

SENATE BILL NO. 2306
with House Amendments
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Introduced by

Senators Wanzek, Erbele, Grindberg

Representatives Brandenburg, Headland, Pollert

- 1 A BILL for an Act to amend and reenact sections 6-09.7-02, 6-09.7-03, and 6-09.7-05 of the
2 North Dakota Century Code, relating to the fuel production facility loan guarantee program; to
3 repeal section 6-09.7-08 of the North Dakota Century Code, relating to state funding limitations
4 for recipients of fuel production facility loan guarantees; and to provide an expiration date.

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

6 **SECTION 1. AMENDMENT.** Section 6-09.7-02 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **6-09.7-02. Powers and duties of the Bank of North Dakota.**

9 The Bank of North Dakota may:

- 10 1. Guarantee the loan of money by eligible banks, credit unions, and savings and loan
11 associations, upon such terms, conditions, and procedures as it may establish in
12 accordance with the provisions of this chapter, to any qualified person to assist that
13 person in constructing an agriculturally derived fuel production ~~facilities of a size to~~
14 ~~serve the community in or near which the facility is located~~facility. The facility must use
15 ~~grain-related and biomass farm products~~ for agriculturally derived fuel production.
16 2. Take, hold, and administer, on behalf of the state from any source, any property, or
17 any interest ~~therein~~in the property, and the income therefrom, either absolutely or in
18 trust, for any purpose of the guarantee loan program; provided, that no guarantee
19 obligation of the Bank is payable out of any moneys of the Bank except those made
20 available to ~~it~~the Bank under this chapter.
21 3. Adopt standards governing the qualifications and financial needs of applicants, ~~and~~;
22 establish a method of application for the guaranteeing of loans ~~which~~that may be
23 made by banks, credit unions, farm credit associations, and savings and loan

1 associations; and adopt any other standards as may be necessary to administer
2 properly this chapter.

3 **SECTION 2. AMENDMENT.** Section 6-09.7-03 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **6-09.7-03. Extent of loan guarantee.**

6 The extent of the loan guarantee under this chapter may not exceed twenty-five percent of
7 the total loan. The maximum dollar amount of any guarantee on a single loan may not exceed
8 ~~twetwelve~~ million five hundred thousand dollars. The extent of the value of all loan guarantees
9 under this chapter may not, at any one time, exceed ~~tent~~twenty-five million dollars.

10 **SECTION 3. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of**
13 **lands and minerals trust.**

14 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee
15 reserve fund in a special account in the Bank. ~~The guarantee reserve fund must be~~
16 ~~maintained~~Bank may request the director of the office of management and budget to transfer
17 funds from the lands and minerals trust created by section 15-08.1-08 ~~and any moneys~~
18 ~~transferred from the lands and minerals trust to maintain the~~to maintain twenty-five percent of
19 the guarantee reserve fund balance. Transfers from the lands and minerals trust may not
20 exceed a total of six million two hundred fifty thousand dollars. Moneys in the guarantee reserve
21 fund are available to reimburse lenders for guaranteed loans in default. The securities in which
22 the moneys in the reserve fund may be invested must meet the same requirements as those
23 authorized for investment under the state investment board. The income from such investments
24 must be made available for the costs of administering the state guarantee loan program and
25 income in excess of that required to pay the cost of administering the program shall be
26 deposited in the reserve fund. The amount of reserves for all guaranteed loans must be
27 determined by a formula which will assure, as determined by the Bank, an adequate amount of
28 reserve.

29 **SECTION 4. REPEAL.** Section 6-09.7-08 of the North Dakota Century Code is repealed.

30 **SECTION 5. EXPIRATION DATE.** This Act is effective through July 31, 2013, and after that
31 date is ineffective.