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## Farm Ownership & Corporate Farming Laws: *Texas*



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# A National Agricultural Law Center Research Publication

## Farm Ownership & Corporate Farming Laws: Texas

### Fast Find:

- 1) Prohibition: None
- 2) Permission: TX Prop. Code § 5.005
- 3) Reporting: None
- 4) Corporate Farming: None

### TX Prop. Code § 5.005 TX Prop. Code §§ 5.251 through 5.259

*Current through laws passed by the 2025 Regular Session of the 89th Texas State Legislature. Some statute sections may be more current.*

#### **TX Prop. Code § 5.005. Aliens.**

Except as provided by Subchapter H, an alien has the same real and personal property rights as a United States citizen.

#### **TX Prop. Code § 5.251. Definitions.**

In this subchapter:

(1) "Agricultural land" means land that is located in this state and that is suitable for:

(A) use in production of plants and fruits grown for human or animal consumption, or plants grown for the production of fibers, floriculture, silviculture, viticulture, horticulture, or planting seed; or

(B) domestic or native farm or ranch animals kept for use or profit.

(2) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

(3) "Designated country" means:

(A) a country identified by the United States Director of National Intelligence as a country that poses a risk to the national security of the United States in at least one of the three most recent Annual Threat Assessments of the U.S. Intelligence Community issued pursuant to Section 108B, National Security Act of 1947 (50 U.S.C. Section 304b); or



- (B) a country designated by the governor under Section 5.254.
- (4) "Domiciled" means having established a place as an individual's true, fixed, and permanent home and principal residence to which the individual intends to return whenever absent.
- (5) "Organization" has the meaning assigned by Section 1.002, Business Organizations Code.
- (6) "Real property" includes:
  - (A) agricultural land;
  - (B) an improvement located on agricultural land;
  - (C) commercial property;
  - (D) industrial property;
  - (E) groundwater.
  - (F) residential property;
  - (G) a mine or quarry;
  - (H) a mineral in place;
  - (I) standing timber; or
  - (J) water rights.
- (7) "Transnational criminal organization" means two or more persons:
  - (A) who are citizens of or domiciled in a designated country;
  - (B) with an identifiable leadership who operate internationally; and
  - (C) who continuously or regularly associate to engage in corruption, violence, or the commission of other criminal activities.

**TX Prop. Code § 5.252. Exceptions: United States citizens and lawful residents; certain entities owned or controlled by United States citizens or lawful residents; leasehold.**

This subchapter does not apply to:

- (1) an individual who is a citizen or lawful permanent resident of the United States;
- (2) a company or organization that is owned by or under the control of:
  - (A) one or more individuals described by Subdivision (1); and
  - (B) no individual described by Section 5.253; or



(3) a leasehold interest in land or improvements constructed on a leasehold if the duration of the interest is less than one year.

**TX Prop. Code § 5.253. Prohibition on purchase or acquisition of real property.**

Notwithstanding any other law, the following may not purchase or otherwise acquire an interest in real property in this state:

- (1) a governmental entity of a designated country;
- (2) a company or organization that is:
  - (A) headquartered in a designated country;
  - (B) directly or indirectly held or controlled by the government of a designated country;
  - (C) owned by or the majority of stock or other ownership interest of which is held or controlled by individuals described by Subdivision (4);  
or
  - (D) designated by the governor under Section 5.254;
- (3) a company or organization that is owned by or the majority of stock or other ownership interest of which is held or controlled by a company or organization described by Subdivision (2); or
- (4) an individual who:
  - (A) is domiciled in a designated country, except that an individual who is lawfully present and residing in the United States at the time the individual purchases or acquires the interest may purchase or acquire an interest in a residential property that is intended for use as an individual's residence homestead, as defined by Section 11.13(j), Tax Code;
  - (B) is a citizen of a designated country who is domiciled outside of the United States in a country:
    - (i) other than a designated country; and
    - (ii) for which the individual has not completed the naturalization process for becoming a citizen of that country;
  - (C) is a citizen of a designated country who is unlawfully present in the United States;
  - (D) is:
    - (i) a citizen of a country other than the United States; and
    - (ii) acting as an agent or on behalf of a designated country; or



(E) is a member of the ruling political party or any subdivision of the ruling political party in a designated country.

**TX Prop. Code § 5.254. Designation of country or entity as subject to prohibition on purchase or acquisition of real property.**

(a) The governor, after consultation with the public safety director of the Department of Public Safety, may, for purposes of Section 5.253:

(1) determine whether the purchase or acquisition of an interest in real property in this state by an individual or entity poses a risk to the national security of the public; and

(2) based on a determination made under Subdivision (1):

(A) designate a country or a transnational criminal organization or other entity as subject to this subchapter; or

(B) remove a designation made under Paragraph (A).

(b) The governor shall consult the Homeland Security Council established under Subchapter B, Chapter 421, Government Code, for purposes of making or removing a designation under this section.

(c) The designation or removal of the designation of a country or entity under this section applies only to the purchase or acquisition of an interest in real property that occurs on or after the date the governor designates or removes the designation of the country or entity.

**TX Prop. Code § 5.255. Investigation and enforcement by attorney general; law enforcement referral.**

(a) The attorney general shall establish procedures to examine a purchase or acquisition of an interest in real property and determine whether an investigation of a possible violation of this subchapter is warranted.

(b) If the attorney general determines that an investigation of a purchase or acquisition of an interest in real property is warranted under this section, the attorney general shall investigate the purchase or acquisition of an interest in real property and determine whether a violation of this subchapter occurred.

(c) If the attorney general determines that a violation of this subchapter occurred, the attorney general:

(1) may bring an in rem action against real property to enforce this subchapter in a district court in the county where all or part of the real property that is the subject of the violation is located; and

(2) may refer the matter to the appropriate local, state, or federal law enforcement agency.



(d) The attorney general shall record notice of an action brought under Subsection (c) in the real property records of each county where any part of the real property subject to the action is located.

(e) Except for an acquisition of a leasehold interest, a purchase or acquisition of an interest in real property in violation of Section 5.253 is not void because of the violation, and the validity or enforceability by any person of a purchase contract for or the conveyance of an interest in the real property is not otherwise affected by the violation.

**TX Prop. Code § 5.256. Attorney general investigation and discovery; secretary of state interrogatories and records.**

(a) The attorney general may conduct discovery to investigate a potential action under Section 5.255 or in an action brought under Section 5.255, including by:

(1) petitioning for an order authorizing the taking of a deposition under Rule 202, Texas Rules of Civil Procedure; or

(2) if the attorney general has reason to believe that a person may be in possession, custody, or control of any documentary material or other evidence or may have any information relevant to an investigation of a suspected violation of Section 5.253, issuing in writing and serving on the person a civil investigative demand requiring the person to:

(A) produce any of the documentary material for inspection and copying;

(B) answer in writing any written interrogatories;

(C) give oral testimony; or

(D) provide any combination of civil investigative demands under Paragraph (A), (B), or (C).

(b) The secretary of state shall on request by the attorney general:

(1) serve interrogatories on an individual or entity as necessary to determine the ownership or control of an organization that is the subject of an action by the attorney general under Section 5.255; and

(2) provide to the attorney general all records held by the secretary relating to the ownership or control of an organization that is the subject of an action by the attorney general under Section 5.255.

**TX Prop. Code § 5.257. Divestiture; appointment of receiver; distribution of sale. Proceeds.**

(a) If the district court finds that the real property subject to an action brought under Section 5.255 was purchased or an interest in the real



property was otherwise acquired in violation of Section 5.253, the court shall:

(1) enter an order that:

(A) states the court's finding;

(B) orders the divestment of the individual's or entity's interest in the real property; and

(C) appoints a receiver to:

(i) divest the individual's or entity's interest in the real property through sale, termination of a leasehold, or other disposition of the interest; and

(ii) manage and control the real property pending the sale or other disposition of the interest in the real property; and

(2) refer the matter to the appropriate prosecuting attorney for criminal prosecution of any appropriate criminal offense in connection with the transaction.

(b) On appointment and qualification, a receiver appointed under this section has the powers and duties of a receiver under Chapter 64, Civil Practice and Remedies Code.

(c) Proceeds from the sale or other disposition of an interest in real property under an order described by Subsection (a) shall be applied first to satisfy any existing liens on the property and then to pay the reasonable costs incurred by the state in enforcing this subchapter. The remaining proceeds shall be remitted to the individual or entity that purchased or otherwise acquired the interest in violation of this subchapter.

#### **TX Prop. Code § 5.258. Offense; penalty.**

(a) A person commits an offense if the person:

(1) is an individual described by Section 5.253(4); and

(2) intentionally or knowingly purchases or otherwise acquires an interest in real property in this state in violation of this subchapter.

(b) An offense under Subsection (a) is a state jail felony.

#### **TX Prop. Code § 5.259. Civil penalty.**

(a) The attorney general may bring an action in the name of the state against a company or entity that violates this subchapter.

(b) A company or entity that a court determines in an action brought under this section to have violated this subchapter is liable to the state for a civil penalty equal to the greater of:

(1) \$250,000; or



(2) 50 percent of the market value of the interest in real property that is the subject of the violation.

