

**SECOND ENGROSSMENT
with Conference Committee Amendments
REENGROSSED SENATE BILL NO. 2187**

Introduced by

Senators J. Lee, Bowman, Mathern

Representatives Kempenich, J. Nelson, Holman

1 A BILL for an Act to create and enact section 6-09-47 of the North Dakota Century Code,
2 relating to a Bank of North Dakota medical facility infrastructure loan program; to provide for a
3 report; to provide for a transfer; to provide a contingent appropriation; to provide a continuing
4 appropriation; to provide an effective date; and to provide an expiration date.

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

6 **SECTION 1.** Section 6-09-47 of the North Dakota Century Code is created and enacted as
7 follows:

8 **6-09-47. (Effective through July 31, 2017) Medical facility infrastructure loan program**
9 **- Continuing appropriation - Audit and costs of administration.**

10 1. The Bank of North Dakota shall administer a loan program to provide loans to medical
11 facilities to conduct construction that improves the health care infrastructure in the
12 state or improves access to existing nonprofit health care providers in the state. The
13 construction project may include land purchases and may include purchase, lease,
14 erection, or improvement of any structure or facility to the extent the governing board
15 of the health care facility has the authority to authorize such activity.

16 2. In order to be eligible under this loan program, the applicant must be the governing
17 board of the health care facility which shall submit an application to the Bank. The
18 application must:

- 19 a. Detail the proposed construction project, which must be a project of at least one
20 million dollars and which is expected to be utilized for at least thirty years;
- 21 b. Demonstrate the need and long-term viability of the construction project; and
- 22 c. Include financial information as the Bank may determine appropriate to determine
23 eligibility, such as whether there are alternative financing methods.

- 1 3. The governor shall establish a task force to review loan applications under this section
2 and to make recommendations to the Bank on the loan applications. The task force
3 must include representation of medical providers and medical facilities from the
4 oil-producing counties in the state. The task force shall work with the Bank to establish
5 criteria for eligibility for a loan under the program. The criteria established by the task
6 force and the Bank must give priority to applicants that are located in oil-producing
7 counties.
- 8 4. A loan provided under this section:
- 9 a. May not exceed the lesser of fifteen million dollars or seventy-five percent of the
10 actual cost of the project;
- 11 b. Must have an interest rate equal to one percent; and
- 12 c. Must provide a repayment schedule of no longer than twenty-five years.
- 13 5. A recipient of a loan under this section shall complete the financed construction project
14 within twenty-four months of approval of the loan. Failure to comply with this
15 subsection may result in forfeiture of the entire loan received under this section.
- 16 6. The medical facility infrastructure fund is a special fund in the state treasury. All
17 moneys in the medical facility infrastructure fund are appropriated to the Bank on a
18 continuing basis for the purpose of providing loans under this section.
- 19 7. Funds in the medical facility infrastructure fund may be used for loans as provided
20 under this section and to pay the costs of administration of the fund. Annually, the
21 Bank may deduct a service fee for administering the medical facility infrastructure fund
22 maintained under this section.
- 23 8. The medical facility infrastructure fund must be audited in accordance with section
24 6-09-29. The cost of the audit and any other actual costs incurred by the Bank on
25 behalf of the fund must be paid from the fund.
- 26 9. The Bank shall deposit loan repayment funds in the medical facility infrastructure fund.
27 After deduction of fees and costs as provided in this section, the Bank shall make an
28 annual transfer of repayment funds deposited in the medical facility infrastructure fund
29 to the state treasurer for deposit in the strategic investment and improvements fund.

30 **(Effective August 1, 2017, through July 31, 2043) Medical facility infrastructure loan**
31 **program - Continuing appropriation - Audit and costs of administration.**

- 1 1. The Bank of North Dakota shall service loans made under the medical facility
2 infrastructure loan program. The repayment schedule of these loans may not exceed
3 twenty-five years.
- 4 2. Funds in the medical facility infrastructure fund may be used for loans as provided
5 under this section and to pay the costs of administration of the fund. Annually, the
6 Bank may deduct a service fee for administering the medical facility infrastructure fund
7 maintained under this section.
- 8 3. The medical facility infrastructure fund must be audited in accordance with section
9 6-09-29. The cost of the audit and any other actual costs incurred by the Bank on
10 behalf of the fund must be paid from the fund.
- 11 4. The Bank shall deposit loan repayment funds in the medical facility infrastructure fund.
12 After deduction of fees and costs as provided in this section, the Bank shall make an
13 annual transfer of repayment funds deposited in the medical facility infrastructure fund
14 to the state treasurer for deposit in the strategic investment and improvements fund.

15 **SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in
16 the strategic investment and improvements fund in the state treasury, not otherwise
17 appropriated, the sum of \$50,000,000, or so much of the sum as may be necessary, to the
18 medical facility infrastructure fund for use by the Bank of North Dakota to provide medical
19 facility infrastructure loans under section 1 of this Act, for the biennium beginning July 1, 2013,
20 and ending June 30, 2015. In addition, any amount authorized by the state board of university
21 and school lands under House Bill No. 1319, as enacted by the sixty-third legislative assembly,
22 after December 31, 2014, as uncommitted school construction loans shall be transferred to the
23 medical facility infrastructure fund and is appropriated for the purpose of loans by the Bank of
24 North Dakota to provide medical facility infrastructure loans under section 1 of this Act.

25 **SECTION 3. BALANCE TRANSFER.** The Bank of North Dakota shall transfer any balance
26 remaining in the medical facility infrastructure fund on July 31, 2017, to the state treasurer for
27 deposit in the strategic investment and improvements fund.

28 **SECTION 4. REPORT TO LEGISLATIVE ASSEMBLY.** The Bank of North Dakota shall
29 report to the sixty-fourth and sixty-fifth legislative assemblies on the status of the loan program
30 provided for in this Act.