Bills were introduced in legislative sessions successively every 2 years, 1959, 1961, 1963, 1965, and every year the North Dakota Farmers Union was able to keep this bill from being enacted.

In 1965 they tried to slip one in the back door by using what we call the common law trust that was to be used for farming in North Dakota and we were able to defeat that. But in 1967 we had a legislature that was overwhelmingly designed to take over and move corporate agriculture into North Dakota, and they passed a bill through both houses, the Governor vetoed it, then they overrode the Governor and consequently with the help of many people in North Dakota we now have it on a referral ballot for November 5 and this is what the law says. There are only four items in here to repeal the anticorporation law that we now have and the law says this:

No. 1, shareholders shall not exceed 10 in number.

Senator NELSON. This was the corporate farm law in your State.

Mr. SMITH. That was passed by the last legislature.

Senator NELSON. By the last legislature.

Mr. SMITH. Yes.

Senator NELSON. This is the present law then.

Mr. SMITH. The one we are asking to be referred in November.

It says the shareholders shall not exceed 10 in number. The corporation shall not have as a shareholder a person other than an estate who is not a natural person.

The corporation shall not have more than one class of shares.

And here is the one that they rest all of their laurels on, the corporation's income from rent, royalties, dividends, interest and annuities does not exceed 20 percent of the corporation's gross profits.

They traveled through the State and say that that means that that corporation's income must, 80 percent must come from agriculture, which is not true at all because it lists five items which are very specifically ones that they must receive more than 20 percent from; that is, rent, royalities, dividends, interest, and annuities. This would only exclude people who deal chiefly in money, in the rental of money and so forth. A corporation that would be a junk dealer in a town in North Dakota with profits would be not among those restricted in this law and therefore could farm. And we have some very important things that we think ought to be of concern in a bill such as this because we find this in other States. There is no residence requirement in this one, you can live in Alabama, Delaware, New York, or wherever you might be, form a corporation in Delaware and come into North Dakota and farm; there is no residency required.

So we think the law is wide open for investment from outside. Now, I know our proponents of the bill say that this will give farmers more credit, tax advantages, estate planning will be easier and limited liability. And on all of the occasions that I have spoken at meetings throughout North Dakota asked bankers or lenders of money if it would give more credit to a farmer if he incorporated his land and invariably the banker has said it will give him no credit advantage, in fact, on occasions we would give him less, unless the corporation would sign the papers and then each individual stockholder also guarantee behind it.