

SB2008  
Senate Appropriations  
Government Operations Division  
January 19, 2023  
Todd Steinwand, President and CEO  
Bank of North Dakota

Mr. Chairman and members of the committee. My name is Todd Steinwand and I am the President of the Bank of North Dakota. I am here to ask your consideration of an amendment to move the \$900,000 in reserve funding for a potential rail case from the Beginning Farmer Revolving Loan fund to a line of credit at BND. For over a decade, the legislature has provided this appropriation to ensure funding should a rate case occur.

Appropriating funding as a reserve from the Beginning Farmer loan fund made sense in the past based on program demand. However, last session, the legislature changed the interest rate buydown period enabling loans to be financed for up to 10-years. The result, as intended, created demand for the program increasing the number of loans requested to 122 in 2022 as compared to 89 loans in 2021.

For the 2021-2023 biennium the legislature appropriated a total of \$8 million for this program from BND's earnings. In addition, the fund had an additional \$3 million in cash remaining in the fund that BND was authorized to utilize. As of today, all the funds except for the \$900,000 are expended.

Based on current circumstances, BND does recommend a line of credit as a more appropriate financing mechanism for the PSC. The bank did approach the PSC and requested this change as the demand for the Beginning Farmer Revolving Loan fund has increased significantly these past 2 years.

Thank you for consideration of this amendment and I'm please to stand for any questions.

Proposed Amendment --SB2008

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Delete lines 8 to 16.

Amend and reenact with a new section 3.

**SECTION 3. Bank of North Dakota – Line of credit.**

The Bank of North Dakota shall extend a line of credit to the public service commission to provide funding to pay costs associated with a rail rate complaint case. The line of credit may not exceed \$900,000, and the interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. The public service commission shall repay the line of credit from amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail complaint case. If the moneys available on June 30, 2025, are not sufficient to repay the line of credit, the public service commission shall request from the legislative assembly a deficiency appropriation to repay the line of credit.