

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1537

Introduced by

Representatives O'Brien, Bahl, Ista, Sanford, Satrom

Senators Barta, Meyer, Patten, Conley

1 A BILL for an Act to amend and reenact section 6-09.4-22 of the North Dakota Century Code,
2 relating to service agreement protection of service during the term of the loan.

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

4 **SECTION 1. AMENDMENT.** Section 6-09.4-22 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-09.4-22. Protection of service during term of loan.**

7 1. The service provided or made available by a political subdivision through the
8 construction or acquisition of an improvement, or the revenues therefrom, financed in
9 whole or in part with a loan to the political subdivision from the public finance authority
10 or any other state agency or enterprise, may not be curtailed or limited by inclusion of
11 all or any part of the area served by the political subdivision within the boundaries of
12 any other political subdivision, or by the granting of any private franchise for similar
13 service within the area served by the political subdivision, during the term of the loan.

14 The political subdivision providing the service may not be required to obtain or secure
15 any franchise, license, or permit as a condition of continuing to serve the area if it is
16 included within the boundaries of another political subdivision during the term of the
17 loan.

18 2. Under the circumstances described in subsection 1, nothing prevents the two political
19 subdivisions, with the public finance authority or other state agency or enterprise, from
20 negotiating an agreement for the right or obligation to provide the service in question,
21 provided that any agreement is invalid and unenforceable unless the public finance
22 authority or other state agency or enterprise is a party to the agreement and unless

1 the agreement contains adequate safeguards to ensure the security and timely
2 payment of any outstanding bonds of the public finance authority issued to fund the
3 loan.

4 3. An agreement made before January 1, 2025, and in violation of subsection 2 is
5 voidable only at the option of the public finance authority or other state agency or
6 enterprise upon thirty days written notice from the public finance authority or other
7 state agency or enterprise to the parties of the agreement. This subsection does not
8 apply to litigation commenced before January 1, 2025.