

POLICY MEMORANDUM

Subject: Foreign Direct Investment and Foreign-Adversary Safeguards in Oklahoma

Date: September 2026

Status: Draft for Policy Review

Executive Summary

Foreign direct investment is an important component of Oklahoma's economic-development strategy. Foreign-owned companies bring capital, technology, access to international markets, and high-value employment to the United States. Majority-owned U.S. affiliates of foreign multinational enterprises employed 8.57 million American workers in 2024, representing 6.1 percent of U.S. private-industry employment. They generated \$1.52 trillion in U.S. value added, invested \$328 billion in property, plant, and equipment, and performed \$95.5 billion in research and development – 12.4 percent of all U.S. business R&D.

Majority-owned U.S. affiliates of foreign multinational employ nearly 60,000 Oklahomans, while foreign direct investment has brought \$6.35 billion in capital investment into the state over the last five years, with announced projects creating 5,400 new jobs at an average wage exceeding \$65,500.

At the same time, the United States faces legitimate national-security risks arising from investment by governments, companies, and individuals controlled by foreign adversaries. Congress and successive administrations have substantially strengthened the federal Committee on Foreign Investment in the United States (CFIUS) to identify and mitigate these risks. CFIUS is designed around an important principle: foreign investment is presumptively welcome, while individual transactions presenting national-security risks receive heightened scrutiny or prohibition.

Oklahoma has increasingly supplemented this federal framework through state restrictions on foreign ownership. Senate Bill 212 strengthened Oklahoma's longstanding alien-land laws in 2023. Senate Bill 893, enacted in 2026 with an effective date of July 1, 2027, created a substantially broader framework protecting military installations, critical infrastructure, agricultural land, and state infrastructure from foreign-adversary involvement.

The Oklahoma Department of Commerce supports safeguards that allow Oklahoma to welcome legitimate foreign investment while protecting against national security risks. This memo offers ideas for refining and building on the work already done by the Legislature.

Oklahoma should make clear the state draws a bright line between **foreign investment** and **foreign-adversary control**. Oklahoma welcomes legitimate investment from abroad while maintaining strong prohibitions on ownership or control by designated foreign adversaries where Oklahoma law restricts such investments.

Two refinements merit consideration:

1. Replace the current “Country of Particular Concern” with U.S. Secretary of State terminology with the more focused “Foreign Adversary” designation from the U.S. Secretary of Commerce.
2. Make entities that violate the foreign-adversary ownership or control prohibition ineligible for state economic-development incentives.

This framework would make Oklahoma’s law more targeted, more enforceable, and more compatible with the state’s economic-development objectives.

I. Foreign Direct Investment Is an Oklahoma Economic Interest

Foreign direct investment (FDI) benefits Oklahoma. When a foreign company builds or acquires productive assets in Oklahoma, the factories, equipment, payroll, suppliers, tax base, and infrastructure associated with that investment are located here.

The national evidence is substantial. Majority-owned U.S. affiliates of foreign multinational enterprises employed 8.57 million American workers in 2024, representing 6.1 percent of U.S. private-industry employment. They generated \$1.52 trillion in U.S. value added, invested \$328 billion in property, plant, and equipment, and performed \$95.5 billion in research and development – 12.4 percent of all U.S. business R&D.

Manufacturing is particularly important. Approximately 34 percent of employment at majority-owned foreign affiliates nationally is in manufacturing, and foreign-owned affiliates account for a significant share of overall U.S. manufacturing employment.

That relationship is even more pronounced in Oklahoma. Commerce benchmarking indicates that Oklahoma has attracted less foreign investment than competing states, but the investment it has attracted is unusually concentrated in manufacturing – approximately 43 percent of foreign-affiliate employment, compared with roughly 35 percent nationally. In 2024, majority-owned U.S. affiliates of foreign multinational enterprises employed approximately 59,900 workers in Oklahoma, including 25,700 in manufacturing – or about 3.7 percent of overall Oklahoma jobs. This represents an estimated \$10 billion to Oklahoma’s economic output, about 4 percent of GDP.

This matters because Oklahoma’s economic-development strategy seeks precisely the kinds of investments that foreign multinational enterprises frequently make: advanced manufacturing, aerospace, energy equipment, critical-mineral processing, and other capital-intensive industries.

Foreign direct investment therefore presents Oklahoma with two simultaneous policy imperatives:

Oklahoma’s best potential growth markets – aeronautics, defense, and advanced manufacturing – also carry potential risks from foreign adversaries. These risks can be managed via legal and regulatory protocols that contribute to the safety and sustainability of foreign investment in Oklahoma.

II. The Federal Government Already Operates a National Security Investment Review System

The U.S. government established the Committee on Foreign Investment in the United States, or CFIUS, in 1975 to serve as the principal national security vetting mechanism on foreign direct investment. CFIUS is the principal federal national security review mechanism for covered foreign investments and certain real estate transactions.

CFIUS reviews certain foreign investments and certain real-estate transactions for their effect on U.S. national security. Congress significantly expanded its jurisdiction through the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). Treasury now conducts reviews, investigations, mitigation monitoring and enforcement, and analysis of transactions that were not voluntarily notified to the Committee.

The federal framework is increasingly robust. CFIUS can examine foreign control, minority investments in sensitive U.S. businesses, access to critical technology and

sensitive personal data, and certain real-estate transactions near military installations and other sensitive federal sites.

CFIUS can approve a transaction, require mitigation, compel restructuring or divestiture, or recommend that the President prohibit a transaction. It can also revisit non-notified transactions.

The crucial feature of the system, however, is that it remains transaction-based and risk-based. It begins with the proposition that the United States welcomes foreign investment. CFIUS asks whether the particular foreign person, transaction, asset, technology, location, ownership structure, and access rights create a national-security risk.

Despite CFIUS' growing authority and mandate, it nonetheless reflects an attempt to serve all states, many of which do not have distinct prohibitions on foreign land ownership. Oklahoma's constitution specifically prohibits foreign ownership of land and empowers the Legislature to legislate that prohibition in greater detail. While CFIUS continues to apply broadly to foreign investment from all countries, the Legislature passed Senate Bill 893 specifically to prohibit foreign adversary countries.

Oklahoma should not attempt to replicate CFIUS at the state level, because it lacks the intelligence, financial, and diplomatic reporting that informs the federal process. Instead, Oklahoma can establish clear state prohibitions on foreign-adversary ownership of sensitive property that operate independently of the CFIUS review process.

SB 893 contains a limited agricultural exception for entities maintaining a CFIUS national security agreement. Whether that exception should be broadened to other CFIUS-reviewed transactions – many transactions are approved without a national security agreement – presents a separate legal and policy question and is not addressed by these recommendations.

III. Understanding the Geographic Reach of Existing Restrictions

Mapping out the implications of prohibitions spelled out in SB 893 demonstrates near total territorial reach of the legislation. A comparison map with CFIUS jurisdiction areas demonstrates the much broader coverage contemplated in Oklahoma's legislation. It bears reminding that CFIUS's *geographical* jurisdiction covers certain **transactions** in proximity to sensitive military and infrastructure sites. Its broader *business* jurisdiction covers critical technology, critical infrastructure, and sensitive personal data **transactions**. SB893, for its part,

prohibits a foreign principal from directly or indirectly **owning or otherwise controlling** real property within the state.

CFIUS jurisdiction related to sensitive sites depends on a Treasury-maintained list, informed by DoW, which currently includes:

Tinker Air Force Base, Midwest City – 100-mile radius

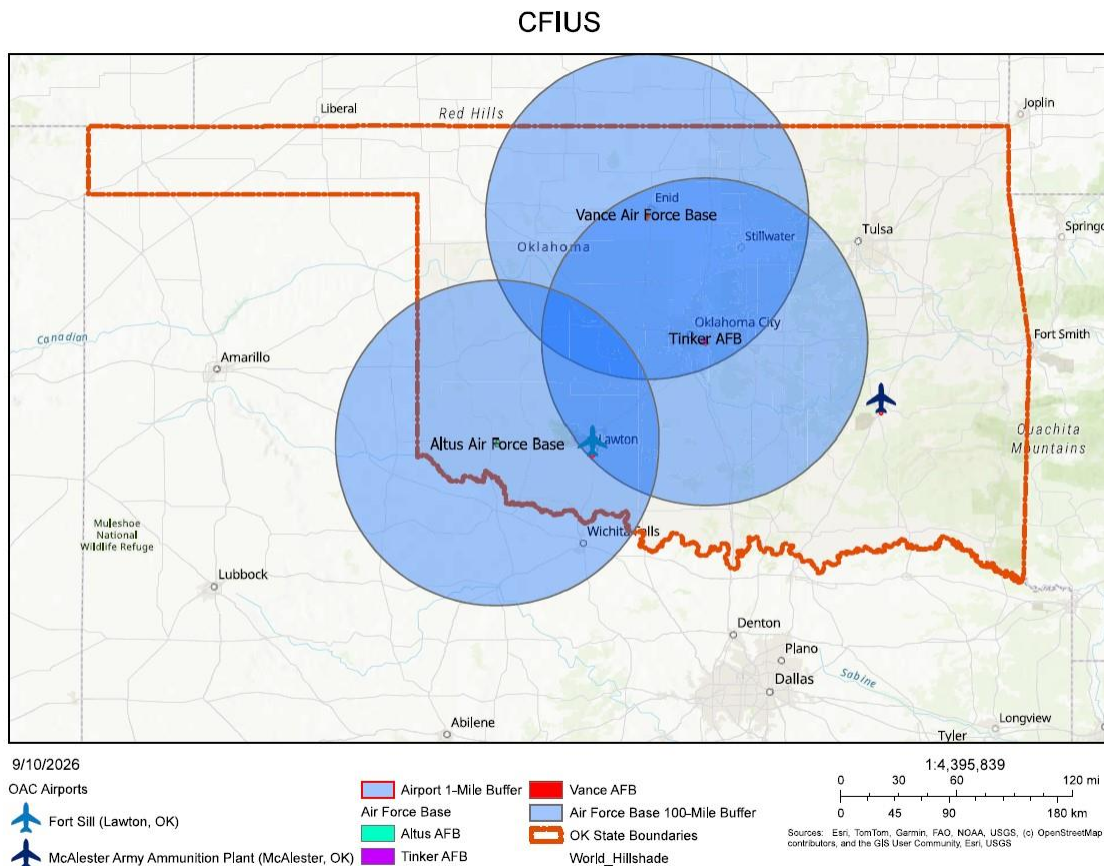
Altus Air Force Base, Altus– 100-mile radius

Vance Air Force Base, Enid – 100-mile radius

Ft. Sill, Lawton – 1-mile radius

McAlester Army Ammunition Plant, McAlester – 1-mile radius

Map of Areas Covered by CFIUS jurisdiction, 31 C.F.R. Part 802

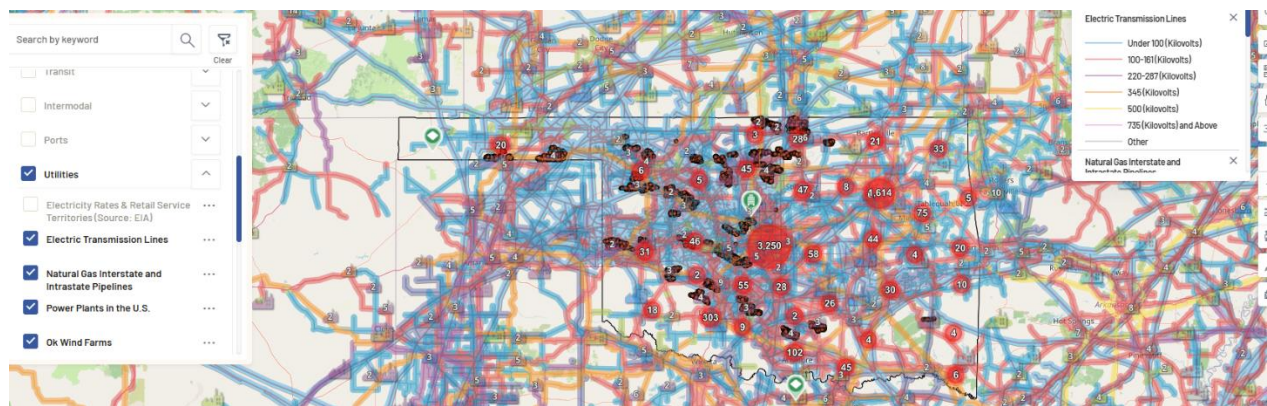


Keep in mind that, even within these jurisdictional areas, CFIUS may approve many cases after the appropriate review. In general, CFIUS considers the intent

and capacity of the foreign presence in the subject transaction in determining whether to approve. Approvals may be outright or with conditions agreed to by the parties to protect against a national security vulnerability.

SB 893, on the other hand, prohibits a foreign principal from a foreign adversary country from directly or indirectly purchasing, holding, renting, or otherwise controlling any real property within 10 miles of a military base or installation, a military operating area, or other critical infrastructure. “Critical infrastructure” is broadly defined so as to cover most state infrastructure of a vital security, economic, or public health nature. Just mapping the military installations and a handful of those elements results in an extensive prohibition area, as viewed below.

Partial Mapping of SB893’s Foreign Adversary Property Ownership Criteria



Note the map above omits the 10-mile zone related to “military operating areas,” which would require further coordination with military and aviation authorities. Mapping those areas would only reinforce the near-total prohibition of foreign adversary ownership in the state.

The question of whether the federal law that established CFIUS preempts state foreign ownership law remains unresolved. The federal government traditionally holds supremacy under the Constitution for national security and foreign investment while states have a long history of restricting foreign land ownership. See discussion below regarding similar laws in other states that have met legal challenges.

IV. Oklahoma’s Evolution in Foreign Property Ownership

Oklahoma’s restrictions on foreign ownership of land begin with the state Constitution. Article XXII, Section 1 provides that a non-U.S. citizen may not

acquire title to or own land in Oklahoma, while exempting those who become bona fide residents of the state. That constitutional rule was implemented in Title 60 and has existed alongside a separate body of agricultural land law. Since 1978, Oklahoma has also restricted corporate farming and ranching, including ownership or leasing of agricultural land by foreign corporations, subject to specified exceptions.

These restrictions have never amounted to a general prohibition on foreign commercial activity in Oklahoma. State corporate law permits foreign corporations to qualify to do business here, and Oklahoma law generally allows corporations to own the real estate reasonably necessary to conduct their lawful business. In more regulated sectors, the Legislature has sometimes required additional disclosure rather than imposing a categorical ban. Medical-marijuana businesses, for example, must attest to foreign financial interests under 63 O.S. § 427.15.

Recent legislation has shifted the focus from alien ownership generally toward national security concerns. SB 212 in 2023 strengthened the existing alien land framework by expressly reaching indirect ownership through business entities and trusts. SB 893 in 2026 went further, creating specific restrictions on agricultural land and property near military installations and critical infrastructure when the owner or investor is a foreign principal from a designated foreign adversary country. In that sense, Oklahoma law has evolved from a longstanding rule about alien landholding into a more targeted system aimed at foreign adversary ownership of sensitive property.

V. Recent Experience of Other States

Oklahoma is not operating in isolation. States across the country are experimenting with foreign-ownership restrictions, and their experience offers useful comparisons.

Florida

Florida adopted one of the broadest modern state frameworks in 2023. It prohibits certain foreign principals from owning agricultural land and from acquiring real property on or within 10 miles of military installations and specified critical-infrastructure facilities, more narrowly defined than the Oklahoma law. The law named “foreign countries of concern” – China, Russia, Iran, North Korea, Cuba, Venezuela under the Maduro regime, and Syria – rather than defer to a federal designation.

FloridaCommerce's Office of SecureFlorida administers the program via a staff of six. Buyers make an affidavit via online portal under penalty of perjury affirming that they are not prohibited foreign principals and are in compliance with the law. The state does not conduct a national security adjudication before every transaction. Registration, investigation, penalties, forfeiture, and enforcement occur when the facts warrant them. As of this writing, Florida has not completed a divestment case under the law. A legal challenge to the law was dismissed in November 2025 on the basis of standing.

Texas

Texas enacted SB 17 in 2025, restricting real-property acquisitions by specified governments, companies, organizations, and individuals connected to designated countries. The law relies in part on the federal intelligence community's Annual Threat Assessments and assigns investigation and enforcement authority to the Attorney General. The Governor may also designate a country for this purpose.

Two legal challenges to the Texas law have been dismissed due to lack of standing or statutory coverage.

Arkansas

Arkansas enacted legislation in 2023 and 2024 restricting ownership of agricultural and other real property by specified foreign parties. The law defines prohibited foreign parties partly by reference to countries listed under the federal International Traffic in Arms Regulations (ITAR), an export-control regime administered for defense-trade purposes. Enforcement authority rests with the Arkansas Department of Agriculture and the Attorney General.

The law has faced a significant federal challenge in *Jones Eagle, LLC v. Arkansas Department of Agriculture*. In 2024, a federal district court preliminarily enjoined enforcement against the plaintiff. The court questioned Arkansas's use of the ITAR country list for a state land-ownership prohibition because that federal designation was created for defense export controls, not general property regulation. The case has not yet produced a final merits judgment.

VI. Finishing the Task Started by SB893

Oklahoma is home to important military installations, military and defense activities, and nationally relevant energy infrastructure. It rightly passed SB 893 to protect Oklahoma from the risks presented by foreign adversaries. Legal

challenges in other states thus far suggest deferring the designation to the federal government as a best practice.

SB 893 establishes a state property law prohibition that operates independently of CFIUS. Whether particular applications of state foreign-ownership laws may conflict with federal authority presents legal questions that should be evaluated by appropriate state legal counsel.

The state should avoid attempting to re-create a state-level national security vetting process given its inherent lack of national security expertise. The Department of Commerce, however, should familiarize itself with the latest trends in foreign adversary investment in the United States with the aim of advising economic development offices (EDOs) how to respond to questionable cases.

That said, some recommended actions may be considered to address gaps in the current legal and regulatory framework.

VII. Recommended Changes to Legislation

1. Fix the Foreign-Adversary Definition

SB 893 used terminology linking “foreign adversary” to countries designated by the Secretary of State as hostile or as Countries of Particular Concern. A Country of Particular Concern designation, however, deals principally with sanctions against a country practicing religious intolerance. It was not created as an investment-security classification. For example, this list currently includes countries beyond the customary list of adversaries, including Saudi Arabia, Nigeria, and Nicaragua. An independent commission charged with proposing new countries for religious intolerance recently suggested adding India and Vietnam, for example.

A more focused list is available via the Secretary of Commerce’s “determination of foreign adversaries,” defined and listed in 15 C.F.R. § 791.4 as: PRC (including Hong Kong and Macau), Cuba, Iran, North Korea, Russia, and Venezuela under Maduro. Amending the legislation to this designation would better align the purpose of the bill to the intent of the legislation, and avoid the legal problems of the state administering its own list.

2. Establish Ineligibility for Economic Development Incentives to Foreign-Adversary-Controlled Entities

Property rights and state incentives present different policy questions. Even where an investment does not result in enforcement under SB 893, Oklahoma should be under no obligation to provide state financial assistance to an applicant that cannot

establish that it is free from prohibited foreign adversary ownership or control. State incentive statutes should therefore make compliance with the applicable foreign-adversary ownership and control standard a condition of eligibility.

An applicant should be required to disclose relevant beneficial ownership and attest to compliance. Commerce should have authority to request additional information necessary to evaluate eligibility and may decline to process or approve an application if the applicant does not provide sufficient information to establish compliance. Such a decision would determine only eligibility for state assistance and would not constitute a legal determination that the underlying investment violates SB 893.

If information obtained during incentive review indicates a potential violation of SB 893, Commerce may refer the matter to the Attorney General for investigation or enforcement. If an applicant receives an incentive based on a false certification or is later shown to have been ineligible at the time of approval, applicable suspension, repayment, clawback, or other enforcement provisions should apply.

VIII. Legal Text Amendments to SB 893

The recommendations above could be implemented through the following targeted amendments to SB 893.

1. Amend 60 O.S. § 128.1(6) — Definition of Foreign Adversary

Current language:

“Foreign adversary” means any country designated by the United States Secretary of State as hostile or a Country of Particular Concern (CPC);

Proposed language:

“Foreign adversary” means any foreign government or foreign nongovernment person designated as a foreign adversary by the United States Secretary of Commerce pursuant to **15 C.F.R. § 791.4**, as in effect on the effective date of this legislation.

2. Add Incentive Eligibility Provision

Pending a determination whether this provision belongs in Title 60 or needs to be inserted elsewhere, add a new section providing:

No entity that is prohibited from owning or controlling real property pursuant to this act shall be eligible to receive a discretionary economic-development incentive, grant, loan, rebate, tax credit, or other financial assistance administered by the State of Oklahoma or a state agency.

An applicant for such assistance shall disclose relevant beneficial ownership and attest that it complies with the foreign-adversary ownership and control requirements of this act. The administering agency may request additional information reasonably necessary to determine eligibility and may decline to process or approve an application if the applicant fails to provide sufficient information to establish eligibility.

A determination under this section shall relate solely to eligibility for state financial assistance and shall not constitute a determination that the applicant or an underlying transaction violates the provisions of this act. Information indicating a potential violation may be referred to the Attorney General for investigation or enforcement.

Financial assistance obtained through a materially false attestation shall be subject to suspension, repayment, clawback, or other recovery authorized by law.

