

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1426

Introduced by

Representatives Ruby, Becker, Bellew, Rohr, Thoreson

Senator Larsen

1 A BILL for an Act to create and enact a new section to chapter 6-09 and a new section to
2 chapter 6-09.4 of the North Dakota Century Code, relating to a credit enhancement program for
3 political subdivision infrastructure funding; and to provide an appropriation.

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

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

7 **Political subdivision infrastructure enhancement program loans - Participation by the**
8 **Bank of North Dakota.**

9 1. The Bank of North Dakota shall make available up to one hundred million dollars to
10 purchase participation interests in loans to political subdivisions for infrastructure
11 enhancement projects. Interest charged on a participation interest purchased by the
12 Bank under this section may be set by the Bank, as it may be established from time to
13 time. The Bank may charge necessary and reasonable fees as determined by the
14 industrial commission.

15 2. The amount of a participation interest purchased by the Bank under this section may
16 not be greater than sixty-five percent of the loan amount or an amount determined by
17 the Bank, whichever is less.

18 3. For purposes of this section, "political subdivision" means any county or a city with a
19 population not exceeding ten thousand.

20 **SECTION 2.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Infrastructure improvement credit enhancement for political subdivisions.**

23 1. If the public finance authority or a paying agent notifies the director of the office of
24 management and budget, in writing, that a political subdivision has failed to pay when

1 due the principal or interest on any evidences of indebtedness issued for infrastructure
2 improvements issued by the political subdivision after July 31, 2013, or that the public
3 finance authority, political subdivision, or the paying agent has reason to believe a
4 political subdivision will not be able to make a full payment of the principal and interest
5 when the payment is due, the director of the office of management and budget shall
6 authorize a draw from funds in the strategic investment and improvements fund until
7 the payment of the principal or interest has been made to the public finance authority
8 or the paying agent, or until the public finance authority or the paying agent notifies the
9 director of the office of management and budget that arrangements satisfactory to the
10 public finance authority or the paying agent have been made for the payment of the
11 principal and interest then due and owing. The notification must include information
12 required by the director of the office of management and budget. State funds available
13 to a political subdivision under any provision of law are subject to withholding under
14 this section to repay funds drawn from the strategic investment and improvements
15 fund under this section if the withholding is authorized by resolution of the governing
16 body of the political subdivision. The director of the office of management and budget
17 may not authorize a draw that would bring the amount drawn from the strategic
18 investment and improvements fund to more than twenty-five million dollars under this
19 section.

20 2. The director of the office of management and budget shall make available any funds
21 drawn from the strategic investment and improvements fund under subsection 1 to the
22 public finance authority or the paying agent. The public finance authority or the paying
23 agent shall apply the funds to payments that the political subdivision is required to
24 make to the public finance authority or the paying agent.

25 3. If funds are received by the political subdivision during the fiscal year and are
26 deposited in the political subdivision's sinking fund established in accordance with
27 section 21-03-42, the political subdivision, with the consent of the public finance
28 authority or the paying agent, may withdraw from its sinking fund an amount to apply
29 against the repayment of the amount drawn from the strategic investment and
30 improvements fund and made available to the public finance authority or a paying
31 agent under this section.

1 4. The director of the office of management and budget shall develop detailed
2 procedures for political subdivisions to notify the director of the office of management
3 and budget that they have obligated themselves to be bound by the provisions of this
4 section; procedures for political subdivisions, paying agents, and the public finance
5 authority to notify the director of the office of management and budget of potential
6 defaults and to request payment under this section; and procedures for the state to
7 expedite payments to prevent defaults.

8 5. For purposes of this section, "political subdivision" means any county or a city with a
9 population not exceeding ten thousand.

10 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the strategic
11 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of
12 \$25,000,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the
13 purpose of participation loans under section 1 of this Act, for the biennium beginning July 1,
14 2013, and ending June 30, 2015.

15 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the strategic
16 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of
17 \$25,000,000, or so much of the sum as may be necessary, to the office of management and
18 budget for the purpose of infrastructure improvement credit enhancement for political
19 subdivisions under section 2 of this Act, for the biennium beginning July 1, 2013, and ending
20 June 30, 2015.