

**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; and to provide an exemption.

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 total~~  
17 ~~loan. The maximum dollar amount of a loan guaranteed under this section may not~~  
18 ~~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 1. OIL REFINERY INCENTIVE GRANT PROGRAM - DEPARTMENT OF**  
16 **COMMERCE.**

- 17 1. During the 2011-13 biennium, the department of commerce shall establish and  
18 administer a program to provide a matching grant to a qualified applicant for the  
19 purpose of assisting the applicant with the costs associated with the oil refinery  
20 permitting process for a new oil refinery.
- 21 2. In order to qualify for a grant under this section, an applicant:
- 22 a. Must have completed a feasibility analysis and have a viable business plan;
  - 23 b. Must have the necessary expertise to pursue the project;
  - 24 c. Shall establish the proposed project would have a positive impact on the state,  
25 with an anticipated minimum capacity of twenty thousand barrels per day;
  - 26 d. Shall establish the availability of one dollar of nonstate, cash matching funds for  
27 each one dollar of state funds available under this program;
  - 28 e. Shall meet the requirements established by the department of commerce;
  - 29 f. Shall agree to postaward monitoring by the department of commerce; and
  - 30 g. Shall agree to the department of commerce's terms relating to ownership of  
31 information if the permitting process is not successful.

- 1        3. A grant under this program may not exceed five million dollars.
- 2        4. A qualified applicant shall begin the permitting process no later than six months
- 3            following the grant approval.
- 4        5. The department of commerce shall distribute awarded grant funds on a
- 5            reimbursement basis. As a term of distribution of funds under this section, the qualified
- 6            applicant shall provide the department of commerce with any documentation required
- 7            by the department.

8        **SECTION 2. CONTINGENT APPROPRIATION - EXEMPTION.** Subject to the department  
9 of commerce certifying to the office of management and budget that an oil refinery incentive  
10 grant recipient has qualified for a grant, there is appropriated out of any moneys in the  
11 permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of  
12 \$5,000,000, or so much of the sum as may be necessary, to the department of commerce for  
13 the purpose of providing an oil refinery incentive grant in accordance with the provisions of  
14 section 1 of this Act, for the biennium beginning July 1, 2011, and ending June 30, 2013. The  
15 amount appropriated under this section is not subject to section 54-44.1-11.