

Testimony in support of SB 226

Rick Perales

Chair Johnson, Vice Chair Wilson, Ranking Member Craig, and members of the Veterans and Public Safety Committee, thank you for allowing me to provide proponent testimony on behalf of Senate Bill 226.

My name is Rick Perales. I know some of you from my eight years serving in the House of Representatives. One of my fondest and most fulfilling responsibilities while in office was serving as the Chair of Military and Veteran Affairs. I especially enjoyed the positive impact we made on our service members, veterans and their families. I am currently serving as a Greene County Commissioner. Before that, I served as the Mayor of the City of Beavercreek. I retired from the United States Air Force out of Wright Patterson Air Force Base. My last military assignment in the military was as Commander of the 788th Civil Engineer Squadron. I believe my career experiences speak to my credibility and demonstrate my competence both with state legislation and national security.

As countries deemed foreign adversaries by our federal government continue gaining access to our critical infrastructure through strategic investments, America needs a cohesive national strategy and response to keep our country secure. While core components of a national response to this rising threat, like those involving the military, properly take place at the federal level; we must remember that a national response can and should also include our states. Our Constitution guarantees the rights and powers of individual states to govern in the interest of their citizens, even without federal action. This unique construct of our Constitution is not a flaw, but rather a feature that enables state lawmakers like you to act in the welfare of your constitutions. After all, it is you, the directly elected representatives of Ohioans who know your state better than any DC bureaucrat.

Yet, China actively and consistently seeks to exploit our federalist system and turn it into a liability. The National Counterintelligence and Security Center, a division of the Office of the Director of National Intelligence, has written extensively on a strategy of the Chinese Communist Party

(CCP).¹ It's called "using the local to surround the center," and it involves cultivating local support for its agenda and interests. This support often comes in the form of lucrative foreign direct investment, promising jobs and infrastructure, especially in the Midwest.

Ohio's neighbor to the west, Indiana, has been found to be working on at least 11 land deals with CCP-linked businesses worth an estimated \$14.4 billion.² Ohio's neighbor to the north, Michigan, is pursuing a \$2.4 billion investment from a Chinese battery company.³ This investment comes with a high cost to the states, in the form of compromised security should the CCP exploit its access.

Former Director of the CIA, Leon Panetta, testified to Congress that the CCP will use the Michigan battery plant for espionage, noting, "That's just the way they operate. They'll establish a manufacturing unit ... and then they will use that for their own intelligence purposes."⁴ United States Air Force Major Jeremy Fox testified that land purchased near military bases will be used to intercept military communications, calling such data collection "a costly national security risk causing grave damage to the United States' strategic advantages."⁵ No amount of infrastructure, jobs, or factories is worth compromising our national security and our way of life.

The bill before you today, Senate Bill 226, prohibits adversarial entities from purchasing certain property in Ohio. This restriction applies to agricultural land and property within 25 miles of military installations or critical infrastructure. All foreign adversary governments, citizens of foreign adversary governments, and businesses headquartered in foreign adversaries countries.

¹ https://www.dni.gov/files/NCSC/documents/SafeguardingOurFuture/PRC_Subnational_Influence-06-July-2022.pdf

² <https://thefederalist.com/2024/03/08/indianas-gop-run-government-working-on-11-land-deals-with-chinese-communist-businesses/>

³ <https://www.foxnews.com/politics/former-cia-director-leon-panetta-warns-china-may-use-michigan-ev-plant-for-espionage>

⁴ Id.

⁵ <https://americafirstpolicy.com/issues/the-chinese-communist-party-ccp-threatens-our-critical-infrastructure>

are prohibited from purchasing these types of property under this Act. This prohibition is critical to the security of Ohio and the United States of America.

Naysayers will try to separate the CCP from Chinese corporations, ignorant of Chinese national security laws and government investment that make private companies indistinguishable from state entities. Beijing exerts top-down control over all Chinese companies and commercial enterprises, regardless of whether the state officially owns a stake in the company or not. China has numerous national security laws that require all businesses and individuals to use their resources to support the CCP if called upon to do so in support of China's security apparatus and strategic objectives. In essence, if a Chinese citizen or company fails to assist the CCP in, say, obtaining intellectual property from a U.S.-owned firm, they are violating the law.

It is important to remember this risk is bigger than espionage and military security. We can also see the immense risk to state economies and to America's economic security if the land our food is grown and cultivated on is controlled by a foreign adversary. Recently, we have seen an uptick in agricultural land purchases in the U.S. by Chinese linked entities. Already, hundreds of thousands of acres of American farmland have been bought up by Chinese entities, often through a maze of shell companies and LLCs. Many of these sites are suspiciously close to sensitive U.S. military installations or other key national security facilities, in addition to posing substantial risk to the food security of the United States.

I would like to give kudos and applaud the City of Beavercreek, Ohio who has stepped up in this matter and are potentially the first municipality in the country to enact legislation aimed at safeguarding land near a military installation. Their collaboration with Wright Patterson Air Force Base and lawmakers in Washington D.C. produced an ordinance that works in tandem with Federal regulations surrounding the Committee on Foreign Investment in the United States that will make foreign adversaries attempts to acquire strategic real property more difficult and transparent.

Though restrictions on foreign land purchases exist at the federal level, they have proven incredibly difficult to enforce, as shell companies and difficult to trace entities continually popping up to aid in these transactions. Congressman Mike Gallagher of Wisconsin, the outgoing chair on the House Select Committee of the CCP, testified that the federal government has no way to track all foreign

adversary land purchases, and that states must step up and fill this hole in our national security.⁶ Given America's federalist system, the Ohio legislature standing up for national security is necessary to put the safety of Ohio residents first.

Chair Johnson, Vice Chair Wilson, Ranking Member Craig, and members of the Veterans and Public Safety Committee, I thank you for the opportunity to testify on Senate Bill 226 and stand ready to answer any questions.

⁶ https://selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/3.20.24%20Ag%20Testimony_Final.pdf