HB 1116
Senate Finance and Taxation Committee
March 22, 2021

Madam Chair and members of the Committee:

My name is Scott Wegner. I am a member of the law firm of Arntson Stewart Wegner PC (701.255.1008 / *swegner@aswbondlaw.com*). We serve as bond counsel to political subdivisions.

Counties have the following borrowing options:

A. General Obligation Bond (60% voter approval) (Sec. 21-03-06)
B. Limited GO Bond (subject to taxpayer protest; corrections / parks) (Sec. 21-03-07)
C. Limited Tax Bond (commission approval for primary governmental functions) (Chap. 57-47)
D. Certificate of Indebtedness (uncollected taxes; state & federal distributions) (Chap. 21-02)
E. Special Assessments (water, sewer, streets, flood control) (Sec. 11-11-55.1)
F. Lease Financing (acquire by lease; subject to annual appropriation) (Sec. 11-11-14(20))
G. Home Rule (sales tax) (Chap. 11-09.1)

HB 1116 enhances options A., B. & C. so counties can access the bond market / loan programs for road & bridge projects within existing levy limitations. (*no new or increased tax levy*).

Section 1
Allows Limited GO Bonds (B.) for the purposes listed in the Capital Projects Levy (10 mills, 20 with vote) (57-15-06.6), and also permits borrowing against the County Road & Bridge Levy (10 mills, 30 with vote) (57-15-06.7(5)). Currently limited to correction centers and parks & recreation facilities.

Sections 2 and 3
7 political subdivisions are authorized to issue General Obligation Bonds. The maximum term is 20 years. HB 1116 amends Chapter 21-03 to provide for a maturity of up to 30 years. There are multiple reasons why it may be advantageous to finance for a longer term.

NDCC Bond Maturity:

● Higher Education –	50 years
● MIDA –	40 years
● Revenue –	40 years
● Housing Authority (GO) –	35 years
● State GO –	30 years
● Special Assessment (GO) –	30 years
● General Obligation –	20 years

Section 4
Adds road projects as a permitted use of the Capital Projects Levy (57-15-06.6).

Section 5
Extends the maximum maturity of limited tax bonds (C.) from 5 years to 20 years. Chap 57-47 permits county borrowing for primary govt functions. In 2015 the Legislature repealed the tax levy associated with this borrowing option. Counties must now pledge existing mills from the general fund. Accordingly, the borrowing term needs to be longer to reduce the impact on the general fund.