

Fifty-fifth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1155

Introduced by

Government and Veterans Affairs Committee

(At the request of the Industrial Commission)

1 A BILL for an Act to amend and reenact subdivisions h and i of subsection 1 of section 6-09-15,
2 subsection 2 of section 6-09-15, sections 6-09.5-01, 6-09.5-04, 6-09.5-08, 6-09.5-10,
3 subsection 1 of section 15-62.1-02, sections 54-17-22, 54-17-25, and 54-17-33 of the North
4 Dakota Century Code, relating to updates in federal legislation referenced in statutes
5 authorizing industrial commission agency programs administered by the Bank of North Dakota,
6 student loans of North Dakota and the student loan trust, and the industrial commission when
7 acting as the state planning agency for the development of Riverdale and when acting as the
8 agricultural mortgage marketing facility for the secondary market program.

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

10 **SECTION 1. AMENDMENT.** Subdivisions h and i of subsection 1 of section 6-09-15 of
11 the 1995 Supplement to the North Dakota Century Code are amended and reenacted as
12 follows:

- 13 h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as
14 amended through December 31, 1996, to nonprofit corporations for the
15 purpose of relending loan funds to rural businesses.
16 i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951,
17 subparts F and R; and part 1955, subparts A, B, and C, as amended through
18 December 31, 1996, to finance businesses and community development
19 projects in rural areas.

20 **SECTION 2. AMENDMENT.** Subsection 2 of section 6-09-15 of the 1995 Supplement
21 to the North Dakota Century Code is amended and reenacted as follows:

- 22 2. Make agricultural real estate loans in order to participate in the agricultural
23 mortgage secondary market program established pursuant to the Agricultural

Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-~~2279ea~~
2279aa-14], as amended through December 31, 1996.

SECTION 3. AMENDMENT. Section 6-09.5-01 of the North Dakota Century Code is amended and reenacted as follows:

6-09.5-01. Community Water Facility Loan Act - Intent. Moneys transferred under this chapter shall be used primarily for supplementary financing in conjunction with federal moneys available under the authority of 7 U.S.C. 1926 and 1927 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and regulations promulgated thereunder for the construction, enlargement, extension, or other improvement of community water facilities. This chapter is intended to improve the health, general welfare, convenience, and prosperity of communities and rural inhabitants presently lacking adequate water supplies.

SECTION 4. AMENDMENT. Section 6-09.5-04 of the North Dakota Century Code is amended and reenacted as follows:

6-09.5-04. Loan applications - Approval. Applications for revolving fund must be submitted to the Bank of North Dakota which shall investigate and consider approval of loan applications under such rules and regulations as it may establish. The Bank shall cooperate with the state office of the farmers home administration or its successor in considering applications to comply with the requirements of 7 U.S.C. 1926 and 1927 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and regulations promulgated thereunder relating to community water facilities.

SECTION 5. AMENDMENT. Section 6-09.5-08 of the North Dakota Century Code is amended and reenacted as follows:

6-09.5-08. Loan eligibility. Applicants eligible for loans shall include cities eligible under 7 U.S.C. 1926 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and associations, cooperatives, and corporations operated on a nonprofit basis which have the legal authority necessary for constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the loan in accordance with farmers home administration requirements. Applicant cities, associations, cooperatives, and corporations shall seek to include cities and rural areas, eligible under farmers home administration rules and regulations and located near a proposed service area, as part of a

1 water facility project. Reasons for not including such cities and rural areas must be approved
2 jointly by the Bank of North Dakota and the farmers home administration.

3 **SECTION 6. AMENDMENT.** Section 6-09.5-10 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **6-09.5-10. Rules and regulations.** The Bank of North Dakota may promulgate and
6 adopt such rules ~~and regulations in accordance with chapter 28-32~~ as are necessary to carry
7 out the provisions of this chapter and meet the requirements of 7 U.S.C. 1926 and 1927
8 [Pub. L. 87-128; 75 Stat. 308], as amended through December 31, 1996, and the rules and
9 regulations promulgated thereunder relating to community water facilities.

10 **SECTION 7. AMENDMENT.** Subsection 1 of section 15-62.1-02 of the 1995
11 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- 12 1. To guarantee all loans which satisfy the requirements set forth in title IV, part B, of
13 the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.; Pub. L. 89-329; 79 Stat.
14 1236; Pub. L. 99-498; 100 Stat. 1353], as amended through December 31, 1996,
15 upon terms, conditions, and application procedures commensurate with the federal
16 Higher Education Act of 1965 [20 U.S.C. 1001 et seq.; Pub. L. 89-329; 79 Stat.
17 1236; Pub. L. 99-498; 100 Stat. 1353], as amended through December 31, 1996,
18 if federal coinsurance of student loans guaranteed by the agency is available. If at
19 any time the agency determines that student loans made under the terms and
20 conditions of federal coinsurance programs are no longer adequately serving the
21 needs of North Dakota students attending postsecondary institutions, or if federal
22 coinsurance is no longer available, the agency shall notify the industrial
23 commission or its designee. Upon approval of the industrial commission or its
24 designee, the agency shall guarantee student loans without federal coinsurance
25 pursuant to rules made by the agency relating to terms for applicant eligibility in
26 accordance with the provisions of this chapter. If loans are guaranteed without
27 federal coinsurance, the agency may not adopt eligibility requirements or loan
28 limits for student loans to qualify for guarantee by the agency which are more
29 restrictive than those eligibility requirements or loan limits existent as of the date
30 the industrial commission approves the guarantee of loans without federal
31 coinsurance or the date of the termination of programs providing for federal

coinsurance of loans guaranteed by the agency. Students whose loans are guaranteed by the agency must be students who have been accepted for enrollment or are attending eligible postsecondary institutions located within or without this state, and whose loans are for the purpose of assisting them in meeting their expenses of postsecondary education. Students who are accepted for enrollment or are attending eligible proprietary or postsecondary institutions of higher education on at least a half-time basis, as determined by the institutions, are eligible to have loans guaranteed by the agency. The agency shall, by rule, establish minimum qualifications for a person to be deemed a part-time student for purposes of this chapter.

SECTION 8. AMENDMENT. Section 54-17-22 of the North Dakota Century Code is amended and reenacted as follows:

54-17-22. Commission authorized to act as planning agency of state and to negotiate and contract with federal housing administration. For the purposes of sections 54-17-21 through 54-17-23, the industrial commission is hereby designated as the state planning agency, and is authorized to negotiate and contract with the federal housing and home finance administrator, under the provisions of the Housing Act of 1954 [Pub. L. 83-560; 68 Stat. 590; 12 U.S.C. 1703, et seq.], and all acts amendatory thereof and supplementary thereto through December 31, 1996, in all matters pertaining to or affecting planning work for the development and construction of public works in the community of Riverdale, when acquired. The plan of the commission for any improvement or development in Riverdale must be considered as the approved plan or plans therefor of the state of North Dakota.

SECTION 9. AMENDMENT. Section 54-17-25 of the North Dakota Century Code is amended and reenacted as follows:

54-17-25. Bonds authorized - Establishment of secondary market program. Whenever the industrial commission decides that it is in the public interest to diminish the investment of state funds in United States government guaranteed or reinsured or North Dakota guaranteed student loans, that it will be difficult to divest the state of appreciable amounts of such loans by piecemeal offering to the investing and saving public, that business conditions are favorable to a state-sponsored program to consolidate state-held student loans, and to enlarge private participation in such loans, the commission may by plenary resolution duly

adopted in accordance with the provisions hereof authorize preparation, sale, and issuance of revenue bonds of North Dakota in such amounts and at such times and in such form, which may include the issuance of bonds the interest income on which is subject to federal income taxes, as the commission shall determine to be for the public good. The bonds shall be a paramount charge upon a sufficient designated portion of the resources of the student loan trusts, subject only to necessary administrative expenses of the trusts duly appropriated out of the interest earning resources thereof. The bonds may bear such rate or rates of interest as the commission may provide. The bonds must have all of the qualities and incidents of negotiable paper and are not subject to taxation by the state of North Dakota or by any county, municipality, or political subdivision therein. The bonds must be payable solely out of the separate resources generated respectively from collection of payments on and earnings and proceeds of (1) United States government guaranteed or reinsured or (2) North Dakota guaranteed student loans, and must respectively so recite. They are not indebtedness of the state of North Dakota or of any agency, board, department, or officer or agent thereof. Without limiting the foregoing, the commission may request the organization of a nonprofit corporation meeting the requirements of the Internal Revenue Code of 1954, as amended and redesignated as the Internal Revenue Code of 1986 [Pub. L. 99-54], and as it may be amended from time to time, and enter into one or more agreements with such corporation providing for the establishment of a secondary market program in the state of North Dakota for the acquisition by the corporation of such loans made pursuant to title IV, part B of the Higher Education Act of 1965 [Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; 20 U.S.C. 1001 et seq.], as amended through December 31, 1996, as the commission shall, in its discretion, deem advisable.

SECTION 10. AMENDMENT. Section 54-17-33 of the North Dakota Century Code is amended and reenacted as follows:

54-17-33. State trust created - Agricultural mortgage secondary market. The industrial commission may establish a trust for the purpose of participating as an agricultural mortgage marketing facility in the agricultural mortgage secondary market program established pursuant to the Agricultural Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as amended through December 31, 1996. The industrial commission may take any action necessary to qualify as a certified facility.