

HOUSE BILL NO. 1266

Introduced by

Representatives Klemin, Mueller

Senators Cook, Krebsbach

1 A BILL for an Act to amend and reenact subsection 2 of section 40-57-02, subsection 11 of
2 section 40-57-03, sections 40-57-04, 40-57-05, 40-57-07, and 40-57-14, and subsection 1 of
3 section 40-57-19.1 of the North Dakota Century Code, relating to municipal industrial
4 development bonds.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 40-57-02 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 2. "Project" means any real property, buildings, and improvements on real property or
9 the buildings thereon, and any equipment located on ~~such~~ the real property or in
10 ~~such~~ the buildings, or elsewhere, or personal property, including working capital,
11 which is used or useful in connection with a revenue-producing enterprise, or any
12 combination of two or more ~~such~~ revenue-producing enterprises, engaged or to be
13 engaged in:
- 14 a. Assembling, fabricating, manufacturing, mixing, or processing of any
15 agricultural, mineral, or manufactured products, or any combination thereof.
 - 16 b. Storing, warehousing, distributing, or selling any products of agriculture,
17 mining, or manufacture.
 - 18 c. Providing hospital, nursing home, or other health care facilities and service.
 - 19 d. Improvements or equipment used or to be used for the abatement or control
20 of environmental pollution in connection with any new or existing
21 revenue-producing enterprise.
 - 22 e. Public career and technical education.
 - 23 f. Any other industry or business not prohibited by the constitution or laws of the
24 state of North Dakota.

1 In no event, however, does the term "project" include those undertakings defined in
2 chapter 40-35, with the exception of projects referred to in this subsection.

3 **SECTION 2. AMENDMENT.** Subsection 11 of section 40-57-03 of the North Dakota
4 Century Code is amended and reenacted as follows:

5 11. Issue ~~said~~ revenue bonds to refund, in whole or in part, bonds previously issued by
6 ~~such municipality~~ under ~~authority~~ of this chapter.

7 **SECTION 3. AMENDMENT.** Section 40-57-04 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **40-57-04. Resolution authorizing project and the issuance of revenue bonds -**
10 **Public notice and hearing - No election required.** The acquisition, construction,
11 reconstruction, improvement, betterment, extension, or financing of any project, and the issue
12 of bonds in anticipation of the collection of the revenues of ~~such~~ the project to provide funds to
13 pay for the cost ~~thereof~~ of the project, may be authorized by an ordinance or resolution of the
14 governing body adopted at a regular or special meeting ~~thereof~~ of the governing body by the
15 affirmative vote of a majority of its members. ~~Prior to~~ Before the issuance of revenue bonds
16 under ~~authority~~ of this chapter, the governing body shall give notice and hold a public hearing
17 on the proposed bond issue. Notice of the hearing ~~shall~~ must be published in the official
18 newspaper of the municipality once a week for two successive weeks ~~prior to~~ before the time
19 set for the hearing. The notice ~~shall~~ must specify the time and place of the hearing, and the
20 amount and purpose of the proposed bond issue. The governing body ~~shall~~ may not approve
21 the bond issue unless it appears, after the public hearing, that ~~such~~ approval is in the public
22 interest of the municipality. Except as provided in section 40-57-19, no election ~~shall be~~ is
23 required to authorize the use of any of the powers conferred by this chapter. No public hearing
24 is required ~~prior to~~ before the issuance of refunding bonds issued ~~pursuant to~~ under section
25 40-57-19.1.

26 **SECTION 4. AMENDMENT.** Section 40-57-05 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 ~~**40-57-05. Notice to securities commissioner— Approval of public officer not**~~
29 ~~**required.**~~ ~~Upon the issuance of bonds under this chapter, the contracting party shall furnish~~
30 ~~the state securities commissioner the following information concerning the project:~~

31 ~~1. The name of the contracting party.~~

- 1 ~~2.~~ The location and nature of the project.
- 2 ~~3.~~ The amount and nature of the bonds issued.
- 3 ~~4.~~ The general terms and nature of the financing arrangement.
- 4 ~~5.~~ A copy of the official statement of the offering, if one was prepared.

5 The consent of any governmental body or public officer of the state ~~shall~~ is not be required to
6 authorize the issuance or sale of bonds or the making of any mortgage in connection therewith.

7 **SECTION 5. AMENDMENT.** Section 40-57-07 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **40-57-07. Cost of project - How determined.** In determining the cost of a project, the
10 governing body may include all costs and estimated costs of the issuance of the revenue
11 bonds; all engineering, inspection, fiscal, and legal expenses; any bond reserves and the
12 interest that it is estimated will accrue during the construction period and for six months
13 thereafter on money borrowed or which it is estimated will be borrowed ~~pursuant to~~ under this
14 chapter; and ~~with respect to any hospital, nursing home, or other health care facilities~~
15 ~~comprising a project~~, the cost of retiring any existing indebtedness ~~in connection with the~~
16 ~~project which~~ that the governing body of the municipality determines to be necessary or
17 desirable and in furtherance of the public health or welfare, regardless of ~~or not such~~
18 the existing indebtedness constitutes all or a portion of the cost being financed by the issuance
19 of the bonds.

20 **SECTION 6. AMENDMENT.** Section 40-57-14 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **40-57-14. Covenants that may be inserted in ordinance or resolution authorizing**
23 **bonds.**

- 24 ~~1.~~ Any ordinance or resolution authorizing the issuance of bonds under this chapter to
25 finance, in whole or in part, the cost of any project may contain covenants,
26 notwithstanding that ~~such~~ the covenants may limit the exercise of powers
27 conferred by this chapter, as to:
 - 28 ~~1.~~ a. The rents or payments to be charged with respect to the project.
 - 29 ~~2.~~ b. The use and disposition of the revenues of ~~said~~ the projects.
 - 30 ~~3.~~ c. The creation and maintenance of sinking funds and the regulation, use, and
31 disposition thereof.

