

HOUSE BILL NO. 1446

Introduced by

Representatives Onstad, Hatlestad, S. Meyer

Senators Wardner, Warner, Taylor

1 A BILL for an Act to provide for an oil refinery incentive grant and loan program; and to provide a
2 contingent appropriation.

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

4 **SECTION 1. OIL REFINERY INCENTIVE GRANT PROGRAM - DEPARTMENT OF**
5 **COMMERCE.** During the 2011-13 biennium the department of commerce shall establish and
6 administer a program to provide a dollar-for-dollar matching grant to a qualified applicant for the
7 purpose of assisting the applicant with the costs associated with the oil refinery permitting
8 process. A grant under this program may not exceed \$5,000,000. The department of commerce
9 shall provide a grant recipient with assistance as a liaison with state agencies involved in the
10 permitting process.

11 **SECTION 2. OIL REFINERY INCENTIVE LOAN GUARANTEE PROGRAM - BANK OF**
12 **NORTH DAKOTA.**

- 13 1. Under this section, the Bank of North Dakota may guarantee the loan of money by a
14 qualified lender upon such terms, conditions, and procedures established by the Bank.
15 The Bank may charge reasonable fees for guaranteeing a loan under this section. The
16 extent of the loan guarantee under this section may not exceed fifty percent of the
17 total loan. The maximum dollar amount of a loan guaranteed under this section may
18 not exceed \$50,000,000.
- 19 2. A qualified applicant for a loan guarantee under this section must be a recipient of an
20 oil refinery incentive grant under section 1 of this Act which has successfully
21 completed the oil refinery permitting process phase and which is entering the oil
22 refinery construction and development phase. The purpose of the guaranteed loan
23 must be oil refinery construction and development.

- 1 3. The loan guaranteed by the Bank must bear interest at a rate not in excess of the
2 interest charged by the lender to other persons for similar types of loans not
3 guaranteed by the Bank unless the Bank determines that a higher rate of interest is
4 justified by special circumstances and would be consistent with the general objectives
5 of this section.
- 6 4. If it appears to the satisfaction of the Bank that the guaranteed loan is in default, and
7 the eligible lender has certified this fact to the Bank, the Bank shall reimburse the
8 eligible lender making the loan from the Bank's reserve fund to the extent the loan was
9 guaranteed by the fund. If payment of the guaranteed principal balance of the
10 guaranteed loan is demanded of the Bank, the note and accompanying evidence of
11 the loan must be tendered to the Bank in manner and form to confer good title so that
12 the loan may be collected by the Bank as the Bank may determine according to law.
13 No statute of limitations may be used as a defense against collection, through court
14 proceedings, of any loan guaranteed under this section.

15 **SECTION 3. CONTINGENT APPROPRIATION.** Subject to the department of commerce
16 certifying to the office of management and budget that an oil refinery incentive grant recipient
17 has qualified for a grant, there is appropriated out of any moneys in the permanent oil tax trust
18 fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the
19 sum as may be necessary, to the department of commerce for the purpose of providing an oil
20 refinery incentive grant in accordance with the provisions of section 1 of this Act, for the
21 biennium beginning July 1, 2011, and ending June 30, 2013.