

**FIRST ENGROSSMENT**

**ENGROSSED 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 individual  
3 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 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 individual  
12 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 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;

1 (7) As to individuals, a statement of whether each will be actively engaged in  
2 the business of farming or ranching; and

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

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

- 11 d. With respect to each farming or ranching limited liability company:
- 12 (1) A statement of the aggregate number of membership interests the limited  
13 liability company has authority to issue, ~~itemized by classes and series, if~~  
14 ~~any, within a class~~as designated under the operating agreement.
- 15 (2) A statement of the aggregate number of issued membership interests,  
16 ~~itemized by classes and series, if any, within a class~~as designated under the  
17 operating agreement.

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

- 20 3. An annual report of the authorized livestock farm corporation or the authorized  
21 livestock farm limited liability company must include the following information with  
22 respect to the preceding calendar year:
- 23 a. The name of the authorized livestock farm corporation or authorized livestock  
24 farm limited liability company.
- 25 b. The name of the registered agent of the authorized livestock farm corporation or  
26 authorized livestock farm limited liability company as provided in chapter 10-01.1  
27 and, if a noncommercial registered agent, the address of the registered office of  
28 the authorized livestock farm corporation or authorized livestock farm limited  
29 liability company in this state.
- 30 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,

- 1 permanent resident aliens of the United States, or individuals or persons in  
2 compliance with section 47-10.1-02.
- 3 f. With respect to management:
- 4 (1) If an authorized livestock farm corporation, the names and addresses of the  
5 officers and members of the board of directors, and a statement whether  
6 each ~~actively~~ is actively engaged in the operation of the corporation; or  
7 (2) If an authorized livestock farm limited liability company, the names and  
8 addresses of the managers and members of the board of governors, and a  
9 statement whether each ~~actively~~ is actively engaged in the operation of the  
10 limited liability company.
- 11 g. A statement that the authorized livestock farm corporation or authorized livestock  
12 farm limited liability company does not own, lease, or hold any interest in more  
13 than one hundred sixty acres [64.75 hectares] of farmland or ranchland.
- 14 h. A statement providing the farmland or ranchland description and listing the  
15 acreage [hectarage] and location listed by section, township, range, and county  
16 of all farmland or ranchland in which the authorized livestock farm corporation or  
17 authorized livestock farm limited liability company has an ownership, leasehold,  
18 or other interest.
- 19 i. A statement that no shareholders or members hold a direct or indirect interest in  
20 other authorized livestock farm corporations or authorized livestock farm limited  
21 liability companies that in combination with the corporation or limited liability  
22 company own, lease, or hold any interest in more than six hundred forty acres  
23 [259 hectares] of farmland or ranchland. The interest disclosed under this  
24 subdivision does not include the number of acres [hectares] of farmland or  
25 ranchland directly owned or leased by shareholders or members who are  
26 individuals, farming or ranching corporations, farming or ranching limited liability  
27 companies, or partnerships that meet the requirements of subsection 2 of section  
28 10-06.1-02.
- 29 j. A statement that the authorized livestock farm corporation or authorized livestock  
30 farm limited liability company does not engage in the production of crops or the  
31 grazing of livestock on farmland or ranchland.

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- 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.