

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

HOUSE BILL NO. 1294
(Representatives Wald, Monson)

AN ACT to create and enact section 26.1-21-24 of the North Dakota Century Code, relating to bond purchases by state agencies and political subdivisions; and to amend and reenact subsection 3 of section 26.1-01-07.1 and sections 26.1-21-07, 26.1-21-09, and 26.1-21-10 of the North Dakota Century Code, relating to the insurance regulatory trust fund and insurance provided to state agencies and political subdivisions under the state bonding fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 26.1-01-07.1 of the North Dakota Century Code is amended and reenacted as follows:

3. Except as otherwise provided by law, at after the end of each fiscal year has been closed and all expenses relating to the fiscal year have been accounted for, the state treasurer office of management and budget shall transfer,~~after all fiscal year expenses have been paid,~~ any ~~cash~~ fund balance remaining in the insurance regulatory trust fund that exceeds one million dollars to the general fund.

SECTION 2. AMENDMENT. Section 26.1-21-07 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-07. Coverage. The amount of coverage afforded to each state agency or political subdivision must be determined by the commissioner based upon the amount of money or property handled and the opportunity for defalcation. The coverage may be greater than but not less than the amount required by law or determined under law for a position. The coverage for a state legislative or judicial branch agency, however, may be determined by the legislative council or supreme court, respectively. Notwithstanding any other provision of law, the commissioner may issue bonds in such amounts as the commissioner determines necessary to carry out the purposes of the fund and, in determining the amount of coverage to be offered, the commissioner may consider the reserves necessary to pay the bonds and for all other necessary costs or expenses to carry out the purposes of the fund.

SECTION 3. AMENDMENT. Section 26.1-21-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-09. Premiums - Amount to whom paid - Minimum. The commissioner shall determine the premium for a blanket bond. Each state agency and political subdivision shall pay the premium in advance to the ~~state treasurer who shall keep fund and~~ the premiums collected must be kept in the fund. ~~The state treasurer shall issue receipts in triplicate. The treasurer shall file one of these receipts in the treasurer's office, shall mail one to the official making the payment, and shall mail one to the commissioner.~~ The minimum premium for each bond must be two dollars and fifty cents per public employee per year. Payments must be made for one year or for a longer term as prescribed by the commissioner. The premiums referred to in this section must be waived until the reserve fund of the state bonding fund has been depleted below the sum of two million dollars. The collection of premiums must be resumed on the bonds, at the rates provided under this section, whenever the reserve fund is depleted below the sum of two million dollars. The premiums must continue to be collected until the reserve fund reaches a total of three million dollars, at which time all premiums must again be waived until the reserve fund has been depleted below the sum of two million dollars.

SECTION 4. AMENDMENT. Section 26.1-21-10 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-10. Automatic insurance of state and political subdivisions.

1. Each state agency and each political subdivision shall apply to be bonded in the fund no less often than on a biennial basis or if when a change in coverage is requested, whichever occurs first. Unless an application is denied within sixty days from the date it is received by the commissioner, the application will be deemed approved and bond coverage in force. If a bond is in the discretion of the state agency or political subdivision and a bond is not requested, the state agency or political subdivision is exempt from this section.
2. The application must include a requested amount of bond coverage based on the amount of money and property handled and the opportunity for defalcation and any other condition imposed by law and list twenty-five percent of the money in control of the public officials or employees for which the bond is requested for the preceding year based on the total monthly balances. In addition, the application must include any information requested by the commissioner to determine the amount of money and property handled and the opportunity for defalcation, including the procedure used to determine the amount of bond requested, revenues for the last budget period by type, expenditures for the last budget period by type, the number of people that handle money, any portion of the last audit, and any financial procedures.

SECTION 5. Section 26.1-21-24 of the North Dakota Century Code is created and enacted as follows:

26.1-21-24. State agency or political subdivision may purchase bond in addition to fund bond. Nothing in this chapter prohibits a state agency or political subdivision from purchasing a bond issued by a duly authorized surety company in addition to the bond provided by the fund. A state agency or political subdivision that purchases an additional bond shall file evidence of that bond with the commissioner.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-first Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1294.

House Vote: Yeas 92 Nays 0 Absent 2

Senate Vote: Yeas 35 Nays 11 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2009.

Approved at _____ M. on _____, 2009.

Governor

Filed in this office this _____ day of _____, 2009,
at _____ o'clock _____ M.

Secretary of State