

**SENATE BILL NO. 2232  
with House Amendments**

Fifty-eighth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2232**

Introduced by

Senators Epegard, Flakoll, Grindberg

Representative Nicholas

1 A BILL for an Act to amend and reenact section 54-17-25 of the North Dakota Century Code,  
2 relating to bonds of the student loan trust.

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

4 **SECTION 1. AMENDMENT.** Section 54-17-25 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **54-17-25. Bonds authorized - Establishment of secondary market program.**

7 Whenever the industrial commission decides that it is in the public interest to diminish the  
8 investment of state funds in United States government guaranteed or reinsured or North  
9 Dakota guaranteed student loans, that it will be difficult to divest the state of appreciable  
10 amounts of such loans by piecemeal offering to the investing and saving public, that business  
11 conditions are favorable to a state-sponsored program to consolidate state-held student loans,  
12 and to enlarge private participation in such loans, or that the public will otherwise benefit, the  
13 commission may by plenary resolution duly adopted in accordance with the provisions hereof  
14 authorize preparation, sale, and issuance of revenue bonds of North Dakota in such amounts  
15 and at such times and in such form, which may include the issuance of bonds the interest  
16 income on which is subject to federal income taxes, as the commission shall determine to be  
17 for the public good. The industrial commission may issue subordinate or residual bonds in a  
18 total principal amount not to exceed twenty-three million dollars plus costs of issuance and any  
19 reasonably required reserve whenever the industrial commission determines that it is  
20 appropriate or expedient to do so and the bonds may contain such terms and provisions as the  
21 commission may determine. The commission may refund and refinance the bonds from time to  
22 time as often as it is advantageous and in the public interest to do so. The bonds shall be a  
23 ~~paramount~~ charge upon a sufficient designated portion of the resources of the student loan  
24 trusts, subject only to necessary administrative expenses of the trusts duly appropriated out of

1 the interest earning resources thereof. The bonds may bear such rate or rates of interest as  
2 the commission may provide. The bonds must have all of the qualities and incidents of  
3 negotiable paper and are not subject to taxation by the state of North Dakota or by any county,  
4 municipality, or political subdivision therein. The bonds must be payable solely out of the  
5 separate resources generated respectively from collection of payments on and earnings and  
6 proceeds of United States government guaranteed or reinsured or North Dakota guaranteed  
7 student loans, and must respectively so recite. They are not indebtedness of the state of North  
8 Dakota or of any agency, board, department, or officer or agent thereof. Without limiting the  
9 foregoing, the commission may request the organization of a nonprofit corporation meeting the  
10 requirements of the Internal Revenue Code of 1954, as amended and redesignated as the  
11 Internal Revenue Code of 1986 [Pub. L. 99-54], and as it may be amended from time to time,  
12 and enter into one or more agreements with such corporation providing for the establishment of  
13 a secondary market program in the state of North Dakota for the acquisition by the corporation  
14 of such loans made pursuant to title IV, part B of the Higher Education Act of 1965 [Pub. L.  
15 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; 20 U.S.C. 1001 et seq.], as amended  
16 through December 31, 1996, as the commission shall, in its discretion, deem advisable.