 12/31/2024); §§ 66-2-304; 66-2-306 (eff. 1/1/2025)
- 4) Corporate Farming: Tenn. Code Ann. §§ 66-2-301 to 66-2-306 (eff. until 12/31/2024); §§ 66-2-301 to 66-2-308 (eff. 1/1/2025)

Tenn. Code Ann. § 66-2-101

Tenn. Code Ann. § 66-2-102

Tenn. Code Ann. §§ 66-2-301 to 66-2-306

(eff. until 12/31/2024)

Tenn. Code Ann. §§ 66-2-301 to 66-2-308

(eff. 1/1/2025)

Current through laws passed during the 2024 Regular Session of the 113th Tennessee General Assembly.

§ 66-2-101. Alien ownership

Except as provided in part 3 of this chapter, an alien, resident or nonresident of the United States, may take and hold property, real or personal, in this state and dispose of or transmit the same as a native citizen.

§ 66-2-102. Heirs or devisees

Except as provided in part 3 of this chapter, the heir or heirs, or devisee or devisees, of an alien, resident, or nonresident of the United States, may take lands, held by descent or otherwise, as if a citizen or citizens of the United States.

§ 66-2-301. Part definitions *(eff. until 12/31/2024)*

As used in this part:

(1) "Real property" means one (1) or more defined parcels or tracts of land or interests, benefits, and rights inherent in the ownership of real estate,



including easements, water rights, agricultural land, or any other interest in real property;

(2) "Sanctioned foreign business" means:

(A) A corporation incorporated under the laws of a foreign country of a sanctioned foreign government;

(B) A business entity whether or not incorporated, in which a majority interest is owned directly or indirectly by sanctioned nonresident aliens. As used in this subdivision (1)(B), the determination of "owned," in terms of ownership or control of a foreign business, is not affected by legal entities, including, but not limited to, trusts, holding companies, multiple corporations, and other business arrangements; or

(C) A corporation or business entity, whether or not incorporated, that is identified on the office of foreign assets control of the U.S. department of the treasury's sanctions programs and country information list;

(3) "Sanctioned foreign government" means a government other than the government of the United States, its states, its territories, or its possessions, that is identified by the office of foreign assets control of the U.S. department of the treasury's sanctions programs and country information list; and

(4)(A) "Sanctioned nonresident alien" means an individual who is either:

(i) A citizen of a sanctioned foreign government; or

(ii) A person identified on the office of foreign assets control of the U.S. department of the treasury's sanctions programs and country information list; and

(B) "Sanctioned nonresident alien" does not include:

(i) A citizen of the United States; or

(ii) A person lawfully admitted into the United States for permanent residence by the United States immigration and naturalization service, even if such status is conditional.

§ 66-2-302. No acquisition of real property by sanctioned foreign entities (eff. until 12/31/2024)

(a)(1) A sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, shall not purchase or otherwise acquire real property in this state if the country where the sanctioned nonresident alien resides, the sanctioned foreign business is located, or the official sanctioned foreign government representing the country, or agents, trustees, or fiduciaries thereof, is on the office of foreign assets control of the U.S. department of the treasury's sanctions programs and country information list.



(2) This part applies to the extent that the purchase of real property is not prohibited under subdivision (a)(1).

(b) The restriction in subsection (a) does not apply to:

(1) Real property acquired by devise or descent;

(2) A bona fide encumbrance on real property taken for purposes of security; and

(3) Real property acquired by a process of law in the collection of debts; by a deed in lieu of foreclosure, pursuant to a forfeiture of a contract for deed; or by a procedure for the enforcement of a lien or claim on the real property, whether created by mortgage or otherwise. However, real property so acquired must be sold or otherwise disposed of within two (2) years after the title is transferred. Pending the sale or disposition, the real property must not be used for a purpose other than what it was used for immediately prior to the time the property was put up for sale, and the property must not be used except under lease to an individual, trust, corporation, partnership, or other business entity not subject to the restriction imposed by subsection (a).

(c) Notwithstanding subdivision (a)(2), a sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, who holds real property in this state on July 1, 2023, may continue to own or hold the real property, but shall not purchase or otherwise acquire additional real property in this state on or after July 1, 2023.

(d) A sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, shall not transfer title to, or an interest in, real property to a sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, except by devise or descent.

§ 66-2-303. Divestment due to devise or descent (eff. until 12/31/2024)

(a) A sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, who acquires real property or an interest in real property, by devise or descent after July 1, 2023, shall divest itself of all right, title, and interest in the real property within two (2) years from the date of acquiring the real property or interest.

(b) This section does not require divestment of real property or an interest in real property, acquired by devise or descent from a sanctioned nonresident alien, if the real property or an interest in the real property was acquired by a sanctioned nonresident alien prior to July 1, 2023.

§ 66-2-304. Divestment due to becoming sanctioned (eff. until 12/31/2024)

A person, business, or other entity who purchases or otherwise acquires real property in this state except by devise or descent, after July 1, 2023, and



whose status changes so that it becomes a sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, subject to this part, shall divest itself of all right, title, and interest in the real property within two (2) years from the date that its status changed.

§ 66-2-305. Registration of property (*eff. until 12/31/2024*)

A sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, or an agent, trustee, or fiduciary thereof, who owns an interest in real property in this state on or after July 1, 2023, shall register the real property with the secretary of state. The registration must be made within sixty (60) days after July 1, 2023, or within sixty (60) days after acquiring the real property or the interest in real property, whichever time is the later. The registration must be in the form and manner prescribed by the secretary of state and contain the name of the owner and the location and number of acres of the real property by municipality and county. If the owner of the real property or owner of the interest in real property is an agent, trustee, or fiduciary of a sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign government, then the registration must also include the name of any principal for whom that real property, or interest in real property, was purchased as agent, trustee, or fiduciary.

§ 66-2-306. Reports and judicial proceedings (*eff. until 12/31/2024*)

(a) If the secretary of state finds that a sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or an agent, trustee, or other fiduciary thereof, has acquired or holds title to or interest in real property in this state in violation of this part, the secretary of state shall report the violation to the attorney general and reporter.

(b) Upon receipt of a report from the secretary of state under subsection (a), the attorney general and reporter shall initiate an action in the circuit court of any county in which the real property is located.

(c) The attorney general and reporter shall file a notice of the pendency of an action initiated under subsection (b) with the recorder of deeds of each county in which any of the real property is located.

(d)(1) In an action initiated under subsection (b), if the court finds that the real property in question has been acquired or held in violation of this part, then the court shall enter an order so declaring and shall file a copy of the order with the recorder of deeds of each county in which any portion of the real property is located.

(2) If the court finds that the real property in question has been acquired in violation of this part, then the court shall declare the real property escheated to the state and order the sale of the real property in the manner provided by law for the foreclosure of a mortgage on real estate for default of payment. The proceeds of the sale must be used to pay court costs, and the



remaining funds, if any, must be paid to the person divested of the real property.

(e) If the secretary of state finds that a sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or an agent, trustee, or other fiduciary thereof, violated this part by failing to timely register as required under § 66-2-305, the secretary of state shall assess a civil penalty not to exceed two thousand dollars (\$2,000) for each violation.

(f) This part does not impose liability on a person licensed under the Tennessee Real Estate Broker License Act of 1973, compiled in title 62, chapter 13; an attorney licensed in this state; or a title insurance company or an agent licensed in this state who is involved in a transaction in which a sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or an agent, trustee, or other fiduciary of such alien, business, or government, acquired property in violation of this part.

§ 66-2-301. (eff. 1/1/25)

Except as otherwise provided in this part, all aliens are capable of taking, by deed or will, lands and tenements in fee simple, or other less estate, and of holding, aliening, and devising them. As used in this section, "alien" includes a resident alien or nonresident alien who is not a prohibited foreign party.

§ 66-2-302. (eff. 1/1/25)

As used in this part:

(1) "Agricultural land":

(A) Means land in this state that is outside the corporate limits of a municipality and is:

(i) Used for forestry production, including, without limitation, land exceeding ten (10) acres in which ten percent (10%) or more of the land is stocked by trees of any size, including land that formerly had trees of any size covering the land that will be naturally or artificially regenerated; or

(ii) Currently used for, or, if currently idle, land last used within the past five (5) years, for farming, ranching, or timber production, except land not exceeding ten (10) acres in the aggregate, if the annual gross receipts from the sale of the farm, ranch, or timber products produced on the land do not exceed one thousand dollars (\$1,000), including, without limitation, land used by persons and entities for activities regulated under title 70; and

(B) Does not include oil, gas, and all other minerals, including coal, lignite, brine, and all minerals known and recognized as commercial minerals underlying the land;

(2) "Controlling interest" means an ownership interest of fifty percent (50%) or more, in the aggregate;



(3) “Entity of particular concern”:

(A) Means an entity designated by the United States department of state as an entity of particular concern; and

(B) Includes Al–Shabaab, Boko Haram, Hayat Tahrir al–Sham, the Houthis, ISIS, ISIS–Sahel (formerly known as ISIS–Greater Sahara), ISIS–West Africa, Jamaat Nasr al–Islam wal Muslimin, the Taliban, and the Wagner Group based on its actions in the Central African Republic;

(4) “Foreign government” means a government other than the federal government of the United States or a government or political subdivision of a state, federal district, or territory of the United States;

(5) “Interest in agricultural land”:

(A) Means a direct interest acquired, transferred, or held in agricultural land; and

(B) Includes a lease of agricultural land:

(i) For a term of one (1) year or longer; or

(ii) Renewable by option for terms which, if the options were all exercised, would total one (1) year or longer;

(6) “Interest in non–agricultural land”:

(A) Means a direct interest acquired, transferred, or held in nonagricultural land; and

(B) Includes a lease of non–agricultural land:

(i) For a term of one (1) year or longer; or

(ii) Renewable by option for terms which, if the options were all exercised, would total one (1) year or longer;

(7) “Non–agricultural land” means all public or private land in this state other than agricultural land;

(8) “Party” means a person, corporation, company, association, firm, partnership, society, joint–stock company, trust, estate, or other legal entity;

(9) “Prohibited foreign party”:

(A) Means:

(i) A citizen or resident of a country subject to international traffic in arms regulations under 22 C.F.R. § 126.1;

(ii) A foreign government formed within a country subject to international traffic in arms regulations under 22 C.F.R. § 126.1;

(iii) A party other than an individual or a government that is created or organized under the laws of a foreign government within



a country subject to international traffic in arms regulations under 22 C.F.R. § 126.1; or

(iv) A party other than an individual or a government:

(a) That is created or organized under the laws of a state, federal district, or territory of the United States; and

(b) In which a significant interest or substantial control is directly or indirectly held or is capable of being exercised by:

(1) An individual referred to in subdivision (9)(A)(i);

(2) A foreign government referred to in subdivision (9)(A)(ii);

(3) A party referred to in subdivision (9)(A)(iii); or

(4) A combination of the individuals, parties, or governments referred to in this subdivision (9)(A)(iv)(b);

(v) An entity of particular concern; or

(vi) An agent, trustee, or other fiduciary of a person or entity enumerated in subdivisions (9)(A)(i)–(v); and

(B) Does not mean a resident alien;

(10) “Prohibited foreign-party-controlled business” means a corporation, company, association, firm, partnership, society, joint-stock company, trust, estate, or other legal entity whose controlling interest is owned by a prohibited foreign party;

(11) “Residence” means a person's principal dwelling place where the person intends to remain permanently for an indefinite period of time;

(12) “Resident alien” means a person who:

(A) Is not a citizen of the United States; and

(B) Is a resident of a:

(i) State of the United States;

(ii) Federal district of the United States;

(iii) Territory of the United States;

(iv) Possession of the United States;

(v) Trusteeship of the United States; or

(vi) Protectorate of the United States; and

(13) “Significant interest” or “substantial control” means:

(A) An interest of thirty-three percent (33%) or more held by:



- (i) An individual referred to in subdivision (9)(A)(i);
- (ii) A single government referred to in subdivision (9)(A)(ii);
- (iii) A party referred to in subdivision (9)(A)(iii);
- (iv) A party referred to in subdivision (9)(A)(iv); or
- (v) An entity of particular concern;

(B) An interest of thirty-three percent (33%) or more, in the aggregate, held whenever the individuals, parties, or governments referred to in subdivision (9) are acting in concert with respect to the interest even though no single individual, party, or government holds an interest of thirty-three percent (33%) or more; or

(C) An interest of fifty percent (50%) or more, in the aggregate, held by individuals, parties, or governments referred to in subdivision (9) even though the individuals, parties, or governments may not be acting in concert.

§ 66-2-303. (eff. 1/1/25)

(a) It is the declared policy of this state to conserve, protect, and encourage the development and improvement of its agricultural and forest lands and other facilities for the production of food, fiber, and other agricultural and silvicultural products.

(b)(1)(A) Except as provided in subsection (c), a prohibited foreign party or prohibited foreign-party-controlled business shall not acquire by grant, purchase, devise, descent, or otherwise an interest in agricultural land in this state regardless of whether the prohibited foreign party or prohibited foreign-party-controlled business intends to use the agricultural land for nonfarming purposes.

(B) A party shall not hold agricultural land as an agent, trustee, or other fiduciary for a prohibited foreign party or prohibited foreign-party-controlled business in violation of this section.

(2) A prohibited foreign party or prohibited foreign-party-controlled business that acquires agricultural land in violation of this section remains in violation as long as the prohibited foreign party or prohibited foreign-party-controlled business holds an interest in the agricultural land.

(c)(1) A prohibited foreign party or prohibited foreign-party-controlled business in violation of this section shall divest itself of the interest in agricultural land within two (2) years of the date the entity is found to be in violation.

(2) If a prohibited foreign party or prohibited foreign-party-controlled business does not divest itself of the interest in agricultural land as prescribed in subdivision (c)(1), then the attorney general and reporter may commence an action pursuant to § 66-2-307.

(d) A prohibited foreign party or prohibited foreign-party-controlled business owning an interest in agricultural land in this state on or after January 1, 2025,



commits a Class A misdemeanor, punishable by a fine of one thousand five hundred dollars (\$1,500) or confinement for not more than eleven (11) months and twenty-nine (29) days, or both.

§ 66-2-304. (eff. 1/1/25)

(a) A prohibited foreign party or prohibited foreign-party-controlled business that holds an interest in agricultural land in this state on or after January 1, 2025, shall register the interest in such land with the commissioner of agriculture.

(b) Registration pursuant to subsection (a) must be made:

(1) In such form and manner as prescribed by the commissioner of agriculture; and

(2) Within the later of sixty (60) days after:

(A) January 1, 2025; or

(B) The date the prohibited foreign party or prohibited foreign-party-controlled business acquires the interest in agricultural land.

(c) The commissioner of agriculture shall require that registration pursuant to this section includes:

(1) The legal name, street address, mailing address, if different, and the birthplace and nationality of the prohibited foreign party that owns the interest in agricultural land or that owns a controlling interest in the prohibited foreign-party-controlled business that owns the interest in agricultural land;

(2) The legal name, street address, mailing address, if different, and the birthplace and nationality of the agent, trustee, or fiduciary of the prohibited foreign party or prohibited foreign-party-controlled business described in subdivision (c)(1), if specifically authorized to:

(A) Purchase the agricultural land; or

(B) Supervise the daily operations on the agricultural land;

(3) A statement of the purpose for conducting business in this state;

(4) A description of the purpose of the interest in agricultural land in this state as it relates to the stated business purpose of subdivision (c)(3);

(5) The legal name, street address, and mailing address of any parent of the registering party, including the legal name, street address, and mailing address of any subsidiary or intermediary of the parent;

(6) The legal name, street address, and mailing address of any subsidiary of the registering party; and

(7) A listing of all other interests in agricultural land that are held directly or indirectly by the registering party, parent of the registering party, or



subsidiary or intermediary of the parent in the United States that exceeds, in the aggregate, two hundred fifty (250) acres.

(d) If the commissioner of agriculture finds that a prohibited foreign party or prohibited foreign-party-controlled business has acquired or holds title to or an interest in agricultural land in this state in violation of this part, then the commissioner of agriculture shall report the violation to the attorney general and reporter.

(e) If the commissioner of agriculture finds that a prohibited foreign party or prohibited foreign-party-controlled business violated this part by failing to timely register as required under this section, then the commissioner of agriculture shall assess a civil penalty not to exceed two thousand dollars (\$2,000) for each violation.

§ 66-2-305. (eff. 1/1/25)

(a)(1) A prohibited foreign-party-controlled business shall not acquire by grant, purchase, devise, descent, or otherwise an interest in non-agricultural land in this state.

(2) A party shall not hold an interest in non-agricultural land as an agent, trustee, or other fiduciary for a prohibited foreign-party-controlled business.

(3) A prohibited foreign-party-controlled business that acquires nonagricultural land in violation of this section remains in violation as long as the prohibited foreign-party-controlled business holds an interest in the nonagricultural land.

(b)(1) A prohibited foreign-party-controlled business in violation of this section shall divest itself of the interest in non-agricultural land within two (2) years of the date the entity is found to be in violation.

(2) If a prohibited foreign-party-controlled business does not divest itself of the interest in non-agricultural land as prescribed in subdivision (b)(1), then the attorney general and reporter may commence an action pursuant to § 66-2-307.

(c) A violation of this section is a Class A misdemeanor, punishable by a fine of one thousand five hundred dollars (\$1,500) or confinement for not more than eleven (11) months and twenty-nine (29) days, or both.

§ 66-2-306. (eff. 1/1/25)

(a) A prohibited foreign-party-controlled business that holds an interest in nonagricultural land in this state on or after January 1, 2025, shall register the interest in such land with the secretary of state.

(b) Registration pursuant to subsection (a) must be made:

(1) In such form and manner as prescribed by the secretary of state; and

(2) Within the later of sixty (60) days after:



(A) January 1, 2025; or

(B) The date the prohibited foreign-party-controlled business acquires the interest in non-agricultural land.

(c) The secretary of state shall require that registration pursuant to this section includes:

(1) The legal name, street address, mailing address, if different, and the birthplace and nationality of the prohibited foreign party that owns a controlling interest in the prohibited foreign-party-controlled business that owns the interest in non-agricultural land;

(2) The legal name, street address, mailing address, if different, and the birthplace and nationality of the agent, trustee, or fiduciary of the prohibited foreign-party-controlled business described in subdivision (c)(1), if specifically authorized to:

(A) Purchase the non-agricultural land; or

(B) Supervise the daily operations on the non-agricultural land;

(3) A statement of the purpose for conducting business in this state;

(4) A description of the purpose of the interest in non-agricultural land in this state as it relates to the stated business purpose of subdivision (c)(3);

(5) The legal name, street address, and mailing address of any parent of the registering party, including the legal name, street address, and mailing address of any subsidiary or intermediary of the parent;

(6) The legal name, street address, and mailing address of any subsidiary of the registering party; and

(7) A listing of all other interests in non-agricultural land that are held directly or indirectly by the registering party, parent of the registering party, or subsidiary or intermediary of the parent in the United States that exceeds, in the aggregate, two hundred fifty (250) acres.

(d) If the secretary of state finds that a prohibited foreign-party-controlled business has acquired or holds title to or an interest in non-agricultural land in this state in violation of this part, then the secretary of state shall report the violation to the attorney general and reporter.

(e) If the secretary of state finds that a prohibited foreign-party-controlled business violated this part by failing to timely register as required under this section, then the secretary of state shall assess a civil penalty not to exceed two thousand dollars (\$2,000) for each violation.

§ 66-2-307. (eff. 1/1/25)

(a) Upon receipt of a report from the commissioner of agriculture under § 66-2-304(d) or the secretary of state under § 66-2-306(d), the



attorney general and reporter may initiate an action in the circuit court of any county in which the agricultural land or non-agricultural land is located. The attorney general and reporter may also initiate an action to enforce this part based upon the receipt of information by means other than a report from the commissioner of agriculture or secretary of state that the attorney general and reporter determines indicates that a violation of this part has occurred.

(b) The attorney general and reporter shall file a notice of the pendency of an action initiated under subsection (a) with the register of deeds of each county in which any of the agricultural land or non-agricultural land is located.

(c)(1) In an action initiated under subsection (a), if the court finds that the agricultural land or non-agricultural land in question has been acquired or held in violation of this part, then the court shall enter an order so declaring and shall file a copy of the order with the register of deeds of each county in which any portion of the agricultural land or non-agricultural land is located.

(2) If the court finds that an interest in the agricultural land or nonagricultural land in question has been acquired or held in violation of this part, then the court shall declare the agricultural land or non-agricultural land escheated to the state and order the sale of the agricultural land or nonagricultural land in the manner provided by law for the foreclosure of a mortgage on real estate for default of payment. The proceeds of the sale must be used to pay court costs, and the remaining funds, if any, must be disbursed to lien holders, in the order of priority, except for liens which under the terms of the sale are to remain on the land.

§ 66-2-308. (eff. 1/1/25)

(a) This part does not impose liability on a person licensed under the Tennessee Real Estate Broker License Act of 1973, compiled in title 62, chapter 13; an attorney licensed in this state or licensed in another state and handling a matter governed by the law of this state; a title insurance company or an agent licensed in this state; a state or national bank, bank holding company, or its affiliates or subsidiaries; a savings and loan association or savings bank; a credit union; an industrial loan or thrift company; or a mortgage lender licensed by the department of financial institutions who is involved in a transaction in which a prohibited foreign party or prohibited foreign-party-controlled business acquired or held an interest in property in violation of this part.

(b) This part does not apply to a prohibited foreign party or prohibited foreign-party-controlled business that possesses an interest in agricultural land or nonagricultural land if such prohibited foreign party or prohibited foreign-party-controlled business is duly registered and in good standing with the secretary of state as of January 1, 2025, and has:

(1) Been approved by the committee on foreign investment in the United States (CFIUS); or



(2) Previously received a determination that there are no unresolved national security concerns or that pending actions under Section 721 of the Defense Production Act of 1950 (50 U.S.C. App. 2170) are concluded with respect to a covered transaction, as defined in 31 C.F.R. § 800.213; provided, that such prohibited foreign party or prohibited foreign-party-controlled business has not undergone a change in control constituting a covered control transaction, as defined in 31 C.F.R. § 800.210, since such determination.

SECTION 2. The secretary of state and commissioner of agriculture are authorized to promulgate rules to effectuate this act. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. If any provision of this act or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 4. For the purpose of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect January 1, 2025, the public welfare requiring it.

