

Introduced by

Representatives Klemin, Mueller

Senators Cook, Krebsbach

1 A BILL for an Act to amend and reenact subsection 2 of section 40-57-02, subsection 11 of
2 section 40-57-03, sections 40-57-04, 40-57-05, 40-57-07, and 40-57-14, and subsection 1 of
3 section 40-57-19.1 of the North Dakota Century Code, relating to municipal industrial
4 development bonds.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 40-57-02 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 2. "Project" means any real property, buildings, and improvements on real property or
9 the buildings thereon, and any equipment located on ~~such~~ the real property or in
10 ~~such~~ the buildings, or elsewhere, or personal property, including working capital,
11 which is used or useful in connection with a revenue-producing enterprise, or any
12 combination of two or more ~~such~~ revenue-producing enterprises, engaged or to be
13 engaged in:

- 14 a. Assembling, fabricating, manufacturing, mixing, or processing of any
15 agricultural, mineral, or manufactured products, or any combination thereof.
16 b. Storing, warehousing, distributing, or selling any products of agriculture,
17 mining, or manufacture.
18 c. Providing child care facilities or hospital, nursing home, or other health care
19 facilities and service.
20 d. Improvements or equipment used or to be used for the abatement or control
21 of environmental pollution in connection with any new or existing
22 revenue-producing enterprise.
23 e. Public career and technical education.

f. Any other industry or business not prohibited by the constitution or laws of the state of North Dakota.

In no event, however, does the term "project" include those undertakings defined in chapter 40-35, with the exception of projects referred to in this subsection.

SECTION 2. AMENDMENT. Subsection 11 of section 40-57-03 of the North Dakota Century Code is amended and reenacted as follows:

11. Issue ~~said~~ revenue bonds to refund, in whole or in part, bonds previously issued ~~by such municipality~~ under ~~authority of~~ this chapter.

SECTION 3. AMENDMENT. Section 40-57-04 of the North Dakota Century Code is amended and reenacted as follows:

40-57-04. Resolution authorizing project and the issuance of revenue bonds - Public notice and hearing - No election required. The acquisition, construction, reconstruction, improvement, betterment, extension, or financing of any project, and the issue of bonds in anticipation of the collection of the revenues of ~~such~~ the project to provide funds to pay for the cost ~~thereof of the project~~, may be authorized by an ordinance or resolution of the governing body adopted at a regular or special meeting ~~thereof of the governing body~~ by the affirmative vote of a majority of its members. ~~Prior to~~ Before the issuance of revenue bonds under ~~authority of~~ this chapter, the governing body shall give notice and hold a public hearing on the proposed bond issue. Notice of the hearing ~~shall~~ must be published in the official newspaper of the municipality once a week for two successive weeks ~~prior to~~ before the time set for the hearing. The notice ~~shall~~ must specify the time and place of the hearing, and the amount and purpose of the proposed bond issue. The governing body ~~shall~~ may not approve the bond issue unless it appears, after the public hearing, that ~~such~~ approval is in the public interest of the municipality. Except as provided in section 40-57-19, no election ~~shall be~~ is required to authorize the use of any of the powers conferred by this chapter. No public hearing is required ~~prior to~~ before the issuance of refunding bonds issued ~~pursuant to~~ under section 40-57-19.1.

SECTION 4. AMENDMENT. Section 40-57-05 of the North Dakota Century Code is amended and reenacted as follows:

1 **40-57-05. Notice to securities commissioner— Approval of public officer not**
2 **required.** ~~Upon the issuance of bonds under this chapter, the contracting party shall furnish~~
3 ~~the state securities commissioner the following information concerning the project:~~

- 4 1. ~~The name of the contracting party.~~
5 2. ~~The location and nature of the project.~~
6 3. ~~The amount and nature of the bonds issued.~~
7 4. ~~The general terms and nature of the financing arrangement.~~
8 5. ~~A copy of the official statement of the offering, if one was prepared.~~

9 The consent of any governmental body or public officer of the state ~~shall~~ is not be required to
10 authorize the issuance or sale of bonds or the making of any mortgage in connection therewith.

11 **SECTION 5. AMENDMENT.** Section 40-57-07 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **40-57-07. Cost of project - How determined.** In determining the cost of a project, the
14 governing body may include all costs and estimated costs of the issuance of the revenue
15 bonds; all engineering, inspection, fiscal, and legal expenses; any bond reserves and the
16 interest that it is estimated will accrue during the construction period and for six months
17 thereafter on money borrowed or which it is estimated will be borrowed ~~pursuant to~~ under this
18 chapter; and ~~with respect to any hospital, nursing home, or other health care facilities~~
19 ~~comprising a project,~~ the cost of retiring any existing indebtedness ~~in connection with the~~
20 ~~project which~~ that the governing body of the municipality determines to be necessary or
21 desirable and in furtherance of the public health or welfare, regardless of whether ~~or not such~~
22 the existing indebtedness constitutes all or a portion of the cost being financed by the issuance
23 of the bonds.

24 **SECTION 6. AMENDMENT.** Section 40-57-14 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **40-57-14. Covenants that may be inserted in ordinance or resolution authorizing**
27 **bonds.**

- 28 1. Any ordinance or resolution authorizing the issuance of bonds under this chapter
29 to finance, in whole or in part, the cost of any project may contain covenants,
30 notwithstanding that ~~such~~ the covenants may limit the exercise of powers
31 conferred by this chapter, as to:

- 1 ~~1-~~ a. The rents or payments to be charged with respect to the project.
- 2 ~~2-~~ b. The use and disposition of the revenues of ~~said~~ the projects.
- 3 ~~3-~~ c. The creation and maintenance of sinking funds and the regulation, use, and
4 disposition thereof.
- 5 ~~4-~~ d. The creation and maintenance of funds to provide for maintaining the project
6 and replacement of those properties ~~which~~ that are subject to depreciation.
- 7 ~~5-~~ e. The purpose, or purposes, to which the proceeds of this sale of ~~said~~ bonds
8 may be applied and the use and disposition of ~~said~~ the proceeds.
- 9 ~~6-~~ f. The nature of mortgages or other encumbrances on the project made in favor
10 of the holder ~~or holders~~ of ~~such~~ the bonds, or a trustee therefor.
- 11 ~~7-~~ g. The events of default and the rights and liabilities arising thereon and the
12 terms and conditions upon which the holders of bonds issued under this
13 chapter may bring any suit or action on ~~said~~ the bonds or on any coupons
14 thereof.
- 15 ~~8-~~ h. The issuance of other or additional bonds or instruments payable from or
16 constituting a charge against the revenue of ~~said~~ the project.
- 17 ~~9-~~ i. The insurance to be carried upon the project and the use and disposition of
18 insurance moneys.
- 19 ~~10-~~ j. The keeping of books of account and the inspection and audit thereof.
- 20 ~~11-~~ k. The terms and conditions upon which ~~any or all of~~ the bonds ~~shall~~ become or
21 may be declared due before maturity and the terms and conditions upon
22 which ~~such~~ the declaration and its consequences may be waived.
- 23 ~~12-~~ l. The rights, liabilities, powers, and duties arising upon the breach by the
24 municipality of any covenants, conditions, or obligations.
- 25 ~~13-~~ m. The vesting in a trustee ~~or trustees~~ of the rights to enforce any covenants
26 made to secure, to pay, or in relation to, the bonds and the powers and duties
27 of ~~such~~ the trustee ~~or trustees~~ and the limitation of liabilities thereof.
- 28 ~~14-~~ n. The terms and conditions upon which the holder ~~or holders~~ of the bonds, or
29 the holders of any proportion or percentage of them, may enforce any
30 covenants made under this chapter or any duties imposed thereby.

1 ~~15.~~ o. A procedure by which the terms of any ordinance or resolution authorizing
2 bonds or of any other contract with bondholders, including an indenture of
3 trust or similar instrument, may be amended or abrogated, and the amount of
4 bonds the holders of which must consent thereto, and the manner in which
5 ~~such~~ consent may be given.

6 ~~16.~~ p. The subordination of the security of any bonds issued ~~hereunder~~ and the
7 payment of principal and interest thereof, to the extent deemed feasible and
8 desirable by the governing body, to other bonds or obligations of ~~the a~~
9 municipality issued to finance the project or that may be outstanding when the
10 bonds thus subordinated are issued and delivered.

11 2. Nothing in this ~~section, or in this~~ chapter, except as provided in section 40-57-19,
12 ~~shall authorize~~ authorizes any municipality to do anything or for any purpose ~~which~~
13 that would result in the creation or incurring of a debt or indebtedness or the
14 issuance of any instrument ~~which that~~ would constitute a bond or debt within the
15 meaning of any provisions, limitation, or restriction of the Constitution of North
16 Dakota relating to the creation or incurring of a debt or indebtedness or the
17 issuance of an instrument constituting a bond or debt.

18 **SECTION 7. AMENDMENT.** Subsection 1 of section 40-57-19.1 of the North Dakota
19 Century Code is amended and reenacted as follows:

20 1. Any municipality is authorized to provide for the issuance of refunding bonds to
21 refund, in whole or in part, bonds previously issued ~~by such municipality under the~~
22 ~~authority of this chapter~~ for any of the following purposes:

- 23 a. To extend the maturities of the outstanding bonds.
24 b. To consolidate or restructure or reduce the debt service of the outstanding
25 bonds.
26 c. To remove covenants made with respect to the issuance of the outstanding
27 bonds.