

Sixty-first  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO.**

Introduced by

Representative Pinkerton

1 A BILL for an Act to create and enact section 57-62-03.2 of the North Dakota Century Code,  
2 relating to authority to make loans to oil and gas development-impacted counties, cities, and  
3 school districts.

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

5 **SECTION 1.** Section 57-62-03.2 of the North Dakota Century Code is created and  
6 enacted as follows:

7 **57-62-03.2. Oil and gas impact loans - Terms and conditions - Repayment.** The  
8 board of university and school lands may make loans to oil or gas development-impacted  
9 counties, cities, and school districts from the permanent oil tax trust fund. Loans may be made  
10 for any purpose meeting the legislative intent and guidelines on impact grants under section  
11 57-62-06. Before making any loan under this section the board of university and school lands  
12 shall receive the recommendation of the energy development impact office. A loan under this  
13 section may be made in conjunction with an oil and gas impact grant and may be conditioned  
14 upon provision of full or partial matching funds by the borrowing county, city, or school district.

15 The board of university and school lands shall prescribe the terms and conditions of  
16 loans under this section and shall require a warrant executed by the governing body of the  
17 county, city, or school district as evidence of the loan. The warrants may bear interests at a  
18 rate not to exceed six percent. The warrants must be payable only from allocations of moneys  
19 from oil and gas gross production taxes to the borrowing county, city, or school district. The  
20 warrants do not constitute a general obligation and shall not be considered as indebtedness of  
21 the borrowing county, city, or school district.

22 Terms of loans under this section must provide that not less than ten percent of each  
23 allocation made to the borrowing county, city, or school district under chapter 57-51 must be  
24 withheld by the state treasurer to repay the principal and interest on the warrants. The amount

1 withheld by the state treasurer as payment of interest must be deposited in the general fund  
2 and the amount withheld by the state treasurer as payment of principal must be deposited in the  
3 permanent oil tax trust fund. Warrants executed by a county, city, or school district under this  
4 section have all of the qualities and incidents of negotiable paper and are not subject to taxation  
5 by the state or any political subdivision.

6 The board of university and school lands may sell warrants issued under this section to  
7 other parties and the proceeds of the sale which constitute principal must be deposited in the  
8 permanent oil tax trust fund and that which constitutes interest must be deposited in the general  
9 fund. If future allocations of moneys to the borrowing county, city, or school district permanently  
10 cease, the loan must be cancelled except that if the county, city, or school district is merged  
11 with another county, city, or school district that receives an allocation of moneys under chapter  
12 57-51, the surviving county, city, or school district is obligated to repay the loan from its  
13 allocation. If the loan is cancelled due to the permanent cessation of allocations of moneys to  
14 the county, city, or school district under chapter 57-51, the board of university and school lands  
15 shall cancel those warrants it holds from the county, city, or school district and shall notify the  
16 state treasurer, who shall pay from any moneys in the permanent oil tax trust fund the principal  
17 and interest, as it becomes due, on those warrants of the county, city, or school district which  
18 are held by another party.