

TAXATION COMMITTEE
POLITICAL SUBDIVISION BONDED INDEBTEDNESS REPORTING
MEASURE NO. 2 – POLITICAL SUBDIVISION INDEBTEDNESS
MAY 29, 2012

I. Bonded Indebtedness Reporting

- A. Rather than a reporting requirement, have Legislative Council prepare a list
1. Information is already available:
 - a. EMMA - Electronic Municipal Market Access
Municipal Securities Rulemaking Board
 - b. USDA
 - c. State agencies: BND, NDPFA, DPI, State Land Board
 - d. Local banks, and a few others
(*no list, but this is a small category*)
 2. Better product by having someone gather & generate a list
 3. EMMA search for North Dakota, attached
 4. *Public Debt in North Dakota* (June 1985), attached
 5. MIDA Bond reporting requirement from 1979 – 2009 (NDCC §40-57-05)
- B. If the Committee wants a reporting requirement:
1. Add a section to NDCC Chapter 21-06, Government Finance – Miscellaneous Provisions
 2. File the reports with Legislative Council or Advisory Commission on Intergovernmental Relations (NDCC Chapter 54-35.2)
- joint powers agreements filed with the Advisory Commission
 3. Require filing going forward only; have Legislative Council compile existing bond issue information
 4. Require reporting within 60 days of bond issuance

II. Measure No. 2 – Political Subdivision Indebtedness

- A. If Measure No. 2 is enacted, the following types of political subdivision indebtedness will remain:
1. Water and Sewer Revenue Bonds (impact some home rule revenue bonds)
 2. Sales Tax Revenue Bonds
 3. Special Assessment Bonds
but with a significant change. The deficiency levy backing special assessments spread on all taxable property will no longer be available. Also, it is not clear if political subdivisions could assess other political subdivisions.
 4. MIDA Bonds (for the benefit of nonprofits and certain industrial projects)
- B. If Measure No. 2 is enacted, the following types of political subdivision indebtedness will no longer be available:
1. General Obligation Bonds
 2. Limited Tax Levy Bonds
 3. Tax Increment Financing
 4. Certificates of Indebtedness (issued against levied but uncollected taxes)
 5. Lease Revenue Bonds (when general tax levies used for lease payments)
- C. If Measure No. 2 is enacted, status of bonds and possible legislative action:
1. Tax-backed bonds issued before M2 effective date not impacted
 2. State could not assume existing bonds, but could agree to: (a) provide biennial appropriations for debt service or (b) prepay or defease the bonds. Interesting language in §21-03-15 (GO Bonds), stating that amounts provided by legislature out of state funds for bond debt service constitute an irrevocable and continuing appropriation until bonds are paid
 3. Authorize public school districts to levy a sales tax, so local districts could bond for their own facilities (maybe an impact fee tied to building permit)
 4. North Dakota Building Authority – NDCC Chapter 54-17.2 (*see attached*)
Currently, the NDBA issues bonds to finance state buildings on behalf of various agencies. The NDBA could issues bonds on behalf of school districts to construct buildings. Through either a loan agreement, or a lease-lease back arrangement, the districts would make payments to the NDBA sufficient to pay the bonds. The source of the district payment would be legislative appropriations together with any locally generated user fees or revenues. This type of a bonding structure for local projects likely would not violate the state's \$2 million debt limit.



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Searches based on CUSIP-6, Issuer Name and/or State result in issuer-level results. Searches based on Issue Description and/or Date of Issuance return issue-level results. Searches based on Maturity Date and/or Interest Rate, or Credit Ratings return security-level results.

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Issuer Name * ^

State

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[ASHLEY N D](#)
[BARNES CNTY N D](#)
[BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT BUILDING AUTHORITY, NORTH DAKOTA](#)
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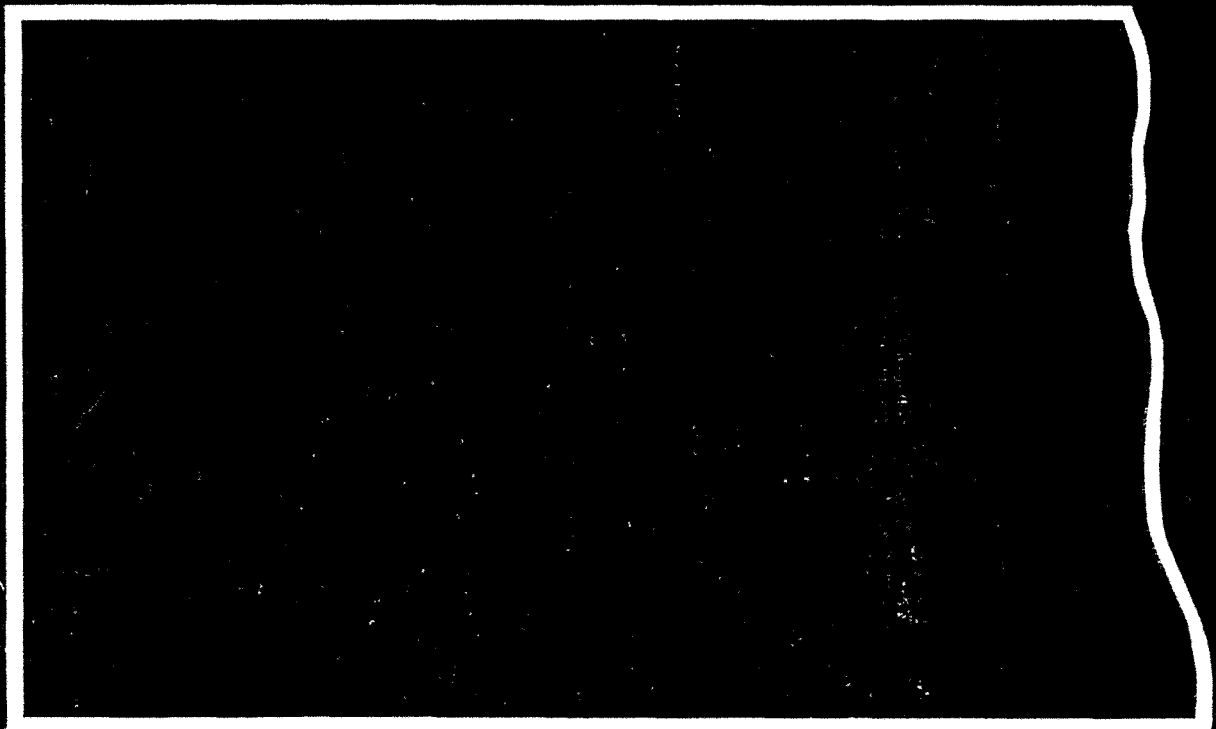
DOUGHERTY, DAWKINS, STRAND & YOST
INCORPORATED

BEAUCLAIR & COOK,

AND THE UNIVERSITY OF NORTH DAKOTA
BUREAU OF BUSINESS & ECONOMIC RESEARCH
present

PUBLIC DEBT IN NORTH DAKOTA

ECONOMIC SURVEY & OUTLOOK



JUNE 1985

CITY DATA

CITY DATA

A. Issuing Entity: **Abercrombie**

B. Location: Located in Richland County

C. Population: 1960 244 1970 262 1980 260

D. Revenue Base

	Total Taxable Value	% Collected for Tax Year
1981	\$ 84,649	1981
1982	93,905	1982
1983	88,823	1983
1984	95,135	

E. Total Long Term Debt

As of	Total Long Term Debt	General Obligation	Revenue Bonds	Special Assessment
January 1, 1983	\$ 228,000	\$ 0	\$ 0	\$ 228,000
January 1, 1984	238,000	0	0	238,000
January 1, 1985	248,000	0	0	248,000

F. Debt Limit (G.O.) as a percent of taxable assessed value is 5.0%.

Actual Debt (G.O.) as a percent of taxable assessed value is 0.0%.

G. Description of Outstanding Long-Term Debt

Type	Issue Year	Purpose	Maturities	Amount Issued	Amount Outstanding	As of
S.A.	1972	Sewer	1973-2003	\$ 130,000	\$ 86,000	1-1-85
		Water	1982-2012	180,000	162,000	1-1-85

CITY DATA

A. Issuing Entity: **Ashley**

B. Location: Located in McIntosh County

C. Population: 1960 1,419 1970 1,236 1980 1,192

D. Revenue Base

	Total Taxable Value	% Collected for Tax Year
1981	\$ 669,268	1981
1982	720,787	1982
1983	780,514	1983
1984	781,508	

E. Total Long Term Debt

As of	Total Long Term Debt	General Obligation	Revenue Bonds	Special Assessment
January 1, 1983	\$ 450,000	\$ 0	\$ 0	450,000
January 1, 1984	380,000	0	0	380,000
January 1, 1985	300,000	0	0	300,000

F. Debt Limit (G.O.) as a percent of taxable assessed value is 5.0%.

Actual Debt (G.O.) as a percent of taxable assessed value is 0.0%.

G. Description of Outstanding Long-Term Debt

Type	Issue Year	Purpose	Maturities	Amount Issued	Amount Outstanding	As of
S.A.	1971	Paving	-1987	\$ 160,000	\$ 15,000	1-1-85
	1979	Paving	-1993	415,000	265,000	1-1-85
	1981	Lagoon	-1985	95,000	20,000	1-1-85

In the opinion of Arntson Stewart Wegner PC, Fargo, North Dakota, Bond Counsel, according to existing North Dakota and federal laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants, as of their date of issuance, interest on the 2012 Series A Bonds is excluded from gross income for purposes of federal income taxation, and is exempt from taxable income for State of North Dakota income tax purposes. Interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal alternative minimum tax for individuals or corporations, but is included in computing adjusted current earnings when calculating the alternative minimum tax on corporations. See "TAX MATTERS" herein.

NORTH DAKOTA BUILDING AUTHORITY
\$19,055,000
FACILITIES IMPROVEMENT REFUNDING BONDS, 2012 SERIES A
(the "2012 Series A Bonds")

DATED: Date of Delivery

DUE: December 1, as shown on the inside cover page

The 2012 Series A Bonds are issuable as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2012 Series A Bonds. Purchases of 2012 Series A Bonds will be made in book-entry only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the 2012 Series A Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2012 Series A Bonds. Interest is payable on December 1, 2012 and on each June 1 and December 1 thereafter. So long as DTC or its nominee is the registered owner of the 2012 Series A Bonds, payments of the principal or redemption price of and interest on the 2012 Series A Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE BONDS--Book-Entry-Only System."

The 2012 Series A Bonds are subject to extraordinary optional redemption prior to maturity upon the occurrence of certain events as described under "THE 2012 SERIES A BONDS - Redemption" herein.

The 2012 Series A Bonds are being issued to refund, on a current basis, the \$10,665,000 Lease Revenue Refunding Bonds, 2002 Series C (the "2002 Series C Bonds"), the \$16,425,000 Lease Revenue Refunding Bonds, 2002 Series D (the "2002 Series D Bonds") and the ConnectND Project Revenue Bonds, 2003 Series C (the "2003 Series C Bonds") and to advance refund the \$13,080,000 Lease Revenue Bonds, 2003 Series B (the "2003 Series B Bonds," collectively, the "Refunded Bonds") issued by the Industrial Commission, acting as the North Dakota Building Authority (the "Issuer" or "Authority"), as described under "PLAN OF REFUNDING" herein. The 2002 Series C Bonds were originally issued to refund, on a current basis, the \$15,790,000 Lease Revenue Bonds, 1993 Series B which were originally issued to finance the acquisition, construction, improvement or equipping of certain facilities for Job Service North Dakota, the North Dakota State Board of Higher Education and the Office of the Adjutant General (the "1993 Series B Projects"). The 2002 Series D Bonds were originally issued to advance refund the \$18,135,000 Lease Revenue Bonds, 1995 Series A which were originally issued to finance the acquisition, construction, improvement or equipping of certain facilities for the North Dakota State Board of Higher Education (the "1995 Series A Projects"). The 2003 Series B Bonds were originally issued to finance the acquisition, improving, equipping or construction of certain facilities for the North Dakota State Board of Higher Education, the North Dakota Department of Corrections and Rehabilitation, and the North Dakota State Department of Health (the "2003 Series B Projects"). The 2003 Series C Bonds were originally issued to finance the purchase or lease of computer hardware and software and for the costs of the implementation services for the enterprise resources planning system commonly known as the ConnectND project for the North Dakota Information Technology Department (the "2003 Series C Project"). The 1993 Series B Projects, the 1995 Series A Projects, the 2003 Series B Projects and the 2003 Series C Projects are collectively referred to as the "Projects." The North Dakota State Department of Health, the North Dakota State Board of Higher Education, the Adjutant General, Job Service North Dakota, the North Dakota Department of Corrections and Rehabilitation and the North Dakota Information Technology Department are collectively referred to as the "Agencies." The Industrial Commission of North Dakota, acting as the North Dakota Building Authority (the "Issuer"), will loan the proceeds of the 2012 Series A Bonds to the Agencies pursuant to the loan agreements between the Issuer and the North Dakota State Department of Health (the "Loan Agreement I"), the North Dakota State Board of Higher Education (the "Loan Agreement II"), the Adjutant General (the "Loan Agreement III"), Job Service North Dakota (the "Loan Agreement IV"), the North Dakota Department of Corrections and Rehabilitation (the "Loan Agreement V") and the North Dakota Information Technology Department (the "Loan Agreement VI") (collectively, the "Loan Agreements") under which the aggregate of the semiannual loan payments due under the Loan Agreements (the "Loan Payments") to be paid by the Agencies will be sufficient in amount and payable at such times to pay principal of and interest on the 2012 Series A Bonds when due.

The 2012 Series A Bonds are issued under and are equally and ratably secured by the Trust Indenture (the "2012 Series A Indenture") between the Issuer and the Bank of North Dakota as trustee (the "Trustee"). The 2012 Series A Bonds are limited obligations of the Issuer payable solely from the revenues and receipts received pursuant to the Loan Agreements, which are produced from biennial appropriations (if any) by the North Dakota Legislative Assembly, other legally available funds, and other funds or amounts held by the Trustee as security for the 2012 Series A Bonds.

The Loan Agreements specifically provide that nothing therein shall be construed to require the North Dakota Legislative Assembly to appropriate any moneys to pay 2012 Series A Loan Payments thereunder and that the Agencies shall not be obligated to pay such 2012 Series A Loan Payments except to the extent appropriated for each biennium. THE OBLIGATION OF THE AGENCIES TO PAY THE LOAN PAYMENTS, AS HEREIN DEFINED, UNDER THE LOAN AGREEMENTS IS SUBJECT TO BIENNIAL APPROPRIATIONS BY THE NORTH DAKOTA LEGISLATIVE ASSEMBLY AS PROVIDED IN THE LOAN AGREEMENTS. NEITHER THE OBLIGATION OF THE AGENCIES TO PAY SUCH LOAN PAYMENTS NOR THE OBLIGATION OF THE ISSUER TO PAY DEBT SERVICE WILL CONSTITUTE A DEBT OF THE STATE OF NORTH DAKOTA OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF NORTH DAKOTA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE ISSUANCE OF THE 2012 SERIES A BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE AGENCIES TO PAY THE LOAN PAYMENTS BEYOND THAT APPROPRIATED FOR THE CURRENT BIENNIUM OF THE STATE. THE ISSUER HAS NO TAXING POWER. See "BONDOWNERS' RISKS" herein.

The 2012 Series A Bonds are offered when, as and if issued by the Issuer subject to the approving legal opinion of Arntson Stewart Wegner PC, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Issuer by the Attorney General of the State of North Dakota. The 2012 Series A Bonds will be available for delivery at The Depository Trust Company in New York, New York on or about May 22, 2012.

Hutchinson, Shockey, Erley & Co. has agreed to purchase the 2012 Series A Bonds from the Authority for the purchase price of \$19,934,258.18.

The date of this Official Statement is May 8, 2012.

HUTCHINSON, SHOCKEY, ERLEY & CO.