

SENATE BILL NO. 2086

Introduced by

Political Subdivisions Committee

(At the request of the North Dakota Municipal Bond Bank)

1 A BILL for an Act to create and enact a new section to chapter 6-09.4 of the North Dakota
2 Century Code, relating to the protection of service provided or made available by a political
3 subdivision through a loan from the municipal bond bank or any other state agency or
4 enterprise.

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

6 **SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Protection of service during term of loan.**

- 9 1. The service provided or made available by a political subdivision through the
10 construction or acquisition of an improvement, or the revenues therefrom, financed
11 in whole or in part with a loan to the political subdivision from the bond bank or any
12 other state agency or enterprise, may not be curtailed or limited by inclusion of all
13 or any part of the area served by the political subdivision within the boundaries of
14 any other political subdivision, or by the granting of any private franchise for similar
15 service within the area served by the political subdivision, during the term of the
16 loan. The political subdivision providing the service may not be required to obtain
17 or secure any franchise, license, or permit as a condition of continuing to serve the
18 area if it is included within the boundaries of another political subdivision during the
19 term of the loan.
- 20 2. Under the circumstances described in subsection 1, nothing prevents the two
21 political subdivisions, with the bond bank or other state agency or enterprise, from
22 negotiating an agreement for the right or obligation to provide the service in
23 question, provided that any agreement is invalid and unenforceable unless the
24 bond bank or other state agency or enterprise is a party to the agreement and

- 1 unless the agreement contains adequate safeguards to ensure the security and
- 2 timely payment of any outstanding bonds of the bond bank issued to fund the loan.