

Sixty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2150

Introduced by

Senators Thomas, Luick

Representative Beltz

1 A BILL for an Act to amend and reenact subsection 7 of section 10-06.1-01, subsection 3 of
2 section 10-06.1-12.2, subdivision b of subsection 1 of section 10-06.1-15.2, subdivision d of
3 subsection 3 of section 10-06.1-17, and subsection 3 of section 10-06.1-17.1 of the North
4 Dakota Century Code, relating to corporate or limited liability company farming and ranching.

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

6 **SECTION 1. AMENDMENT.** Subsection 7 of section 10-06.1-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 7. a. "Farming or ranching" means raising or producing agricultural crops, fruit,
9 horticultural products, or livestock or livestock products, or livestock
10 backgrounding, or livestock finishing.
- 11 b. The term does not include:
- 12 (1) Agricultural support services;
- 13 (2) Aquaculture or greenhouse agriculture by a person that has farmland or
14 ranchland holdings not exceeding forty acres [16.19 hectares];
- 15 (3) Beekeeping;
- 16 (4) The production of timber or forest products;
- 17 (5) The growing or processing of marijuana under chapter 19-24.1; or
- 18 (6) A contract under which a processor or distributor of farm or ranch products
19 or supplies provides grain, harvesting, or other farm or ranch services.

20 **SECTION 2. AMENDMENT.** Subsection 3 of section 10-06.1-12.2 of the North Dakota
21 Century Code is amended and reenacted as follows:

- 22 3. a. If an authorized livestock farm corporation:

1 (1) All shareholders who are individuals must be citizens of the United States,
2 permanent resident aliens of the United States, or an authorized
3 ~~individual~~person under section 47-10.1-02.

4 (2) All shareholders that are persons otherwise eligible under this chapter, and
5 any controlling individual or ~~entity~~organization of the person, must be
6 organized in the United States and one hundred percent of the stock must
7 be owned by citizens of the United States, permanent resident aliens of the
8 United States, or an authorized ~~individual~~person under section 47-10.1-02.

9 b. If an authorized livestock farm limited liability company:

10 (1) All members who are individuals must be citizens of the United States,
11 permanent resident aliens of the United States, or an authorized
12 ~~individual~~person under section 47-10.1-02.

13 (2) All members that are persons otherwise eligible under this chapter, and any
14 controlling individual or ~~entity~~organization of the person, must be organized
15 in the United States and one hundred percent of the interests must be
16 owned by citizens of the United States, permanent resident aliens of the
17 United States, or an authorized ~~individual~~person under section 47-10.1-02.

18 **SECTION 3. AMENDMENT.** Subdivision b of subsection 1 of section 10-06.1-15.2 of the
19 North Dakota Century Code is amended and reenacted as follows:

20 b. With respect to each shareholder or member:

21 (1) The name and address of each;

22 (2) If a person other than an individual, the state of incorporation, organization,
23 or domicile;

24 (3) The number of shares or membership interests or percentage of shares or
25 membership interests of each;

26 (4) Each person's percentage of total shares entitled to vote or membership
27 interests entitled to vote; and whether any voting agreement exists;

28 (5) Each person's percentage of total capital and financial interests;

29 (6) As to individuals, a statement of whether each is a citizen or permanent
30 resident alien of the United States;

(7) As to individuals, a statement of whether each will be actively engaged in 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~~individual or organization 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 an authorized person under~~ section 47-10.1-02.

SECTION 4. AMENDMENT. Subdivision d of subsection 3 of section 10-06.1-17 of the North Dakota Century Code is amended and reenacted as follows:

d. With respect to each farming or ranching limited liability company:

(1) A statement of the aggregate number of membership interests the limited liability company has authority to issue, ~~itemized by classes and series, if any, within a class~~as designated under the operating agreement.

(2) A statement of the aggregate number of issued membership interests, ~~itemized by classes and series, if any, within a class~~as designated under the operating agreement.

SECTION 5. AMENDMENT. Subsection 3 of section 10-06.1-17.1 of the North Dakota Century Code is amended and reenacted as follows:

3. An annual report of the authorized livestock farm corporation or the authorized livestock farm limited liability company must include the following information with respect to the preceding calendar year:

a. The name of the authorized livestock farm corporation or authorized livestock farm limited liability company.

b. The name of the 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 farm limited liability company in this state.

c. With respect to each authorized livestock farm corporation:

- 1 (1) A statement of the aggregate number of shares the authorized livestock
2 farm corporation has authority to issue, itemized by classes, par value of
3 shares, shares without par value, and series, if any, within a class.
- 4 (2) A statement of the aggregate number of issued shares, itemized by classes,
5 par value of shares, shares without par value, and series, if any, within a
6 class.
- 7 d. With respect to each authorized livestock farm limited liability company:
8 (1) A statement of the aggregate number of membership interests the
9 authorized livestock farm limited liability company has authority to issue,
10 ~~itemized by classes and series, if any, within a class~~ as designated under the
11 operating agreement.
12 (2) A statement of the aggregate number of issued membership interests,
13 ~~itemized by classes and series, if any, within a class~~ as designated under the
14 operating agreement.
- 15 e. With respect to each shareholder or member:
16 (1) The name and address of each;
17 (2) If a person other than an individual, the state of incorporation, organization,
18 or domicile;
19 (3) The number of shares or membership interests or percentage of shares or
20 membership interests of each;
21 (4) Each person's percentage of total shares entitled to vote, or membership
22 interests entitled to vote, and whether any voting agreement exists;
23 (5) Each person's percentage of total capital and financial interests;
24 (6) As to individuals, a statement of whether each is a citizen or permanent
25 resident alien of the United States;
26 (7) As to individuals, a statement of whether each will be actively engaged in
27 the business of farming or ranching; and
28 (8) As to ~~persons~~ a person other than an individual, a statement of whether the
29 person, and any controlling ~~person~~ individual or organization of the person,
30 is incorporated or organized in the United States and one hundred percent
31 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~~ an authorized person under section 47-10.1-02.

f. With respect to management:

(1) If an authorized livestock farm corporation, the names and addresses of the officers and members of the board of directors, and a statement whether each ~~actively~~ is actively engaged in the operation of the corporation; or

(2) If an authorized livestock farm limited liability company, the names and addresses of the managers and members of the board of governors, and a statement whether each ~~actively~~ is actively engaged in the operation of the limited liability company.

g. A statement that the authorized livestock farm corporation or authorized livestock farm limited liability company does not own, lease, or hold any interest in more than one hundred sixty acres [64.75 hectares] of farmland or ranchland.

h. A statement providing the farmland or ranchland description and listing the acreage [hectarage] and location listed by section, township, range, and county of all farmland or ranchland in which the authorized livestock farm corporation or authorized livestock farm limited liability company has an ownership, leasehold, or other interest.

i. A statement that no shareholders or members hold a direct or indirect interest in other authorized livestock farm corporations or authorized livestock farm limited liability companies that in combination with the corporation or limited liability company own, lease, or hold any interest in more than six hundred forty acres [259 hectares] 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.

j. A statement that the authorized livestock farm corporation or authorized livestock farm limited liability company does not engage in the production of crops or the grazing of livestock on farmland or ranchland.

- 1 k. The first date of livestock operations.
- 2 l. A statement of the percentage of the annual average gross income of the
- 3 authorized livestock farm corporation or authorized livestock farm limited liability
- 4 company which has been derived from authorized livestock farm operations over
- 5 the previous five years or for each year of existence if less than five years.
- 6 m. A statement of the percentage of gross income of the authorized livestock farm
- 7 corporation or authorized livestock farm limited liability company derived from
- 8 nonfarm rent, nonfarm royalties, dividends, interest, and annuities during the
- 9 period covered by the report.