

**FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1623**

Introduced by

Legislative Management

(Joint Appropriations Committee)

1 A BILL for an Act to provide an appropriation to the department of health and human services  
2 for federal rural health transformation program grant funds; to provide an appropriation to the  
3 Bank of North Dakota to administer a loan program; to provide for a transfer; to amend and  
4 reenact section 6-09-47 of the North Dakota Century Code, relating to a rural health loan  
5 program under the medical facility infrastructure loan fund; to provide an exemption; to provide  
6 for a legislative management report; to provide for application; to provide a report; and to  
7 provide an effective date.

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

9 **SECTION 1. APPROPRIATION - DEPARTMENT OF HEALTH AND HUMAN SERVICES -**  
10 **FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM.** There is appropriated from  
11 other funds derived from federal funds, not otherwise appropriated, the sum of \$397,873,940, or  
12 so much of the sum as may be necessary, to the department of health and human services for  
13 the federal rural health transformation program, for the period beginning with the effective date  
14 of this Act and ending June 30, 2027.

15 **SECTION 2. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,  
16 the director of the office of management and budget shall transfer funds between section 1 of  
17 this Act and subdivisions 1, 2, 3, 4, 5, and 6 of section 1 of House Bill No. 1012, as approved by  
18 the sixty-ninth legislative assembly, as requested by the department of health and human  
19 services. Any transfers from section 1 of this Act to the salaries and wages block grant line item  
20 in subdivision 1 of section 1 of House Bill No. 1012, as approved by the sixty-ninth legislative  
21 assembly, are not subject to the transfer limitation provisions in section 4 of House Bill

No. 1012. The department of health and human services shall notify the legislative council of any transfer made pursuant to this section.

**SECTION 3. APPROPRIATION - BANK OF NORTH DAKOTA - FULL-TIME EQUIVALENT POSITIONS.** There is appropriated out of any moneys in the Bank of North Dakota operating fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of administering a rural health loan program for the period beginning with the effective date of this Act and ending June 30, 2027. The Bank is authorized four full-time equivalent positions to administer the rural health loan program.

**SECTION 4. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO MEDICAL FACILITY INFRASTRUCTURE LOAN FUND.** The Bank of North Dakota shall transfer up to \$40,000,000 from the Bank's current earnings and undivided profits to the medical facility infrastructure loan fund during the period beginning with the effective date of this Act and ending June 30, 2027. Funding transferred under this section may be used only for the rural health loan program.

**SECTION 5. EXEMPTION - CONTINGENT AUTHORIZATION TO INCREASE APPROPRIATION AUTHORITY.** If the department of health and human services awards federal rural health transformation program funds appropriated in section 1 of this Act to another state agency or institution, notwithstanding any other provision of law, the office of management and budget may adjust the state agency or institution's federal funds appropriation authority by the amount of the award during the period beginning with the effective date of this Act and ending June 30, 2027. The office of management and budget shall notify the legislative council of any appropriation adjustments made pursuant to this section.

**SECTION 6. AMENDMENT.** Section 6-09-47 of the North Dakota Century Code is amended and reenacted as follows:

**6-09-47. Medical facility infrastructure loan fund - Medical facility infrastructure loan program - Rural health loan program - Continuing appropriation - Audit and costs of administration.**

1. The Bank of North Dakota shall administer a medical facility infrastructure loan program to provide loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health

care providers in the state. The construction project may include land purchases and may include purchase, lease, erection, or improvement of any structure or facility to the extent the governing board of the health care facility has the authority to authorize such activity.

2. In order to be eligible under ~~this~~ the medical facility infrastructure loan program, the applicant must be the governing board of the health care facility which shall submit an application to the Bank. The application must:
  - a. Detail the proposed construction project, which must be a project of at least one million dollars and which is expected to be utilized for at least thirty years;
  - b. Demonstrate the need and long-term viability of the construction project; and
  - c. Include financial information as the Bank may determine appropriate to determine eligibility, such as whether there are alternative financing methods.
3. A medical facility infrastructure loan provided under this section:
  - a. May not exceed the lesser of fifteen million dollars or seventy-five percent of the actual cost of the project;
  - b. Must have an interest rate equal to two percent; and
  - c. Must provide a repayment schedule of no longer than twenty-five years.
4. A recipient of a medical facility infrastructure loan under this section shall complete the financed construction project within twenty-four months of approval of the loan. Failure to comply with this subsection may result in forfeiture of the entire loan received under this section.
5. The Bank shall administer a rural health loan program to provide short-term gap financing to grant recipients under the federal rural health transformation program with approved projects and a demonstrated financial need.
  - a. To be eligible for a rural health loan under this subsection, the applicant:
    - (1) Must be approved for a grant by the department of health and human services and the centers for Medicare and Medicaid services, as applicable, under the federal rural health transformation program based on policies developed by the department of health and human services.
    - (2) Provide information as requested by the Bank, including information substantiating a demonstrated financial need and evidence of project

1 approval from the department of health and human services under the  
2 federal rural health transformation program.

3 b. A loan under this subsection must have:

4 (1) An annual interest rate that does not exceed two percent;

5 (2) A term that complies with the criteria established by the department of  
6 health and human services, in accordance with the federal rural health  
7 transformation program, and does not exceed three years.

8 c. From the repayment of loans under this subsection, the principal portion must be  
9 used to replenish the Bank's profits which were transferred to the fund for the  
10 loans under this program, and interest portion must be deposited in the fund.

11 6. The medical facility infrastructure loan fund is a special fund in the state treasury. This  
12 fund is a revolving fund. All moneys transferred into the medical facility infrastructure-  
13 fund, interest on moneys in the fund, and collections of principal and interest on loans  
14 from the fund are appropriated to the Bank on a continuing basis for the purpose of  
15 providing loans under this section.

16 6. Funds in the medical facility infrastructure

17 7. Moneys in the fund may be used for loans as provided under this section and to pay  
18 the costs of administration of the fund. Annually, the Bank may deduct a service fee for  
19 administering the medical facility infrastructure fund maintained under this section.

20 7.8. The medical facility infrastructure fund must be audited in accordance with section  
21 6-09-29. The cost of the audit and any other actual costs incurred by the Bank on  
22 behalf of the fund must be paid from the fund.

23 8.9. The Bank shall deposit medical facility infrastructure loan repayment funds repayments  
24 in the medical facility infrastructure fund.

25 **SECTION 7. APPLICATION - EXEMPTION - FEDERAL RURAL HEALTH**  
26 **TRANSFORMATION PROGRAM.**

27 1. Section 54-27-12 does not apply to the erection or improvement of any public building  
28 or structure or the purchase of real property utilizing funding appropriated in section 1  
29 of this Act.

30 2. Notwithstanding chapter 54-44.7, an agency or governing body may use the process  
31 outlined in section 37-10-03.6 for consultants in the areas of architecture, engineering,

1 construction management, land surveying, and related matters when using the funding  
2 appropriated in section 1 of this Act for public improvements to meet the requirements  
3 of section 48-01.2-02.

4 3. Equipment or supplies purchased by the state with the funding appropriated in  
5 section 1 of this Act may be transferred to other entities or individuals in accordance  
6 with the requirements of the federal rural health transformation program.

7 4. Notwithstanding subsection 7 of section 54-44.4-13, cooperative purchasing may be  
8 made available to entities eligible to receive funding appropriated in section 1 of this  
9 Act in accordance with the requirements of the federal rural health transformation  
10 program.

11 5. Section 32-12.2-15 does not apply to any routine or standardized products that contain  
12 adhesive contract terms in shrink wrap documents, third-party end user licenses, or  
13 click-through agreements that are not consistent with section 32-12.2-15 for purchases  
14 using funding appropriated in section 1 of this Act if the purchase involves training,  
15 training and testing materials, reference materials, access to online information, online  
16 services, memberships, licensure, conferences, or travel, and the purchase or use  
17 does not require the disclosure of confidential information or personally identifiable  
18 information as defined in chapter 51-30 and does not impact data or system security.  
19 For purposes of this section, "routine or standardized products" means products  
20 commercially available to the public.

21 **SECTION 8. GRANT RECIPIENT ACKNOWLEDGMENT AND REPORTING.** The funds  
22 appropriated in section 1 of this Act are limited duration federal funds allocated to the state  
23 through the federal rural health transformation program. The department of health and human  
24 services shall require grant recipients to acknowledge in any grant agreement that the funding  
25 awarded is from funding that will not continue beyond the duration of the federal rural health  
26 transformation program. The department may require grant recipients to submit process and  
27 outcome measures to the department for programs and services receiving funds appropriated in  
28 section 1 of this Act.

29 **SECTION 9. LEGISLATIVE MANAGEMENT REPORT.** During the remainder of the  
30 2025-26 interim, the department of health and human services shall provide periodic reports to  
31 the legislative management regarding the status of funding allocations, programs, outcomes,

1 and other requested information associated with the federal rural health transformation program  
2 grant.

3 **SECTION 10. EFFECTIVE DATE.** This Act becomes effective immediately upon its filing  
4 with the secretary of state.