

**2013 SENATE INDUSTRY, BUSINESS, AND LABOR**

**SB 2339**

## 2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee  
Roosevelt Park Room, State Capitol

SB 2339  
February 6, 2013  
Job Number 18378

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects through the public finance authority

### Minutes:

Testimony Attached

Chairman Klein: Opened the hearing.

Senator Laffen: Written Testimony (1).

Senator Sorvaag: Said that the local political subdivision, mostly likely city, can delay repayment or not require a payment for three or four years. The city is basically subsidizing, it but putting it on the backend of the special assessment. Isn't that the same thing that you are doing here?

Senator Laffen: Said he would let the cities that are here address that.

Senator Murphy: Asked if this is preempted the special assessment, in terms of the developer not having to have that burden or does this ease that burden.

Senator Laffen: Said it would shorten the time that they have to carry the specials.

Bill Wocken, City Administrator of the City of Bismarck: Written testimony (2) and amendment (3).

Senator Andrist: Said that he understands this to be an upfront cost for all the bonding in place and the houses that are built and you have occupants to take over the cost from the developer. In the proposed amendment it looks more like you intend to eliminate bonding through this fund.

Bill: Said that there a couple of things that are contemplated by this bill. The approach that Senator Laffen laid out, taking up some of the early cost of housing development is part of what this bill could be used for. We also see that as a federal government's role in financing highways and municipal improvements and as cities are burdened with more and more municipal improvements, infrastructure that needs to precede development. We can see

this fund being used in that fashion as well. That is why we proposed to capitalize the fund and have the cities or counties repay the funds for those improvements.

Senator Andrist: Asked if it was his intent to indemnify the state on this, if the cities were to build the infrastructure for new housing development and nobody came. If they default on it would the city have the full faith and obligation to repay that amount?

Bill: Said that not being an attorney he can't speak to that directly but that would be their intentions. If they borrow the funds they would be responsible for the debt.

Senator Sorvaag: Said that if you stayed with the original bill it is so the builder wouldn't have to upfront all that cost and get stuck with the payment. Isn't it correct that the city can bond it out and do it in deferred payments for two to three years to help the developer and put it on the back end?

Bill: Said there are certainly multiple opportunities to deal with that issue. Using it in this fashion, as Senator Laffen suggested is appropriate for this bill. He isn't sure of Fargo's development process but he knows that the city administrator could address that. Bismarck doesn't use the special assessments that way.

Pat Zavoral, City Administrator of Fargo: Written testimony (4).

Pete Hagen, Community and Government Relations Officer with the Mayor's Office of Grand Forks: Said they did conduct a four month session, Mayor's Blue Ribbon Commission on Housing, trying to get at the root causes and seeing what they could be doing as a municipality to help promote the housing that is needed in their community. (25:15-27:41)

Chairman Klein: Asked about the concern that the big cities will get the money and there won't be anything left for the smaller cities and are there safeguards in place?

Pete: Said that they have discussed that and they could have limits to communities.

Chairman Klein: Asked if it was currently written in to this.

Pete: Said he didn't believe the limits are currently in there and they would be open to looking at that.

Chairman Klein: Said that clarity needs to be in there.

Kent Costin, Director of Finance for the City of Fargo: Said he wanted to focus on one key point, Fargo is an active issuer of bonds. (31:15-32:15)

Shawn Kessel, City Administrator in Dickenson: Said he is support of the bill as amended. Any vehicle that comes available to them that is easy to use would be a God send for them. (32:50-34:20)

Discussion on the involvement of the Bank of North Dakota (34:30-40:00)

Chairman Klein: Said they need to work something out on this yet. The meeting was adjourned.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

SB 2339  
February 11, 2013  
Job Number 18720

☐ Conference Committee

Committee Clerk Signature

*Eva Libelt*

### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects through the public finance authority

### Minutes:

Amendment and Vote

Chairman Klein: Opened the meeting. Said Senator Laffen is hoghousing the amendment.

Senator Laffen: Said he has an amendment to consider, (2:07-3:19).

Chairman Klein: Said let's take one at a time and refine this amendment. I would like to remove those including flood protection.

Senator Sorvaag: Said flood protection can be a pretty generic term but there also can be flood protection, especially in my area, that is very specific for the development that's happening. They don't have the luxury of a city wide protection, so they have to protect each community as they're being developed. It could be development specific.

Senator Laffen: Said that he could agree with that but is interested in converting this to a short term financing related bill. His worry is doing a fifty year flood protection in the bill.

Senator Andrist: Said he is concerned about the term flood protection because they do include storm water and roadways. It goes a little further then we were thinking it should go. There should be shorter terms, so whatever money we put into this, gets recycled more quickly. They can still go to bonding if they want long term financing.

Chairman Klein: Said that they are trying to get this into the best shape possible so that it passes.

Discussion continued on the changes to the amendments (7:00-37:00)

Chairman Klein: Stated the changes as follows; the second page went from 50 to 7 years and added Senator Sinner's language on letter C, changed 12% to 20%, and added; backed by the full faith and credit of that city, changed the general fund to the strategic investment fund, and we changed it to fifty million dollars and strike the last.

Senate Industry, Business and Labor Committee  
SB 2339  
February 11, 2013  
Page 2

Senator Laffen motioned to amend the Wocken amendment and that would be hoghouse amendment for the entire bill.

Senator Andrist seconds the motion.

Roll Call Vote: Yes -7 No - 0

Senator motioned a do pass as amended.

Senator Andrist seconded the motion.

Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Laffen

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

SB 2339

February 13, 2013

Job Number 18885

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects through the public finance authority

### Minutes:

*Amendment*

Chairman Klein: Said it was brought to his attention by the Legislative Council, on the issue of infrastructure investments, the two hundred million we amended to fifty million. There is a section in there called the declaration of policy. They would like that out of there, if the law gets changed somewhere else it could be in conflict with the declaration of policy. They have been trying to weed out all of the declaration policies that are in the current code and are asking us to do that with this amendment. I would like a motion to return 2339 to committee.

Senator Laffen: Motioned to return 2339 for reconsideration of the amendment.

Senator Andrist: Seconded the motion.

Chairman Klein: All in favor say I.....that passed.

Senator Sinner: Moved to adopt the amendment excluding section three.

Senator Andrist: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0 Absent: 0



February 12, 2013

*JE*  
*2-13-1*  
*1082*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2339

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 6-09.4 of the North Dakota Century Code, relating to the financing of housing projects and creation of a public infrastructure revolving loan fund through the public finance authority; to provide an appropriation; and to provide a continuing appropriation.

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

**SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is created and enacted as follows:

**Infrastructure revolving loan fund - Continuing appropriation - Rules.**

1. The purpose of the infrastructure revolving loan fund is to provide loans for housing-related public infrastructure projects, including those for flood protection, utilities, storm water, roadways, or other project development.
2. An infrastructure revolving loan fund is established to make loans for the purposes described in subsection 1. Moneys in the fund are appropriated on a continuing basis for making loans in accordance with this section. Accounts may be established in the fund as necessary for its management and administration.
3. The public finance authority may manage and administer the infrastructure revolving loan fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.
4. The project application to the public finance authority must include the following information:
  - a. A description of the nature and purpose of the proposed infrastructure project, including an explanation of the need for the project and the reasons why the project is in the public interest;
  - b. The estimated cost of the project and the amount of loan sought;
  - c. Proposed sources of funding, in addition to loans sought from the infrastructure revolving loan fund; and
  - d. The overall benefit of the project.
5. A loan made under this section must:
  - a. Bear interest at or below market rates;
  - b. Have a repayment term not longer than seven years;



2 of 2

- c. Be amortized for a term to be determined by the public finance authority, with the remaining balance due on the maturity date of the agreement;
  - d. Be subject to repayment of principal and interest beginning not later than two years after the facility financed with a loan has been completed; and
  - e. Be disbursed for specific project elements only after all applicable environmental requirements have been met.
6. Twenty percent of the funds available for loan must be reserved for cities with a population of four thousand or less, unless there is an insufficient number of applicants from cities of this size to fill this allotment.
7. The director of the public finance authority, with the approval of the industrial commission, may adopt policies to implement a program to identify and assist with development of projects eligible for loans under this section. Projects not eligible for state revolving fund funding must be given priority for these funds.
8. The director of the public finance authority may request the assistance of other agencies of the state as may be necessary for the administration of such projects and such agencies of the state shall provide such assistance.
9. A loan may be made to a statutory or home rule charter city to finance projects for the purposes described in this section. The loan must be repaid by the city under the terms and conditions provided in this section and established by the public finance authority, agreed to by the city, and backed by the full faith and credit of that city.

**SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$50,000,000, or so much of the sum as may be necessary, to the industrial commission for deposit in the infrastructure development revolving loan fund for the purpose of providing loans under section 1 of this Act."

Renumber accordingly

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2339**

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0853.01001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Laffen Seconded By Senator Andrist

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2339**

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Laffen Seconded By Senator Andrist

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Laffen

If the vote is on an amendment, briefly indicate intent:

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2339**

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☒ Reconsider

Motion Made By Senator Laffen Seconded By Senator Andrist

Senators	Yes	No	Senator	Yes	No
Chairman Klein			Senator Murphy		
Vice Chairman Laffen			Senator Sinner		
Senator Andrist					
Senator Sorvaag					
Senator Unruh					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent: **Motion to return 2339 for reconsideration of the amendment.**

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2339**

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Proposed amendment excluding 3

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Sinner Seconded By Senator Andrist

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Laffen

If the vote is on an amendment, briefly indicate intent: **A vote was taken on the amendment previously passed, to strike section three on initial amendment.**

**REPORT OF STANDING COMMITTEE**

**SB 2339: Industry, Business and Labor Committee (Sen. Klein, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2339 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 6-09.4 of the North Dakota Century Code, relating to the financing of housing projects and creation of a public infrastructure revolving loan fund through the public finance authority; to provide an appropriation; and to provide a continuing appropriation.

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3. The public finance authority may manage and administer the infrastructure revolving loan fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.
4. The project application to the public finance authority must include the following information:
  - a. A description of the nature and purpose of the proposed infrastructure project, including an explanation of the need for the project and the reasons why the project is in the public interest;
  - b. The estimated cost of the project and the amount of loan sought;
  - c. Proposed sources of funding, in addition to loans sought from the infrastructure revolving loan fund; and
  - d. The overall benefit of the project.
5. A loan made under this section must:
  - a. Bear interest at or below market rates;
  - b. Have a repayment term not longer than seven years;
  - c. Be amortized for a term to be determined by the public finance authority, with the remaining balance due on the maturity date of the agreement;
  - d. Be subject to repayment of principal and interest beginning not later than two years after the facility financed with a loan has been completed; and



- e. Be disbursed for specific project elements only after all applicable environmental requirements have been met.
- 6. Twenty percent of the funds available for loan must be reserved for cities with a population of four thousand or less, unless there is an insufficient number of applicants from cities of this size to fill this allotment.
- 7. The director of the public finance authority, with the approval of the industrial commission, may adopt policies to implement a program to identify and assist with development of projects eligible for loans under this section. Projects not eligible for state revolving fund funding must be given priority for these funds.
- 8. The director of the public finance authority may request the assistance of other agencies of the state as may be necessary for the administration of such projects and such agencies of the state shall provide such assistance.
- 9. A loan may be made to a statutory or home rule charter city to finance projects for the purposes described in this section. The loan must be repaid by the city under the terms and conditions provided in this section and established by the public finance authority, agreed to by the city, and backed by the full faith and credit of that city.

**SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$50,000,000, or so much of the sum as may be necessary, to the industrial commission for deposit in the infrastructure development revolving loan fund for the purpose of providing loans under section 1 of this Act."

Renumber accordingly

**2013 SENATE APPROPRIATIONS**

**SB 2339**

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

SB 2339  
February 19, 2013  
Job # 19206

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects and creation of a public infrastructure revolving loan fund through the public finance authority

### Minutes:

Testimony attached # 1-2

Legislative Council - Allen H. Knudson  
OMB - Joe Morrisette

**Chairman Holmberg** opened the hearing on SB 2339. All committee members were present.

### Senator Lonnie Laffen, District 43

Bill sponsor

Testimony attached # 1

**Senator Warner** - Could you address the full faith in credit issue? We saw collapse of city governments in the 1980's, Williston, and Belfield, where they were overextended it almost pushed them to bankruptcy. Discuss the flow through - what would be the state's liability.

**Senator Laffen** - I'm not sure what full faith in credit would be. The numbers - The Williston issue was about a \$20M issue for one community. It shouldn't be that kind of issue.

**Senator Robinson** - Asks in the policy committee - any opposition? Vote?

**Senator Laffen** - Responds, I believe it was unanimous.

**Senator Robinson** - No opposition? None.

**Senator Robinson** - Asks if there is a precedent of doing this in ND?

**Senator Laffen** - Replies he doesn't know of any. We're trying to have interim financing.

**Chairman Holmberg** - Asks if there is any other funding other than the SIF fund?

**Senator Laffen** - Said it started as a public finance agency and don't know why.

**Senator Carlisle** - States, there is substantial amount of money with State Industrial Commission. Why this if we have a budget worth several millions of dollars going out. He asks if there is any duplication.

**Senator Laffen** - This is trying to be very flexible for cities to use with Public finance.

**Karlene Fine - Secretary, Industrial Commission** - States the funding in SB 2014 is for Housing finance fund. This would be more for infrastructure.

**Senator Carlisle** - Then there is no duplication? None

**Senator Warner** - In coal country, coal impacted cities could borrow money.

**Karlene Fine** - Replies there was a special fund for coal impact but not sure how it was utilized. BND administers a community water fund that is a revolving fund.

**Senator Warner** - Asks how big that would be. Ms. Fine replies \$10M dollars

**Senator Robinson** - Industrial Commission budget - House bill called for \$30 million and 20 million was removed for housing programs. Was that Legislative bill or tied to some agency?

**Karlene Fine** - Responds that bill deals with maximum into the Housing incentive fund. We will have to reconcile between the two chambers.

**V.Chairman Grindberg** - Asks (Allen Knudson) When we come back in March, will we have analysis to which will list the bills. Yes.

**Bill Wocken - City Administrator, Bismarck, ND**

Testified in favor of SB 2339

Testimony attached # 2

**V.Chairman Grindberg** - Asks what would be favorable interest rate?

**Bill Wocken** - Replies that the bill calls for market or below market interest rates.

**V.Chairman Grindberg** - Said he heard of other bills creating revolving loans - they were 1%

**Bill Wocken** - Responds they were hoping for low interest.

**V.Chairman Grindberg** - So you wouldn't be opposed to money coming from the Legacy fund for 2%- 2.5%

**Bill Wocken** - Says we'd be happy with lower interest rate.

**Senator Carlisle** - Asks where will be this be used in Bismarck.

**Bill Wocken** - He envisions housing on Washington, water and sewer, utilities. Those are all embraced in this bill.

**Senator Robinson** - Says Senator Laffen said it was originated by 3 largest cities in the state. He asks if this is supported by the League of Cities.

**Bill Wocken** - Answers that the League of Cities does have a copy but the bill was amended heavily in the policy committee. He said the bill did originate with the League of Cities.

**V.Chairman Bowman** - Asks if a big contractor comes in and develops for profit are we giving the contractors a real low rate. Who benefits from this? Is it both of them or just the city?

**Bill Wocken** - Responds, whether it's by city or developers... I think the answer is the public would benefit no matter what the improvement.

**Senator Carlisle** - Asks about page 2, line 16 - you involve the Industrial Commission. Has anyone visited with Mr. Anderson?

**Bill Wocken** - Says someone from the Public Finance Authority was present at the hearing in IBL. Cannot say they have an endorsement.

**Chairman Holmberg** closed the hearing on SB 2339

**V.Chairman Grindberg** (to Allen Knudson, Legislative Council) would you be able to come up with an amendment - for investment portfolio. I don't know all the decisions, but would like to have an amendment attached to bill by coming out of the Legacy fund. Do you have an idea of this that would be within our authority?

**Allen Knudson** - Says you can add an amendment on that but questions if it is to give clear direction or study?

**V.Chairman Grindberg** - Replies he wants a clear direction. We could have debate about use of Legacy fund. Get amendments within our authority recognizing that the Investment Board has the ultimate responsibility. We can't step in and tell them what to do. What can we do for authority and adopt it into this bill?

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

SB 2339  
February 21, 2013  
Job # 19328

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects and creation of a public infrastructure revolving loan fund through the public finance authority

### Minutes:

**Chairman Holmberg** opened the hearing on SB 2339 and said this will not be the last opportunity for us to be looking at SB 2339 if the House passes it. There is some additional work that needs to be done.

**V.Chairman Grinberg:** Looking at the 1<sup>st</sup> engrossment to SB 2339, section 2, the appropriation section - it provides \$50M from the Strategic Investments and Improvements Fund.

Similar discussion that we had on a bill that we reduced from \$150M from the SIF and I would move that we reduce that \$50M to \$5M and the purpose of the amendment is to reduce the amount and keep the bill alive. We'll have some tough decisions on what is available at the end of the session to make the numbers work. I think the concept is worthy of keeping alive.

**Senator Grindberg** moved to reduce \$50m to \$5 m - keep bill alive - we'll have to decide what's available.

**Senator Erbele - seconded**  
**Voice carried.**

**V.Chairman Grinberg Do Pass as Amended on SB 2339.**  
**Senator Erbele seconded**

**A roll call vote was taken. Yea: 11 Nay: 1 Absent: 1**  
**Senator Carlisle will carry the bill on the floor.**



**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/15/2013**

Amendment to: SB 2339

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed bill establishes an infrastructure revolving loan fund with an initial appropriation of \$50,000,000 from the Strategic Investment and Improvements Fund (SIIF). The Public Finance Authority, under the oversight of the Industrial Commission, will adopt policies to administer the fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides an appropriation of \$50,000,000 from SIIF. This is a revolving loan fund with principal and interest payments deposited in the fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Depending on when loans are approved there may be some debt service paid during the 2013-2015 and 2015-2017 biennia. However, at this time it is unknown.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is unknown at this time of how many loans will be made from the Infrastructure Revolving Loan Fund.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

This is a revolving loan fund which is a continuing appropriation with an initial appropriation of \$50,000,000. Since this is an appropriation from one state fund to another state fund it results in an impact of \$0.00. The appropriation of

\$50,000,000 from the Strategic Investment and Improvement Fund to the Infrastructure Revolving Loan Fund is not in the Governor's Executive Budget.

**Name:** DeAnn Ament

**Agency:** ND Public Finance Authority

**Telephone:** 701-426-5723

**Date Prepared:** 02/15/2013

13.0853.02002  
Title.03000

Prepared by the Legislative Council staff for  
Senate Appropriations  
February 21, 2013

2/21/13  
TD

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2339

Page 2, line 29, replace "\$50,000,000" with "\$5,000,000"

Renumber accordingly

Date: 2-21-13

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES**

**BILL/RESOLUTION NO.** 2339

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Amendment to reduce \$50 M to \$5 M  
(to be written)

Action Taken \_\_\_\_\_

Motion Made By Grindberg Seconded By Erbele

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*Voice approved*

Date: 2-29-13Roll Call Vote # 2

**2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2339Senate Appropriations Committee☐ Check here for Conference CommitteeLegislative Council Amendment Number amended - reduce 50m to 5mAction Taken DP as Amend.Motion Made By Grindberg Seconded By Wanzek Erbele

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern	A	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	'	✓
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek					
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 11 No 1Absent 1Floor Assignment Carlisle

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2339, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (11 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2339  
was placed on the Sixth order on the calendar.

Page 2, line 29, replace "\$50,000,000" with "\$5,000,000"

Renumber accordingly



**2013 HOUSE INDUSTRY, BUSINESS AND LABOR**

**SB 2339**

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Industry, Business and Labor Committee Peace Garden Room, State Capitol

SB 2339 morning  
March 13, 2013  
Job 19814

☐ Conference Committee

*Jocelyn Gallagher*

### Explanation or reason for introduction of bill/resolution:

Relating to the financing of housing projects through the public finance authority

### Minutes:

Attachments 1, 2

### Hearing opened.

**Senator Lonnie Laffen, District 43:** Introduced bill. Refer to written testimony, attachment 1.

**3:08 Representative M. Nelson:** Why only seven years for public infrastructure loans?

**3:22 Senator Laffen:** We were looking at this as a stop-gap, short term financing rather than permanent financing.

**Chairman Keiser:** Anyone else to appear in support of 2339?

**4:09 Bill Wocken, City Administrator for the city of Bismarck:** Refer to written testimony, attachment 2.

**Chairman Keiser:** Anyone else here to testify in support?

**6:19 Connie Sprynczynatyk North Dakota League of Cities:** Spoke of need for affordable housing in all cities. Supports the bill and urges committee's support.

**7:35 Cal Klemin, representing the Economic Development Association of ND:** Supports the bill.

**8:00 Representative M. Nelson:** What types of projects are not eligible for the state revolving fund?

**8:25 Bill Wocken:** I understand state revolving fund does handle some of the utility projects in the state and primarily the rehabilitation projects that are not necessarily new construction.

**8:54 Representative Sukut:** How will this project interface with the one already in existence?

**9:30 Bill Wocken:** This bill is aimed toward in helping the cities get the infrastructure in place so housing can be easily provided. I am not sure what the tax credit program covers. This would cover just the infrastructure.

Opposition:

Neutral:

Hearing closed.

**10:25 Chairman Keiser:** I cannot support this bill. I am getting pressure regarding balancing our budget. I think this is worthwhile, but this is the third or fourth project with significant financing dollars on it before this committee. It is not that I do not support a nice concept like this but I can't support it, but I could support converting this to a study and looking at this in a broader respect for next session.

**11:53 Representative Ruby:** With all the other proposals, would we even need a study?

**12:04 Chairman Keiser:** I know there is a lot of need but I think we have to figure out what the state's game plan is going to be relative to providing support in various communities.

**13:39 Representative Ruby:** I don't oppose studies; if you want to have a study drafted I would be fine with that.

**13:50 Representative Frantsovog:** Is there any way to put this together without that 5 million dollar appropriation?

**14:05 DeAnn Ament, with the ND Public Finance Authority:** The Public Finance Authority does have the capital financing program that would be available to political subdivisions. That program is available to any municipality that has a legal project authorized.

**14:55 Representative Frantsovog;** Do we have the legislation in place to do it or do you still need this bill?

**15:05 DeAnn Ament:** I believe the intent of this bill is to provide below market financing.

**15:41 Chairman Keiser:** We have a number of options out there. We need to come up with solution on a broader scale. A study of this issue to consider all facets is appropriate.

**16:45 Representative Sukut:** Motion to have amendments drafted to turn this bill into a study. **Second by Representative Ruby.**

**Voice vote, motion carries.** We will get it drafted and try to have it by this afternoon.

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Industry, Business and Labor Committee

Peace Garden Room, State Capitol

SB 2339

March 13, 2013, afternoon

Job 19879

☐ Conference Committee



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for a legislative management study to address residential and commercial development programs and to review the facility master plan.

### Minutes:

Attachment 1

**Chairman Keiser:** The concept of this amendment was adopted during the morning committee action, March 13. It had an appropriation on it. Distributed proposed amendment, 13.0853.03001, attachment 1, these amendments in effect hoghouse the bill. They convert it to a study. Reviewed the amendment to the bill. That is the amendment to this bill. Is there a motion?

Discussion among whether they approved the amendment

**Chairman Keiser:** I'm assuming the amendment is on the bill, the bill 2339 is before us as amended. What are the wishes of the committee?

**2:28 Representative N.Johnson:** You said it was a shall and it's listed as a shall consider.

**Chairman Keiser:** I think it is a shall consider. We have the bill that is amended before us, what are the wishes of the committee?

**Representative Beadle:** Move a do pass as amended.

**Chairman Keiser:** Second by Representative Becker. Further discussion? Clerk will take the roll on a do pass as amended on SB 2339. **Motion for a do pass as amended carries 13-0-2. Representative Beadle is carrying that.**

**4:25 Chairman Keiser:** Distributed email from Cheryl Riley regarding SB 2234. The handout is included with March 13, 2013, minutes for SB 2234.

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/22/2013**

Amendment to: SB 2339

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
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Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
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Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed bill establishes an infrastructure revolving loan fund with an initial appropriation of \$5,000,000 from the Strategic Investment and Improvements Fund (SIIF). The Public Finance Authority, under the oversight of the Industrial Commission, will adopt policies to administer the fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 provides an appropriation of \$5,000,000 from SIIF. This is a revolving loan fund with principal and interest payments deposited in the fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Depending on when loans are approved there may be some debt service paid during the 2013-2015 and 2015-2017 biennia. However, at this time it is unknown.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is unknown at this time of how many loans will be made from the Infrastructure Revolving Loan Fund.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

This is a revolving loan fund which is a continuing appropriation with an initial appropriation of \$5,000,000. Since this is an appropriation from one state fund to another state fund it results in an impact of \$0.00. The appropriation of

\$5,000,000 from the Strategic Investment and Improvement Fund to the Infrastructure Revolving Loan Fund is not in the Governor's Executive Budget.

**Name:** DeAnn Ament

**Agency:** ND Public Finance Authority

**Telephone:** 701-426-5723

**Date Prepared:** 02/15/2013



**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/15/2013**

Amendment to: SB 2339

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**Name:** DeAnn Ament

**Agency:** ND Public Finance Authority

**Telephone:** 701-426-5723

**Date Prepared:** 02/15/2013

March 13, 2013

VR  
3/13/13

**PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2339**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study to address residential and commercial development programs and to review the facility master plan.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR  
RESIDENTIAL AND COMMERCIAL DEVELOPMENT - FACILITY MASTER PLAN.**

1. During the 2013-14 interim, the legislative management shall consider a study to:
  - a. Create an inventory of and strategic plan for state, local, and federal programs relating to residential and commercial development and the related infrastructure needs. As part of this study, the housing finance agency, working with the Bank of North Dakota and department of commerce, shall survey appropriate state, local, and federal entities to create an inventory of these government programs, which may include housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs providing residential and commercial development assistance. The housing finance agency shall present this inventory to the legislative management and shall assist the legislative management in identifying program overlap and program gaps.
  - b. Review current state government space utilization by all state government branches and agencies, including rental, lease, and state-owned facilities. The study must identify any recommended changes to the state's facility master plan.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

Date: 3-13-2013 AM

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2339**

**House Industry, Business, and Labor Committee**

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider ☐ Consent Calendar

Motion Made By Sukut Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigasaa					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

turn bill into a study  
to look at housing, infrastructure

Date: 3-13-13 pm

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2339**

**House Industry, Business, and Labor Committee**

Legislative Council Amendment Number 13.0853-03001

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider ☐ Consent Calendar

Motion Made By Beadle Seconded By Becker

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschae	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog		nb			
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigasaa	✓				

Total Yes 13 No 0

Absent 2

Floor Assignment Beadle

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2339, as reengrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Reengrossed SB 2339 was placed on the Sixth order on the calendar.**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study to address residential and commercial development programs and to review the facility master plan.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR RESIDENTIAL AND COMMERCIAL DEVELOPMENT - FACILITY MASTER PLAN.**

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2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

**2013 CONFERENCE COMMITTEE**

**SB 2339**



# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

SB 2339

April 8, 2013

Job Number 20984

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide a legislative management study to address residential and commercial development programs and to review the facility master plan

### Minutes:

Discussion

Chairman Laffen: Called the Conference Committee to order on reengrossed SB 2339 and roll call was taken. Senator Laffen, Senator Unruh, Senator Murphy, Representative Beadle, Representative Kreun and Representative Gruchalla were present.

Chairman Laffen: This bill came to our side from the three biggest cities, Grand Forks, Fargo and Bismarck, the leaders put this together. The idea was to create a two hundred million dollar revolving loan fund that they would be able to borrow from the state. Each city had some different needs, which were really short term financing. We amended the bill in committee to mostly relate to housing infrastructure and appropriations changed the fifty million to five million. It went to the House side and became a study. You also added some other things and took out the intent of the revolving loan fund as even part of the study. We already heard one of three bills that have that last part of the language that you added into SB 2339. He discussed what was done with SB 2223. He recommended that the language also be taken out of this bill so it is in only one bill that is in OMB. He would also like to add some language that came from the city of Bismarck back in that suggests the intent to study this revolving loan fund idea. (:16-4:45)

Representative Beadle: Said they didn't think the bill would get through appropriations with the five million dollars. They went away from the revolving loan fund because the public financing authority said that they have a market policy that allows them to provide some things at market rates to help speed up the financing projects. We also added in language to try to make it as all-encompassing as possible. (4:50-6:56)

Chairman Laffen: Does energy efficiency programs and home residential accessibility programs put too much in there? I see this more as a study that would suggest; here is how we can finance all of this, but those two are really broad and encompass a lot of other areas. They almost take the study into a different direction.

Representative Beadle: Said he didn't disagree and the language came primarily from their Chairman as well as council. They added that language in there because those programs tie in a little more to some of the federal funding programs that we have coming into the state that promote some of the energy efficiency.

Chairman Laffen: Commented that it takes so much energy out that it could be a distraction. He will put amendments together that would add language that consider the revolving loan fund as part of this study and take out the energy efficiency program and accessibility programs.

Representative Beadle: The residential accessibility programs issue came about as a result of discussion we had in committee, started by Representative Louser. He serves on the realtor's political action committee and is involved in the national association of realtors. One of the discussions that they had was that Freddie Mac and Fannie May are starting to be shifted around federally. We were looking at how the Bank of North Dakota was working in with some of those programs, to insure we have accessibility in primarily rural areas in our state, where a lot of conventional banks are not willing to provide lending.

Representative Gruchalla: Are there any other bills that deal with energy efficiency?

Chairman Laffen: There was a group out there that is normally federally funded and their funds are drying up. They came to us and we approved it on our side.

Discussion on the part of the bill that dealt with energy efficiency (10:20-12:10)

Chairman Laffen: I will entertain any ideas.

Representative Kreun: The financing portion of it from the Bank of North Dakota maybe someone can reintegrate that.

Chairman Laffen: We would like to have language that the study would include looking at options to create a low interest revolving loan program. Something so cities can borrow money from the state on a short term idea.

Representative Kreun: Does that fit into that first part.

Chairman Laffen: Yes. I don't think turning this into a study is a bad idea. I would like to find out what programs we do have. Expanding it to accessibility took it away from a municipality bill and made it too broad.

Discussion continued on what would be taken out and what would be included (14:30-18:15)

Chairman Laffen: Adjourned the meeting.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

SB 2339

April 11, 2013

Job Number 21100

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide a legislative management study to address residential and commercial development programs and to review the facility master plan

### Minutes:

Amendment and Vote

Chairman Laffen: Called the Conference Committee to order and the clerk to the roll. Senator Laffen, Senator Unruh, Senator Murphy, Representative Beadle, Representative Kreun and Representative Gruchalla were present.

Chairman Laffen: Said he had an amendment drafted that he thinks reflects what they discussed at their last meeting, handed out an amendment, Attached (1). He said that it does three things; first it takes out the language referring to the facility study, second it splits the study into two studies and third it added a little bit of language which starts with the word; including.

Senator Unruh: Motions that the House recedes from the House amendments and SB 2339 is amended as follows, amendment 13.0853.03002.

Representative Beadle: Seconds the motion.

Roll Call Vote: Yes - 6 No - 0 Absent - 0

Senate Carrier: Senator Laffen House Carrier: Representative Beadle

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/22/2013**

Amendment to: SB 2339

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Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

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Depending on when loans are approved there may be some debt service paid during the 2013-2015 and 2015-2017 biennia. However, at this time it is unknown.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is unknown at this time of how many loans will be made from the Infrastructure Revolving Loan Fund.

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**Name:** DeAnn Ament

**Agency:** ND Public Finance Authority

**Telephone:** 701-426-5723

**Date Prepared:** 02/15/2013

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/15/2013**

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**Name:** DeAnn Ament

**Agency:** ND Public Finance Authority

**Telephone:** 701-426-5723

**Date Prepared:** 02/15/2013



April 10, 2013

4/11/13  
TN

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2339

That the House recede from its amendments as printed on page 808 of the Senate Journal and pages 928 and 929 of the House Journal and that Reengrossed Senate Bill No. 2339 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study to create an inventory and strategic plan relating to residential and commercial development programs and infrastructure and to provide for a study of programs providing residential and commercial development assistance.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR RESIDENTIAL AND COMMERCIAL DEVELOPMENT AND RELATED INFRASTRUCTURE.** During the 2013-14 interim, the legislative management shall consider a study to create an inventory of and strategic plan for state, local, and federal programs relating to residential and commercial development and related infrastructure needs, including the option to create a low-interest revolving loan program for municipal infrastructure. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 2. HOUSING FINANCE AGENCY INVENTORY OF PROGRAMS PROVIDING RESIDENTIAL AND COMMERCIAL DEVELOPMENT ASSISTANCE - LEGISLATIVE MANAGEMENT STUDY.** During the 2013-14 interim, the housing finance agency, working with the Bank of North Dakota and department of commerce, shall survey appropriate state, local, and federal entities to create an inventory of government programs, including housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs providing residential and commercial development assistance. The housing finance agency shall present this inventory to the legislative management and shall identify program overlap and program gaps."

Renumber accordingly

### Roll Call Vote # 1

BILL/RESOLUTION NO. **2339** as (re) engrossed

**Action Taken**

- ☐ SENATE accede to House Amendments
- ☐ SENATE accede to House Amendments and further amend
- ☐ HOUSE recede from House amendments
- ☒ HOUSE recede from House amendments and amend as follows
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Senators	4/8	4/11		Yes	No		Representatives	4/8	4/11		Yes	No
Laffen	✓	✓		x			Beadle	✓	✓		x	
Unruh	✓	✓		x			Kreun	✓	✓		x	
Murphy	✓	✓		x			Gruchalla	✓	✓		x	
Total Senate Vote				3			Total Rep. Vote				3	

LC Number \_\_\_\_\_ of engrossment \_\_\_\_\_

**REPORT OF CONFERENCE COMMITTEE**

**SB 2339, as reengrossed:** Your conference committee (Sens. Laffen, Unruh, Murphy and Reps. Beadle, Kreun, Gruchalla) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 808, adopt amendments as follows, and place SB 2339 on the Seventh order:

That the House recede from its amendments as printed on page 808 of the Senate Journal and pages 928 and 929 of the House Journal and that Reengrossed Senate Bill No. 2339 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study to create an inventory and strategic plan relating to residential and commercial development programs and infrastructure and to provide for a study of programs providing residential and commercial development assistance.

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR RESIDENTIAL AND COMMERCIAL DEVELOPMENT AND RELATED INFRASTRUCTURE.** During the 2013-14 interim, the legislative management shall consider a study to create an inventory of and strategic plan for state, local, and federal programs relating to residential and commercial development and related infrastructure needs, including the option to create a low-interest revolving loan program for municipal infrastructure. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 2. HOUSING FINANCE AGENCY INVENTORY OF PROGRAMS PROVIDING RESIDENTIAL AND COMMERCIAL DEVELOPMENT ASSISTANCE - LEGISLATIVE MANAGEMENT STUDY.** During the 2013-14 interim, the housing finance agency, working with the Bank of North Dakota and department of commerce, shall survey appropriate state, local, and federal entities to create an inventory of government programs, including housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs providing residential and commercial development assistance. The housing finance agency shall present this inventory to the legislative management and shall identify program overlap and program gaps."

Renumber accordingly

Reengrossed SB 2339 was placed on the Seventh order of business on the calendar.

**2013 TESTIMONY**  
**SB 2339**

SB2339

TESTIMONY TO THE SENATE INDUSTRY BUSINESS & LABOR COMMITTEE

FEBRUARY 6, 2013

LONNIE J. LAFFEN, SENATOR, DISTRICT 43

The purpose of SB2339 is to help our growing municipalities expedite and fund the public infrastructure component of housing and industrial development.

Here is an example of how the process works today: A developer is ready to start a housing subdivision to build new homes. Before that can happen the city needs to create a special assessment district, hold public hearings, sell bonds and the build streets, sewer, water, and the entire public infrastructure. The problem is that this all takes a long time and the developer is required to make the special assessment payments for all those lots within the entire subdivision while this is taking place. The developer then needs to build homes and sell these homes before transferring the specials on each individual lot to the new homebuyer. By the time this process is complete, the developer is carrying a huge debt and the payments on all the unpaid specials.

This idea of this bill is to create a revolving loan fund that the municipality could tap to cover this front end process - essentially short term financing. The city would borrow from the loan fund to cover the costs of the public infrastructure - eventually paying back the loan fund once the bonding proceeds are in place. The contractor can start sooner, have much shorter time frame to carry these costs and hopefully get a better financing rate.

I understand a substantial amendment to this bill will be offered this morning by the people who put this bill together.

Mr. Chairman and members of the IB&L committee - I know that my community created a blue ribbon committee to study the problem of a lack of new housing. We are so far behind in Grand Forks that at one point we had only 60 houses on the market. This front end financing problem was one of the key issues identified and we hope this bill can help alleviate the problem.

Testimony SB 2339  
Senate Industry, Business and Labor Committee  
February 6, 2013

Senate Bill 2339 seeks to add additional authority for the use of municipal securities in NDCC 6-09.4-03 through the involvement of the state Public Finance Authority. This broadening of purpose is consistent with the mission of the authority, as I perceive it. The use of the authority to fund affordable housing projects and public infrastructure to support development is spelled out in Section 1 of the bill.

The cities of Fargo, Grand Forks and Bismarck have considered this bill and are proposing a substantial amendment to it this morning. This "hoghouse" amendment broadens the bill's authority and purpose, initiates a low interest revolving loan fund for infrastructure, seeks an appropriation to capitalize the loan fund and declares policy for the use of this tool.

Section 2 of the bill proposes a new section to this chapter of the code that will govern the financial side of the bill. It talks about how the low interest revolving loan fund will be used. This language is almost word-for-word from the water project revolving loan fund proposed in SB 2233. In this way both the new proposed revolving loan funds can operate in a consistent but separate manner.

Section 3 proposes a \$200,000,000 appropriation to capitalize the loan fund. The dollar amount and source are only suggested. We do not think it appropriate for to make these financial judgments without legislative discussion.

This bill may need adjustments as it goes through the process and we are very willing to participate in any discussions of this nature. We believe the concept is important and timely and request your favorable consideration of this bill.

Bill Wocken



Senate Bill 2339  
Proposed Amendment

On Page 1, Line 1 after "A BILL" delete the remainder of the bill and replace with the following:  
for an Act to enact a new section to chapter 6-09.4 of the North Dakota Century Code, relating  
to the financing of housing projects and creation of a public infrastructure low interest revolving  
loan fund through the public finance authority.

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

**SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is  
created and enacted as follows:

**Infrastructure revolving loan fund - Continuing appropriation - Rules.**

1. The purpose of the infrastructure revolving loan fund is to provide loans for housing-related public infrastructure projects, including those for flood protection, utilities, stormwater, roadways or other project development .
2. An infrastructure revolving loan fund is established to make loans for the purposes described in subsection 1. Moneys in the fund are appropriated on a continuing basis for making loans in accordance with this section. Accounts may be established in the fund as necessary for its management and administration.
3. The public finance authority shall manage and administer the infrastructure revolving loan fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.
4. The project application to the public finance authority shall consider the following information:
  - a. A description of the nature and purpose of the proposed infrastructure project including an explanation of the need for the project and the reasons why it is in the public interest;
  - b. The estimated cost of the project and the amount of loan sought;

- c. Proposed sources of funding, in addition to loans sought from the infrastructure revolving loan fund;
- d. The overall benefit of the project.
- 5. A loan made under this section must:
  - a. Bear interest at or below market rates;
  - b. Have a repayment term not longer than fifty years for buildings, plants or floodworks and for other improvements twenty five years or the useful life of the improvement, whichever is the shorter term;
  - c. Be fully amortized within the repayment term;
  - d. Be subject to repayment of principal and interest beginning not later than two years after the facility financed with a loan has been completed; and
  - e. Be disbursed for specific project elements only after all applicable environmental requirements have been met.
- 6. Twelve percent (12%) of the funds available for loan must be reserved for cities with a population of 4,000 or less, unless there is an insufficient number of applications from cities of this size to fill this allotment.
- 7. The director of the public finance authority, with the approval of the industrial commission, shall adopt policies to implement a program to identify and assist with development of projects eligible for loans under this section. Projects not eligible for State Revolving Fund (SRF) funding will be given priority for these funds.
- 8. The director of the public finance authority may request the assistance of other agencies of the state as may be necessary to the development of projects eligible for loans under this section and as may be necessary for the administration of such projects and such agencies of the state are authorized and directed to provide such assistance.
- 9. A loan may be made to a statutory or home rule charter city to finance projects for the

purposes described in this section The loan must be repaid by the city under the terms and conditions provided in this section and established by the public finance authority and agreed to by the city.

**SECTION 2. AMENDMENT.** The North Dakota Century Code is amended and reenacted as follows:

Funding for this loan fund will be provided from the General Fund or other sources designated from time to time by the Legislature with initial funding of Two Hundred Million Dollars (\$200,000,000.00).

**SECTION 3. Declaration of policy.** A new section to chapter 6-09.4 of the North Dakota Century Code is created and enacted as follows:

The legislative assembly declares that the development of local infrastructure to support housing and development is essential to the future of this state. It further declares that the maintenance, development and expansion of public infrastructure is the backbone of continued economic vitality in the state and that investment of its resources in a revolving loan fund used for this purpose is not only in the public's best interest but is a self-sustaining investment in the future of our state.

**SECTION 4. Authorization to borrow and issue promissory notes.**

The North Dakota Century Code Chapter 40-05-02 is amended and reenacted to add the following:

30. To borrow money for such purposes as permitted by Chapter 40-05 and 40-05.1 and to issue promissory notes or other evidence of debt to a state or federally chartered bank and to provide for the payment thereof over the term of the borrowing.

(4)



OFFICE OF THE CITY ADMINISTRATOR  
Pat Zavoral

February 5, 2013

Senator Jerry Klein, Chairman  
Industrial, Business and Labor Committee  
Legislative Council  
State Capitol  
600 East Boulevard  
Bismarck, ND 58505-0360

Dear Chairman Klein:

Thank you for the opportunity to speak to you and the IBL committee members in support of SB2339 and the proposed amendment. Specifically, the amendment seeks to have the State of North Dakota establish a low interest revolving loan fund for public infrastructure and housing. The City of Fargo is in favor of such a revolving loan program if it is competitive with existing public bond and loan programs the City currently utilizes.

Historically, the City of Fargo has secured bonds or loans from public finance markets with an average annual bond sale in the \$25 million to \$40 million range. Most, if not all of these bonds, are sold to out of state financial institutions that repackage them and sell them to investors. If the State financed a low interest loan infrastructure loan pool, Fargo would take advantage of this resource. This would allow Fargo to assist the State in developing a long-term solution to funding on-going infrastructure expansion and rehabilitation needs. It would also keep the funds in the state for future generations to use.

Given this as a vision for future stakeholders in the state, the City of Fargo endorses SB2339 and the revolving loan for infrastructure amendment.

Thank you for your time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat Zavoral".

Pat Zavoral  
City Administrator



SB 2339 - TESTIMONY TO THE SENATE APPROPRIATIONS COMMITTEE  
FEBRUARY 19, 2013  
LONNIE J. LAFFEN, SENATOR, DISTRICT 43

Chairman Holmberg and members of the Appropriations Committee:

The purpose of the bill is to assist our cities with housing related public infrastructure projects, meaning utilities, storm water, roadways etc. The bill would create a revolving loan fund that the municipality could tap - essentially short term financing. The city would borrow from the loan fund to cover the costs of the public infrastructure - eventually paying back the loan fund once permanent financing is in place. This idea was put together by the States three largest cities.

Mr. Chairman; Our community created a blue ribbon committee to study our housing shortage problem. We are so far behind that at one point we had only 60 houses on the market. One of our problems is the time and cost to carry the utility infrastructure expense from the time of project approval to when homes actually start getting sold. Our community would use this loan to get the projects started in lieu of bonding which takes too long and costs too much. The loan would be repaid as the developer sells lots and the special assessments are then applied to each lot. Other cities may have other short term housing financing issues which this bill can help.

The bill does the following:

1. Creates the revolving loan fund for "Housing-related" infrastructure.
2. Gives authority to the "Public Finance Authority" to manage the fund.
3. Defines that the loans must pay interest at or below market rate, and have a term no longer than 7 years.
4. Dedicates 20% of the fund to go toward cities with a population of less than 4,000, unless they don't apply.
5. Allows the loans to go to either Statutory or Home Rule charter cities and the loans must be backed by the full faith and credit of that city.
6. Sets the appropriation at \$50M for the Revolving Loan Fund.

Bill Wocken

# 2

SB 2339

2-19-13

Senate Bill 2339

Senate Bill 2339 creates a new section in 6-09.4 of the North Dakota Century Code.

The vision this bill proposes is the use of presently available state funds to capitalize a low interest revolving loan fund to provide financing for the development of housing-related public infrastructure in our state. Loans would be serviced through the public finance authority.

Repayment would need to be accomplished within seven years. Twenty percent of the allocation would be reserved for cities under 4000 in population if sufficient applications are received from cities of this size. Loans would be secured by the full faith and credit of the borrowing city. Priority will be given to projects not eligible for the State Revolving Fund program.

The infrastructure fund will be replenished naturally through debt repayment and it can be incrementally increased as demand for funding and the availability of state finances dictate. This legislation envisions an appropriation of \$50,000,000 for the next biennium from the state Strategic Investment and Improvement Fund.

This legislation provides for an investment in the critical elements needed to continue to grow the economy of our state. Its' impacts will last long beyond our present period of prosperity as the state economy flourishes from multiple sources of wealth. I hope you will evaluate this bill with that vision in mind.

① SB 2339  
3-13-2013  
Am

TESTIMONY TO THE HOUSE INDUSTRY BUSINESS & LABOR COMMITTEE  
MARCH 13, 2013  
LONNIE J. LAFFEN, SENATOR, DISTRICT 43

The purpose of SB2339 is to assist our cities with housing related public infrastructure projects, meaning utilities, storm water, roadways etc. The bill would create a revolving loan fund that the municipality could tap - essentially short term financing. The city would borrow from the loan fund to cover the costs of this housing infrastructure - eventually paying back the loan fund once permanent financing is in place. This idea was put together by the States three largest cities.

My community created a blue ribbon committee to study our housing shortage problem. We are so far behind that at one point we had only 60 houses on the market. One of our problems is the time and cost to carry the utility infrastructure expense from the time of project approval to when homes actually start getting sold. Other cities may have other short term issues which this bill can help.

**Section 1:**

1. Subsection 1: Limits the loan fund to: "Housing-related" infrastructure.
2. Subsection 2: Creates the revolving loan fund
3. Subsection 3: Gives authority to the "Public Finance Authority" to manage the fund.
4. Subsection 4: Defines information needed for a loan application.
5. Subsection 5: Defines that the loans must pay interest at or below market rate, and have a term no longer than 7 years.
6. Subsection 6: Dedicates 20% of the fund to go toward cities with a population of less than 4,000, unless they don't apply.
7. Subsection 7: Allows "Public Finance Authority" to write rules, with approval from the Industrial Commission.
8. Subsection 8: Allows the Director of Public Finance to seek assistance from other state agencies as may be necessary for the administration of the loan program.
9. Subsection 9: Allows the loans to go to either Statutory or Home Rule charter cities and the loans must be backed by the full faith and credit of that city.

**Section 2:**

1. Sets the appropriation at \$5M for the Revolving Loan Fund.

Mr. Chairman, The communities requesting this loan fund are here and can speak to their specific needs in more detail.



② 2339  
3-13-2013 Alm

Senate Bill 2339

House Industry, Business and Labor Committee  
March 13, 2013

Mr. Chairman and Committee members,

My name is Bill Wocken. I am City Administrator for the City of Bismarck and I am here with the blessing of the Bismarck City Commission to support Senate Bill 2339.

This bill creates a new section to chapter 6-09.4-03 of the North Dakota Century Code to create a housing related infrastructure low interest revolving loan fund. It is anticipated to be a continuing fund to which loan proceeds will accrue. It will also be able to accept additional appropriations, if that be desired in future years.

The fund would be administered by the Public Finance Authority. Loans made under this program would bear interest at or below market rates, have a seven year maximum retirement period and be subject to repayment beginning not later than two years after the financed project is completed. Twenty percent of the funds available to be loaned will be reserved initially for cities with population of 4,000 or less. Projects would not be able to compete for these funds if they are able to be funded with the state revolving fund.

Funding for this program was initially sought at the \$200,000,000 level. This was based on the perceived need for infrastructure investment in our growing cities. The Senate reasoned that the concept was one that merited further consideration but that a more modest \$5,000,000 investment was a prudent first step. The second engrossment of the bill currently carries that appropriation. We believe there is a huge need for this program but we respect the legislature's need to adopt a realistic budget.

This bill provides for an investment in the critical elements needed to continue to grow the economy of our state. Its' impacts will last long beyond our present period of prosperity as the state economy flourishes from multiple sources of wealth.

That is the end of my formal testimony. I would be happy to answer any questions you might have of me.

①  
3-13-13  
pm

**PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2339**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study to address residential and commercial development programs and to review the facility master plan."

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

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - PROGRAMS FOR  
RESIDENTIAL AND COMMERCIAL DEVELOPMENT - FACILITY MASTER PLAN.**

1. During the 2013-14 interim, the legislative management shall consider a study to:
  - a. Create an inventory of and strategic plan for state, local, and federal programs relating to residential and commercial development and the related infrastructure needs. As part of this study, the housing finance agency, working with the Bank of North Dakota and department of commerce, shall survey appropriate state, local, and federal entities to create an inventory of these government programs, which may include housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs providing residential and commercial development assistance. The housing finance agency shall present this inventory to the legislative management and shall assist the legislative management in identifying program overlap and program gaps.
  - b. Review current state government space utilization by all state government branches and agencies, including rental, lease, and state-owned facilities. The study must identify any recommended changes to the state's facility master plan.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly