

February 2, 2021  
Todd Steinwand, Chief Business Development Officer  
Bank of North Dakota  
Testimony on HB1425  
House Appropriations Committee

Position: Support

Mr. Chairman and members of the Appropriations Committee, I am Todd Steinwand, Chief Business Development Officer for the Bank of North Dakota. I am testifying in support of HB1425 because of the positive impact it could provide to economic development and infrastructure projects in North Dakota.

As we look forward, North Dakota is reaching an interesting flex point. For years, discussions in the state have centered on the need to diversify the economy and enhance the oil and soil components with value added projects and companies. BND anticipates in the next three to five years, several large scale projects will begin development building on the economic diversification of the state. While bound by confidentiality agreements, BND is in discussion with companies for Match loans that could exceed \$400,000,000.

One question asked of the Match program is that while \$400 million is committed, only \$50m or \$100m is actually out in loans. I want to make a couple of points on this issue.

1. The size and scale of the projects under discussion will exceed \$2 billion dollars. These projects take not just months, but years to develop to the point of execution. While the funding may not go out immediately, it is essential to commit to these companies as they compose their financing models.
2. The Match program is a program specifically targeted to large-scale, economic diversification projects being driven by investment rated companies. The intent is to provide such companies with a loan that is comparable to corporate bonds, without the cost of issuance of fees.

I want to take a moment to address the Bank of North Dakota Infrastructure Revolving Loan Fund identified to receive up to 40% of the 10% for fixed income investments. The BND IRLF was created by the Legislature in the 2015 session. While it was initially utilized for infrastructure investments in Western North Dakota, today, the fund is used by communities across the state.

Today, the fund is just over \$175,000,000 providing loans up to \$15,000,000 for up to 30-years with an interest rate of 2%. The political subdivisions utilizing the program can speak to the impact on their communities. However, from a policy standpoint, there are a couple of recommendations to be brought forward this session with an expectation they will be addressed in SB2014.

1. While effective, the existing definition of essential projects is very narrow and limited to water, sewer and street improvement projects. During the interim, there was discussion and consensus to seek an amendment to match the definitions for the BND IRLF to the definitions in Operation Prairie Dog. This will enable a broader scope of political subdivisions to utilize the fund.
2. Second is to look at the current cap of \$15,000,000 in the BND IRLF. This is currently considered a lifetime cap and once reached, a community is disqualified from further loans. Seeking to increase total loan amount and removing the lifetime cap will enable more projects to be funded and assist in the "revolving" portion of the loan fund.

Thank you for the chance to present testimony today on HB1425 which BND Supports. I am happy to take any questions.