

Sixty-ninth
Legislative Assembly
of North Dakota

FIRST ENROSSMENT

ENGROSSED SENATE BILL NO. 2403

Introduced by

Senator Schaible

Representatives Holle, Rohr

1 A BILL for an Act to amend and reenact section 6-09-47 of the North Dakota Century Code,
2 relating to a medical facility emergency operating loan program under the medical facility
3 infrastructure loan fund; to provide an appropriation; to provide a transfer; to provide an
4 effective date; and to provide an expiration date.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. AMENDMENT.** Section 6-09-47 of the North Dakota Century Code is amended
7 and reenacted as follows:

8 **6-09-47. Medical facility infrastructure loan fund - Medical facility infrastructure loan**
9 **program - Medical facility emergency operating loan program - Continuing appropriation**
10 **- Audit and costs of administration.**

11 1. The Bank of North Dakota shall administer a medical facility infrastructure loan
12 program to provide loans to medical facilities to conduct construction that improves the
13 health care infrastructure in the state or improves access to existing nonprofit health
14 care providers in the state. The construction project may include land purchases and
15 may include purchase, lease, erection, or improvement of any structure or facility to
16 the extent the governing board of the health care facility has the authority to authorize
17 such activity.

18 2. In order to be eligible under thisthe medical facility infrastructure loan program, the
19 applicant must be the governing board of the health care facility which shall submit an
20 application to the Bank. The application must:
21 a. Detail the proposed construction project, which must be a project of at least one
22 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 medical facility emergency operating loan program to provide emergency operating loans to local nonprofit hospitals located in cities with a population of fewer than two thousand five hundred according to the most recent decennial census.

- a. To be eligible for an emergency operating loan under this subsection, the governing board of a health care facility shall:
 - (1) Submit an application to the Bank by March 31, 2026;
 - (2) Provide financial information as requested by the Bank to determine eligibility, including information on alternative financing and other funding sources; and
 - (3) Provide an updated operating plan and cash flow projections indicating the feasibility of future operations after restructuring and sufficient financial resources to address any operating deficit and to repay the loan.
- b. A medical facility emergency operating loan under this subsection:
 - (1) May not exceed five million dollars per qualified applicant;
 - (2) Must have an annual interest rate that does not exceed two percent; and
 - (3) Must have a maximum term that does not exceed eleven years, unless a shorter term is required based on an analysis by the Bank, with the first year of the loan eligible for interest-only payments.

1 6. The medical facility infrastructure loan fund is a special fund in the state treasury. This
2 fund is a revolving fund. All moneys transferred into the ~~medical facility infrastructure~~
3 fund, interest on moneys in the fund, and collections of principal and interest on loans
4 from the fund are appropriated to the Bank on a continuing basis for the purpose of
5 providing loans under this section.

6 6.7. ~~Funds in the medical facility infrastructure~~Moneys in the fund may be used for loans as
7 provided under this section and to pay the costs of administration of the fund.
8 Annually, the Bank may deduct a service fee for administering the ~~medical facility~~
9 infrastructure fund ~~maintained under this section~~.

10 7.8. The ~~medical facility infrastructure~~ fund must be audited in accordance with section
11 6-09-29. The cost of the audit and any other actual costs incurred by the Bank on
12 behalf of the fund must be paid from the fund.

13 8.9. The Bank shall deposit loan ~~repayment funds~~repayments in the ~~medical facility~~
14 infrastructure fund.

15 **SECTION 2. APPROPRIATION - TRANSFER - GENERAL FUND TO MEDICAL FACILITY**

16 **INFRASTRUCTURE LOAN FUND - MEDICAL FACILITY OPERATING LOAN - ONE-TIME**

17 **FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury,
18 not otherwise appropriated, the sum of \$5,000,000, which the office of management and budget
19 shall transfer to the medical facility infrastructure loan fund for a medical facility operating loan
20 program, during the period beginning with the effective date of this Act and ending June 30,
21 2027. The appropriation under this section is considered a one-time funding item.

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

24 **SECTION 4. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2037,
25 and after that date is ineffective.