

Sixty-fourth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1443**

Introduced by

Representatives Carlson, Belter, Delzer

Senators Cook, Schaible

A BILL for an Act to create and enact section ~~6-09-4-49~~6-09-49 of the North Dakota Century Code, relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative intent; to provide for transfers; ~~and~~ to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

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

**SECTION 1.** Section 6-09-49 of the North Dakota Century Code is created and enacted as follows:

**6-09-49. (Effective through June 30, 2017) Infrastructure revolving loan fund - Continuing appropriation.**

1. The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is thirty years. A loan made from the fund under this section must have an interest rate that does not exceed ~~two~~one and one-half percent per year.
2. The Bank shall establish priorities for making loans from the infrastructure revolving loan fund. Loan funds must be used to address the needs of the community by providing critical infrastructure funding. Except as expressly provided under this section, a political subdivision may not use infrastructure revolving loan funds for capital construction. In addition to eligible infrastructure needs established by the Bank, eligible infrastructure needs may include new water treatment plants; new wastewater treatment plants; new sewer lines and water lines; new construction and renovation of critical access hospitals; and new storm water and transportation infrastructure, including curb and gutter construction.

- 1       3. In processing political subdivision loan applications under this section, the Bank shall  
2       calculate the maximum loan amount for which a qualified applicant may qualify, not to  
3       exceed seven million dollars for an eligible critical access hospital loan and not to  
4       exceed fifteen million dollars each for all other eligible loans. The total amount of loans  
5       issued for critical access hospitals may not exceed thirty-five million dollars. The Bank  
6       shall consider the applicant's ability to repay the loan when processing the application  
7       and shall issue loans only to applicants that provide reasonable assurance of sufficient  
8       future income to repay the loan. The Bank may adopt rulespolicies establishing  
9       priorities for issuance of loans, setting additional qualifications for applicants, and  
10       establishing timelines addressing when a participating political subdivision may be  
11       required to make loan draws and the consequences of not meeting these timelines,  
12       and setting other guidelines relating to the loan program under this section.
- 13       4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest  
14       and principal paid under loans made from the infrastructure revolving loan fund. The  
15       Bank may use a portion of the interest paid on the outstanding loans as a servicing fee  
16       to pay for administrative costs which may not exceed one-half of one percent of the  
17       amount of the interest payment. All moneys transferred to the fund, interest upon  
18       moneys in the fund, and payments to the fund of principal and interest are  
19       appropriated to the Bank on a continuing basis for administrative costs and for loan  
20       disbursement according to this section.
- 21       5. The Bank may adopt rulespolicies and establish guidelines to supplement and  
22       leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may  
23       adopt rulespolicies allowing participation by local financial institutions.

24       (Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing  
25       appropriation.

- 26       1. The infrastructure revolving loan fund is a special fund in the state treasury from which  
27       the Bank of North Dakota shall provide loans to political subdivisions for essential  
28       infrastructure projects. The Bank shall administer the infrastructure revolving loan  
29       fund. The maximum term of a loan made under this section is thirty years. A loan  
30       made from the fund under this section must have an interest rate that does not exceed  
31       one and one-half percent per year.

1       2. The Bank shall establish priorities for making loans from the infrastructure revolving  
2       loan fund. Loan funds must be used to address the needs of the community by  
3       providing critical infrastructure funding. Except as expressly provided under this  
4       section, a political subdivision may not use infrastructure revolving loan funds for  
5       capital construction. In addition to eligible infrastructure needs established by the  
6       Bank, eligible infrastructure needs may include new water treatment plants; new  
7       wastewater treatment plants; new sewer lines and water lines; new conduit for  
8       telecommunications infrastructure; new construction and renovation of critical access  
9       hospitals; and new storm water and transportation infrastructure, including curb and  
10      gutter construction.

11      3. In processing political subdivision loan applications under this section, the Bank shall  
12      calculate the maximum loan amount for which a qualified applicant may qualify, not to  
13      exceed seven million dollars for an eligible critical access hospital loan and not to  
14      exceed fifteen million dollars each for all other eligible loans. The total amount of loans  
15      issued for critical access hospitals may not exceed thirty-five million dollars. The Bank  
16      shall consider the applicant's ability to repay the loan when processing the application  
17      and shall issue loans only to applicants that provide reasonable assurance of sufficient  
18      future income to repay the loan. The Bank may adopt policies establishing priorities for  
19      issuance of loans, setting additional qualifications for applicants, and establishing  
20      timelines addressing when a participating political subdivision may be required to  
21      make loan draws and the consequences of not meeting these timelines, and setting  
22      other guidelines relating to the loan program under this section.

23      4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest  
24      and principal paid under loans made from the infrastructure revolving loan fund. The  
25      Bank may use a portion of the interest paid on the outstanding loans as a servicing fee  
26      to pay for administrative costs which may not exceed one-half of one percent of the  
27      amount of the interest payment. All moneys transferred to the fund, interest upon  
28      moneys in the fund, and payments to the fund of principal and interest are  
29      appropriated to the Bank on a continuing basis for administrative costs and for loan  
30      disbursement according to this section.

5. The Bank may adopt policies and establish guidelines to supplement and leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies allowing participation by local financial institutions.

**SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER INFRASTRUCTURE REVOLVING LOAN FUND.** If a political subdivision receives funds distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund until July 1, 2017. However, this section does not apply to loans for critical access hospitals.

**SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION.** It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated with a critical access hospital issued from the medical facility infrastructure fund and the infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30, 2017, not exceed fifteen million dollars.

**SECTION 4. TRANSFER - BANK OF NORTH DAKOTA - INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30, 2017, the Bank of North Dakota shall transfer the sum of \$100,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the infrastructure revolving loan fund.

**SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30, 2017, the office of management and budget shall transfer the sum of ~~\$300,000,000~~\$50,000,000 from the strategic investment and improvements fund to the infrastructure revolving loan fund. The office of management and budget shall transfer the funds provided under this section to the infrastructure revolving loan fund as requested by the Bank of North Dakota.