

March 14, 2021

Todd Steinwand, Chief Business Development Officer
Testimony on House Bill 1187
Senate Industry Business and Labor Committee

Chairman Klein and members of the Committee, I am Todd Steinwand, Chief Business Development Officer here today representing Bank of North Dakota in support of HB1187. The proposal to create a Rebuilders Permanent Loan Fund builds on and adds capacity for Bank of North Dakota to respond to unforeseen events. This concept was first discussed at the end of last session when the Yellowstone Flooding occurred but there was not sufficient time to develop this proposal.

Over the last 100-years, Bank of North Dakota has provided the state a unique tool when responding to natural disasters and unforeseen economic difficulty. From paying teachers in the depression of the 1930's to holding farms and renting it back to the landowners in the 1940's. Bank of North Dakota was called on to assist in the economic recovery after the Grand Forks flood, the flooding in central North Dakota in 2011 and agriculture difficulties of the last decade.

More recently, BND worked with the Emergency Commission and Budget Section to deliver Covid-19 economic recovery programs. In 2020, BND delivered 2,288 loans and distributions through it's various CV19 and agriculture disaster programs. Through this process, BND added \$404 million in disaster loans to its balance sheet. A key component of delivering these loans was the utilization of \$70 million dollars in federal CARE's Act funding to support interest rate buydown programs.

Another \$50 million dollars was utilized from Bank of North Dakota capital for the Small Employer Loan Fund (SELF). In coordinating with the Industrial Commission, BND moved this loan fund off it's balance sheet and created a revolving loan fund to provide 1% loans, up to \$50,000, for 10-years. In this program, BND delivered 900 loans using \$30.4 million in funding.

As proposed in HB1187, the SELF Loan program funding is transferred into the Permanent Rebuilders Loan Fund. This provides a base of \$30.4 million in loans that will repay over the next 10-years. In addition, the remaining \$19.6 million of BND capital dedicated to the program would be infused as needed providing liquidity to respond to disasters.

The Rebuilders Loan Program in NDCC 6-09-46 was created to provide low-interest loans to North Dakota residents affected by the floods in 2011. SB2371 in the 2011 Legislature provided for a transfer of \$30 million from BND profits and \$20 million from the state's general fund. The structure provided for BND to receive repayment of its \$30 million in loans first.

- As of 12/31/20, BND’s portion of the outstanding loans in the Rebuilders loan program is \$4,985,666. It is anticipated BND’s repayment will conclude in September of 2022.
- As introduced, HB1187 proposed to transfer the existing Rebuilders program loans and divert future General Fund repayments of \$15 million into the Rebuilders Permanent Loan Fund. This provision was removed by the House.

By making these loan transfers and directing repayments, a revolving loan fund is established facilitating the creation of loan programs to respond to disasters in the state. Bank of North Dakota supports HB1187 as it enables a timely response with dedicated funding and asks for your support of this proposal.

