

HOUSE BILL NO.

Introduced by

Representatives Onstad, S. Meyer

1 A BILL for an Act to amend and reenact subsection 6 of section 54-17.7-02, subsection 3 of
2 section 54-17.7-04, and section 54-17.7-07 of the North Dakota Century Code, relating to
3 authorization for the North Dakota pipeline authority to participate in, and provide for funding of
4 pipeline interconnection facilities.

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

6 **SECTION 1. AMENDMENT.** Subsection 6 of section 54-17.7-02 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 6. "Pipeline facilities" means pipelines, pumps, compressors, storage, and all other
9 facilities, structures, and properties incidental and necessary or useful in the
10 transportation, distribution, and delivery of energy-related commodities to points of
11 sale or consumption or to the point or points of distribution for consumption located
12 within and without this state.

13 **SECTION 2. AMENDMENT.** Subsection 3 of section 54-17.7-04 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 3. Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an
16 undivided or other interest in or the right to capacity in any pipeline system or
17 systems within or without the state of North Dakota in order to facilitate the
18 production, transportation, distribution, or delivery of energy-related commodities
19 produced in North Dakota as a purchaser of last resort. The obligation of the state
20 may not exceed ten percent of the pipeline authority's acquisition or purchase of a
21 right to capacity in any pipeline system or systems and the state's obligation is
22 limited to the funding available from the oil and gas research fund.

23 **SECTION 3. AMENDMENT.** Section 54-17.7-07 of the North Dakota Century Code is
24 amended and reenacted as follows:

1 **54-17.7-07. Evidences of indebtedness.**

- 2 1. Evidences of indebtedness of the authority must be authorized by resolution of the
3 industrial commission and may be issued in one or more series and must bear
4 such date or dates, mature at such time or times, bear interest at such rate or rates
5 of interest per year, be in such denomination or denominations, be in such form,
6 either coupon or registered, carry such conversion or registration privileges, have
7 such rank or priority, be executed in such manner, be payable from such sources
8 in such medium of payment at such place or places within or without the state, and
9 be subject to such terms of redemption, with or without premium, as such
10 resolution or resolutions may provide. Evidences of indebtedness of the authority
11 are to mature not more than forty years from the date of issue. Evidences of
12 indebtedness of the authority may be sold at such time or times and at such price
13 or prices as the authority determines.
- 14 2. Evidences of indebtedness and grants, loans, or other forms of financial assistance
15 issued by the authority are payable solely from:
- 16 a. Revenues that may be received by the authority from pipeline facilities,
17 services, or activities funded under this chapter with the proceeds of the
18 authority's evidences of indebtedness, subject only to prior payment of the
19 reasonable and necessary expenses of operating and maintaining such
20 pipeline facilities except depreciation.
- 21 b. Amounts received by the authority under loans authorized under this chapter.
- 22 c. Revenues received by the authority under this chapter from any source other
23 than general tax revenues.
- 24 3. The evidences of indebtedness are not subject to taxation by the state or any of its
25 political subdivisions and do not constitute a debt of the state of North Dakota
26 within the meaning of any statutory or constitutional provision and must contain a
27 statement to that effect on their face.
- 28 4. The authority may establish and maintain a reserve fund for evidences of
29 indebtedness issued under this chapter. There must be deposited in the reserve
30 fund:

- 1 a. All moneys appropriated by the legislative assembly to the authority for the
2 purpose of the reserve fund.
- 3 b. All proceeds of evidences of indebtedness issued under this chapter required
4 to be deposited in the reserve fund by the terms of any contract between the
5 authority and the holders of its evidences of indebtedness or any resolution of
6 the authority.
- 7 c. Any lawfully available moneys of the authority which it may determine to
8 deposit in the reserve fund.
- 9 d. Any moneys from any other source made available to the authority for deposit
10 in the reserve fund or any contractual right to the receipt of moneys by the
11 authority for the purpose of the fund, including a letter of credit, surety bond,
12 or similar instrument.
- 13 5. The authority must include in its biennial request to the office of the budget the
14 amount, if any, necessary to restore any reserve fund established under this
15 section to an amount equal to the amount required to be deposited in the fund by
16 the terms of any contract or resolution approved by the commission.
- 17 6. Any pledge of revenue made by the industrial commission as security for the
18 authority's evidences of indebtedness is valid and binding from time to time when
19 the pledge is made. The revenues or other moneys so pledged and thereafter
20 received by the authority are immediately subject to the lien of any such pledge
21 without any physical delivery thereof or further act, and the lien of any such pledge
22 is valid and binding as against all parties having claims of any kind in tort, contract,
23 or otherwise against the authority, regardless of whether such parties have notice
24 thereof. Neither the resolution nor any other instrument by which a pledge is
25 created need be filed or recorded except in the records of the authority.
- 26 7. The authority may obtain from any entity of the state, any department or agency of
27 the United States, or any nongovernmental insurer, any insurance, guaranty, or
28 liquidity facility, or from a financial institution, a letter of credit to the extent such
29 insurance, guaranty, liquidity facility, or letter of credit now or hereafter available,
30 as to, or for, the payment or repayment of, interest or principal, or both, or any part
31 thereof, on any evidences of indebtedness issued by the authority pursuant to this

- 1 chapter, and may enter into any agreement or contract with respect to any such
2 insurance, guaranty, letter of credit, or liquidity facility, and pay any required fee,
3 unless the same would impair or interfere with the ability of the authority to fulfill the
4 terms of any agreement made with the holders of its evidences of indebtedness.
- 5 8. After issuance, all evidences of indebtedness of the authority are conclusively
6 presumed to be fully authorized and issued under the laws of the state, and any
7 person or governmental unit is estopped from questioning their authorization, sale,
8 issuance, execution, or delivery by the authority.
- 9 9. When the authority has issued evidences of indebtedness and pledged the
10 revenues of the pipeline facilities for the payment thereof as herein provided, the
11 authority shall operate and maintain the pipeline facilities and shall impose and
12 collect fees and charges for the services furnished by the pipeline facilities,
13 including those furnished to the authority itself, in the amounts and at the rates as
14 are fully sufficient at all times to:
- 15 a. Pay the expenses of operating and maintaining the pipeline facilities.
 - 16 b. Provide a debt service fund sufficient to assure the prompt payment of
17 principal and interest on the evidences of indebtedness at maturity.
 - 18 c. Provide a reasonable fund for contingencies as may be required by the
19 resolution authorizing the evidences of indebtedness.