

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 6-09 and a new section to
2 chapter 54-60 of the North Dakota Century Code, relating to Bank of North Dakota and
3 department of commerce monitoring return on investment of economic development financial
4 assistance programs; to amend and reenact subsection 10 of section 54-60-03 of the North
5 Dakota Century Code, relating to department of commerce reports to the legislative assembly;
6 to provide for reports to the legislative council; and to provide an effective date.

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

8 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Economic development return on investment - Monitoring - Rules - Report to**
11 **legislative assembly.**

- 12 1. The Bank shall monitor the return on investment for each of the Bank's economic
13 development financial assistance programs, including the beginning entrepreneur
14 guaranty program, business development loan program, and partnership in
15 assisting community expansion program.
- 16 2. Upon Bank approval of an application for economic development financial
17 assistance, the Bank shall execute an economic development financial assistance
18 agreement between the Bank and the recipient, outlining the statutory,
19 administrative, and specific economic development terms under which the financial
20 assistance will be provided.
- 21 3. The Bank shall include in each economic development financial assistance
22 agreement the remedies for noncompliance with the agreement. Remedies for
23 noncompliance may include repayment provisions.

- 1 4. In consultation with the department of commerce, the Bank shall adopt rules to
2 implement this section. To the extent practicable, the Bank shall coordinate these
3 rules with the rules adopted by the department of commerce under section 3 of this
4 Act. The rules must include:
5 a. Definitions;
6 b. Exclusions;
7 c. Recipient reporting requirements;
8 d. Recipient recordkeeping and retention requirements;
9 e. Bank access to recipient records terms;
10 f. Economic development goals for financial assistance programs;
11 g. Amendment terms; and
12 h. Noncompliance remedies.
13 5. The president of the Bank shall report between the first and tenth legislative days
14 of each regular legislative session to a standing committee of each house of the
15 legislative assembly as determined by the legislative council on the return on
16 investment for each of the Bank's economic development financial assistance
17 programs.

18 **SECTION 2. AMENDMENT.** Subsection 10 of section 54-60-03 of the North Dakota
19 Century Code is amended and reenacted as follows:

- 20 10. Shall report between the first and tenth legislative days of each regular legislative
21 session to a standing committee of each house of the legislative assembly as
22 determined by the legislative council and shall report annually to the foundation:
23 a. On the department's goals and objectives since the last report;
24 b. On the department's goals and objectives for the period until the next report;
25 c. On the department's long-term goals and objectives;
26 d. On the department's activities and measurable results occurring since the last
27 report; ~~and~~
28 e. On commerce benchmarks, including the average annual wage in the state,
29 the gross state product exclusive of agriculture, and the number of primary
30 sector jobs in the state; and

- 1 f. On the return on investment for each of the department's economic
2 development financial assistance programs;

3 **SECTION 3.** A new section to chapter 54-60 of the North Dakota Century Code is
4 created and enacted as follows:

5 **Return on investment - Monitoring - Rules.**

- 6 1. The department shall monitor the return on investment for each of the department's
7 financial assistance programs.
- 8 2. The department shall condition receipt of financial assistance upon meeting
9 specified economic development goals. Upon department approval of an
10 application for financial assistance, the department shall execute a financial
11 assistance agreement between the department and the recipient, outlining the
12 statutory, administrative, and specific economic development terms under which
13 the financial assistance will be provided.
- 14 3. The department shall include in each financial assistance agreement the remedies
15 for noncompliance with the contract. Remedies for noncompliance may include
16 repayment provisions.
- 17 4. In consultation with the Bank of North Dakota, the department shall adopt rules to
18 implement this section. To the extent practicable, the department shall coordinate
19 these rules with the rules adopted by the Bank under section 1 of this Act. The
20 rules must include:
- 21 a. Definitions;
- 22 b. Exclusions;
- 23 c. Recipient reporting requirements;
- 24 d. Recipient recordkeeping and retention requirements;
- 25 e. Department access to recipient records terms;
- 26 f. Economic development goals for financial assistance programs;
- 27 g. Amendment terms; and
- 28 h. Noncompliance remedies.

29 **SECTION 4. BANK OF NORTH DAKOTA REPORT TO LEGISLATIVE COUNCIL.**

30 During the 2005-06 interim, the president of the Bank of North Dakota shall report to the
31 legislative council on the status of the implementation of monitoring return on investment of

1 economic development financial assistance programs under section 1 of this Act. This report
2 must include a review and summary of the rules adopted under section 1 of this Act, whether
3 changes should be made to the state's economic development system to better monitor return
4 on investment, and whether the Bank return on investment monitoring should continue.

5 **SECTION 5. COMMERCE REPORT TO LEGISLATIVE COUNCIL.** During the
6 2005-06 interim, the commissioner of commerce shall report to the legislative council on the
7 status of the implementation of monitoring return on investment of financial assistance
8 programs under section 3 of this Act. This report must include a review and summary of the
9 rules adopted under section 3 of this Act, whether changes should be made to the state's
10 economic development system to better monitor return on investment, and whether the
11 department return on investment monitoring should continue.

12 **SECTION 6. EFFECTIVE DATE.** This Act becomes effective on January 1, 2006.