

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2343

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Staller
Operator's Signature

10/22/03
Date

2003 SENATE AGRICULTURE
SB 2343

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Halliwell
Operator's Signature

10/22/03

Date

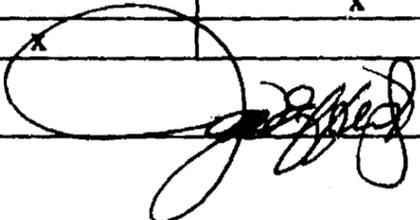
2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2343

Senate Agriculture Committee

Conference Committee

Hearing Date 02/07/03

Tape Number	Side A	Side B	Meter #
1	x		31 - 4060
1		x	5058 - end
2	x		0 - 119
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the hearing on SB 2343. All members were present.

Senator Urlacher introduced the bill. He said the bill affects the corporate farming bill in a very limited area. He said the intent of the bill is not to put nursing homes into the business of farming.

Rodney Auer, administrator of Marian Manor Health Care, a non profit nursing home in Glen Ullin, testified in favor of the bill. He said 2 sections of farm and ranch land were donated to the nursing home. They pay all property taxes on the property. The land provides income to the nursing home and they have used it as collateral for loans. They want to enjoy the income from the land beyond the ten years they are permitted by current law to hold it. He does not believe this bill will infringe upon the intent of the North Dakota corporate farming laws.

Senator Nichols asked if current law permits holding up to ten years?

Mr. Auer said that is correct.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.


Operator's Signature

10/22/03
Date

Page 2
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

Senator Nichols asked how long the nursing home has held this land?

Mr. Auer said nine years

Senator Nichols asked if these donations are happening often?

Mr. Auer said as far as he knows, they are the only nursing home with agriculture property. He added the renters have no desire to buy the land, they want to continue leasing it.

Senator Urlacher asked if the income from the land would currently exceed interest they might receive from an investment?

Mr. Auer said if they sold the land for fair market value they would have to receive 7 1/2 - 8 % return to equal the rental income.

Senator Seymour asked how many beds in the home?

Mr. Auer said 86 skilled nursing beds.

Senator Klein asked how many acres were donated?

Mr. Auer said 2 sections, one has a meandering creek that runs through it so it is less than 640 acres.

Senator Urlacher asked if the intent of the individual that donated the land was for the nursing home to remain viable for the benefit of the community?

Mr. Auer said that is correct. They are in an estate for another 2 sections of donated land. They are looking at this property and future property. They are looking at donations, land being the most profitable, as a means to stay in business.

Senator Nichols asked about the desired 7 1/2% return, is that based on current appraisal or value upon inheritance?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

Page 3
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

Mr. Auer said that is based on current market value, although some land in the area is being sold to state hunting interests.

Senator Flakoll asked if this is a tax deductible donation.

Mr. Auer said if the donation was made by a living donor, yes. They acquired the land through an estate and he is not familiar with estate law.

Senator Nichols confirmed that the nursing home pays property tax on the land.

Mr. Auer said yes.

Senator Urlacher asked if the property was sold, would the nursing home lose the appreciation and interest?

Mr. Auer said yes.

Senator Flakoll asked if this was a prepayment of a nursing home bill?

Mr. Auer said no but that is a good idea.

Senator Nichols asked if they used foreclosure to collect payment on a bill how long could they keep the land?

Mr. Auer wasn't sure. (meter # 747)

Richard Schlosser, representing the members of the North Dakota Farmers Union, testified against the bill. (written testimony) (meter # 800). He added the original challenge to the corporate farming law was in 1942 or 1943 by a hospital. The hospital held land and wanted to maintain it as investment income. The case went to the US Supreme Court which upheld the North Dakota corporate farming law.

Senator Flakoll asked if there is a difference in a nursing home owning and renting out farm land as opposed to owing it and farming it themselves.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Walker
Operator's Signature

10/22/03
Date

Page 4
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

Mr. Schlosser said their policy emphatically states ownership should remain with the family farmer.

Senator Urlacher asked if the hospital in the case mentioned was a non profit entity?

Mr. Schlosser said he is not an attorney and is not sure.

Senator Urlacher asked if there were a requirement that the land be leased to a farming operation would that help?

Mr. Schlosser said no, ownership should be by family farmers.

Senator Erbele asked if the law is different for church owned or school district owned land?

Mr. Schlosser said receiving the land isn't a problem, the corporation must divest itself of the land.

Senator Flakoll asked if the government made a mistake in giving the railroad land?

Senator Seymour said his mother in law owns farm land and rents it out; is she in violation of the policy?

Mr. Schlosser said the issue is a non profit entity or corporation owning farm property.

Senator Urlacher said young farmers in this day and age don't buy land, they lease it.

Mr. Schlosser said the ten year period deals with this, rent for ten years then sell the young farmer the land.

Karl Limvere, Chairperson of the Rural Life Committee, North Dakota Conference of Churches, testified against the bill. (written testimony) (meter #1936)

Senator Urlacher asked is he supports family farm corporations?

Mr. Limvere said yes, he supports the current law.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller
Operator's Signature

10/22/03
Date

Page 5
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

Senator Klein said he guesses an 85 bed nursing home in Glen Ullin has 100 employees, most are farm wives, related to the community. Those jobs are important to the community. If the nursing home would leave the community, would it harm the community. Doesn't the Rural Life Committee think this is important?

Mr. Limvere said they are concerned about community development and activity and small nursing homes in small communities are important. The case still can't be made for corporate ownership of farms - they can make other investments.

Senator Nichols said his experience as an agriculture lender for a number of years has shown farm land is a poor investment over time. Regarding Senator Klein's question, the nursing home can still hire the farmer's wife while the farmer can be a better, more productive steward of the land.

Mr. Limvere said the funds generated by a land sale should be put into long range investments. Right now farm rental income may be better than the return on CD's or the stock market but in the long term there is better appreciation in a balanced portfolio. It is easier to manage a portfolio than it is to manage farm land. Is it faith based to lease the land to the highest bidder? Mr. Limvere believes it is not.

Senator Urlacher said the intent of the gift cannot be carried out if the land must be sold.

Mr. Limvere said perhaps a gift should not be accepted if the recipient cannot carry out the wishes of the giver.

Senator Erbele asked if we would be better served if the ownership were required to be by an in state non profit nursing home and it would be rented to an active farmer. Wouldn't this be better than selling the land to an out of state interest?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

Page 6
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

Mr. Limvere said we have to find other devices to encourage in state ownership. This isn't the avenue and would create more problems than it would solve. Ownership of many nursing homes is going to out of state health care corporations. (meter # 3732)

Roger Johnson, Agriculture Commissioner, testified against the bill. He said he is sensitive to the financial needs of nursing homes. This bill opens up a lot of other questions. The purpose of the corporate farming laws in North Dakota are designed to protect the family farm. The single argument for the bill is "if we can keep the land, we can make more money". That same argument would also support getting rid of the corporate farming law in North Dakota. He realizes this is not the intent of the bill. The recipients have been given, in the current statute, ten years to divest themselves of the land at a time when income from the investment could be maintained. If the divestiture option was not exercised, it is a missed opportunity, but the opportunity was there.

Chairman Flakoll closed the hearing on SB 2343. (meter #4060)

Senator Urlacher said he would like to work on some amendments to require leasing the property for agricultural purposes if there was support on the committee.

Senator Nichols related a personal experience. He was on the hospital board in Stanley. The hospital had inherited some land. The young man who was renting the land came to the board and asked to buy the land. The board said they would have to put it out on bids to get a fair price and he said that was fine, he just wanted to buy the property and start building some equity. The board ended up voting not to sell and Senator Nichols thinks they still own it. Had the hospital sold the land, they could have done better investing the money in the stock market. The hospital

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Ballin
Operator's Signature

10/22/03
Date

Page 7
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/07/03

is now a joint operation with Trinity Hospital in Minot. In the future, will a health care corporation in Minneapolis own the farm land?

Senator Urlacher said as soon as the nursing home board can make more money by selling the land, he thinks they will sell it. If the bill were amended to require renting the property for agriculture purposes and to forbid holding the land if the nursing home changes hand, would that make the bill more acceptable?

Senator Nichols said he still thinks hospitals and churches and nursing homes should not own farm land for very long. Ten years is long enough.

Senator Erbele said he would much rather see the property farmed than owned by a non resident hunter.

Senator Urlacher will try to close the loopholes with an amendments.

Senator Klein said he might support something along those lines.

Senator Urlacher said it bothers him that an individual can't make a gift and have that gift used in the way they intended.

Senator Seymour said there are many different owners of land in North Dakota. We are majoring in minors.

Senator Flakoll adjourned the meeting of the Senate Agriculture Committee.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

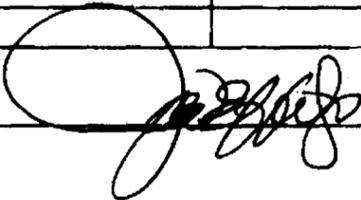
2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2343

Senate Agriculture Committee

Conference Committee

Hearing Date 02/14/03

Tape Number	Side A	Side B	Meter #
1	x		2715 - 3289
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened discussion on SB 2343. Five members were present. Senator Erbele was absent.

Senator Urlacher discussed the amendments he distributed. He didn't like the bill's statement that nursing homes could become involved in the business of farming or ranching so that has been changed. The rest of the amendment deals with the requirement that if the nursing home changes ownership, they must divest themselves of the property.

Senator Klein confirmed that the amendment eliminates the concern of the corporate owner, takes out the language regarding engaging in the business of farming or ranching and the requirement that if the nursing home changes ownership, they would have to divest themselves of the property.

Senator Urlacher said yes.

Senator Flakoll asked if the only way they can obtain the land is through gift or donation?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.


Operator's Signature

10/22/03
Date

Page 2
Senate Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 02/14/03

Senator Urlacher said yes.

It was moved by Senator Urlacher and seconded by Senator Klein that the Senate Agriculture Committee pass the amendments.

Senator Nichols said he appreciates the amendments because at least if there is a transfer of ownership now, they have to divest. As a matter of personal conviction, he does not think farm land should be owned by nursing homes.

Senator Urlacher said he thinks board oversight would automatically do it but this will assure it.

Senator Klein said he certainly understands we don't want nursing homes in the business of farming. The concerns of someone's bequeathing property to the nursing home and the financial problems facing community nursing homes, this is a way for the two issues to come together. It provides jobs and insurance benefits to members of the community.

Senator Urlacher said we should not restrict free will donations. This will satisfy the donor and satisfy the community.

The motion to pass the amendments was passed on a roll call vote. Voting yes were Senator Flakoll, Senator Klein, Senator Urlacher, Senator Nichols, and Senator Seymour. Senator Erbele was absent and not voting.

It was moved by Senator Urlacher, seconded by Senator Klein and passed on a roll call vote that the Senate Agriculture Committee take a Do Pass As Amended action on SB 2343. Voting yes were Senator Flakoll, Senator Klein, Senator Urlacher and Senator Seymour. Voting no was Senator Nichols. Senator Erbele was absent and not voting. Senator Urlacher will carry the bill to the floor.

Chairman Flakoll adjourned the meeting of the Senate Agriculture Committee.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

30745.0101
Title.0200

Prepared by the Legislative Council staff for
Senator Urlacher
February 12, 2003

Ju3
2-14-03

PROPOSED AMENDMENTS TO SENATE BILL NO. 2343

Page 1, line 6, after "A" insert "corporate owner of a"

Page 1, line 7, replace "engage in the business of farming or ranching on its land" with "is not subject to the divestiture requirements of this chapter"

Page 1, line 9, replace "This chapter does not prohibit, restrict, or otherwise impose obligations" with "Before a transfer of ownership of a corporate owner of a nursing home owning farmland or ranchland under this section, the owner of the nursing home owning the farmland or ranchland must divest itself of that land and the farmland or ranchland ownership may not be acquired by the new owner of the nursing home."

Page 1, remove line 10

Renumber accordingly

Page No. 1

30745.0101

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

Date: 2/14/03

Roll Call Vote #: _____

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2343**

Senate Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number 30745.0101

Action Taken De Pass As Amended

Motion Made By Sen Urlacher Seconded By Sen Klein

Senators	Yes	No	Senators	Yes	No
Senator Tim Flakoll, Chair	✓		Senator Ronald Nichols		✓
Senator Robert S. Erbele, V. Chair			Senator Tom Seymour	✓	
Senator Jerry Klein	✓				
Senator Herb Urlacher	✓				

Total (Yes) 4 No 1

Absent 1

Floor Assignment Sen Urlacher

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall Operator's Signature 10/22/03 Date

REPORT OF STANDING COMMITTEE (410)
February 14, 2003 2:38 p.m.

Module No: SR-29-2818
Carrier: Urlacher
Insert LC: 30745.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2343: Agriculture Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (4 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2343 was placed on the Sixth order on the calendar.

Page 1, line 6, after "A" insert "corporate owner of a"

Page 1, line 7, replace "engage in the business of farming or ranching on its land" with "is not subject to the divestiture requirements of this chapter"

Page 1, line 9, replace "This chapter does not prohibit, restrict, or otherwise impose obligations" with "Before a transfer of ownership of a corporate owner of a nursing home owning farmland or ranchland under this section, the owner of the nursing home owning the farmland or ranchland must divest itself of that land and the farmland or ranchland ownership may not be acquired by the new owner of the nursing home."

Page 1, remove line 10

Renumber accordingly

2003 HOUSE AGRICULTURE

SB 2343

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Halliday
Operator's Signature

10/22/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2343

House Agriculture Committee

Conference Committee

Hearing Date 3---13---03

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO 40
Committee Clerk Signature <i>Edward D. Ulfson</i>			

Minutes:

CHAIRMAN NICHOLAS : Ok we will open the hearing on SB 2343. Senator Urlacher is with us.

SENATOR URLACHER: District 36. What brought this bill before you. A little back ground. It turns out that an elderly gentleman will some land to the nursing home in Glen Ullin. His intent was to give something back to the community. That took place before the introduction of the bill that relates to this. What his intent was to put something back into the community. There by giving something back to his fellow man. In the form of the nursing home and maintain some employment in the community. I think the intent was very well taken. I don't really put this in the category of corporate farming. There are restrictions in it to not let them operate that land. They have been leasing it to a farmer for a number of years. There income is beyond what it would be if they sold the land and put the proceeds at interest.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Demetrius Hall
Operator's Signature

10/22/03
Date

Page 2
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3---13---03

They cannot hire someone to farm it. If there was any change in ownership at any time it would be forced to be sold prior to that ownership. The restrictions are such that were closing it up and not allowing it to expand beyond that present ownership. And still following the intent of the owner. The board naturally is obligated to protect the income and oversee whether it should be sold or leased out. My opinion, I think it is above board. It has a protection built into it. Not to the point to going into corporate farming. I would be glad to answer any questions.

REPRESENTATIVE BELTER: Under current law how much time do they have divest of that.

SENATOR URLACHER: Under current law is ten years and they are at nine years now.

I think his intent was developed before the law came into place. When he drew his will. He was an elderly fellow.

REPRESENTATIVE BELTER: Senator, when you were researching this I know that there are churches that are allowed to own land and I forget the circumstances of that are.

SENATOR URLACHER: I am not totally sure on that end. This land was left to the nursing home only. It would not expand beyond that.

REP. ONSTAD: Was this put into a trust?

SENATOR URLACHER: As far as I know it was direct ownership. The administrator is here. He can explain any other details.

SENATOR URLACHER: I would like to say that in a free society we should have the right and opportunity to donate whatever for the benefit for the community and his fellow man. I feel strongly that we should have that right.

REPRESENTATIVE KLEIN: I look at the bill. It is a little bit misleading. Corporate Farming. We are not talking about John Deere, we are talking about nursing homes. Nursing

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

Page 3
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3---13---03

homes are struggling. With the budget restraints that North Dakota has on it they are struggling.

This is one way to help them stay open. I think the land owner should be able to leave it to whoever they want. Their request should be honored. The scope is limited. Before the nursing home is sold they have to get rid of the land. It won't go into new ownership.

REP. ONSTAD: Can the nursing home sell that land right now.?

REPRESENTATIVE KLEIN: Yes they can. The reason they don't want to is the stock market the way it is and interest rates being so low that they aren't going to make enough on the selling of the land to do them any good. The interest on the proceeds of the land sale would not be or produce as much income as the leased the way it is presently. Renting it out gives you a better income.

REPRESENTATIVE ONSTAD: If they would have sold it at the beginning of the ten year period where the interest rates were adequate at that time they could have sold it and took advantage of it. Now we are at the end of the ten years and using that as the situation.

REPRESENTATIVE KLEIN: I am sure if they had 20-20 vision on it they would have probably done.

REPRESENTATIVE FROELICH: In the 30 we passed an anti corporate farming law. If we did pass this bill would that not be in conflict and be subject to a decision of the Supreme Court.

REPRESENTATIVE KLEIN: There is a possibility it could be challenged, yes.

REPRESENTATIVE KREIDT: You are receiving the rent of that property. Would not that amount of dollars be offset so it is really no advantage as far as subsidizing the nursing home and their operation. I don't know how they have that set up.

CHAIRMAN NICHOLAS: Anyone else wishing to appear in support of this bill.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

Page 4
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3---13---03

RODNEY AUER: I am the administrator of the Marion Manor Nursing Home in Glen Ullin, ND. This is a not for profit nursing home in Glen Ullin. I am here to seek support of Senate Bill 2343. Marion Manor is fortunate to have farm land that was donated to us. The crop land is leased out to a young farmer and the grazing land is operated by a father son operation. We pay full property taxes to Morton County. The land has provide us with extra income and collateral for loans for many years. We also have the ability to sell it should the need arise. It is our hope that we will be able to enjoy the income from this land well beyond the current ten year holding requirements. This gift then will be able to keep on giving. As the original owners had intended. We don't feel that the government should set requirements that was donated to a nursing home. Once give the property should be allowed to stay with the facility. We don't feel that this bill will infringe on the ND Corporate Farming Laws. We urge you to support this bill as the senate did. Thank you.

CHAIRMAN NICHOLAS: If you were to dispose of this land. Sell it and reinvest it what kind of a return do feel you could get and still be able to use it for collateral which a bond or what ever type of security would allow you to do. What type of comparisons or returns on investments would be verses what you are getting now. If you have looked at it.

RODNEY AUER: Yes we have. The return we are getting is a little over seven percent. We would have to get seven percent on our money. Assuming we sold this property to a farmer. We are fully aware because we have been approached that if we have to sell this land there are interested hunters from out of state that want to purchase this land. There willing to pay much more then the land is worth. My board of directors have a difficult time with selling it period. For the fact they believe that if someone gives us something we should be able to keep it. And

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hallmark
Operator's Signature

10/22/03
Date

Page 5
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3--13--03

they feel insulted that we would sell this property. My board is composed of sixty percent farmer ranchers. They realize the Monterey value of this land. They want to keep it.

ROD FROELICH: How much land are we talking about? Grazing land and farming land. What value are you putting on it now.?

RODNE AUER: We are talking about one section that has seventy acres crop land and the rest pasture. The other section is 640 acres of crop land. We have put a value of \$225.00 per acre on the pasture and \$310.00 on the crop land. If we were going to be selling it to farmer, ranchers in the area. That is pretty much the going rate in our area.

REP. FROELICH: In affect, you have a young farmer out there that you are renting it to right now. Aren't you not by selling this land stifling his potential for growth.

RODNE AUER: From what I have seen in our area when land comes up for sale it is the bigger farmer rancher that buys it. The individual that is renting the land now own very little land. He frames considerable amounts of land but it is all leased or rented. He has one quarter of land that is in CRP. To answer you it is based on your perspective.

REPRESENTATIVE MUELLER: How did you come to be in possession of that property?

RODNEY AUER: The land was given to us in a will 9 years ago by a wealth farmer in the area.

In his will, he did not allow us to sell it. He had the language in his will that we had to keep it The required 10 years. His lawyer was familiar with the law. It is stated in the will that the nursing home shall keep my land for 10 years. The original intent was clear.

REPRESENTATIVE MEULLER: The donor was familiar with the law that you have to sell it or divest of it.

Deanna Waller
Operator's Signature

10/22/03
Date

Page 6
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3--13--03

REPRESENTATIVE BOE: The man did have legal council. If the land had been left in trust
Donated the money to you.

KREIDT: How do you use money? The money is being invested somewhere. Not being
used for operation of the Nursing Home. Never has been etc.

RODNEY AUER: We have always taken the net rent and put into savings. We have not had
to use it or operation of facility. We use money for replacing assets and modifying and
updating the building. It is not in a trust. It is in a CD There is no offset.

REP. FROELICH: What is the rent on the crop land and the grass land?

RODNEY AUER: The crop land brings in \$12,200.00 and the pasture is \$8,600.00. They just
gave me the checks two weeks ago. How that breaks down.

We pay the tax on the land. They are \$2,350.00.

REPRESENTATIVE BOE: You indicated that the gentleman that willed the land and his intent
was that you would divest within 10 years.

RODNEY AUER: His intent is that we keep the land up to ten years. He was fully aware that
we had to get rid of the land within ten years because that was the law. His attorney new that.
His attorney is our attorney.

REPRESENTATIVE BOE: You new this time was coming. Why is it now a problem?

RODNEY AUER: We were aware of this for many years. That is true. At one of the board
meetings. We discussed it and the president of the board said lets change the law. There fore you
see the bill in front of you today.

I am looking out for Marion Manor Nursing Home.

REP. ONSTAD: Does your Nursing Home pay a property tax.?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and
were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute
(ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the
document being filmed.

Deanne Wallis
Operator's Signature

10/22/03
Date

Page 7

House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3---13---03

RODNEY AUER: We only pay property tax on the land because it is not a direct care to the residents. As far as the property goes, the buildings, we do not pay taxes. A not for profit.

CHAIRMAN NICHOLAS: Any other testimony in support of this bill.

Any opposition?

SHIRLEY MEYER: I think if this bill is passed it would be a disaster. We have heard virtually nonstop young people exiting the state from our area. The people that need to be owning and operating our farms and ranchers our young people. Not our nursing homes. Farmers and Ranchers contribute to our economy. They turn over every dollar seven times. All you farmers know what we contribute to the local economy. Our children go to school. We are the only thing that are keeping the structure there at all. This bill is different then the corporate farm bill that earlier passed the house. That bill was seen as a vehicle to put capitol into an operation. This bill has just the opposite effect by preventing an infusion of capital into the economy by a new owner. The purpose of the anti corporate farm law is simple. It is to prevent corporations from owning and controlling farm land. It was written to prohibit exactly what this proposed legislation does. Overtime we weaken the current laws we make it more likely that we would loose in a court challenge to our laws. If this legislation passes then you are only one court case away from FEDA, churches, schools etc. Nursing home are corporations. You can't make an exception for one corporation and not the other. In ND there are 84 nursing homes. 28 are controlled by out of state parent companies. 25 are nonprofit, 3 are for profit. If we pass this bill you are putting all of these nursing home in the farming and ranching business. Under current law if people wish to leave there farms to nursing homes they can do that but the nursing

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

Page 8
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3--13--03

home has 10 years to divest itself of the land. That is an ample period of time. That should not be changed. I URGE A DO NOT PASS.

CHAIRMAN NICHOLAS: Any other testimony.

CARL LIMVERE: Medina, ND {PASSED OUT TESTIMONY WHICH IS ATTACHED:

CHAIRMAN NICHOLAS: Any other testimony?

RICHARD SCHLOSSER: I am here to speak in opposition of L's bill. {RICHARD PASSED OUT TESTIMONY AND READ FROM IT.} WE URGE A DO NOT PASS.

CHAIRMAN NICHOLAS: CLOSE ON SB 2343

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller
Operator's Signature

10/22/03

Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2343

House Agriculture Committee

Conference Committee

Hearing Date 3---27---03

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO 3.4
Committee Clerk Signature <i>Edward D. Olson</i>			

Minutes:

CHAIRMAN NICHOLAS: Committee members let look at SB 2343. Lets take a look at this hand out. Basically what is says, you know we could pass a two year extension and I did talk to council and they said they could put a two year extension on it but I think in lieu of what we have here we just as well as kill the bill. Representative Froelich moved for a DO NOT PASS

AND REPRESENTATIVE MUELLER SECONDED.

CHAIRMAN NICHOLAS: Is there any discussion. Representative Kreidt.

REPRESENTATIVE KREIDT: There was a short letter that Rep. Kreidt passed. (which is attached) Representative Kreidt said he was in favor of a DO NOT PASS.

CHAIRMAN NICHOLAS: Is there any further discussion? Ok the clerk will take the roll for a DO NOT PASS.

THE ROLL WAS TAKEN FOR A DO NOT PASS

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna D. Hall
Operator's Signature

10/22/03
Date

Page 2
House Agriculture Committee
Bill/Resolution Number SB 2343
Hearing Date 3--27--03

THERE WERE 12 YES 0 NO 1 ABSENT. CHAIR CLOSED ON SB 2343.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna O'Connell
Operator's Signature

10/22/03

Date

SB 2343
3-27-03

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By FROELICH Seconded By MUELLER

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS	✓				
VICE CHAIRMAN POLLERT	✓				
REPRESENTATIVE BELTER	✓				
REPRESENTATIVE BOEHNING	✓				
REPRESENTATIVE KELSCH	✓				
REPRESENTATIVE KINGSBURY					
REPRESENTATIVE KREIDT	✓				
REPRESENTATIVE UGLEM	✓				
REPRESENTATIVE WRANGHAM					
REPRESENTATIVE BOE	✓				
REPRESENTATIVE FROELICH	✓				
REPRESENTATIVE MELLER	✓				
REPRESENTATIVE ONSTAD	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment REP. MUELLER

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller 10/22/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
March 27, 2003 12:11 p.m.

Module No: HR-55-5996
Carrier: Mueller
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2343, as engrossed: Agriculture Committee (Rep. Nicholas, Chairman) recommends
DO NOT PASS (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed
SB 2343 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-55-5996

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

2003 TESTIMONY

SB 2343

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03

Date

North Dakota Farmers Union

PO Box 2136 • Jamestown ND 58402-2136

PHONE: 701-252-2340

E-MAIL: ndfu@ndfu.org

800-366-NDFU (6338)

WEBSITE: www.ndfu.org

FAX: 701-252-6584

MISSION STATEMENT: North Dakota Farmers Union, guided by the principles of cooperation, legislation and education, is an organization committed to the prosperity of family farms and rural communities.



**Testimony on SB 2343
February 6, 2003
Senate Agriculture Committee**

Mr. Chairman and members of the committee, my name is Richard Schlosser, I am here on behalf of North Dakota Farmers Union. We are opposed to Senate Bill 2343 because we firmly believe that the ownership and operation of farmland should be in the control of family farmers. As stated in the preamble to our policy 'we believe that the family farm system of agricultural production can provide the opportunities of individual enterprise to all farm families in our society. No other system can achieve the economic and social stability, the soil and the environmental stewardship and the production efficiency of the family farm. Ownership, operation, and the management of a farm unit should be vested within the family who farms and makes a livelihood from that farm unit. Policies that encourage the separation of ownership, operation or management of farm units are contrary to the interests of family farmers.'

The ownership and operation of agricultural land by nursing homes in and of itself may seem to be a rather harmless activity, but we see it as an opening or further weakening of the corporate farming law. A policy change

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Stalder
Operator's Signature

10/22/03
Date

such as this would encourage other entities to seek changes in the law in order to hold and/or operate similar properties without divesting. We see this as a challenge and a lost opportunity for producers who are attempting to own their own farm or ranch. More importantly, it might be a lost opportunity for a young farmer or rancher who is attempting to start out on his own. We are all familiar with the challenges that we face in North Dakota in dealing with out migration and an aging population. With that in mind we need to set policy that promotes agricultural land ownership by young farmers and ranchers. As policymakers and farm leaders we need to encourage our youth to take pride and ownership in our state, not only in terms of its resources, but also in the belief that this is a great place where they can raise their families and call home.

I would simply conclude by quoting our policy on this subject.

"Farmland must be in control of family farmers. Laws should discourage concentration of farmland ownership by corporations and off farm interests. We call for strict enforcement of our state's corporation farming laws. These laws must be closely monitored and strengthened so they may continue to preserve production agriculture for family farmers." Thank you and I would try to answer any questions at this time.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller
Operator's Signature

10/22/03

Date

**STATEMENT OF
Karl Limvere, Chairperson
RURAL LIFE COMMITTEE
NORTH DAKOTA CONFERENCE OF CHURCHES**

**SENATE BILL # 2343
CORPORATE FARMING AMENDMENT**

**FEBRUARY 7, 2003 HEARING
SENATE AGRICULTURE COMMITTEE**

Mr. Chairman. I am Karl Limvere, Pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the North Dakota Conference of Churches.

The North Dakota Conference of Churches and its Rural Life Committee have established goals and objectives defining the common good for rural America. We believe that ultimately, the test of any agricultural or economic policy is a moral one. Public policy must put human needs ahead of economic profits.

We envision and support the development of a rural society that promotes the greatest potential number of diversified family farming/ranching opportunities possible. We support a widely-dispersed structure of agriculture production with broad-based ownership that is dominated by resident, owner-operator, family farms and ranches.

We support authentic development in agricultural production systems that enhance family and community life, food security and the stewardship of creation. We oppose public policies which encourage or enhance the industrialization and corporatization of agricultural production.

We specifically believe that corporations (other than the restricted family farm operations as permitted in current law) should not be allowed to own or operate farm land or to engage in farming/ranching. We do not distinguish between for-profit or non-profit corporations. We simply believe corporations should not be allowed to engage in the productions of crops, livestock, produce, fibers or other agricultural commodities.

North Dakota has been very protective of its agricultural land to prevent such land from being owned and operated by corporations. The state law governing farming by corporations has been carefully crafted and there have been very few exceptions to that law.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller
Operator's Signature

10/22/03

Date

For example, one of these exceptions is for non-profit organizations, such as the Nature Conservancy, for the purpose of conservation of natural resources. However, there is another whole procedure requiring a final decision by the Governor of our state to make a determination as to whether it is in the public interest for such land to be purchased by such an organization.

While we recognize the worthwhile objectives and charitable purposes of most non-profit nursing homes, we do not believe that a case can be made that nursing homes should be granted an exemption from our state's corporate farming laws.

And if they were, how would we differentiate among other non-profit corporations that also carry out charitable activities and public good. I don't see anything unique about nursing homes that they should be provided an exemption from this law, while other also worthwhile organizations are not exempt. If you would grant an exemption for nursing homes, you would be hard pressed to deny any other charitable group from also having an exemption. Let's not open that door, because the bottom line is that non-profit corporations should not be in the business of ownership of agricultural land or farming and ranching.

When the state's corporate farming law was updated and modernized, the legislative assembly wisely provided only very limited exceptions under rigorous restrictions and did not make a general exception for non-profit corporations. There is no reason to change that now.

The current law allows non-profit corporations to receive agricultural land through bequests and gifts, but it does not allow such non-profits to continue to own or to operate that land. There is a specific time period within which that farmland must be sold to an eligible buyer.

I have served on the governing boards of various religious and charitable organizations. We are always pleased to receive gifts and bequests from willing donors. However, I have found that in most situations, most charitable investment advisors will recommend that the standard procedure for accepting non-cash gifts is to liquidate those assets as quickly as possible so that they might be appropriately reinvested within the charitable organization's investment portfolio in accordance with the organization's investment guidelines and needs. As a general rule non-profit organizations should not be in unrelated for-profit businesses or enterprises, including farming. As a general investment rule, non-profits should not be invested in high-risk ventures.

We would oppose SB2343 on the principle that agricultural land should not be owned or operated by corporations, whether they be profit or non-profit.

However, in addition, I would also point out that this particular bill leaves a broad base of questions unanswered. As written, it would allow either for-profit or non-

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna D. Ball
Operator's Signature

10/22/03

Date

profit corporations or privately-owned nursing homes to own and operate farmland. While most of our nursing homes are non-profit, we do have some for-profit operations as well. Many of our nursing homes are owned and operated by health care systems. Some of these are based outside of the state of North Dakota.

I don't know the status or the particulars of the case, but we should note that the North Dakota Attorney General has brought suit against one of these non-profit corporations over the question of how charitable receipts can be utilized as a result of their sale of some facilities, including nursing homes.

The proposed bill does not define a nursing home, nor does it establish any limitations on what kinds of nursing homes, nor does it address any issues that arise when a nursing home is owned by another entity.

By the time the myriad of unanswered questions are resolved, we would have legislation that was much more complicated than the ten lines of this bill. Yet, it still would be unacceptable because it breaks faith with the underlying principle that corporations, including non-profits, should not be engaged in the business of ownership and/or operation of farmland.

Therefore I would urge this committee to give this legislation a "do not pass" recommendation and for the North Dakota Senate to vote to kill the bill.

Thank you.

Respectfully submitted,

Karl Limvere, Chairperson
Rural Life Committee
North Dakota Conference of Churches
PO Box 725, Medina, ND 58467

zionucc@daktel.com

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Dallen
Operator's Signature

10/22/03

Date



North Dakota Farmers Union

PO Box 2136 • Jamestown ND 58402-2136

PHONE: 701-252-2340

E-MAIL: ndfu@ndfu.org

800-366-NDFU (6338)

WEBSITE: www.ndfu.org

FAX: 701-252-6584

MISSION STATEMENT: North Dakota Farmers Union, guided by the principles of cooperation, legislation and education, is an organization committed to the prosperity of family farms and rural communities.



Testimony on SB 2343

March 13, 2003

House Agriculture Committee

Mr. chairman and members of the committee, my name is Richard Schlosser and I am here to speak in opposition to SB 2343 on behalf of the members of North Dakota Farmers Union. We are opposed to SB 2343 because we believe that the ownership as well as the operation of farmland should be in the control of the family farmers and ranchers who operate those farms and ranches. We believe that the family farm system of agricultural production can provide the opportunities of individual enterprise to all farm families in our society. No other system can achieve the economic and social stability, the soil and the environmental stewardship and the production efficiency of the family farm. Ownership, operation, and the management of a farm unit should be vested within the family who farms and makes a living from the farm unit. Policies that encourage the separation of ownership, operation or management of farm units are contrary to the interests of family farmers.

SB 2343 seeks to add new language to the chapter 10-06.1 of the North Dakota Century Code that would allow nursing homes to own farmland and ranch land beyond the established divestiture period. Presently, the law states in chapter 10-06.1-11, "...a nonprofit that acquires land by gift or devise after December 31, 1984, the ownership of which is

North Dakota Farmers Union is a tax exempt agricultural organization under 501 (c) (6) of the Internal Revenue Code. It is not a charitable organization and therefore payments to North Dakota Farmers Union are not deductible as charitable contributions for income tax purposes. However, they may be deductible under other provisions of the Internal Revenue Code.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

not permitted under this chapter, shall divest itself of the land within ten years after the acquisition." The law presently allows the gifting of agricultural land to non-profits, but does not allow that nonprofit to hold the land for more than ten years. We question whether this is good public policy to allow, or should we say begin to allow, nonprofit corporations to retain ownership beyond the ten year divestiture requirement. Quite possibly, if SB 2343 passes, many other nonprofits would ask for the same exemption under this section of North Dakota law.

We feel that SB 2343 weakens the corporate farming statute and as so could potentially be a lost opportunity for producers who are attempting to own or expand their operations. More importantly, it may very well be a lost opportunity for a young farmer or rancher who is attempting to start out on his or her own.

I would simply conclude by saying that we at North Dakota Farmers Union feel that farmland should be in the control of family farmers and that laws should discourage concentration of farmland ownership by either for profit or nonprofit corporations. North Dakota has a long history of protecting and entrusting its agricultural resources to family farmers and ranchers. We feel that this bill would weaken those protections set forth in the anti-corporate farming law. We, therefore, urge a do not pass on SB 2343. Thank you.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Walcott
Operator's Signature

10/22/03

Date

**STATEMENT OF
Karl Limvere, Chairperson
RURAL LIFE COMMITTEE
NORTH DAKOTA CONFERENCE OF CHURCHES**

**SENATE BILL # 2343
CORPORATE FARMING AMENDMENT**

**March 13, 2003 HEARING
HOUSE AGRICULTURE COMMITTEE**

Mr. Chairman. I am Karl Limvere, Pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the North Dakota Conference of Churches.

The North Dakota Conference of Churches and its Rural Life Committee have established goals and objectives defining the common good for rural America. We believe that ultimately, the test of any agricultural or economic policy is a moral one. Public policy must put human needs ahead of economic profits.

We envision and support the development of a rural society that promotes the greatest potential number of diversified family farming/ranching opportunities possible. We support a widely-dispersed structure of agriculture production with broad-based ownership that is dominated by resident, owner-operator, family farms and ranches.

We support authentic development in agricultural production systems that enhance family and community life, food security and the stewardship of creation. We oppose public policies which encourage or enhance the industrialization and corporatization of agricultural production.

We specifically believe that corporations (other than the restricted family farm operations as permitted in current law) should not be allowed to own or operate farm land or to engage in farming/ranching. We do not distinguish between for-profit or non-profit corporations. We simply believe corporations should not be allowed to engage in the productions of crops, livestock, produce, or other agricultural commodities.

Historically, North Dakota has been very protective of its agricultural land to prevent such land from being owned and operated by corporations. The state law governing farming by corporations has been carefully crafted and there have been very few exceptions to that law.

For example, one of these exceptions is for non-profit organizations, such as the Nature Conservancy, for the purpose of conservation of natural resources.

1

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna O'Connell
Operator's Signature

10/22/03
Date

However, there is another whole procedure requiring a final decision by the Governor of our state to make a determination as to whether it is in the public interest for such land to be purchased by such an organization.

Churches and religious organizations are among the primary organizers and operators of health care facilities in this state, including nursing homes. Therefore we certainly recognize the worthwhile objectives and charitable purposes of most non-profit nursing homes. However, we do not believe that a case can be made that nursing homes should be granted an exemption from our state's corporate farming laws.

And if they were, how would we differentiate among other non-profit corporations that also carry out worthy charitable activities and public good. I don't see anything unique about nursing homes that they should be provided an exemption from this law, while other also worthwhile non-profit organizations are not exempt. If you would grant an exemption for nursing homes, you would be hard pressed to deny any other charitable group from also having an exemption. Let's not open that door, because the bottom line is that non-profit corporations should not be in the business of ownership of agricultural land or farming and ranching.

When the state's corporate farming law was updated and modernized, the legislative assembly wisely provided only very limited exceptions under rigorous restrictions and did not make a general exception for non-profit corporations. There is no reason to change that now.

The current law allows non-profit corporations to receive agricultural land through bequests and gifts, but it does not allow such non-profits to continue to own or to operate that land beyond the ten-year limit. Farmland must be sold to an eligible buyer within that time limit. In fact, I would point out that this very point was upheld by the U.S. Supreme Court in a challenge brought by Ashbury Hospital of Fargo.

I have served on the governing boards of various religious and charitable organizations. We are always pleased to receive gifts and bequests from willing donors. However, I have found that in most situations, most charitable investment advisors will recommend that the standard procedure for accepting non-cash gifts is to liquidate those assets as quickly as possible so that they might be appropriately reinvested within the charitable organization's investment portfolio in accordance with the organization's long-term investment guidelines and needs. As a general rule non-profit organizations should not be in unrelated for-profit businesses or enterprises, including farming. As a general investment rule, non-profits should not be invested in high-risk ventures.

We would oppose SB2343 on the principle that agricultural land should not be owned or operated by corporations, whether they be profit or non-profit. In addition, I would point out that this particular bill leaves a broad base of questions unanswered. As written, it would allow either for-profit or non-profit corporations or privately-owned nursing homes to own and operate farmland. While most of

our nursing homes are non-profit, we do have some for-profit operations as well. Many of our nursing homes are owned and operated by health care systems. Some of these are based outside of the state.

I don't know the status or the particulars of the case, but we should note that the North Dakota Attorney General has brought suit against one of these non-profit corporations over the question of how they can utilize charitable receipts originating in North Dakota upon the sale of their properties. This bill as now amended by the Senate would provide that when a nursing home is sold it would have divest to itself of any agricultural property. However, this amendment did not address the underlying issue that the Attorney General had raised about the use of charitable gifts.

The bill does not define a "nursing home", nor does it establish any limitations on what kinds of nursing homes, nor does it address any issues that arise when a nursing home is owned by another entity. Nor does it define what a "corporate owner of a nursing home" might be. Remember not all nursing homes are non-profit. We also have seen non-profit health facilities sold to for-profit investors and corporations.

I am not trying to suggest that you should try fixing this bill in order to answer some of the questions I have raised, because I really don't think it is fixable. By the time the myriad of unanswered questions are resolved, we would have legislation that was much more complicated than the twelve lines of this bill. Yet, it still would be unacceptable because it breaks faith with the underlying principle that corporations, including non-profits, should not be engaged in the business of ownership and/or operation of farmland.

Therefore I would urge this committee to give this legislation a "do not pass" recommendation and for the North Dakota House of Representatives to vote "no" to defeat this unnecessary bill that would pry open a significant leak in the dike that has provided protection to our state's family farm system.

Thank you.

Respectfully submitted,

Karl Limvere, Chairperson
Rural Life Committee
North Dakota Conference of Churches
PO Box 725, Medina, ND 58467

zionucc@daktel.com 701-486-3369

Testimony Senate bill 2343

First of all I would really like to commend the people that make such generous gifts to nursing homes or other charities. Their hearts are in the right place.

However, I believe SB 2343 is a piece of legislation that would be disastrous if it is enacted.

We have heard virtually non-stop about the exodus of young people from our state and how we are going to address the issue of out migration. This bill, if passed, would only add to our declining rural areas. The people that need to own and operate our farms and ranches are our young farmers and ranchers. Not the nursing homes.

Farmers and ranchers contribute to our rural economy. They turn over every dollar they make seven times in the local area. They buy groceries, send their children to school, pay property taxes, and they keep the rural infrastructure alive and well.

This bill is different than the corporate farm bill that earlier passed the house. That bill was seen as a vehicle to infuse capital into a farming operation. This bill has the opposite effect by preventing an infusion of capital into the economy by a new owner.

The purpose of the anti-corporate farm law is simple; it is to prevent corporations from owning and controlling farmland. No more and no less. It was written to prohibit exactly what this proposed legislation does. Every time we weaken the current statute, we make it more likely that we would lose in a court challenge to our law. If this proposed legislation passes we are only one court case away from PETA, churches, schools, fraternal clubs, or even the state from owning and operating our ranches. You cannot write legislation to exempt a specific case without affecting all cases. In North Dakota there are 84 nursing homes. Twenty-eight of these are controlled by out of state parent companies. Twenty-five are non-profit, and three are for profit. If

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Ballin
Operator's Signature

10/22/03
Date

SB 2343 should happen to pass, all 84 of these nursing homes will be in the farming and ranching business.

Under current law, if people wish to leave their farm to a nursing home or any other charitable cause, they can. However, the nursing home has nine years to divest them of the farming asset. That is an ample amount of time for any corporation, whether you are a coalmine or a nursing home, to divest of the land. That should not be changed.

Another concern you should have if this bill passes would be the financial exploitation of one of our most vulnerable segment of society, which are our elderly citizens.

For generations the business on our ranches and farms has been done with a nod and a handshake. On many places there are verbal agreements on how the land will be owned and operated in the event of the older partner's death. But then the unthinkable happens and one of the elderly couple (usually the husband) becomes ill or disabled and is placed in the nursing home. Now for the first time an elderly woman is alone and facing her first \$3000 a month nursing home bill. She's started to suffer from dementia, she's scared, alone, and most of all she's worried about her husband and knows she's too frail to care for him. A suit shows up and tells her, "Here just sign this and everything will be OK." And she does.

When her Grandson finds out he asks, "Grandma why did you sign all of our land over to the nursing home?"

"Well, he was such a nice young man wearing a suit and a tie. He told me if I just sign that paper that Grandpa will be taken care of, and they won't send me a bill anymore. And I didn't want you kids to worry!"

Senate Bill 2343 does have a provision in it that the land cannot be acquired as payment-in-kind for services, but the very real concern is there for the future.

Please give SB2343 a DO NOT Pass recommendation.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/22/03
Date

Merlan Maner
HealthCare Center
<mmnh@westrv.com
>

To: "gkreidt@state.nd.us" <gkreidt@state.nd.us>
cc:
Subject: SB 2343

03/26/2003 09:38 AM
Please respond to
"mmnh@westrv.com"

Thanks for the call Gary, I find it hard to understand that the committee can legislate a 2 year extension on our land dilemma but I do appreciate the effort. Although our main objective is to allow a benefactors gift to remain indefinitely with the Nursing Home receiving it. Therefore an extension doesn't excite me too much and I would accept a do not pass with the same enthusiasm as an extension. I guess what I'm saying is the committee should vote on the bill as presented and not water it down so that they can pass it and feel better about it. I hope I am not sounding rude. Please get back to me with your thoughts. Thanks Rod

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Dalko
Operator's Signature

10/22/03
Date