

**SENATE BILL NO. 2398**

Introduced by

Senators Andrist, Christmann, Krebsbach, Lindaas, Wanzek

1 A BILL for an Act to create and enact six new sections to chapter 54-17 of the North Dakota  
2 Century Code, relating to the tax-exempt financing of farmland, livestock, and farm equipment  
3 through the industrial commission; and to amend and reenact subdivision I of subsection 1 of  
4 section 28-32-01 of the North Dakota Century Code, relating to the definition of an  
5 administrative agency.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subdivision I of subsection 1 of section 28-32-01 of the  
8 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

9 I. The industrial commission with respect to the activities of the Bank of North  
10 Dakota, the North Dakota housing finance agency, the North Dakota  
11 municipal bond bank, ~~and~~ the North Dakota mill and elevator association, and  
12 the North Dakota farm finance agency.

13 **SECTION 2.** A new section to chapter 54-17 of the North Dakota Century Code is  
14 created and enacted as follows:

15 **Definitions.** As used in sections two through seven of this Act:

16 1. "First-time farmer" means an individual who is a North Dakota resident and who  
17 has not at any time had any direct or indirect ownership interest in substantial  
18 farmland in the operation of which the individual materially participated, unless the  
19 previously owned farmland was disposed of while the individual was insolvent, and  
20 who will materially and substantially participate on the farm of which the land is a  
21 part in the operation of the farm.

22 2. "Substantial farmland" means any parcel of land unless the parcel is smaller than  
23 thirty percent of the median size of a farm in the county in which the parcel is

1           located and does not at any time while held by the individual have a fair market  
2           value in excess of one hundred twenty-five thousand dollars.

3           **SECTION 3.** A new section to chapter 54-17 of the North Dakota Century Code is  
4 created and enacted as follows:

5           **Farm finance program.** Acting as the farm finance agency, the industrial commission  
6 may establish the first-time farmer finance program.

7           **SECTION 4.** A new section to chapter 54-17 of the North Dakota Century Code is  
8 created and enacted as follows:

9           **First-time farmer participation.** The first-time farmer finance program is limited as  
10 required by applicable provisions of the Internal Revenue Code of 1986 and any regulations  
11 adopted thereunder, as amended, and under the first-time farmer finance program:

- 12           1. Financing may not be made to individuals with a net worth of more than two  
13           hundred fifty thousand dollars;
- 14           2. Financing may not be made to an individual in an aggregate amount in excess of  
15           two hundred fifty thousand dollars; and
- 16           3. Financing may only be made to first-time farmers for the acquisition of land in the  
17           state of North Dakota, livestock, farm improvements, and equipment to be used for  
18           farming purposes, provided that the amount of financing for the acquisition of used  
19           equipment is limited to sixty-two thousand five hundred dollars.

20           **SECTION 5.** A new section to chapter 54-17 of the North Dakota Century Code is  
21 created and enacted as follows:

22           **Financing.** Financing may be accomplished by the issuance of evidences of  
23 indebtedness by the industrial commission acting as the farm finance agency and the entering  
24 into of a financing agreement between the industrial commission acting as the farm finance  
25 agency and lenders or individuals. Any financing agreement entered into between the industrial  
26 commission and any lender or individual is payable as to principal and interest only from the  
27 payments made thereon by the first-time farmer, and the financing agreement and any  
28 individual indebtedness may not constitute a debt of the state of North Dakota or any agency or  
29 instrumentality thereof within the meaning of any constitutional or statutory debt limit.

30           **SECTION 6.** A new section to chapter 54-17 of the North Dakota Century Code is  
31 created and enacted as follows:

1           **Policies.** Before exercising any of its powers as the farm finance agency pursuant to  
2 subsection 2 of section 54-17-09, the industrial commission shall adopt policies and rules  
3 relating to any or all of the following:

- 4           1. Procedures and documentation for the submission of requests for financing; and
- 5           2. Provisions necessary for compliance with the Internal Revenue Code of 1986 and  
6           any regulations adopted thereunder, as amended.

7           **SECTION 7.** A new section to chapter 54-17 of the North Dakota Century Code is  
8 created and enacted as follows:

9           **Financing exempt from taxation - Exception.** Evidences of indebtedness issued  
10 under the provisions of the first-time farmer finance program, and the interest therefrom, is  
11 exempt from any taxes of the state, except inheritance, estate, and transfer taxes.