

**2021 HOUSE FINANCE AND TAXATION**

**HB 1116**

# 2021 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1116  
1/11/2021

A bill relating to the issuance and maximum term of general obligation bonds and the authorized uses of the county capital projects levy.

**Chairman Headland** opened the hearing at 9:02am. Roll call for attendance:

<b>Representatives</b>	<b>Present</b>
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	Y
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

### Discussion Topics:

- Counties borrowing against the Capital Projects Levy and County Road and Bridge Levy.
- Extend the maturity of General Obligation Bonds from 20 to 30 years.
- Road projects as permitted use of the Capital Projects Levy
- Extend the maximum maturity of limited tax bonds from 5 to 20 years.

**Scott Wegner, Arntson Stewart Wegner PC** (9:08am)-Introduced bill and submitted testimony #370.

**Aaron Birst, Association of Counties**-oral testimony in support (9:25am-9:27am).

No further testimony-**Chairman Headland** closed the hearing at 9:28am.

Committee work on this bill began at 10:10am.

**Representative Dockter** made a motion for Do Pass.

**Vice Chairman Steiner** seconded the motion.

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Vicky Steiner	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Sebastian Ertelt	N
Representative Jay Fisher	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Tom Kading	Y
Representative Ben Koppelman	Y
Representative Marvin E. Nelson	Y
Representative Nathan Toman	Y
Representative Wayne A. Trottier	Y

**Roll call vote- motion passed 13-1-0**

**Representative Bosch will carry this bill.**

Meeting adjourned at 10:19am.

*Mary Brucker, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1116: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1116 was placed on the Eleventh order on the calendar.

**HB 1116**  
**House Finance and Taxation Committee**  
**January 11, 2021**

Mr. Chairman and members of the Committee:

My name is Scott Wegner. I am a member of the law firm of Arntson Stewart Wegner PC (701.255.1008 / [swegner@aswbondlaw.com](mailto:swegner@aswbondlaw.com)). We serve as bond counsel to political subdivisions.

Counties have the following borrowing options:

- A. General Obligation Bond (60% approv.; excess levy; debt limit; 20 year maturity) (21-03-06)
- B. Limited GO Bond (protest; 10 mills correction/parks; 30% highway cost-share) (21-03-07)
- C. Limited Tax Bond (primary govt functions; general fund; 5 year maturity) (Chap. 57-47)
- D. Certificate of Indebtedness (uncollected taxes; state & federal distributions) (Chap. 21-02)
- E. Special Assessments (water, sewer, streets, flood control; 30 year maturity) (11-11-55.1)
- F. Lease Financing (acquire by lease; subject to annual appropriation) (11-11-14(20))
- G. Home Rule (sales tax) (Chap. 11-09.1)

HB 1116 provides enhanced options for counties to access the bond market and loan programs for road and bridge projects by expanding options A., B. and C., within existing levy limitations (*no new or increased tax levy*).

Section 1

Section 1 allows Limited GO Bonds (B.) for any of the purposes listed in the Capital Projects Levy (10 mills, 20 mills with vote) (57-15-06.6), and also permits borrowing against the County Road & Bridge Levy (10 mills, 30 mills with vote) (57-15-06.7(5)). Currently, this option is limited to correction center projects and parks & recreation facilities.

Sections 2 and 3

7 different political subdivisions are authorized to issue General Obligation Bonds. The maximum term is 20 years. HB 1116 amends Chapter 21-03 to provide for a maturity of up to 30 years. With low fixed rates, it may be advantageous to finance for a longer term. Some communities need a longer term to hold down the annual tax levy. Also, timing the tax levy often results in a 19 yr term.

Section 4

Adds road projects as a permitted use of the Capital Projects Levy (57-15-06.6).

Section 5

Section 5 extends the maximum maturity of limited tax bonds (C.) from 5 years to 20 years. Chapter 57-47 permits county borrowing for primary governmental functions. In 2015 the Legislature repealed the mill tax levy associated with this borrowing option. Counties must now pledge existing mills from the general fund. Without an additional tax levy, the borrowing term needs to be longer than 5 years to reduce the impact on the general fund.

**2021 SENATE FINANCE AND TAXATION**

**HB 1116**

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1116  
3/22/2021

A BILL for an Act to amend and reenact subsection 6 of section 21-03-07, and sections 21-03-08, 21-03-19, 57-15-06.6, and 57-47-02 of the North Dakota Century Code, relating to the issuance and maximum term of general obligation bonds and the authorized uses of the county capital projects levy; and to provide an effective date.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [9:30]

### Discussion Topics:

- Bond markets and maturities
- ND loan programs
- Capital project levy
- Road and bridge levy
- Mills
- Amortization

**Scott Wegner** [9:31] Arntson Stewart Wegner PC in favor #10196.

**Aaron Birst** [9:46] ND Association of Counties orally in favor.

**Chair Bell** adjourns the meeting. [9:48]

*Joel Crane, Committee Clerk*

**HB 1116**  
**Senate Finance and Taxation Committee**  
**March 22, 2021**

Madam Chair and members of the Committee:

My name is Scott Wegner. I am a member of the law firm of Arntson Stewart Wegner PC (701.255.1008 / [swegner@aswbondlaw.com](mailto:swegner@aswbondlaw.com)). We serve as bond counsel to political subdivisions.

Counties have the following borrowing options:

- A. General Obligation Bond (60% voter approval) (Sec. 21-03-06)
- B. Limited GO Bond (subject to taxpayer protest; corrections / parks) (Sec. 21-03-07)
- C. Limited Tax Bond (commission approval for primary governmental functions) (Chap. 57-47)
- D. Certificate of Indebtedness (uncollected taxes; state & federal distributions) (Chap. 21-02)
- E. Special Assessments (water, sewer, streets, flood control) (Sec. 11-11-55.1)
- F. Lease Financing (acquire by lease; subject to annual appropriation) (Sec. 11-11-14(20))
- G. Home Rule (sales tax) (Chap. 11-09.1)

HB 1116 enhances options A., B. & C. so counties can access the bond market / loan programs for road & bridge projects within existing levy limitations. (*no new or increased tax levy*).

## Section 1

Allows Limited GO Bonds (B.) for the purposes listed in the Capital Projects Levy (10 mills, 20 with vote) (57-15-06.6), and also permits borrowing against the County Road & Bridge Levy (10 mills, 30 with vote) (57-15-06.7(5)). Currently limited to correction centers and parks & recreation facilities.

## Sections 2 and 3

7 political subdivisions are authorized to issue General Obligation Bonds. The maximum term is 20 years. HB 1116 amends Chapter 21-03 to provide for a maturity of up to 30 years. There are multiple reasons why it may be advantageous to finance for a longer term.

NDCC Bond Maturity:

- Higher Education – 50 years
- MIDA – 40 years
- Revenue – 40 years
- Housing Authority (GO) – 35 years
- State GO – 30 years
- Special Assessment (GO) – 30 years
- General Obligation – 20 years

## Section 4

Adds road projects as a permitted use of the Capital Projects Levy (57-15-06.6).

## Section 5

Extends the maximum maturity of limited tax bonds (C.) from 5 years to 20 years. Chap 57-47 permits county borrowing for primary govt functions. In 2015 the Legislature repealed the tax levy associated with this borrowing option. Counties must now pledge existing mills from the general fund. Accordingly, the borrowing term needs to be longer to reduce the impact on the general fund.



# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1116  
3/30/2021

A BILL for an Act to amend and reenact subsection 6 of section 21-03-07, and sections 21-03-08, 21-03-19, 57-15-06.6, and 57-47-02 of the North Dakota Century Code, relating to the issuance and maximum term of general obligation bonds and the authorized uses of the county capital projects levy; and to provide an effective date.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [10:27]

### Discussion Topics:

- Deficiencies in county budgets
- Terms of indebtedness

**Emily Thompson [10:27]**, Code Reviser for Legislative Council, answers questions from the committee.

**Senator Kannianen [10:38]** motions DO NOT PASS.

**Senator J. Roers [10:38]** seconds.

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	N
Senator Merrill Piepkorn	N
Senator Jim Roers	N
Senator Mark Weber	N

Motion fails 3-4-0. [10:41]

**Senator Weber [10:42]** motions DO PASS.

**Senator Patten [10:42]** seconds.

Senators	Vote
Senator Jessica Bell	N
Senator Jordan Kannianen	N
Senator Scott Meyer	N

Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Jim Roers	N
Senator Mark Weber	Y

Motion fails 2-5-0. [10:43]

**Senator Kannianen [10:45]** motions DO NOT PASS.  
**Senator J. Roers [10:45]** seconds.

<b>Senators</b>	<b>Vote</b>
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	N
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion passes 6-1-0. [10:45]  
**Senator Kannianen** will carry.

**Chair Bell** adjourns the meeting. [10:46]

*Joel Crane, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1116: Finance and Taxation Committee (Sen. Bell, Chairman)** recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1116 was placed on the Fourteenth order on the calendar.

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1116  
4/5/2021

A BILL for an Act to amend and reenact subsection 6 of section 21-03-07, and sections 21-03-08, 21-03-19, 57-15-06.6, and 57-47-02 of the North Dakota Century Code, relating to the issuance and maximum term of general obligation bonds and the authorized uses of the county capital projects levy; and to provide an effective date.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [11:02]

### Discussion Topics:

- 20-year loan amortization
- County capital improvement levy
- Road and bridge projects

**Senator Patten** [11:03] submits an amendment [LC 21.041.01002] #11360

**Senator Kannianen** [11:07] moves to reconsider HB 1116

**Senator J. Roers** seconds

Motion passed by voice vote

**Senator Patten** [11:09] moved amendment [LC 21.041.01002]

**Senator Weber** seconds

Motion passed by voice vote

**Senator Patten** [11:09] moved DO PASS as Amended

**Senator Weber** seconds

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	Y
Senator Scott Meyer	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion passed 7-0-0

**Senator Patten** carries

**Chair Bell** adjourns the meeting. [11:11]

*Joel Crane, Committee Clerk*

April 1, 2021

C3  
4/6/21  
10x

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1116

Page 1, line 1, remove the comma

Page 1, line 2, remove "21-03-08, 21-03-19,"

Page 1, line 2, remove the third comma

Page 1, line 3, remove "and maximum term"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; and to provide a contingent effective date"

Page 1, remove lines 23 and 24

Page 2, remove lines 1 through 21

Page 4, line 7, remove the overstrike over "five"

Page 4, line 7, remove "twenty"

Page 4, line 7, after the comma insert "or twenty years for loans issued under section 6-09-49."

Page 4, after line 13, insert:

**"SECTION 4. AMENDMENT.** Section 57-47-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-47-02. County authorized to borrow - Term - Interest rate.**

Whenever in the judgment of the board of county commissioners all taxes authorized to be levied in any one year for general or special county purposes are insufficient to carry on the primary governmental functions, or to pay the mandatory obligations imposed by law upon a county, then such a county may borrow money in an amount the board determines necessary to meet the deficiencies existing in its general or special funds, or to carry on primary governmental functions, and to pay mandatory obligations. For the purpose of borrowing, a county may issue evidences of indebtedness, which must consist of an agreement by the county to pay a stated sum on a specified date, or on or before a specified date, not more than five years in the future, or twenty years for loans issued under section 6-09-49 or 6-09-49.1, together with interest at a rate or rates resulting in an average annual net interest cost not to exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at a public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public sale must comply with the procedures set out in chapter 21-03. There is no requirement for an advertisement for bids if an evidence of indebtedness is sold privately or to the state of North Dakota or any of its agencies or instrumentalities."

Page 4, line 14, replace "4" with "2"

Page 4, line 14, replace "5" with "3"

Page 4, after line 15, insert:

20th

**"SECTION 6. CONTINGENT EFFECTIVE DATE.** Section 4 of this Act is effective at the time provided in Section 5 of this Act if section 6-09-49.1, as created by House Bill No. 1425, is approved by the sixty-seventh legislative assembly."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1116: Finance and Taxation Committee (Sen. Bell, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1116 was placed on the Sixth order on the calendar.

Page 1, line 1, remove the comma

Page 1, line 2, remove "21-03-08, 21-03-19,"

Page 1, line 2, remove the third comma

Page 1, line 3, remove "and maximum term"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; and to provide a contingent effective date"

Page 1, remove lines 23 and 24

Page 2, remove lines 1 through 21

Page 4, line 7, remove the overstrike over "five"

Page 4, line 7, remove "twenty"

Page 4, line 7, after the comma insert "or twenty years for loans issued under section 6-09-49."

Page 4, after line 13, insert:

**"SECTION 4. AMENDMENT.** Section 57-47-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-47-02. County authorized to borrow - Term - Interest rate.**

Whenever in the judgment of the board of county commissioners all taxes authorized to be levied in any one year for general or special county purposes are insufficient to carry on the primary governmental functions, or to pay the mandatory obligations imposed by law upon a county, then such a county may borrow money in an amount the board determines necessary to meet the deficiencies existing in its general or special funds, or to carry on primary governmental functions, and to pay mandatory obligations. For the purpose of borrowing, a county may issue evidences of indebtedness, which must consist of an agreement by the county to pay a stated sum on a specified date, or on or before a specified date, not more than five years in the future, or twenty years for loans issued under section 6-09-49 or 6-09-49.1, together with interest at a rate or rates resulting in an average annual net interest cost not to exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at a public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public sale must comply with the procedures set out in chapter 21-03. There is no requirement for an advertisement for bids if an evidence of indebtedness is sold privately or to the state of North Dakota or any of its agencies or instrumentalities."

Page 4, line 14, replace "4" with "2"

Page 4, line 14, replace "5" with "3"

Page 4, after line 15, insert:

**"SECTION 6. CONTINGENT EFFECTIVE DATE.** Section 4 of this Act is effective at the time provided in Section 5 of this Act if section 6-09-49.1, as created by House Bill No. 1425, is approved by the sixty-seventh legislative assembly."

Renumber accordingly



Sixty-seventh  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1116**

Introduced by

Representatives Klemin, Heinert

Senators Bekkedahl, Patten

1 A BILL for an Act to amend and reenact subsection 6 of section 21-03-07, and sections  
2 ~~21-03-08, 21-03-19,~~ 57-15-06.6, and 57-47-02 of the North Dakota Century Code, relating to  
3 the issuance ~~and maximum term~~ of general obligation bonds and the authorized uses of the  
4 county capital projects levy; ~~and~~ to provide an effective date; and to provide a contingent  
5 effective date.

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

7 **SECTION 1. AMENDMENT.** Subsection 6 of section 21-03-07 of the North Dakota Century  
8 Code is amended and reenacted as follows:

- 9 6. The governing body of any county may also by resolution adopted by a two-thirds vote  
10 dedicate the tax ~~levy~~levies authorized by section 57-15-06.6 and subsection 5 of  
11 section 57-15-06.7 and may authorize and issue general obligation bonds to be paid  
12 by the dedicated levy for the ~~purpose of providing funds for the purchase, construction,~~  
13 ~~reconstruction, or repair of regional or county correction centers, or parks and~~  
14 ~~recreational facilities~~purposes identified under section 57-15-06.6 and subsection 5 of  
15 section 57-15-06.7; provided, that the initial resolution authorizing the tax levy  
16 dedication and general obligation bonds must be published in the official newspaper,  
17 and any owner of taxable property within the county may, within sixty days after  
18 publication, file with the county auditor a protest against the adoption of the resolution.  
19 Protests must be in writing and must describe the property which is the subject of the  
20 protest. If the governing body finds such protests to have been signed by the owners  
21 of taxable property having an assessed valuation equal to five percent or more of the  
22 assessed valuation of all taxable property within the county, as ~~theretofore~~ last finally  
23 equalized, all further proceedings under the initial resolution are barred.

1 ~~— **SECTION 2. AMENDMENT.** Section 21-03-08 of the North Dakota Century Code is~~  
2 ~~amended and reenacted as follows:~~

3 ~~— **21-03-08. Maximum interest rate, maturity, and denominations.**~~

4 ~~— No bonds issued under the provisions of this chapter may bear interest at a rate or rates~~  
5 ~~and be sold privately at a price resulting in an average net interest cost higher than twelve~~  
6 ~~percent per annum. There is no interest rate ceiling on those issues sold at public sale or to the~~  
7 ~~state of North Dakota or any of its agencies or instrumentalities. No bonds issued under this~~  
8 ~~chapter may run for a longer period than twentythirty years from their date. The bonds may not~~  
9 ~~bear a date earlier than the date of the election authorizing their issuance, if such election is~~  
10 ~~required, nor earlier than the date of the adoption of the resolution of the governing body~~  
11 ~~determining to issue bonds for which no election is required.~~

12 ~~— **SECTION 3. AMENDMENT.** Section 21-03-19 of the North Dakota Century Code is~~  
13 ~~amended and reenacted as follows:~~

14 ~~— **21-03-19. Bonds - Terms.**~~

15 ~~— Bonds issued under this chapter must be authorized by resolution, bear such date or dates,~~  
16 ~~be in such denomination or denominations, be in such form, be subject to redemption with or~~  
17 ~~without premium, and be subject to such other terms or conditions as in the judgment of the~~  
18 ~~municipality are in the public interest of the municipality, and must provide that the last~~  
19 ~~installment of principal falls due not more than twentythirty years from the date of the bonds.~~  
20 ~~The requirements of this section apply to each new issue of bonds, or if so determined by the~~  
21 ~~governing body, to the bonds of a new issue combined with all of the outstanding bonds of one~~  
22 ~~or more designated issues of bonds previously issued and similarly payable from taxes or other~~  
23 ~~sources of revenues, or both, as the case may be.~~

24 **SECTION 2. AMENDMENT.** Section 57-15-06.6 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26 **57-15-06.6. County capital projects levy.**

- 27 1. The board of county commissioners of each county may levy an annual tax not  
28 exceeding ten mills plus any voter-approved additional levy as provided in  
29 subsection 8 of section 57-15-06.7 for the purpose of the following capital projects:
- 30 4. a. Constructing and, equipping, and maintaining structural and mechanical  
31 components of regional or county corrections centers or for the purpose of

Sixty-seventh  
Legislative Assembly

- 1 contracting for corrections center space capacity from another public or private  
2 entity.
- 3 2. b. Acquiring real estate as a site for public parks and construction ~~and~~, equipping,  
4 and maintaining structural and mechanical components of recreational facilities  
5 under section 11-28-06.
- 6 3. c. Acquiring real estate as a site for county buildings and operations and  
7 constructing ~~and~~, equipping, and maintaining structural and mechanical  
8 components of county buildings and property.
- 9 4. d. Acquiring real estate as a site for county fair buildings and operations and  
10 constructing ~~and~~, equipping, and maintaining structural and mechanical  
11 components of county fair buildings and property as provided in section 4-02-26.
- 12 5. e. Acquiring and developing real estate, capital improvements, buildings, pavement,  
13 equipment, and debt service associated with financing for county supported  
14 airports or airport authorities.
- 15 6. f. Expenditures for the cost of leasing as an alternative means of financing for any  
16 of the purposes for which expenditures are authorized under  
17 ~~subsections 4 subdivisions a through 5e.~~
- 18 g. Improvement of the county road system, including the acquisition of land;  
19 construction of new paved and unpaved roads, bridges, or public places;  
20 replacement of existing paved and unpaved roads, bridges, or public places; and  
21 maintenance and repair of existing paved and unpaved roads, bridges, or public  
22 places.
- 23 2. Any voter-approved levy for the purposes specified in this section approved by the  
24 electors before January 1, 2015, remains effective through 2024 or the period of time  
25 for which it was approved by the electors, whichever is less, under the provisions of  
26 law in effect at the time it was approved. After January 1, 2015, approval or  
27 reauthorization by electors of increased levy authority under this section may not be  
28 effective for more than ten taxable years.

29 **SECTION 3. AMENDMENT.** Section 57-47-02 of the North Dakota Century Code is  
30 amended and reenacted as follows:



1       **57-47-02. County authorized to borrow - Term - Interest rate.**

2       Whenever in the judgment of the board of county commissioners all taxes authorized to be  
3       levied in any one year for general or special county purposes are insufficient to carry on the  
4       primary governmental functions, or to pay the mandatory obligations imposed by law upon a  
5       county, then such a county may borrow money in such an amount as the board ~~shall determine~~  
6       ~~to be determined~~ necessary to meet the deficiencies existing in its general or special funds, or to  
7       carry on primary governmental functions, and to pay mandatory obligations. For the purpose of  
8       borrowing, a county may issue evidences of indebtedness, which must consist of an agreement  
9       by the county to pay a stated sum on a specified date, or on or before a specified date, not  
10      more than ~~five~~twenty years in the future, or twenty years for loans issued under section 6-09-49.  
11      together with interest ~~thereon~~ at a rate or rates resulting in an average annual net interest cost  
12      not to exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at  
13      a public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public  
14      sale must comply with the procedures set out in chapter 21-03. There is no requirement for an  
15      advertisement for bids if an evidence of indebtedness is sold privately or to the state of North  
16      Dakota or any of its agencies or instrumentalities.

17      **SECTION 4. AMENDMENT.** Section 57-47-02 of the North Dakota Century Code is  
18      amended and reenacted as follows:

19      **57-47-02. County authorized to borrow - Term - Interest rate.**

20      Whenever in the judgment of the board of county commissioners all taxes authorized to be  
21      levied in any one year for general or special county purposes are insufficient to carry on the  
22      primary governmental functions, or to pay the mandatory obligations imposed by law upon a  
23      county, then such a county may borrow money in an amount the board determines necessary to  
24      meet the deficiencies existing in its general or special funds, or to carry on primary  
25      governmental functions, and to pay mandatory obligations. For the purpose of borrowing, a  
26      county may issue evidences of indebtedness, which must consist of an agreement by the  
27      county to pay a stated sum on a specified date, or on or before a specified date, not more than  
28      five years in the future, or twenty years for loans issued under section 6-09-49 or 6-09-49.1,  
29      together with interest at a rate or rates resulting in an average annual net interest cost not to  
30      exceed twelve percent per annum if sold privately, or with no interest rate ceiling if sold at a  
31      public sale or to the state of North Dakota or any of its agencies or instrumentalities. A public

1 sale must comply with the procedures set out in chapter 21-03. There is no requirement for an  
2 advertisement for bids if an evidence of indebtedness is sold privately or to the state of North  
3 Dakota or any of its agencies or instrumentalities.

4 **SECTION 5. EFFECTIVE DATE.** Sections ~~4~~2 and ~~5~~3 of this Act are effective for taxable  
5 years beginning after December 31, 2020.

6 **SECTION 6. CONTINGENT EFFECTIVE DATE.** Section 4 of this Act is effective at the time  
7 provided in Section 5 of this Act if section 6-09-49.1, as created by House Bill No. 1425, is  
8 approved by the sixty-seventh legislative assembly.