

**HOUSE BILL NO. 1426**

Introduced by

Representatives Ruby, Becker, Bellew, Rohr, Thoreson

Senator Larsen

1 A BILL ~~for an Act to amend and reenact section 57-51.1-07 of the North Dakota Century Code,~~  
 2 ~~relating to allocation of the oil extraction tax development fund; and to provide an effective-~~  
 3 ~~date.~~ for an Act to create and enact a new section to chapter 6-09 and a new section to chapter  
 4 6-09.4 of the North Dakota Century Code, relating to a credit enhancement program for political  
 5 subdivision infrastructure funding; and to provide an appropriation.

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

7 ~~— **SECTION 1. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is-~~  
 8 ~~amended and reenacted as follows:~~

9 ~~— **57-51.1-07. Allocation of moneys in oil extraction tax development fund.**~~

10 ~~— Moneys deposited in the oil extraction tax development fund must be transferred monthly by-~~  
 11 ~~the state treasurer as follows:~~

12 ~~— 1. — Twenty~~Thirty~~ five percent must be allocated and credited to the a sinking fund-~~  
 13 ~~established for payment of the state of North Dakota water development bonds,~~  
 14 ~~southwest pipeline series, and any moneys in excess of the sum necessary to~~  
 15 ~~maintain the accounts within the sinking fund and for the payment of principal and~~  
 16 ~~interest on the bonds must be credited to a special trust fund, to be known as the~~  
 17 ~~resources trust fund. The resources trust fund must be established in the state~~  
 18 ~~treasury and the funds therein must be deposited and invested as are other state~~  
 19 ~~funds to earn the maximum amount permitted by law which income must be deposited~~  
 20 ~~in the resources trust fund. The principal and income of the resources trust fund may~~  
 21 ~~be expended only pursuant to legislative appropriation and are available to~~ for the  
 22 purpose of:

23 ~~— a. — The state water commission for planning for and construction of water-related~~  
 24 ~~projects, including rural water systems. These water-related projects must be~~

1           ~~those which the state water commission has the authority to undertake and~~  
2           ~~construct pursuant to chapter 61-02~~~~Making payments of principal and interest on~~  
3           ~~development bonds issued for funding of long-term public infrastructure; and~~

4           ~~b. The industrial commission for the funding of programs for development of energy~~  
5           ~~conservation and renewable energy sources; for studies for development of~~  
6           ~~cogeneration systems that increase the capacity of a system to produce more-~~  
7           ~~than one kind of energy from the same fuel; for studies for development of waste-~~  
8           ~~products utilization; and for the making of grants and loans in connection~~  
9           ~~therewith~~~~Issuance of bonds payable from funds in the resources trust fund, which~~  
10           ~~have not been committed to payments of principal and interest on bonds under~~  
11           ~~subdivision a, for long-term public infrastructure development bonds for North-~~  
12           ~~Dakota; and~~

13           ~~c. Any amount in the fund not obligated for payment of principal and interest under~~  
14           ~~subdivision a or b may be expended as directed by the legislative assembly.~~

15           ~~2. Twenty percent must be allocated to the common schools trust fund and foundation~~  
16           ~~aid stabilization fund as provided in section 24 of article X of the Constitution of North~~  
17           ~~Dakota.~~

18           ~~3. Thirty percent must be allocated to the legacy fund as provided in section 26 of~~  
19           ~~article X of the Constitution of North Dakota.~~

20           ~~4. ThirtyFifteen percent must be allocated and credited to the state's general fund.~~

21           ~~**SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after~~  
22           ~~July 31, 2013.~~

23           **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created  
24           and enacted as follows:

25           **Political subdivision infrastructure enhancement program loans - Participation by the**  
26           **Bank of North Dakota.**

27           1. The Bank of North Dakota shall make available up to one hundred million dollars to  
28           purchase participation interests in loans to political subdivisions for infrastructure  
29           enhancement projects. Interest charged on a participation interest purchased by the  
30           Bank under this section may be set by the Bank, as it may be established from time to

1 time. The Bank may charge necessary and reasonable fees as determined by the  
2 industrial commission.

3 2. The amount of a participation interest purchased by the Bank under this section may  
4 not be greater than sixty-five percent of the loan amount or an amount determined by  
5 the Bank, whichever is less.

6 3. For purposes of this section, "political subdivision" means any county or a city with a  
7 population not exceeding ten thousand.

8 **SECTION 2.** A new section to chapter 6-09.4 of the North Dakota Century Code is created  
9 and enacted as follows:

10 **Infrastructure improvement credit enhancement for political subdivisions.**

11 1. If the public finance authority or a paying agent notifies the director of the office of  
12 management and budget, in writing, that a political subdivision has failed to pay when  
13 due the principal or interest on any evidences of indebtedness issued for infrastructure  
14 improvements issued by the political subdivision after July 31, 2013, or that the public  
15 finance authority, political subdivision, or the paying agent has reason to believe a  
16 political subdivision will not be able to make a full payment of the principal and interest  
17 when the payment is due, the director of the office of management and budget shall  
18 authorize a draw from funds in the strategic investment and improvements fund until  
19 the payment of the principal or interest has been made to the public finance authority  
20 or the paying agent, or until the public finance authority or the paying agent notifies the  
21 director of the office of management and budget that arrangements satisfactory to the  
22 public finance authority or the paying agent have been made for the payment of the  
23 principal and interest then due and owing. The notification must include information  
24 required by the director of the office of management and budget. State funds available  
25 to a political subdivision under any provision of law are subject to withholding under  
26 this section to repay funds drawn from the strategic investment and improvements  
27 fund under this section if the withholding is authorized by resolution of the governing  
28 body of the political subdivision. The director of the office of management and budget  
29 may not authorize a draw that would bring the amount drawn from the strategic  
30 investment and improvements fund to more than twenty-five million dollars under this  
31 section.

1 2. The director of the office of management and budget shall make available any funds  
2 drawn from the strategic investment and improvements fund under subsection 1 to the  
3 public finance authority or the paying agent. The public finance authority or the paying  
4 agent shall apply the funds to payments that the political subdivision is required to  
5 make to the public finance authority or the paying agent.

6 3. If funds are received by the political subdivision during the fiscal year and are  
7 deposited in the political subdivision's sinking fund established in accordance with  
8 section 21-03-42, the political subdivision, with the consent of the public finance  
9 authority or the paying agent, may withdraw from its sinking fund an amount to apply  
10 against the repayment of the amount drawn from the strategic investment and  
11 improvements fund and made available to the public finance authority or a paying  
12 agent under this section.

13 4. The director of the office of management and budget shall develop detailed  
14 procedures for political subdivisions to notify the director of the office of management  
15 and budget that they have obligated themselves to be bound by the provisions of this  
16 section; procedures for political subdivisions, paying agents, and the public finance  
17 authority to notify the director of the office of management and budget of potential  
18 defaults and to request payment under this section; and procedures for the state to  
19 expedite payments to prevent defaults.

20 5. For purposes of this section, "political subdivision" means any county or a city with a  
21 population not exceeding ten thousand.

22 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the strategic  
23 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of  
24 \$25,000,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the  
25 purpose of participation loans under section 1 of this Act, for the biennium beginning July 1,  
26 2013, and ending June 30, 2015.

27 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the strategic  
28 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of  
29 \$25,000,000, or so much of the sum as may be necessary, to the office of management and  
30 budget for the purpose of infrastructure improvement credit enhancement for political

1 subdivisions under section 2 of this Act, for the biennium beginning July 1, 2013, and ending  
2 June 30, 2015.