

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1371

Page 1, line 2, after "corporation" insert "and authorized livestock farm limited liability company"

Page 1, line 2, after the second comma, insert "and"

Page 1, line 3, remove the comma

Page 1, line 4, replace the second "and" with "10-06.1-03,"

Page 1, line 5, replace "subsection 2 of section" with "10-06.1-05, 10-06.1-06, 10-06.1-07, and 10-06.1-08, subsection 1 of section 10-06.1-09, and sections 10-06.10, and 10-06.1-11,"

Page 1, line 5, remove "and sections"

Page 1, line 5, after the fourth comma insert "10-06.1-15, 10-06.1-16,"

Page 1, line 6, after the first comma insert "10-06.1-18, 10-06.1-19, 10-06.1-20,"

Page 1, line 6, after the third comma insert "10-06.1-23, 10-06.1-24, 10-06.1-25,"

Page 1, line 8, replace "cattle" with "livestock"

Page 1, line 18, after the third underscored comma insert "or"

Page 1, line 18, after "or" insert "the business of"

Page 1, line 22, after the second "corporation" insert ", joint-stock company or association"

Page 1, line 22, replace "cattle" with "livestock"

Page 1, line 23, replace "cattle" with "livestock"

Page 2, line 1, after the second "products" insert "which is allowed to engage in the business of farming or ranching under section 13 of this Act."

Page 2, line 4, replace the first "cattle" with "livestock"

Page 2, line 4, replace the second "cattle" with "livestock"

Page 2, line 5, after the second "products" insert "which is allowed to engage in the business of farming or ranching under section 13 of this Act."

Page 2, line 7, remove "\"Cattle backgrounding\" means the feeding or growing of cattle from weaning until the"

Page 2, remove lines 8 and 9

Page 2, line 10, replace "expeditiously preparing the cattle for harvest" with "\"Beekeeping\" means the breeding or rearing of bee colonies or the owning, maintenance, or management of bee apiaries"

Page 2, line 11, replace "7." with "6."

Page 2, line 13, replace "8." with "7. a."

Page 2, line 13, overstrike "land" and insert immediately thereafter "farmland or ranchland"

Page 2, line 14, after the first comma insert "livestock backgrounding, livestock finishing,"

Page 2, line 14, after the second comma insert "swine or swine products"

Page 2, line 15, overstrike "It" and insert immediately thereafter:

"b. The term"

Page 2, line 17, replace "a." with "(1)"

Page 2, line 18, replace "b." with "(2) Aquaculture agriculture or greenhouse agriculture by a person that has farmland or ranchland holdings not exceeding forty acres [16.19 hectares];

(3) Beekeeping;

(4)"

Page 2, line 19, replace "c." with "(5)"

Page 2, remove lines 20 and 21

Page 2, line 22, remove "agricultural landholding not exceeding forty acres [16.19 hectares];"

Page 2, line 23, replace "f." with "(6)"

Page 2, line 25, replace "9." with "8."

Page 2, line 26, after "association" insert "allowed to engage in the business of farming or ranching under section 10-06.1-12."

Page 2, line 28, replace "10." with "9."

Page 2, line 29, after "company" insert "allowed to engage in the business of farming or ranching under section 10-06.1-12."

Page 2, after line 29, insert:

"10. "Farmland or ranchland" means agricultural land in this state used for farming or ranching."

Page 3, line 4, after "12." insert ""Livestock" includes beef cattle, dairy cattle, elk, bison, poultry, swine, sheep, goats, llamas, and alpacas.

13. "Livestock backgrounding" means the feeding or growing of livestock from weaning until the livestock enter a livestock finishing feedlot.

14. "Livestock finishing" means the feeding or growing of livestock, usually in a livestock finishing feedlot, for the purpose of expeditiously preparing the livestock for harvest.

15."

Page 3, line 16, replace "13." with "16."

Page 3, line 16, remove "day-to-day"

Page 3, line 17, remove "day-to-day"

Page 3, line 18, remove "significantly"

Page 3, after line 22, insert:

"1."

Page 3, line 24, overstrike "land used for farming or ranching" and insert immediately thereafter "farmland or ranchland"

Page 3, line 25, after the period insert:

"2."

Page 3, line 26, overstrike "that is" and insert immediately thereafter "under title 45 which owns or leases farmland or ranchland or engages"

Page 3, line 27, after the period insert:

"3."

Page 3, line 27, after "provision" insert "of law"

Page 3, line 28, remove "is"

Page 3, line 29, replace "prohibited from being" with "may not be"

Page 3, line 29, remove "owning or leasing land used for farming or"

Page 3, line 30, replace "ranching or engaging" with "under title 45 which owns or leases farmland or ranchland or engages"

Page 3, line 30, remove ", a shareholder of an authorized"

Page 3, line 31, remove "livestock farm corporation, or a member of an authorized livestock farm limited liability company"

Page 3, after line 31, insert:

**"SECTION 3. AMENDMENT.** Section 10-06.1-03 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-03. Retention of mineral interests prohibited.**

For land and minerals acquired after July 1, 1985, any corporation or limited liability company that acquires mineral interests through foreclosure or in lieu of foreclosure which were not specifically valued at the time the security interest in the minerals was acquired, and which is prohibited from owning or leasing ~~land used in farming or ranching~~ farmland or ranchland, is prohibited from retaining mineral interests in ~~land used for farming or ranching~~ farmland or ranchland when the corporation or limited liability company divests itself of the land, and the mineral interests must be passed with the surface estate of the land when the corporation or limited liability company divests itself of the land under this chapter."

Page 4, after line 3 insert:

"1."

Page 4, line 5, after "corporation" insert "or an authorized livestock farm corporation"

Page 4, line 9, after "10-06.1-15" insert "or section 18 of this Act"

Page 4, line 9, after the period insert:

"2."

Page 4, line 9, after the first "corporation" insert "or an authorized livestock farm corporation"

Page 4, line 13, replace "and" with "or"

Page 4, line 13, replace "11" with "21"

Page 4, replace lines 16 through 22 with:

**"SECTION 5. AMENDMENT.** Section 10-06.1-05 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-05. Conversion of limited liability company.**

1. A business limited liability company regulated under chapter 10-32.1 may convert to a farming or ranching limited liability company or an authorized livestock farm limited liability company by adopting an amendment to its articles of organization or by applying for an amended certificate of authority which specifies that the limited liability company elects to be subject to this chapter and by complying with all requirements of this chapter. The amendment must be filed with the secretary of state with the prescribed fee and with the initial report required by section 10-06.1-15 or section 18 of this Act.
2. A farming or ranching limited liability company or an authorized livestock limited liability company may convert to a business limited liability company by adopting an amendment to its articles of organization or by applying for an amended certificate of authority. The amendment must be filed with the secretary of state with the prescribed fee. The amendment must be accompanied by a report outlining the information, as of the date of the amendment, which is required under section 10-06.1-17 or section 21 of this Act, and the manner in which the limited liability company has divested itself of its owned or leased land holdings and its business of farming or ranching.

**SECTION 6. AMENDMENT.** Section 10-06.1-06 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-06. Surface coal mining - Exception.**

A corporation or limited liability company not engaged in the business of farming or ranching may own or lease ~~lands used for farming or ranching~~ farmland or ranchland, when the business of ~~such a~~ the corporation or limited liability company is ~~the~~ conducting of surface coal mining operations or related energy conversion, and when the owning or leasing of ~~lands used for farming or ranching~~ farmland or ranchland is reasonably necessary in the conduct of the business of surface coal mining or related energy conversion. When the necessity for owning or leasing of ~~lands used for farming or ranching~~ farmland or ranchland no longer exists, the exception provided in this section ceases and the corporation or limited liability company owning or leasing ~~such~~ the lands is subject to this chapter.

**SECTION 7. AMENDMENT.** Section 10-06.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-07. Industrial and business purpose exception- Exception.**

A corporation or limited liability company that is not engaged in the business of farming or ranching may own or lease ~~land used for farming or ranching~~ farmland or ranchland when the land is necessary for residential or commercial development; the siting of buildings, plants, facilities, industrial parks, or similar business or industrial purposes of the corporation or limited liability company; or for uses supportive of or ancillary to adjacent ~~nonagricultural~~ land that is not farmland or ranchland for the benefit of both land parcels. The farmland or ranchland while not being immediately used for any purpose of the corporation or limited liability company must be available to be leased by persons who farm or ranch as sole proprietorships or partnerships, or by farming or ranching corporations or farming or ranching limited liability companies ~~allowed to engage in farming or ranching under section 10-06.1-12.~~

**SECTION 8. AMENDMENT.** Section 10-06.1-08 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-08. Cooperative corporations allowed to engage in the business of farming or ranching - Requirements.**

This chapter does not prohibit cooperative corporations, seventy-five percent of whose members or shareholders are actual farmers or ranchers residing on farms or ranches or depending principally on farming or ranching for their livelihood, from acquiring ~~real estate~~ farmland or ranchland and engaging in the business of cooperative farming or ranching.

**SECTION 9. AMENDMENT.** Subsection 1 of section 10-06.1-09 of the North Dakota Century Code is amended and reenacted as follows:

1. A nonprofit organization or a trust for the benefit of an individual or a class of individuals related within the degrees of kinship specified in subsection 2 of section 10-06.1-12 may own or lease farmland or ranchland if that land is leased to a person who farms or ranches the land as a sole proprietorship or partnership, or a farmer or ranching corporation or a farming or ranching limited liability company ~~allowed to engage in farming or ranching under section 10-06.1-12.~~

**SECTION 10. AMENDMENT.** Section 10-06.1-10 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-10. Acquisition of certain farmland or ranchland by certain nonprofit organizations.**

A nonprofit organization may acquire farmland or ranchland only in accordance with the following:

1. Unless it is permitted to own or lease farmland or ranchland under section 10-06.1-09, the nonprofit organization must have been either incorporated in this state or issued a certificate of authority to do business in this state before January 1, 1985, or, before January 1, 1987, have been incorporated in this state if the nonprofit organization was created or authorized under Public Law No. 99-294 [100 Stat. 418]. A nonprofit

organization created or authorized under Public Law No. 99-294 [100 Stat. 418] may acquire no more than twelve thousand acres [4856.228 hectares] of land from interest derived from state, federal, and private sources held in its trust fund.

2. The ~~land~~ farmland or ranchland may be acquired only for the purpose of conserving natural areas and habitats for biota, and, after acquisition:
  - a. The land must be maintained and managed for the purpose of conserving natural area and habitat for biota.
  - b. Any agricultural use of the land is in accordance with the management of the land for conservation and agricultural use, and is by a sole proprietorship or partnership, or a farming or ranching corporation or farming or ranching limited liability company ~~allowed to engage in farming or ranching under section 10-06.1-12.~~
  - c. If any parcel of the land is open to hunting, it must be open to hunting by the general public.
  - d. The nonprofit organization must fully comply with all state laws relating to the control of noxious and other weeds and insects.
  - e. The nonprofit organization must make payments in lieu of property taxes on the property, calculated in the same manner as if the property was subject to full assessment and levy of property taxes.
  - f. All property subject to valuation must be assessed for the purpose of making the payments under subdivision e in the same manner as other real property in this state is assessed for tax purposes. Before June thirtieth of each year, the county auditor of any county in which property subject to valuation is located shall give written notice to the nonprofit organization and the tax commissioner of the value placed by the county board of equalization upon each parcel of property subject to valuation in the county.
3.
  - a. Before farmland or ranchland may be purchased by a nonprofit organization for the purpose of conserving natural areas and habitats for biota, the governor must approve the proposed acquisition.
  - b. A nonprofit organization that desires to purchase farmland or ranchland for the purpose of conserving natural areas and habitats for biota shall first submit a proposed acquisition plan to the agriculture commissioner who shall convene an advisory committee consisting of the director of the parks and recreation department, the agriculture commissioner, the state forester, the director of the game and fish department, the president of the North Dakota farmers union, the president of the North Dakota farm bureau, the president of the North Dakota stockmen's association, and the chairman of the county commission of any county affected by the acquisition, or their designees.
  - c. The advisory committee shall hold a public hearing with the board of county commissioners concerning the proposed acquisition plan and shall make recommendations to the governor within forty-five days after receipt of the proposed acquisition plan.

- d. The governor shall approve or disapprove any proposed acquisition plan, or any part thereof, within thirty days after receipt of the recommendations from the advisory committee.
- 4. Land acquired in accordance with this section may not be conveyed to the United States or any agency or instrumentality of the United States.
- 5. On failure to qualify to continue ownership under subsection 2, the land must be disposed of within five years of that failure to qualify.

**SECTION 11. AMENDMENT.** Section 10-06.1-11 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-11. Required nonprofit organization divestiture of agricultural landfarmland or ranchland.**

In addition to the divestiture requirements of sections 10-06.1-10 and 10-06.1-24, a nonprofit organization that acquires landfarmland or ranchland by gift or devise after December 31, 1984, the ownership of which is not permitted under this chapter, shall divest itself of the land within ten years after the acquisition. For purposes of this section, "ownership" means holding either fee or equitable title, unless fee title is held solely as security for payment of the purchase price, or unless fee title does not carry with it the right to immediate possession of the property. If the nonprofit organization fails to divest itself of the land within the required time, the attorney general shall take action under section 10-06.1-24.

**SECTION 12. AMENDMENT.** Section 10-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-12. CorporationFarming or ranching corporation or farming or ranching limited liability company allowed to engage in the business of farming or ranching - Requirements.**

This chapter does not prohibit a farming or ranching corporation or a farming or ranching limited liability company from owning real-estate or leasing farmland or ranchland and engaging in the business of farming or ranching, if the corporation meets all the requirements of chapter 10-19.1 or the limited liability company meets all the requirements of chapter 10-32.1 which are not inconsistent with this chapter. The following requirements also apply:

- 1.
  - a. If a farming or ranching corporation, the corporation must not have more than fifteen shareholders.
  - b. If a farming or ranching limited liability company, the limited liability company must not have more than fifteen members.
- 2. Each shareholder or member must be related to each of the other shareholders or members within one of the following degrees of kinship or affinity: parent, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, brother, sister, uncle, aunt, nephew, niece, great-grandparent, great-grandchild, first cousin, second cousin, or the spouse or surviving spouse of a person so related.
- 3. Each shareholder or member must be an individual or one of the following:

- a. A trust for the benefit of an individual or a class of individuals who are related to every shareholder of the corporation or member of the limited liability company within the degrees of kinship or affinity specified in this section.
- b. An estate of a decedent who was related to every shareholder of the corporation or member of the limited liability company within the degrees of kinship or affinity specified in this section.
4. A trust or an estate may not be a shareholder or member if the beneficiaries of the trust or the estate together with the other shareholders or members are more than fifteen in number.
5. Each individual who is a shareholder or member must be a citizen of the United States or a permanent resident alien of the United States.
6. a. If a farming or ranching corporation, the officers and directors of the corporation must be shareholders who are actively engaged in operating the farm or ranch ~~and at least one of the corporation's shareholders must be an individual residing on or operating the farm or ranch.~~
- b. If a farming or ranching limited liability company, the governors ~~and~~ managers, and members authorized under a statement of authority of the limited liability company must be members who are actively engaged in operating the farm or ranch ~~and at least one of its members must be an individual residing on or operating the farm or ranch.~~
7. An annual average of at least sixty-five percent of the gross income of the farming or ranching corporation or farming or ranching limited liability company over the previous five years, or for each year of its existence, if less than five years, must have been derived from engaging in the business of farming or ranching operations.
8. The income of the farming or ranching corporation or farming or ranching limited liability company from nonfarm rent, nonfarm royalties, dividends, interest, and annuities cannot exceed twenty percent of the gross income of the corporation or limited liability company.
9. The farming or ranching corporation or farming or ranching limited liability company must own or lease farmland or ranchland ~~in this state."~~

Page 4, line 25, after the "or" insert "**authorized livestock farm**"

Page 4, line 25, after "**company**" insert "**allowed to engage in the business of farming or ranching**"

Page 4, line 27, replace "real estate" with "farmland or ranchland"

Page 4, line 28, after the first "the" insert "authorized livestock farm"

Page 4, line 29, after the first "the" insert "authorized livestock farm"

Page 5, line 1, after "1." insert "a."

Page 5, line 1, replace the first "a" with "an authorized livestock farm"

Page 5, line 1, after the underscored period insert:

"b."

Page 5, line 1, replace the second "a" with "an authorized livestock farm"

Page 5, line 3, after "2." insert "a."

Page 5, line 3, replace "a" with "an authorized livestock farm"

Page 5, line 5, replace "operating a farm or ranch" with "the business of farming or ranching"

Page 5, line 5, after the underscored comma insert "farming or ranching"

Page 5, line 5, remove "that meet the"

Page 5, line 6, remove "requirements of chapter 10-06.1-12"

Page 5, line 6, after "or" insert "farming or ranching"

Page 5, line 6, remove "that meet the"

Page 5, line 7, remove "requirements of chapter 10-06.1-12"

Page 5, line 7, after the underscored period insert:

"b."

Page 5, line 7, replace "a" with "an authorized livestock farm"

Page 5, line 10, replace "operating a farm or ranch" with "the business of farming or ranching"

Page 5, line 10, after the underscored comma insert "farming or ranching"

Page 5, line 10, remove "that meet the requirements of"

Page 5, line 11, remove "chapter 10-06.1-12"

Page 5, line 11, after "or" insert "farming or ranching"

Page 5, line 11, remove "that meet the requirements of"

Page 5, line 12, remove "chapter 10-06.1-12"

Page 5, line 13, after "3." insert "a."

Page 5, line 13, replace "a" with "an authorized livestock farm"

Page 5, line 13, replace ", all" with:

"(1) All"

Page 5, line 14, remove "or"

Page 5, line 14, replace "and all" with "or an authorized individual under section 47-10.1-02."

(2) All"

Page 5, line 16, replace "corporation" with "person"

Page 5, line 17, replace "or" with an underscored comma

Page 5, line 17, after "aliens" insert "of the United States, or an authorized individual under section 47-10.1-02"

Page 5, line 17, after the underscored period insert:

"b."

Page 5, line 17, replace "a" with "an authorized livestock farm"

Page 5, line 18, replace ", all" with ":

(1) All"

Page 5, line 19, replace "or" with an underscored comma

Page 5, line 19, replace "and all" with "or an authorized individual under section 47-10.1-02; and

(2) All"

Page 5, line 21, replace "company" with "person"

Page 5, line 22, replace "or" with an underscored comma

Page 5, line 23, after "aliens" insert "of the United States, or an authorized individual under section 47-10.1-02"

Page 5, line 25, remove "at any time, directly or indirectly."

Page 5, line 26, replace "land" with "farmland or ranchland"

Page 5, line 27, after "5." insert "a."

Page 5, line 27, replace "a" with "an authorized livestock farm"

Page 5, line 27, replace "are shareholders in" with "may hold direct or indirect interests in"

Page 5, line 28, remove the underscored comma

Page 5, line 28, remove "members"

Page 5, line 29, remove the first underscored comma

Page 5, line 29, remove "directly or indirectly"

Page 5, line 30, replace "land" with "farmland or ranchland"

Page 5, after line 30, insert:

"b."

Page 5, line 31, replace "a" with "an authorized livestock farm"

Page 5, line 31, replace "are members" with "may hold direct or indirect interests"

Page 6, line 1, remove "shareholders"

Page 6, line 1, after "in" insert "other"

Page 6, line 2, remove "directly or indirectly"

Page 6, line 4, replace "land" with "farmland or ranchland.

- c. This section does not restrict the number of acres [hectares] of farmland or ranchland directly owned or leased by shareholders or members who are individuals, farming or ranching corporations.

farming or ranching limited liability companies, or partnerships that meet the requirements of subsection 2 of section 10-06.1-02"

Page 6, line 5, after "6." insert "a."

Page 6, line 5, replace "a" with "an authorized livestock farm"

Page 6, line 6, after "are" insert "individuals and who are"

Page 6, line 6, remove "authorized livestock farm"

Page 6, line 6, after the underscored period insert:

"b."

Page 6, line 6, replace "a" with "an authorized livestock farm"

Page 6, line 7, replace "officers" with "members authorized under a statement of authority."

Page 6, line 7, after "are" insert "individuals and who are"

Page 6, line 8, remove "authorized farm"

Page 6, line 9, after the second "the" insert "authorized livestock farm"

Page 6, line 10, after the first "or" insert "authorized livestock farm"

Page 6, line 11, after "from" insert "livestock backgrounding, livestock finishing, or"

Page 6, line 11, remove "cattle."

Page 6, line 13, after "the" insert "authorized livestock farm"

Page 6, line 13, after "or" insert "authorized livestock farm"

Page 6, line 15, after "the" insert "authorized livestock farm"

Page 6, line 15, after "or" insert "authorized livestock farm"

Page 6, line 16, after "The" insert "authorized livestock farm"

Page 6, line 16, after the first "or" insert "authorized livestock farm"

Page 6, line 16, remove "directly or indirectly"

Page 6, line 17, remove "cultivation of land for the"

Page 6, line 17, after "livestock" insert "on farmland or ranchland"

Page 6, line 18, replace "The" with "If the authorized livestock farm"

Page 6, line 18, after "or" insert "authorized livestock farm"

Page 6, line 18, replace "must begin" with "is intended to primarily comprise an animal feeding operation or concentrated animal feeding operation on farmland or ranchland, the corporation or limited liability company must:

a. Begin"

Page 6, line 20, remove the underscored period

Page 6, line 21, replace "11. The corporation or limited liability company must have" with "; and

b. Have"

Page 6, line 22, replace "three" with "six"

Page 6, line 23, replace "agricultural landholding" with "farmland or ranchland"

Page 6, line 24, replace "12." with "11."

Page 6, line 25, replace "subsection 10 or 11" with "this section"

Page 7, line 10, overstrike ", except those sections which pertain to foreign limited liability companies,"

Page 7, after line 15, insert:

**"SECTION 16. AMENDMENT.** Section 10-06.1-15 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-15. Initial report - ~~Shareholder~~Farming or ranching corporation shareholder and farming or ranching limited liability member requirements.**

1. Every farming or ranching corporation or farming or ranching limited liability company shall file an initial report with its articles of incorporation, articles of organization, or certificate of authority. The report must be signed by the incorporators or organizers or, in the case of a certificate of authority, an authorized person, and must contain the following:
  - a. The name of the farming or ranching corporation or farming or ranching limited liability company.
  - b. With respect to each shareholder or member:
    - (1) The name and address of each, including the names and addresses and relationships of trusts and estates that own shares or membership interests;
    - (2) The number of shares or membership interests or percentage of shares or membership interests owned by each;
    - (3) The relationship of each;
    - (4) A statement of whether each is a citizen or permanent resident alien of the United States; and
    - (5) A statement of whether each will be actively engaged in operating the farm or ranch and ~~whether each will reside on the farm or ranch.~~
  - c. With respect to management:
    - (1) If a farming or ranching corporation, ~~then~~ the names and addresses of the officers and members of the board of directors; or
    - (2) If a farming or ranching limited liability company, ~~then~~ the names and addresses of the managers, members authorized under a statement of authority, and members of the board of governors.

- d. If the purchase or lease of farmland or ranchland is final at the time of the initial report, a statement listing the acreage [hectarage] and location listed by section, township, range, and county of all ~~land in the state~~ farmland or ranchland owned or leased by the farming or ranching corporation or farming or ranching limited liability company ~~and used for farming or ranching~~. If the purchase or lease of farmland or ranchland is not yet final at the time of the initial report, a statement that there is a bona fide and imminent intent and a plan to purchase or lease farmland or ranchland ~~in the state~~.
  - e. A statement that at least sixty-five percent of the gross income of the farming or ranching corporation or farming or ranching limited liability company will be derived from engaging in the business of farming or ranching ~~operations~~, and that twenty percent or less of the gross income of the corporation or limited liability company will be from nonfarm rent, nonfarm royalties, dividends, interest, and annuities.
2. A farming or ranching corporation or a farming or ranching limited liability company may not commence farming or ranching in this state until the secretary of state has received and filed the articles of incorporation ~~or~~ articles of organization, or certificate of authority, and the initial report required ~~by~~ under this section.
  3. The farming or ranching corporation or farming or ranching limited liability company shall furnish to the official county newspaper of each county or counties in which ~~any land~~ farmland or ranchland is owned or leased by the corporation or limited liability company a legal notice reporting the following:
    - a. The name of the farming or ranching corporation or farming or ranching limited liability company and its shareholders or members as listed in the initial report.
    - b. A statement ~~to the effect that the~~ farming or ranching corporation or farming or ranching limited liability company has reported that it owns or leases ~~land used for farming or ranching~~ farmland or ranchland in the county and that a description of that land is available for inspection at the ~~secretary of state's office~~ office of the secretary of state."

Page 7, line 19, replace "~~supersede this chapter~~" with "take precedence"

Page 7, line 19, after "~~conflict~~" insert "with this chapter"

Page 7, line 22, replace "~~corporations~~" with "corporation shareholder"

Page 7, line 23, replace "~~companies~~" with "company member requirements"

Page 7, line 25, replace "~~or~~" with an underscored comma

Page 7, line 26, after "~~organization~~" insert ", or certificate of authority"

Page 7, line 26, after the underscored comma insert "or in the case of a certificate of authority, an authorized person,"

Page 7, line 28, after "the" insert "authorized livestock farm"

Page 7, line 28, after "or" insert "authorized livestock farm"

Page 7, line 30, remove ", including the names and addresses and"

Page 7, line 31, remove "relationships of trusts and estates that own shares or membership interests"

Page 8, line 1, replace "an organization" with "a person other than an individual"

Page 8, line 1, after "of" insert "incorporation or"

Page 8, line 2, after "interests" insert "or percentage of shares or membership interests of each"

Page 8, line 3, after "of" insert "total"

Page 8, line 5, after "of" insert "total"

Page 8, line 6, replace "A" with "As to individuals, a"

Page 8, line 7, remove "and"

Page 8, remove line 9

Page 8, line 10, replace "ranch" with "the business of farming or ranching; and

(8) As to a person other than an individual, a statement of whether the person, and any controlling person of the person, is incorporated in the United States and one hundred percent of the stock or interests is owned by citizens of the United States, permanent aliens of the United States, or individuals or persons in compliance with section 47-10.1-02"

Page 8, line 12, replace "a" with "an authorized livestock farm"

Page 8, line 13, replace the underscored period with ", and a statement whether each will be actively engaged in the operation of the corporation; or"

Page 8, line 14, replace "a" with "an authorized livestock farm"

Page 8, line 15, replace "officers" with "members authorized under a statement of authority, and a statement whether each will be actively engaged in the operation of the limited liability company"

Page 8, line 16, after "the" insert "authorized livestock farm"

Page 8, line 16, after "or" insert "authorized livestock farm"

Page 8, line 16, remove "and will not"

Page 8, line 17, remove "directly or indirectly"

Page 8, line 18, after the underscored closing bracket insert "of farmland and ranchland"

Page 8, line 19, replace "land" with "farmland or ranchland"

Page 8, line 20, replace "and the number of hectares" with "[hectarage]"

Page 8, line 21, replace "land in the state" with "farmland or ranchland"

Page 8, line 21, after the second "the" insert "authorized livestock farm"

Page 8, line 21, after "or" insert "authorized livestock farm"

Page 8, line 23, replace "land" with "farmland or ranchland"

Page 8, line 24, remove "land"

Page 8, line 25, replace "in the state" with "farmland or ranchland"

Page 8, line 26, remove "investors are"

Page 8, line 26, after "members" insert "hold a direct or indirect interest"

Page 8, line 26, remove "any"

Page 8, line 27, replace "corporation" with "corporations"

Page 8, line 28, replace "company" with "companies"

Page 8, line 28, replace "directly or indirectly" with "in combination"

Page 8, line 30, after the underscored closing bracket insert "of farmland or ranchland. An interest disclosed under this subdivision does not include the number of acres of farmland or ranchland directly owned or leased by shareholders or members that are individuals, farming or ranching corporations, farming or ranching limited liability companies, or partnerships that meet the requirements of subsection 2 of section 10-06.1-02"

Page 9, line 1, after the second "the" insert "authorized livestock farm"

Page 9, line 2, after the first "or" insert "authorized livestock farm"

Page 9, line 2, replace "farming or ranching" with "authorized livestock farm"

Page 9, line 6, after the first "the" insert "authorized livestock farm"

Page 9, line 6, after "or" insert "authorized livestock farm"

Page 9, line 7, remove "cultivation of land for the"

Page 9, line 7, after "crops" insert "or the grazing of livestock on farmland or ranchland"

Page 9, line 8, after the first "the" insert "authorized livestock farm corporation facility or authorized livestock farm limited liability company"

Page 9, line 8, after "of" insert "the commencement of facility"

Page 9, remove lines 9 through 11

Page 9, line 12, replace "A" with "An authorized livestock farm"

Page 9, line 12, replace "a" with "authorized livestock farm"

Page 9, line 14, replace "or" with an underscored comma

Page 9, line 14, after "organization" insert ", or certificate of authority"

Page 9, line 14, after the underscored period insert:

"3."

Page 9, line 14, after "The" insert "authorized livestock farm"

Page 9, line 15, after "or" insert "authorized livestock farm"

Page 9, line 16, remove "or counties"

Page 9, line 16, replace the first "any" with "an"

Page 9, line 16, replace "any land" with "farmland and ranchland"

Page 9, line 18, after "the" insert "authorized livestock farm"

Page 9, line 18, after the first "or" insert "authorized livestock farm"

Page 9, line 20, remove "to the effect"

Page 9, line 20, after the second "the" insert "authorized livestock farm"

Page 9, line 20, after "or" insert "authorized livestock farm"

Page 9, line 21, replace the first "land" with "farmland or ranchland"

Page 9, line 22, remove "secretary of state's"

Page 9, line 23, after "office" insert "of the secretary of state"

Page 9, line 24, remove "to the effect"

Page 9, line 24, after the third "the" insert "authorized livestock farm"

Page 9, line 25, after "the" insert "authorized livestock farm"

Page 9, line 25, remove "directly or indirectly in"

Page 9, line 26, replace "combination with interests in any other person own" with "hold a direct or indirect interest in authorized livestock farm corporations or authorized livestock farm limited liability companies that in aggregate, own, lease, or otherwise hold an interest in"

Page 9, line 27, replace "agricultural land" with "farmland or ranchland. An interest disclosed under this subdivision does not include the number of acres of farmland or ranchland directly owned or leased by shareholders or members that are individuals, farming or ranching corporations, farming or ranching limited liability companies, or partnerships that meet the requirements of subsection 2 of section 10-06.1-02"

Page 9, after line 27, insert:

**"SECTION 19. AMENDMENT.** Section 10-06.1-16 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-16. Share and membership interest transfer records.**

1.
  - a. Every corporation owning or leasing ~~land used for farming or ranching~~farmland or ranchland or engaged in the business of farming or ranching ~~after June 30, 1981~~, shall keep a record of transfers of shares or transfers of interests in the corporation.
  - b. Every limited liability company owning or leasing ~~land used for farming or ranching~~farmland or ranchland or engaged in the business of farming or ranching shall keep a record of transfers of membership interests in the limited liability company.
2.
  - a. If a corporation, the corporation's secretary shall cause to be recorded in the record all transfers of shares or transfers of interests among

and between the corporation and its respective shareholders or holders of interest.

b. If a limited liability company, the limited liability company's secretary shall cause to be recorded in the record all transfers of membership interests among and between the limited liability company and its respective members.

3. The record must contain at least the following: the names of the transferor and transferee, their relationship, the date of the transfer and, if a corporation, the number of shares or the percentage of interests transferred or, if a limited liability company, the number or percentage of membership interests transferred."

Page 10, line 1, after the first boldfaced dash insert "**Farming or ranching corporations and farming or ranching limited liability companies -**"

Page 10, after line 1 insert:

"1."

Page 10, line 2, after "a" insert "farming or ranching"

Page 10, line 2, overstrike "engaged in farming or"

Page 10, line 3, overstrike "ranching after June 30, 1981, and" and insert immediately thereafter "or"

Page 10, line 3, after "a" insert "farming or ranching"

Page 10, line 3, after "in" insert "the business of"

Page 10, after line 6, insert:

"2."

Page 10, line 7, after "a" insert "farming or ranching"

Page 10, line 8, after "a" insert "farming or ranching"

Page 10, line 10, overstrike "it" and insert immediately thereafter "the annual report"

Page 10, line 11, after the period insert:

"3."

Page 10, line 11, after "report" insert "of the farming or ranching corporation or the farming or ranching limited liability company"

Page 10, line 13, overstrike "1." and insert immediately thereafter "a."

Page 10, line 13, after "the" insert "farming or ranching"

Page 10, line 13, after "or" insert "farming or ranching"

Page 10, line 14, overstrike "2." and insert immediately thereafter "b."

Page 10, line 14, after the second "the" insert "farming or ranching"

Page 10, line 14, after "or" insert "farming or ranching"

Page 10, line 17, overstrike "3." and insert immediately thereafter "c."

Page 10, line 17, after "each" insert "farming or ranching"

Page 10, line 18, overstrike "a." and insert immediately thereafter "(1)"

Page 10, line 21, overstrike "b." and insert immediately thereafter "(2)"

Page 10, line 23, overstrike "4." and insert immediately thereafter "d."

Page 10, line 23, after "each" insert "farming or ranching"

Page 10, line 24, replace "a." with "(1)"

Page 10, line 24, replace "number of units" with "membership interests"

Page 10, line 26, replace "b." with "(2)"

Page 10, line 26, replace "number of issued units" with "membership interests"

Page 10, line 28, replace "5." with "e."

Page 10, line 29, overstrike "a." and insert immediately thereafter "(1)"

Page 11, line 1, overstrike "b." and insert immediately thereafter "(2)"

Page 11, line 3, overstrike "c." and insert immediately thereafter "(3)"

Page 11, line 3, after the semicolon insert "and"

Page 11, line 4, overstrike "d." and insert immediately thereafter "(4)"

Page 11, line 5, overstrike "; and"

Page 11, overstrike line 6

Page 11, line 7, overstrike "farm or ranch"

Page 11, line 8, replace "6." with "f."

Page 11, line 9, overstrike "a." and insert immediately thereafter "(1)"

Page 11, line 9, after "a" insert "farming or ranching"

Page 11, line 9, overstrike "then"

Page 11, line 12, overstrike "b." and insert immediately thereafter "(2)"

Page 11, line 12, after "a" insert "farming or ranching"

Page 11, line 12, overstrike "then"

Page 11, line 12, overstrike the second "and" and insert immediately thereafter an underscored comma

Page 11, line 13, after the comma insert "and member authorized under a statement of authority."

Page 11, line 15, replace "7." with "g."

Page 11, line 16, overstrike "land in the state" and insert immediately thereafter "farmland or ranchland"

Page 11, line 17, after "the" insert "farming or ranching"

Page 11, line 17, after the first "or" insert "farming or ranching"

Page 11, line 17, overstrike "and used for farming or ranching"

Page 11, line 21, replace "8." with "h."

Page 11, line 21, after the third "the" insert "farming or ranching"

Page 11, line 22, after the first "or" insert "farming or ranching"

Page 11, line 22, after "from" insert "engaging in the business of"

Page 11, line 23, overstrike "operations"

Page 11, line 25, replace "9." with "i."

Page 11, line 25, after the second "the" insert "farming or ranching"

Page 11, line 25, after "or" insert "farming or ranching"

Page 11, line 28, replace "10." with "4."

Page 11, line 28, after "A" insert "farming or ranching"

Page 11, line 28, after "in" insert "the business of"

Page 11, line 28, after "farming" insert "or ranching"

Page 11, line 30, overstrike "by" and insert immediately thereafter "under"

Page 12, line 1, replace "11." with "5."

Page 12, line 1, after "A" insert "farming or ranching"

Page 12, line 1, after "in" insert "the business of"

Page 12, line 1, after "farming" insert "or ranching"

Page 12, line 4, overstrike "by" and insert immediately thereafter "under"

Page 12, line 7, after the first underscored boldfaced dash insert "**Authorized livestock farm corporations and authorized livestock farm limited liability companies -**"

Page 12, line 12, replace "or" with an underscored comma

Page 12, line 12, after "organization" insert ", or certificate of authority"

Page 12, line 12, after the underscored period insert:

2.

Page 12, line 13, after "in" insert "subsection 58 of"

Page 12, line 13, replace "a" with "an authorized livestock farm"

Page 12, line 13, replace "or" with "and subsection 49 of"

Page 12, line 14, replace the first "a" with "an authorized livestock farm"

Page 12, line 15, after the first "the" insert "authorized livestock farm"

Page 12, line 15, after "or" insert "authorized livestock farm"

Page 12, line 16, after the second "the" insert "authorized livestock farm"

Page 12, line 16, after the second "or" insert "authorized livestock farm"

Page 12, line 17, after the underscored period insert:

"3."

Page 12, line 18, after "report" insert "of the authorized livestock farm corporation or the authorized livestock farm limited liability company"

Page 12, line 19, replace "registered agent of the" with "authorized livestock farm"

Page 12, line 19, after "or" insert "authorized livestock farm"

Page 12, remove lines 20 and 21

Page 12, line 22, remove "this state"

Page 12, line 23, replace "corporation of limited liability company" with "registered agent of the authorized livestock farm corporation or authorized livestock farm limited liability company as provided in chapter 10-01.1 and, if a noncommercial registered agent, the address of the registered office of the authorized livestock farm corporation or authorized livestock limited liability company in this state"

Page 12, line 24, after "each" insert "authorized livestock farm"

Page 12, line 25, after the second "the" insert "authorized livestock farm"

Page 12, line 31, after "each" insert "authorized livestock farm"

Page 13, line 1, replace "number of units" with "membership interests"

Page 13, line 1, after the second "the" insert "authorized livestock farm"

Page 13, line 3, replace "units" with "membership interests"

Page 13, line 6, remove ", including the names and addresses and"

Page 13, line 7, remove "relationships of trusts and estates that own shares or membership interests"

Page 13, line 8, replace "an organization" with "a person other than an individual"

Page 13, line 8, after "of" insert "incorporation, organization, or"

Page 13, line 9, after "interests" insert "or percentage of shares or membership interests of each"

Page 13, line 10, after "of" insert "total"

Page 13, line 12, after "of" insert "total"

Page 13, line 13, replace "A" with "As to individuals, a"

Page 13, line 14, remove "and"

Page 13, remove line 16

Page 13, line 17, replace "ranch" with "the business of farming or ranching; and"

- (8) As to persons other than an individual, a statement of whether the person, and any controlling person of the person, is incorporated or organized in the United States and one hundred percent of the stock or interests is owned by citizens of the United States, permanent resident aliens of the United States, or individuals or persons in compliance with section 47-10.1-02"

Page 13, line 19, replace "a" with "an authorized livestock farm"

Page 13, line 20, replace the underscored period with ", and a statement whether each actively is engaged in the operation of the corporation; or"

Page 13, line 21, replace "a" with "an authorized livestock farm"

Page 13, line 22, after "governors" insert ", and a statement whether each actively is engaged in the operation of the limited liability company"

Page 13, line 23, after "the" insert "authorized livestock farm"

Page 13, line 23, after the first "or" insert "authorized livestock farm"

Page 13, line 23, remove "directly or"

Page 13, line 24, remove "indirectly"

Page 13, line 25, after the underscored closing bracket insert "of farmland or ranchland"

Page 13, line 26, replace "land" with "farmland or ranchland"

Page 13, line 26, remove ", the total"

Page 13, line 27, replace "number of hectares" with "[hectarage]"

Page 13, line 28, replace "land in the state" with "farmland or ranchland"

Page 13, line 28, after the second "the" insert "authorized livestock farm"

Page 13, line 28, after "or" insert "authorized livestock farm"

Page 13, line 30, remove "investors are"

Page 13, line 30, after "members" insert "hold a direct or indirect interest"

Page 13, line 30, remove "any"

Page 13, line 31, replace "corporation" with "corporations"

Page 14, line 1, replace "company" with "companies"

Page 14, line 1, replace "directly or indirectly" with "in combination"

Page 14, line 3, after the underscored closing bracket insert "of farmland or ranchland. The interest disclosed under this subdivision does not include the number of acres [hectares] of farmland or ranchland directly owned or leased by shareholders or members who are individuals, farming or ranching corporations, farming or ranching limited liability companies, or partnerships that meet the requirements of subsection 2 of section 10-06.1-02"

Page 14, line 4, remove "A statement that at least sixty-five percent of the gross income of the corporation"

Page 14, remove lines 5 through 8

Page 14, line 9, remove "k."

Page 14, line 9, after "the" insert "authorized livestock farm"

Page 14, line 9, after "or" insert "authorized livestock"

Page 14, line 10, remove "cultivation of land for the"

Page 14, line 11, replace "l." with "k."

Page 14, line 11, after "of" insert "livestock"

Page 14, remove lines 12 through 18

Page 14, line 19, replace "o." with "l."

Page 14, line 19, after the third "the" insert "authorized livestock farm"

Page 14, line 20, after the first "or" insert "authorized livestock farm"

Page 14, line 20, remove "farming or"

Page 14, line 21, replace "ranching" with "authorized livestock farm"

Page 14, line 23, replace "p." with "m."

Page 14, line 23, after the second "the" insert "authorized livestock farm"

Page 14, line 23, after "or" insert "authorized livestock farm"

Page 14, line 26, replace "2. A" with:

"4. An authorized livestock"

Page 14, line 26, replace "farming which" with "authorized livestock farm operations that"

Page 14, line 28, replace "by" with "under"

Page 14, line 29, replace "3. A" with:

"5. An authorized livestock farm"

Page 14, line 29, replace "farming which" with "authorized livestock farm operations that"

Page 15, line 2, replace "by" with "under"

Page 15, after line 2, insert:

**"SECTION 22. AMENDMENT.** Section 10-06.1-18 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-18. Reports of corporations and limited liability companies not engaged in farming or ranching.**

Any business ~~or nonprofit~~ corporation ~~and any~~ limited liability company, or nonprofit organization not engaged in the business of farming or ranching which owns or leases a tract of ~~land used for farming or ranching~~ farmland or ranchland which is larger than twenty acres [8.09 hectares] in size shall file with the attorney general, within twelve months of any transaction involving the purchase, sale, or surface leasing

of ~~such~~the farmland or ranchland by that corporation or limited liability company, a report containing all of the following information:

1. The name of the corporation or limited liability company and its place of incorporation or organization and, if a nonprofit ~~corporation~~organization, a copy of its section 501(c)(3) exemption letter from the internal revenue service.
2. The name of the registered agent of the corporation or limited liability company as provided in chapter 10-01.1 and, if a noncommercial registered agent, then the address of the noncommercial registered agent in this state.
3. The acreage [hectarage] and location listed by section, township, range, and county of all such ~~land in the state~~farmland or ranchland owned or leased by the corporation or limited liability company ~~and used for farming or ranching~~.
4. The date and method of acquisition or disposal of ~~such~~the farmland or ranchland.

**SECTION 23. AMENDMENT.** Section 10-06.1-19 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-19. Exemption from certain disclosure and other requirements for certain organizations.**

Sections 10-06.1-12, 10-06.1-15, 18 of this Act, 10-06.1-17, 21 of this Act, and 10-06.1-18 do not apply to nonprofit organizations or to corporations or limited liability companies such as banks, trust companies, or foundations serving in a fiduciary capacity as the personal representative or trustee of an estate or trust for an individual described in subsection 2 of section 10-06.1-12.

**SECTION 24. AMENDMENT.** Section 10-06.1-20 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-20. Failure to file report - Penalty.**

Every corporation or limited liability company ~~which~~that willfully fails to file any report required under this chapter or willfully files false information on any report required under this chapter is guilty of a class A misdemeanor."

Page 15, line 7, replace "5" with "13"

Page 15, line 8, overstrike "such" and insert immediately thereafter "the"

Page 15, line 14, after "from" insert "engaging in the business of"

Page 15, line 15, overstrike "operations"

Page 15, line 15, overstrike "such" and insert immediately thereafter "the"

Page 15, line 16, replace "11" with "21"

Page 15, after line 17, insert:

**"SECTION 27. AMENDMENT.** Section 10-06.1-23 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-23. Attorney general to conduct random compliance program.**

Each year the attorney general shall select at random at least five percent of the total number of corporations and limited liability companies authorized ~~by~~under this chapter for requests for information to determine compliance with this chapter. For ~~such~~this purpose, the attorney general may request affidavits, share transfer records, certified copies of marriage licenses, birth certificates, deeds, leases, and ~~such~~ other records and documents necessary to determine compliance. The corporation or limited liability company shall comply with any request for information made under this section.

**SECTION 28. AMENDMENT.** Section 10-06.1-24 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-24. Enforcement - Penalty.**

1.
  - a. The recorder shall mail or deliver a copy of every instrument filed or recorded, within thirty days after the instrument is recorded, to the attorney general if the instrument documents evidence of a lease agreement or purchase agreement pursuant to subsection 6 or 7 or if the instrument conveys the title to farmland or ranchland to a corporation or limited liability company.
  - b. The attorney general shall commence an action in the district court of the county in which the substantial portion of farmland or ranchland used in violation of this chapter is situated if the attorney general has reason to believe that any person is violating this chapter. The attorney general shall file for record with the recorder of each county in which any portion of the land is located a notice of the pendency of the action.
  - c. If the court finds that the ~~land in question~~farmland or ranchland is being held in violation of this chapter, or that a corporation or limited liability company is ~~conducting~~engaging in the business of farming or ranching in violation of this chapter, the court shall enter an order ~~so declaring~~pursuant to the court's findings of fact and conclusions of law. The attorney general shall file ~~any such~~the order for record with the recorder of each county in which any portion of the land is located. Thereafter, the corporation or limited liability company shall, within the time set by the court not to exceed one year from the date of the court's final order, divest itself of ~~any farming or ranching land~~the farmland or ranchland owned or leased by it in violation of this chapter, and cease ~~at~~engaging in the business of farming or ranching operations.
  - d. Except as otherwise provided in subsection 10, any corporation or limited liability company that fails to comply with the court's order is subject to a civil penalty not to exceed twenty-five thousand dollars and may be dissolved or terminated by the secretary of state.
2. The divestment period is deemed to be a covenant running with the title to the ~~land~~farmland or ranchland against any corporate or limited liability company grantee, corporate or limited liability company successor, or

corporation or limited liability company assignee of the corporation or limited liability company not authorized to ~~de~~engage in the business of farming or ranching under this chapter.

3. Any ~~land~~farmland or ranchland not divested within the divestment period prescribed must be sold at public sale in the manner prescribed by law for the foreclosure of real estate mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law, including enjoining the corporation or limited liability company from completing performance on the remainder of any leasehold which is in violation of this chapter.
4. Subject to the divestiture requirements of subsections 5, 6, and 7, a ~~domestic or foreign~~ corporation or limited liability company may acquire farmland or ranchland as security for indebtedness, by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise.
5. Unless retention of the farmland or ranchland is permitted under subsection 6 or 7, all farmland or ranchland acquired as security for indebtedness, in the collection of debts, or by the enforcement of a lien or claim shall be disposed of within three years after acquiring ownership, if the acquisition would otherwise violate this chapter.
6. The disposition requirement does not apply to a corporation or limited liability company that has acquired title to the ~~land~~farmland or ranchland through the process of foreclosure of a mortgage, or a deed from a mortgagor instead of a foreclosure, if, by the expiration of one month after what is or what would have been the redemption period of the mortgage if the mortgage had been foreclosed, that corporation or limited liability company leases to the prior mortgagor from whom it was acquired, with an option to purchase, and if documents evidencing the lease agreement have been filed with the recorder of each county in which the land is located. A copy of a notice of lease is sufficient evidence. The exemption in this subsection applies for only five years and then only if the property has been appraised in accordance with subsection 8. The annual lease payments required of the tenant may not exceed seven percent of the appraised value.
7. The disposition requirement does not apply to a corporation or limited liability company that has acquired title to the ~~land~~farmland or ranchland through the process of foreclosure of a mortgage, or a deed from the mortgagor instead of foreclosure, if, by the expiration of one month after what is or what would have been the redemption period of the mortgage if the mortgage had been foreclosed, that corporation or limited liability company contracts for the sale of the land to the prior mortgagor from whom it was acquired, and if documents evidencing the purchase agreement have been filed with the recorder of each county in which the land is located. A copy of a notice of the contract for deed is sufficient evidence. An exemption under this subsection is valid only if an appraisal has been made in accordance with subsection 8, and if it is valid, the exemption is unlimited in duration. The sale price may not exceed the price determined by the appraisers.

8. If an appraisal is required, the appraisal must be made by three independent appraisers, one selected by the corporation or limited liability company, one selected by the prior mortgagor, and the third selected by the first two appraisers.
9. If a corporation or limited liability company holds ~~land~~ farmland or ranchland pending divestiture, and the holding is not otherwise ~~governed by~~ regulated under this section, the land must be leased to persons actually engaged in the business of farming or ranching and a disposal may not be to a corporation or limited liability company unless ownership by that corporation or limited liability company is authorized under this chapter.
10. The civil penalty for a violation of section 10-06.1-10 may not exceed one hundred thousand dollars.
11. Except as provided in subsection 10, any corporation or limited liability company continuing to violate this chapter is subject to a civil penalty not to exceed twenty-five thousand dollars and may be dissolved or terminated by the attorney general in accordance with the laws of this state.

**SECTION 29. AMENDMENT.** Section 10-06.1-25 of the North Dakota Century Code is amended and reenacted as follows:

**10-06.1-25. Private enforcement.**

This chapter may be enforced in the same manner as provided in section 10-06.1-24 by any corporation or limited liability company authorized to engage in the business of farming or ranching ~~by~~ under this chapter or any resident of legal age of a county in which the ~~land~~ farmland or ranchland owned or leased by a corporation or limited liability company in violation of this chapter is located. ~~If such action is successful, all costs of the action must be assessed against the defendant and a reasonable attorney's fee must be allowed the plaintiff. If judgment is rendered for the defendant, such costs and a reasonable attorney's fee for the defendant must be paid by the plaintiff.~~ If an action is brought under this section, the district court must award to the prevailing party the actual costs and disbursements and reasonable attorney's fees."

Page 15, after line 20, insert:

"1."

Page 15, line 22, overstrike "doing" and insert immediately thereafter "engaged in the"

Page 15, line 22, after "business" insert "of farming and ranching"

Page 15, line 27, after the period insert:

"2."

Page 15, line 28, after the first "the" insert "farming and ranching"

Page 15, line 28, after "corporation" insert "or authorized livestock farm corporation"

Page 16, line 5, after the period insert:

"3."

Page 16, line 6, after the third "the" insert "farming or ranching"

Page 16, line 7, after "corporation" insert "or authorized livestock farm corporation"

Page 16, after line 18 insert:

"1."

Page 16, line 20, overstrike "doing" and insert immediately thereafter "engaged in the"

Page 16, line 20, after "business" insert "of farming and ranching"

Page 16, line 25, overstrike "by" and insert immediately thereafter "under"

Page 16, line 26, after the period insert:

"2."

Page 16, line 26, after the third "the" insert "farming or ranching"

Page 16, line 27, after "company" insert "or authorized livestock farm limited liability company"

Page 17, line 5, after the period insert:

"3."

Page 17, line 7, after "company" insert "or authorized livestock farm limited liability company  
itself"

Renumber accordingly