

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1253

2005 HOUSE AGRICULTURE

HB 1253

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HBO 1253

House Agriculture Committee

☐ Conference Committee

Hearing Date 1--20--05

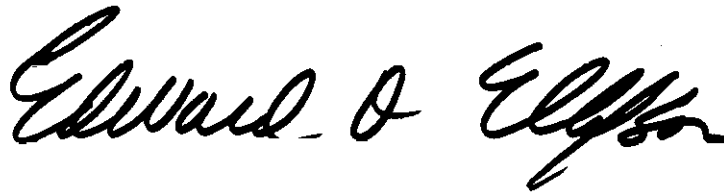
Tape Number
TWO

Side A
A

Side B

Meter #
00 TO 20.6

Committee Clerk Signature



Minutes:

MADAM CHAIRWOMAN KINGSBURY: Committee Members, we will open the hearing on HB 1253. The bill is relating to the annual reporting of agricultural land ownership by limited liability partnerships.

TESTIMONY STARTED WITH [[[PLEASE SEE AND READ PRINTED TESTIMONY OF CLARA JENKINS, DIRECTOR, BUSINESS DIVISION ON BEHALF OF AL JAEGER, SECRETARY OF STATE.

The Secretary of State does not have a position on the merits of the bill. Nevertheless, to make the bill compatible with existing law related to limited liability partnerships and with the procedures within the Secretary of States Office, the attached amendments are offered for the committee consideration. [[please see proposed amendments with Clara Jenkins testimony.

Page 2

House Agriculture Committee

Bill/Resolution Number HB 1253

Hearing Date 1--2--05

20

REPRESENTATIVE KENTON ONSTAD: Testimony in support of HB 1253 presented by

REP. ONSTAD, DISTRICT 4. Good morning Madam Chairwoman and Committee Members.

I am Rep. Kenton Onstad Dist. 4. [[please see Rep. Onstads printed testimony which is attached.

At end of testimony Rep. Onstad stated thank you, I hope you can support HB 1253. Any questions?

NORTH DAKOTA FARMERS UNION TESTIMONY: Vice Chairwoman Kingsbury and Agriculture Committee Members. My name is Josh Kramer: I am here representing over 35,000 members of North Dakota Farmers Union. I am here to testify in favor of FHB 1253 which would provide for annual reporting of agricultural land ownership by limited liability partnerships.

REPRESENTATIVE KREIDT. By law, say I reject my name being disclosed?

REPRESENTATIVE ONSTAD: There is a partnership reporting.

REPRESENTATIVE HEADLAND: When limited liability was set up there was a reason. This bill will do away with that.

REPRESENTATIVE ONSTAD: You can go to courthouse for this information.

REPRESENTATIVE UGLEM: Can a limited liability corporation be a corporation?

Can a corporation own land for recreational purposes?

REPRESENTATIVE ONSTAD: Strictly recreational purposes.

REPRESENTATIVE BELTER: Sugar beet growers, are they limited partnerships?

Limited partnerships are not affected by this Bill.

CLARA JENKINS TESTIMONY ABOVE WAS NEUTRAL TESTIMONY.

Page 3

House Agriculture Committee

Bill/Resolution Number HB 1253

Hearing Date 1--~~2~~--05

²⁰
REPRESENTATIVE KREIDT: Acting chairperson closed on HB 1253. LATER IN THE
DAY THE COMMITTEE REOPENED ON HB 1253 AND IT WAS PASSED WITH
AMENDMENTS PRESENTED BY SECRETARY OF STATE.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1253

House Agriculture Committee

☐ Conference Committee

Hearing Date 1--20--05

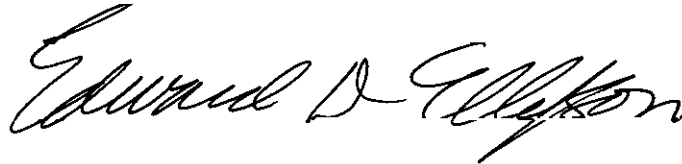
Tape Number
THREE

Side A
A

Side B

Meter #
03.5 TO 6.2

Committee Clerk Signature



Minutes:

VICE CHAIRMAN KINGSBURY: Committee Members, we will re-open on HB 1253.

What is your wish on HB 1253

REPRESENTATIVE MUELLER: I MOVE FOR A DO PASS WITH AMENDMENTS.

REPRESENTATIVE DAMSCHEN SECONDED THE MOTION.

THE ROLL WAS TAKEN THERE WERE NINE YES ONE NO THREE
ABSENT. REPRESENTATIVE ONSTAD CARRIED THE BILL

VR
1/20/05
1082

HOUSE AMENDMENTS TO HOUSE BILL NO. 1253 AG 1-21-05

Page 1, line 1, replace "section to chapter 45-22" with "subdivision to subsection 1 of section 45-22-21.1"

Page 1, line 2, replace "annual reporting of agricultural land ownership by" with "registration of"

Page 1, line 3, after "partnerships" insert "; and to amend and reenact subsection 3 of section 45-22-03 of the North Dakota Century Code, relating to the registration of limited liability partnerships"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subsection 3 of section 45-22-03 of the North Dakota Century Code is amended and reenacted as follows:

3. A registration, signed by a managing partner, must contain:

a. With respect to a domestic limited liability partnership:

- (1) The name of the domestic limited liability partnership.
- (2) The nature of the business to be transacted in this state.
- (3) A statement indicating whether the limited liability partnership will be engaged in farming or ranching in this state or owning or leasing land in this state which is used for farming or ranching.
- (4) The address of the principal executive office of the domestic limited liability partnership.
- ~~(4)~~ (5) The address of the registered office of the domestic limited liability partnership and the name of the registered agent at that address.
- ~~(5)~~ (6) The name and address of each managing partner.
- ~~(6)~~ (7) A statement that the partnership elects to be a limited liability partnership.
- ~~(7)~~ (8) A deferred effective date, if any.

b. With respect to a foreign limited liability partnership:

- (1) The name of the foreign limited liability partnership and, if different, the name under which the foreign limited liability partnership proposes to transact business in this state.
- (2) The jurisdiction of origin.
- (3) The date on which the foreign limited liability partnership expires in the jurisdiction of origin.
- (4) The nature of the business to be transacted in this state.

- (5) A statement indicating whether the foreign limited liability partnership will be engaged in farming or ranching in this state or owning or leasing land in this state which is used for farming or ranching.
- (6) The address of the principal executive office of the foreign limited liability partnership.
- ~~(6)~~ (7) The address of the registered office of the foreign limited liability partnership and the name of the foreign limited liability partnership's registered agent at that address.
- ~~(7)~~ (8) The name and address of each managing partner.
- ~~(8)~~ (9) An acknowledgment that the status of the foreign limited liability partnership in this state will automatically expire unless the foreign limited liability partnership continuously maintains limited liability partnership status in the jurisdiction of origin.
- c. The registration must be accompanied by payment of the fees provided in section 45-22-22 together with a certificate of good standing or certificate of existence authenticated by the registering officer of the state or country where the foreign limited liability partnership is originally registered and the consent of the designated registered agent for service of process to serve in that capacity."

Page 1, line 5, replace "section to chapter 45-22" with "subdivision to subsection 1 of section 45-22-21.1"

Page 1, replace lines 7 through 23 with:

"If the limited liability partnership or foreign limited liability partnership owns or leases land that is used for farming or ranching in this state, a statement listing:

- (1) The names and addresses of all partners; and
- (2) The acreage [hectaraqe] and location listed by section, township, range, and county of all land in this state owned or leased by the limited liability partnership or foreign limited liability partnership."

Renumber accordingly

1-20-05
HB 253

Date:
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House **HOUSE AGRICULTURE COMMITTEE**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

on Amendment

Action Taken

DO PASS

Motion Made By

BELTER

Seconded By

Mueller

Representatives
REP. EUGENE NICHOLAS
CHAIRMAN
REP. JOYCE KINGSBURY
VICE CHAIRMAN
REP. WESLEY BELTER

REP. M. BRANDENBURG
REP. CHUCK DAMSCHEN
REP. CHAIG HEADLAND
REP. GARY KREIDT
REP. GERALD UGLEM
REP. JOHN WALL

Yes No

Representatives
REP. TRACY BOE

Yes No

REP. ROD FROELICH

REP. PHILLIP
MUELLER

REP. KENTON ONSTAD

yes dominated

Total (Yes)

No

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

VOICE VOTE

1-20-05

Date:
Roll Call Vote # **1253**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House **HOUSE AGRICULTURE COMMITTEE**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number **LC 50498 0101 0200**

Action Taken **DO PAS AS Amend**

Motion Made By **Mueller** Seconded By **Damschen**

Representatives	Yes	No	Representatives	Yes	No
REP. EUGENE NICHOLAS CHAIRMAN			REP. TRACY BOE		
REP. JOYCE KINGSBURY VICE CHAIRMAN	✓		REP. ROD FROELICH		
REP. WESLEY BELTER	✓		REP. PHILLIP MUELLER	✓	
REP. M. BRANDENBURG		✓	REP. KENTON ONSTAD	✓	
REP. CHUCK DAMSCHEN	✓				
REP. CHAIG HEADLAND	✓				
REP. GARY KREIDT	✓				
REP. GERALD UGLEM	✓				
REP. JOHN WALL	✓				

Total (Yes) **9** No **1**

Absent **3**

Floor Assignment **ONSTAD**

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1253, as amended, Agriculture Committee (Rep. Nicholas, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HB 1253, as amended, was placed on the Sixth order on the calendar.

Page 1, line 1, replace "section to chapter 45-22" with "subdivision to subsection 1 of section 45-22-21.1"

Page 1, line 2, replace "annual reporting of agricultural land ownership by" with "registration of"

Page 1, line 3, after "partnerships" insert "; and to amend and reenact subsection 3 of section 45-22-03 of the North Dakota Century Code, relating to the registration of limited liability partnerships"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subsection 3 of section 45-22-03 of the North Dakota Century Code is amended and reenacted as follows:

3. A registration, signed by a managing partner, must contain:

a. With respect to a domestic limited liability partnership:

- (1) The name of the domestic limited liability partnership.
- (2) The nature of the business to be transacted in this state.
- (3) A statement indicating whether the limited liability partnership will be engaged in farming or ranching in this state or owning or leasing land in this state which is used for farming or ranching.
- ~~(4)~~ (5) The address of the principal executive office of the domestic limited liability partnership.
- ~~(4)~~ (5) The address of the registered office of the domestic limited liability partnership and the name of the registered agent at that address.
- ~~(5)~~ (6) The name and address of each managing partner.
- ~~(6)~~ (7) A statement that the partnership elects to be a limited liability partnership.
- ~~(7)~~ (8) A deferred effective date, if any.

b. With respect to a foreign limited liability partnership:

- (1) The name of the foreign limited liability partnership and, if different, the name under which the foreign limited liability partnership proposes to transact business in this state.
- (2) The jurisdiction of origin.
- (3) The date on which the foreign limited liability partnership expires in the jurisdiction of origin.

- (4) The nature of the business to be transacted in this state.
 - (5) A statement indicating whether the foreign limited liability partnership will be engaged in farming or ranching in this state or owning or leasing land in this state which is used for farming or ranching.
 - (6) The address of the principal executive office of the foreign limited liability partnership.
 - ~~(6)~~ (7) The address of the registered office of the foreign limited liability partnership and the name of the foreign limited liability partnership's registered agent at that address.
 - ~~(7)~~ (8) The name and address of each managing partner.
 - ~~(8)~~ (9) An acknowledgment that the status of the foreign limited liability partnership in this state will automatically expire unless the foreign limited liability partnership continuously maintains limited liability partnership status in the jurisdiction of origin.
- c. The registration must be accompanied by payment of the fees provided in section 45-22-22 together with a certificate of good standing or certificate of existence authenticated by the registering officer of the state or country where the foreign limited liability partnership is originally registered and the consent of the designated registered agent for service of process to serve in that capacity."

Page 1, line 5, replace "section to chapter 45-22" with "subdivision to subsection 1 of section 45-22-21.1"

Page 1, replace lines 7 through 23 with:

"If the limited liability partnership or foreign limited liability partnership owns or leases land that is used for farming or ranching in this state, a statement listing:

- (1) The names and addresses of all partners; and
- (2) The acreage [hectarage] and location listed by section, township, range, and county of all land in this state owned or leased by the limited liability partnership or foreign limited liability partnership."

Renumber accordingly

2005 SENATE AGRICULTURE

HB 1253

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1253

Senate Agriculture Committee

☐ Conference Committee

Hearing Date March 3, 2005

Tape Number

1

Side A

Side B

x

Meter #

2129 - 3510

Committee Clerk Signature



Minutes:

Chairman Flakoll opened the hearing on HB 1253, a bill relating to the registration of limited liability partnerships; relating to the registration of limited liability partnerships.

Representative Onstad introduced the bill. (written testimony)

Senator Seymour asked why the bill was introduced, it seems like a minor issue. (meter 2482)

Representative Onstad said the examples listed in his testimony are two of the smaller reasons for the bill. His main concern is to require LLP's to report their members so it can be determined if they are compliant with our corporate farming law.

Senator Taylor asked the difference between LLC and LLP, why are these structures chosen.

Representative Onstad said LLC's were chosen initially because it was the only option available. The difference is the income tax structure, the LLC pays the tax and file to the members, in the LLP everything is transferred to the partners.

Senator Flakoll said in another committee there was talk on a bill about land ownership and it was said that 12% of land in North Dakota was owned by out of state or other interests. Would this help us get a handle on this.

Representative Onstad said this will help. The managing partner is the only one listed now and we don't know if there are out of state or non-related partners. The Attorney General's office has been somewhat concerned about this. Paul Germolis who is no longer with that office was always concerned about it.

Senator Flakoll asked if there was any discussion about listing the percentage of ownership among the partners so that we might be aware of out of state interests percent of land ownership.

Chris Friesz, legislative intern, distributed the written testimony of **Woody Barth**, North Dakota Farmers Union, in favor of the bill.

Clara Jenkins, Business Division Director, Secretary of State's Office, testified in favor of the bill. (written testimony) (meter 3019)

Senator Erbele asked what in the chapter that would a red flag, who is not qualified. (meter 3221)

Ms. Jenkins said they would be looking to see if there are any corporate or LLC members, if so they have to look further. It would save some litigative process in the Attorney General's office. Some LLP's have acquired land and there has been memberships by corporations in other states and the Attorney General's office has pursued them and they have had to divest themselves of the land and have probably incurred some considerable expenses in that regard.

Senator Flakoll asked if this will change who can and who can't be a part of LLP's.

Page 3
Senate Agriculture Committee
Bill/Resolution Number HB 1253
Hearing Date March 3, 2005

Ms. Jenkins said this will not impair the ability of LLP's who are qualified to own farm land, it will serve as a red flag for those who cannot. This would stop those situations before they happen.

Senator Flakoll said this is no Pandora's box.

Ms. Jenkins said this does not affect the corporate tax law, it helps with the enforcement.

Chairman Flakoll closed the hearing on HB 1253.

Senator Taylor moved a do pass on HB 1253.

Senator Erbele seconded the motion.

The motion passed on a roll call vote 5-0-1.

Senator Erbele will carry the bill.

Date: 3/3/05
Roll Call Vote # 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *Engrossed 1253*

Senate Agriculture

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *ADO Pass*

Motion Made By *Sen. Taylor* Seconded By *Sen Erbele*

Senators	Yes	No	Senators	Yes	No
Senator Flakoll	✓		Senator Seymour	✓	
Senator Erbele	✓		Senator Taylor	✓	
Senator Klein	A				
Senator Urlacher	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment *Sen. Erbele*

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 3, 2005 12:54 p.m.

Module No: SR-39-4060
Carrier: Erbele
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1253, as engrossed: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1253 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1253

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.state.nd.us/sec



PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@state.nd.us

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 20, 2005

TO: Rep. Nicholas, Chairman, and Members of the House Agriculture Committee

FR: Clara Jenkins, Director, Business Division on behalf of Al Jaeger, Secretary of State

RE: HB 1253

The Secretary of State does not have a position on the merits of this bill.

Nevertheless, to make the bill compatible with existing law related to Limited Liability Partnerships and with the procedures within the Secretary of State's office, the attached amendments are offered for the committee's consideration.

For example, Chapter 45-22 of the North Dakota Century Code already includes an annual reporting requirement for Limited Liability Partnerships with the Secretary of State under N.D.C.C. § 45-22-21.1. It would make the law clearer if the land description requirement in the bill were added to the reporting requirement in the existing section of law rather than creating a new section, as this bill would do.

In addition, the first annual report for a Limited Liability Partnership is not due until the year following that in which the LLP was registered with the Secretary of State. Therefore, the Secretary of State is recommending that N.D.C.C. § 45-22-03(3) be amended to include a requirement on the original registration of the LLP to disclose if there is an intention to purchase or lease land to be used for farming or ranching. By including this disclosure, it will make it easier for the Secretary of State to identify those Limited Liability Partnership's that may have corporate partners and who need to comply with Chapter 10-06.1 of the North Dakota Century Code.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1253

Page 1, line 1, replace "section to chapter 45-22" with "subdivision to subsection 1 of section 45-22-21.1"

Page 1, line 2, after "Code", insert "; and to amend and reenact subsection 3 of section 45-22-03 of the North Dakota Century Code"

Page 1, line 3, after "partnerships", insert "and the registration of limited liability partnerships"

Page 1, line 5, after "new", insert "subdivision to subsection 1 of section 45-22-21.1"

Page 1, line 5, delete "section to chapter 45-22"

Page 1, after line 6, replace the remainder of the bill with:

- change made HERE*
- f. If the limited liability partnership or foreign limited liability partnership owns or leases land that is used for farming or ranching in this state, a statement listing the acreage [hectarage] and location listed by section, township, range, and county of all land in this state owned or leased.

SECTION 2. AMENDMENT. Subsection 3, of section 45-22-03 of the North Dakota Century Code is amended and reenacted as follows:

3. A registration, signed by a managing partner, must contain:
- a. With respect to a domestic limited liability partnership:
- (1) The name of the domestic limited liability partnership.
 - (2) The nature of the business to be transacted in this state.
 - (3) A statement indicating whether the limited liability partnership will be engaged in farming or ranching in this state, or, owning or leasing land in this state that is used for farming or ranching.

(4) The address of the principal executive office of the domestic limited liability partnership.

~~(4)~~(5) The address of the registered office of the domestic limited liability partnership and the name of the registered agent at that address.

~~(5)~~(6) The name and address of each managing partner.

~~(6)~~(7) A statement that the partnership elects to be a limited liability partnership.

~~(7)~~(8) A deferred effective date, if any.

b. With respect to a foreign limited liability partnership:

(1) The name of the foreign limited liability partnership and, if different, the name under which the foreign limited liability partnership proposes to transact business in this state.

(2) The jurisdiction of origin.

(3) The date on which the foreign limited liability partnership expires in the jurisdiction of origin.

(4) The nature of the business to be transacted in this state.

(5) A statement indicating whether the foreign limited liability partnership will be engaged in farming or ranching in this state, or, owning or leasing land in this state that is used for farming or ranching.

~~(6)~~The address of the principal executive office of the foreign limited liability partnership.

- (6)(7) The address of the registered office of the foreign limited liability partnership and the name of the foreign limited liability partnership's registered agent at that address.
- (7)(8) The name and address of each managing partner.
- (8)(9) An acknowledgment that the status of the foreign limited liability partnership in this state will automatically expire unless the foreign limited liability partnership continuously maintains limited liability partnership status in the jurisdiction of origin.
- c. The registration must be accompanied by payment of the fees provided in section 45-22-22 together with a certificate of good standing or certificate of existence authenticated by the registering officer of the state or country where the foreign limited liability partnership is originally registered and the consent of the designated registered agent for service of process to serve in that capacity.

North Dakota Farmers Union

PO Box 2136 • 1415 12th Ave SE • Jamestown ND 58401

701-252-2340 • 800-366-NDFU

FAX: 701-252-6584

WEBSITE: www.ndfu.org

E-MAIL: ndfu@ndfu.org



House Bill 1253 Agriculture

Chairman Nicholas and members of the House Agriculture committee,

My name is Josh Kramer; I am here representing over 35,000 members of North Dakota Farmers Union. I am here to testify in favor of HB 1253, which would provide for the annual reporting of agricultural land ownership by limited liability partnerships.

North Dakota Farmers Union believes ownership, operation, and management of a farm unit should be vested within the family who farms and makes a living from that farm unit. Policies, which encourage the separation of ownership, operation, or management of farm units, are contrary to the interests of family farmers and ranchers.

North Dakota Farmers Union believes that all parties involved in land ownership should report their ownership status on an annual report. This disclosure would assure that all of North Dakota's anti-corporate farm ownership laws are being adhered to.

North Dakota Farmers Union is not against farmland partnerships by multiple individuals, but we do want to make sure that one of the partners is not trying to circumvent our anti-corporate farming laws.

Thank you Chairman Nicholas and Members of the House Agriculture committee, I would be willing to answer any questions that you have at this time.

Testimony in Support of HB 1253

Good Morning Chairman Nicholas and members of the Distinguished House Agriculture Committee. I am Representative Kenton Onstad, District 4.

HB 1253 addresses an issue of proper reporting of Limited Liability Partnerships. A Partnership may have several members. Currently, only the Managing Partner needs to be listed with the North Dakota Secretary of State's Office.

HB 1253 adds additional information needed, similar to other entities that report annually to the Secretary of State, (LLC's for example have to report all).

ND Game and Fish has a concern of ownership of Agricultural Property when applying for a gratis permit. You might be well aware of situations, when multiple owners of a certain property in question, are all asking for gratis permits.

We are just saying to be more uniform with all Entities that have to report to the Secretary of State's office. Let's have the same rules for all. When it pertains for agricultural ownership we have to pay more attention, because of our current Corporate Farming Laws.

Thank you, I hope you can support HB 1253. Any Questions.

North Dakota Farmers Union

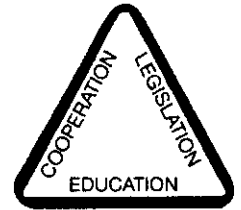
PO Box 2136 • 1415 12th Ave SE • Jamestown ND 58401

701-252-2340 • 800-366-NDFU

FAX: 701-252-6584

WEBSITE: www.ndfu.org

E-MAIL: ndfu@ndfu.org



House Bill 1253
Senate Agriculture

Chairman Flakoll and members of the Senate Agriculture committee,

My name is Woody Barth; I asked that this testimony be submitted on behalf of North Dakota Farmers Union and our 35,000 members. North Dakota Farmers Union supports HB 1253, which would provide for the annual reporting of agricultural land ownership by limited liability partnerships.

North Dakota Farmers Union believes ownership, operation, and management of a farm unit should be vested within the family who farms and makes a living from that farm unit. Policies, which encourage the separation of ownership, operation, or management of farm units, are contrary to the interests of family farmers and ranchers.

North Dakota Farmers Union believes that all parties involved in land ownership should report their ownership status on an annual report. This disclosure would assure that all of North Dakota's anti-corporate farm ownership laws are being adhered to.

North Dakota Farmers Union is not against farmland partnerships by multiple individuals, but we do want to make sure that one of the partners is not trying to circumvent our anti-corporate farming laws.

Thank you Chairman Flakoll and Members of the Senate Agriculture committee.

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.state.nd.us/sec



PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@state.nd.us

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 3, 2004

TO: Senator Tim Flakoll, Chairman, and Members of the Senate Agriculture Committee

FR: Clara Jenkins, Director, Business Division,
on behalf of Al Jaeger, Secretary of State

RE: HB 1253 – Registration of Limited Liability Partnerships

The Secretary of State supports Engrossed HB 1253.

As Engrossed, the bill includes amendments requested by the Secretary of State and approved by the House, which now make the bill compatible with other farming and ranching provisions of the Century Code as they pertain to other organizational structures, e.g., corporations and limited liability companies, and with the processing procedures within the agency.

When a Limited Liability Partnership files its initial registration with the Secretary of State's office, this bill requires it to disclose whether it intends to own or lease land that will be used for farming or ranching.

In addition, if it is disclosed that the Limited Liability Partnership does intend to own or lease land for farming or ranching, the bill then requires that they must disclose the names of all partners.

By including this disclosure, it will enable the Secretary of State to determine if all of the partners in the Limited Liability Partnership are in conformance with the provisions of Chapter 10-06.1 of the Century Code. This chapter pertains to the Corporate and Limited Liability Company Farming Act.

If the Limited Liability Partnership is not in conformance, then, under N.D.C.C. § 10.6.1-21, the Secretary of State must inform the Attorney General and the Governor.

In addition to including on its annual report a description of the land owned by the Limited Liability Partnership (as is now required of corporations and limited liability companies engaged in farming or ranching), they will also have to annually disclose the names of all partners. This is to ensure continued compliance with the Corporate and Limited Liability Farming Act.

Testimony in Support of HB 1253

Good Morning Chairman Flakoll and members of the Distinguished Senate Agriculture Committee. I am Representative Kenton Onstad, District 4.

HB 1253 addresses an issue of proper reporting of Limited Liability Partnerships when it involves agricultural land to the Secretary of State. The legislation in front of you would make the reporting requirements uniform for LLP's as they currently are for LLC's

LLC's currently have to list all of the members involved, purpose for establishment and other general information. LLP's only have to list the Managing Partner. The number of LLP's are increasing, furthermore, realizing the need to disclose the entire partnership.

LLP's, as well as LLC's, may have several members and with our current Corporate Farming laws the proper reporting is necessary.

ND Game and Fish has an immediate concern of ownership when applying for a gratis permit.

Oil and Gas Leases find the need and the difficulty to identify the owners.

You might be well aware of other situations, when multiple owners of a certain property.

HB 1253 allows for uniform reporting to the Secretary of State's office.

Thank you, I hope you can support HB 1253. Any Questions.