



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

VETOED
AMENDED

FACT SHEET FOR S.B. 1109

designated countries; land ownership; prohibition

Purpose

Bars the People's Republic of China (PRC) from having a substantial ownership interest in Arizona land, outlines requirements for enforcement and prescribes related exceptions.

Background

The U.S. Director of National Intelligence must post an Annual Threat Assessment of the U.S. Intelligence Community (Annual Threat Assessment) that focuses on the most direct and serious threats to the United States during the following year. The 2022, 2023 and 2024 Annual Threat Assessments identified the PRC, Russia, Iran and North Korea as countries that pose a risk to the national security of the United States ([U.S. DNI](#)).

A public entity may not enter into or renew a contract with a company to acquire or dispose of services, supplies, information technology, goods or construction unless the contract includes a written certification that the company does not currently, and agrees for the duration of the contract to not, use: 1) the forced labor of ethnic Uyghurs in the PRC; 2) any goods or services produced by the forced labor of ethnic Uyghurs in the PRC; or 3) any contractors, subcontractors or suppliers that use any goods or services produced by, the forced labor of ethnic Uyghurs in the PRC ([A.R.S. § 35-394](#)).

Every deed or conveyance of real property must be signed by the grantor and duly acknowledged before an authorized officer ([A.R.S. § 33-401](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits the PRC from purchasing, owning, acquiring by grant or devise or having a *substantial interest* in real property in the State of Arizona.
2. Specifies that a *substantial interest* is an ownership interest of 30 percent or more.
3. Requires the Attorney General (AG) to enforce the prohibition.
4. Instructs the AG, if the AG reasonably suspects a violation of the prohibition occurred, to commence an action in superior court in the county in which the real property is located.

5. Requires the superior court, if the court finds that title or a substantial interest in real property was obtained in violation of the prohibition, to enter an order:
 - a) stating the court's findings;
 - b) divesting the person's interest; and
 - c) directing the county board of supervisors (county BOS) to sell the real property in a manner consistent with statutory requirements for the sale of land held by the state under tax deed.
6. Stipulates that the county BOS must distribute the remaining proceeds after paying taxes, interests, penalties, fees and costs in the following order of priority:
 - a) to any valid lienholder for the value of the lienholder's outstanding lien that is attached to the real property;
 - b) to the AG and the appropriate county treasurer to reimburse the AG and the appropriate county BOS for expenses incurred in the prosecution of the violation; and
 - c) to the property owner in an amount equal to the remaining proceeds of the sale, if any.
7. Allows the PRC to acquire real property or any interest in real property in the State of Arizona by devise or descent, the enforcement of security interests or the collection of debt if the PRC sells, transfers or otherwise divests from the real property within three years after the property's acquisition.
8. Immunizes a title insurer, title agent, escrow agent or real estate licensee from being held liable for any violation of the prescribed prohibition and enforcement requirements.
9. Precludes a violation of the prescribed prohibition and enforcement requirements from being used as the basis for a title insurance claim for any title insurance policy issued for property in Arizona.
10. Defines the *PRC* as either:
 - a) a wholly state-owned enterprise of the PRC; or
 - b) the government or any administrative subdivision of the PRC.
11. Defines a *substantial interest* as an ownership interest of 30 percent or more.
12. Contains a statement of legislative findings.
13. Becomes effective on the general effective date.

Amendments Adopted by the House of Representatives

1. Restricts the prescribed prohibition to the PRC, rather than a foreign principal from a designated country.
2. Removes stipulating that a foreign principal that directly or indirectly owns or acquires any interest in real property in Arizona on or before the general effective date:
 - a) may continue to hold or own the property; and
 - b) may not purchase or acquire any additional real property in the state.

3. Removes allowing a foreign principal to purchase, own, acquire by grant or devise or have an interest in land in the State of Arizona if:
 - a) the foreign principal is a natural person who possesses a current verified U.S. visa that is not limited to tourist-based travel or official documentation in the natural person's name that the U.S. government has granted the foreign principal asylum in the United States;
 - b) the parcel is residential real property of two acres or less and the foreign principal's sole real property interest in the state; and
 - c) the parcel is located at least 50 miles from any military installation, critical infrastructure or known vector route in state and at least 25 miles from an air force range with a total land area between 0.5 and 2.5 million acres.
4. Removes defining a *designated country* as a country identified by the U.S. Director of National Intelligence as a country that poses a risk to the national security of the United States in each of the three most recent Annual Threat Assessments.
5. Removes defining a *foreign principal* as:
 - a) the government or any official of the government from a designated country;
 - b) a political party or member of a political party from a designated country;
 - c) any person who is domiciled in a designated country and is not a U.S. citizen or lawful permanent resident of the United States; and
 - d) any business or other entity that is domiciled in a designated country, in which more than the majority of the business's or entity's ownership belongs to an entity domiciled in a designated country or in which the majority of the board of directors is controlled by an entity domiciled in a designated country.
6. Removes definitions for *critical infrastructure* and *military installation*.
7. Defines the *PRC*.
8. Makes technical and conforming changes.

Governor's Veto Message

The Governor indicates in her [veto message](#) that S.B. 1109 is ineffective at counter-espionage, does not directly protect military assets, lacks clear implementation criteria and opens the door to arbitrary enforcement.

Senate Action

MABS 2/3/25 DP 4-3-0
3rd Read 2/26/25 17-12-0

House Action

LARA 3/17/25 DP 6-2-0-1
3rd Read 5/7/25 41-17-2

Vetoed by the Governor 6/2/25

Prepared by Senate Research
June 6, 2025
KJA/NRG/slp