

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 (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 an authorized~~
8 person under section 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 an authorized person under~~ 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.

- 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.