

Sixty-third  
Legislative Assembly  
of North Dakota

REENGROSSED SENATE BILL NO. 2187

Introduced by

Senators J. Lee, Bowman, Mathern

Representatives Kempenich, J. Nelson, Holman

1 A BILL ~~for an Act to create and enact section 6-09-47 of the North Dakota Century Code,~~  
 2 ~~relating to a Bank of North Dakota medical facility infrastructure loan program; to amend and~~  
 3 ~~reenact section 6-09-47 of the North Dakota Century Code, relating to the medical facility~~  
 4 ~~infrastructure loan program; to provide for transfer; to provide an appropriation; to provide a~~  
 5 ~~continuing appropriation; to provide an effective date; and to provide an expiration date.~~for an  
 6 Act to create and enact section 6-09-47 of the North Dakota Century Code, relating to a Bank of  
 7 North Dakota medical facility infrastructure loan program; to provide for a report; to provide for a  
 8 transfer; to provide a contingent appropriation; to provide a continuing appropriation; to provide  
 9 an effective date; and to provide an expiration date.

10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

11 ~~SECTION 1. Section 6-09-47 of the North Dakota Century Code is created and enacted as~~  
 12 ~~follows:~~

13 ~~6-09-47. Medical facility infrastructure loan program – Continuing appropriation –~~  
 14 ~~Audit and costs of administration.~~

15 ~~1. The Bank shall administer a loan program to provide loans to medical facilities to~~  
 16 ~~conduct construction that improves the health care infrastructure in the state or~~  
 17 ~~improves access to existing nonprofit health care providers in the state. The~~  
 18 ~~construction project may include land purchases and may include purchase, lease,~~  
 19 ~~erection, or improvement of any structure or facility to the extent the governing board~~  
 20 ~~of the health care facility has the authority to authorize such activity.~~

21 ~~2. In order to be eligible under this loan program, the applicant must be the governing~~  
 22 ~~board of the health care facility which shall submit an application to the Bank. The~~  
 23 ~~application must:~~

- 1 ~~a. Detail the proposed construction project, which must be a project of at least one-~~  
2 ~~million dollars and which is expected to be utilized for at least thirty years;~~
- 3 ~~b. Demonstrate the need and long term viability of the construction project; and~~
- 4 ~~c. Include financial information as the Bank may determine appropriate to determine-~~  
5 ~~eligibility, such as whether there are alternative financing methods.~~
- 6 ~~3. The governor shall establish a task force to review loan applications under this section-~~  
7 ~~and to make recommendations to the Bank on the loan applications. The task force-~~  
8 ~~must include representation of medical providers and medical facilities from the oil-~~  
9 ~~producing counties in the state. The task force shall work with the Bank to establish-~~  
10 ~~criteria for eligibility for a loan under the program. The criteria established by the task-~~  
11 ~~force and the Bank must give priority to applicants that are located in oil producing-~~  
12 ~~counties and to applicants that are prospective payment system hospitals that receive-~~  
13 ~~trauma patients from oil producing counties.~~
- 14 ~~4. A loan provided under this section:~~
- 15 ~~a. May not exceed the lesser of three million dollars or twenty five percent of the-~~  
16 ~~actual cost of the project;~~
- 17 ~~b. Must have an interest rate equal to one percent; and~~
- 18 ~~c. Must provide a repayment schedule of no longer than twenty five years.~~
- 19 ~~5. A recipient of a loan under this section shall complete the financed construction project-~~  
20 ~~within twenty-four months of approval of the loan. Failure to comply with this-~~  
21 ~~subsection may result in forfeiture of the entire loan received under this section.~~
- 22 ~~6. The medical facility infrastructure fund is a special fund in the state treasury. All-~~  
23 ~~moneys in the medical facility infrastructure fund are appropriated to the Bank on a-~~  
24 ~~continuing basis for the purpose of providing loans under this section. Interest on-~~  
25 ~~moneys in the fund must be credited to the strategic investment and improvements-~~  
26 ~~fund in the state treasury.~~
- 27 ~~7. Funds in the medical facility infrastructure fund may be used for loans as provided-~~  
28 ~~under this section and to pay the costs of administration of the fund. Annually, the-~~  
29 ~~Bank may deduct a service fee for administering the medical facility infrastructure fund-~~  
30 ~~maintained under this section.~~

1 ~~8. The medical facility infrastructure fund must be audited in accordance with section~~  
2 ~~6-09-29. The cost of the audit and any other actual costs incurred by the Bank on~~  
3 ~~behalf of the fund must be paid from the fund.~~

4 ~~**SECTION 2. AMENDMENT.** Section 6-09-47 of the North Dakota Century Code is amended~~  
5 ~~and reenacted as follows:~~

6 ~~**6-09-47. Medical facility infrastructure loan program – Continuing appropriation – Audit**~~  
7 ~~**and costs of administration.**~~

8 ~~1. The Bank shall administer a loan program to provide loans to medical facilities to~~  
9 ~~conduct construction that improves the health care infrastructure in the state or~~  
10 ~~improves access to existing non profit health care providers in the state. The~~  
11 ~~construction project may include land purchases and may include purchase, lease,~~  
12 ~~erection, or improvement of any structure or facility to the extent the governing board~~  
13 ~~of the health care facility has the authority to authorize such activity.~~

14 ~~2. In order to be eligible under this loan program, the applicant must be the governing~~  
15 ~~board of the health care facility which shall submit an application to the Bank. The~~  
16 ~~application must:~~

17 ~~a. Detail the proposed construction project, which must be a project of at least one~~  
18 ~~million dollars and which is expected to be utilized for at least thirty years;~~

19 ~~b. Demonstrate the need and long term viability of the construction project; and~~

20 ~~c. Include financial information as the Bank may determine appropriate to determine~~  
21 ~~eligibility, such as whether there are alternative financing methods.~~

22 ~~3. The governor shall establish a task force to review loan applications under this section~~  
23 ~~and to make recommendations to the Bank on the loan applications. The task force~~  
24 ~~must include representation of medical providers and medical facilities from the oil~~  
25 ~~producing counties in the state. The task force shall work with the Bank to establish~~  
26 ~~criteria for eligibility for a loan under the program. The criteria established by the task~~  
27 ~~force and the Bank must give priority to applicants that are located in oil producing~~  
28 ~~counties and to applicants that are prospective payment system hospitals that receive~~  
29 ~~trauma patients from oil producing counties.~~

30 ~~4. A loan provided under this section:~~

- 1 ~~\_\_\_\_\_ a. May not exceed the lesser of three million dollars or twenty-five percent of the~~  
2 ~~actual cost of the project;~~
- 3 ~~\_\_\_\_\_ b. Must have an interest rate equal to one percent; and~~
- 4 ~~\_\_\_\_\_ c. Must provide a repayment schedule of no longer than twenty-five years.~~
- 5 ~~— 5. A recipient of a loan under this section shall complete the financed construction project~~  
6 ~~within twenty-four months of approval of the loan. Failure to comply with this~~  
7 ~~subsection may result in forfeiture of the entire loan received under this section.~~
- 8 ~~— 6. The medical facility infrastructure fund is a special fund in the state treasury. All~~  
9 ~~moneys in the medical facility infrastructure fund is appropriated to the Bank on a~~  
10 ~~continuing basis for the purpose of providing loans under this section. Interest on~~  
11 ~~moneys in the fund must be credited to the strategic investment and improvements~~  
12 ~~fund in the state treasury. The Bank shall service loans made under the medical facility~~  
13 ~~infrastructure loan program. The repayment schedule of these loans may not exceed~~  
14 ~~twenty-five years. The Bank shall deposit loan repayment funds to the strategic~~  
15 ~~investment and improvements fund in the state treasury.~~
- 16 ~~— 7.2. Funds in the medical facility infrastructure fund may be used for loans as provided~~  
17 ~~under this section and to pay the costs of administration of the fund. Annually, the~~  
18 ~~Bank may deduct a service fee for administering the medical facility infrastructure fund~~  
19 ~~maintained under this section.~~
- 20 ~~— 8.3. The medical facility infrastructure fund must be audited in accordance with section~~  
21 ~~6-09-29. The cost of the audit and any other actual costs incurred by the Bank on~~  
22 ~~behalf of the fund must be paid from the fund.~~
- 23 ~~— **SECTION 3. APPROPRIATION – TRANSFER.** There is appropriated out of any moneys in~~  
24 ~~the strategic investment and improvements fund in the state treasury, not otherwise~~  
25 ~~appropriated, the sum of \$12,000,000, or so much of the sum as may be necessary, to the~~  
26 ~~medical facility infrastructure fund for use by the Bank of North Dakota to provide medical~~  
27 ~~facility infrastructure loans under section 1 of this Act, for the biennium beginning July 1, 2013,~~  
28 ~~and ending June 30, 2015.~~
- 29 ~~— **SECTION 4. LOAN REPAYMENT – BALANCE TRANSFER.** The Bank of North Dakota~~  
30 ~~shall deposit any loan repayment funds from the medical facility infrastructure loan program in~~  
31 ~~the strategic investment and improvements fund. The Bank of North Dakota shall deposit any~~

1 ~~balance remaining in the medical facility infrastructure fund on July 30, 2017, in the strategic~~  
2 ~~investment and improvements fund.~~

3 ~~— SECTION 5. EFFECTIVE DATE. Section 2 of this Act becomes effective on August 1, 2017.~~

4 ~~— SECTION 6. EXPIRATION DATE. Section 4 of this Act is effective through July 31, 2017,~~  
5 ~~and after that date is ineffective. Section 2 of this Act is effective through July 31, 2043, and~~  
6 ~~after that date is ineffective.~~

7 **SECTION 1.** Section 6-09-47 of the North Dakota Century Code is created and enacted as  
8 follows:

9 **6-09-47. (Effective through July 31, 2017) Medical facility infrastructure loan program**  
10 **- Continuing appropriation - Audit and costs of administration.**

11 1. The Bank of North Dakota shall administer a loan program to provide loans to medical  
12 facilities to conduct construction that improves the health care infrastructure in the  
13 state or improves access to existing nonprofit health care providers in the state. The  
14 construction project may include land purchases and may include purchase, lease,  
15 erection, or improvement of any structure or facility to the extent the governing board  
16 of the health care facility has the authority to authorize such activity.

17 2. In order to be eligible under this loan program, the applicant must be the governing  
18 board of the health care facility which shall submit an application to the Bank. The  
19 application must:

- 20 a. Detail the proposed construction project, which must be a project of at least one  
21 million dollars and which is expected to be utilized for at least thirty years;  
22 b. Demonstrate the need and long-term viability of the construction project; and  
23 c. Include financial information as the Bank may determine appropriate to determine  
24 eligibility, such as whether there are alternative financing methods.

25 3. The governor shall establish a task force to review loan applications under this section  
26 and to make recommendations to the Bank on the loan applications. The task force  
27 must include representation of medical providers and medical facilities from the  
28 oil-producing counties in the state. The task force shall work with the Bank to establish  
29 criteria for eligibility for a loan under the program. The criteria established by the task  
30 force and the Bank must give priority to applicants that are located in oil-producing  
31 counties.

1 4. A loan provided under this section:

2 a. May not exceed the lesser of fifteen million dollars or seventy-five percent of the  
3 actual cost of the project;

4 b. Must have an interest rate equal to one percent; and

5 c. Must provide a repayment schedule of no longer than twenty-five years.

6 5. A recipient of a loan under this section shall complete the financed construction project  
7 within twenty-four months of approval of the loan. Failure to comply with this  
8 subsection may result in forfeiture of the entire loan received under this section.

9 6. The medical facility infrastructure fund is a special fund in the state treasury. All  
10 moneys in the medical facility infrastructure fund are appropriated to the Bank on a  
11 continuing basis for the purpose of providing loans under this section.

12 7. Funds in the medical facility infrastructure fund may be used for loans as provided  
13 under this section and to pay the costs of administration of the fund. Annually, the  
14 Bank may deduct a service fee for administering the medical facility infrastructure fund  
15 maintained under this section.

16 8. The medical facility infrastructure fund must be audited in accordance with section  
17 6-09-29. The cost of the audit and any other actual costs incurred by the Bank on  
18 behalf of the fund must be paid from the fund.

19 9. The Bank shall deposit loan repayment funds in the medical facility infrastructure fund.  
20 After deduction of fees and costs as provided in this section, the Bank shall make an  
21 annual transfer of repayment funds deposited in the medical facility infrastructure fund  
22 to the state treasurer for deposit in the strategic investment and improvements fund.

23 **(Effective August 1, 2017, through July 31, 2043) Medical facility infrastructure loan**  
24 **program - Continuing appropriation - Audit and costs of administration.**

25 1. The Bank of North Dakota shall service loans made under the medical facility  
26 infrastructure loan program. The repayment schedule of these loans may not exceed  
27 twenty-five years.

28 2. Funds in the medical facility infrastructure fund may be used for loans as provided  
29 under this section and to pay the costs of administration of the fund. Annually, the  
30 Bank may deduct a service fee for administering the medical facility infrastructure fund  
31 maintained under this section.

1        3. The medical facility infrastructure fund must be audited in accordance with section  
2        6-09-29. The cost of the audit and any other actual costs incurred by the Bank on  
3        behalf of the fund must be paid from the fund.

4        4. The Bank shall deposit loan repayment funds in the medical facility infrastructure fund.  
5        After deduction of fees and costs as provided in this section, the Bank shall make an  
6        annual transfer of repayment funds deposited in the medical facility infrastructure fund  
7        to the state treasurer for deposit in the strategic investment and improvements fund.

8        **SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in  
9 the strategic investment and improvements fund in the state treasury, not otherwise  
10 appropriated, the sum of \$50,000,000, or so much of the sum as may be necessary, to the  
11 medical facility infrastructure fund for use by the Bank of North Dakota to provide medical  
12 facility infrastructure loans under section 1 of this Act, for the biennium beginning July 1, 2013,  
13 and ending June 30, 2015. In addition, any amount authorized by the state board of university  
14 and school lands under House Bill No. 1319, as enacted by the sixty-third legislative assembly,  
15 after December 31, 2014, as uncommitted school construction loans shall be transferred to the  
16 medical facility infrastructure fund and is appropriated for the purpose of loans by the Bank of  
17 North Dakota to provide medical facility infrastructure loans under section 1 of this Act.

18        **SECTION 3. BALANCE TRANSFER.** The Bank of North Dakota shall transfer any balance  
19 remaining in the medical facility infrastructure fund on July 31, 2017, to the state treasurer for  
20 deposit in the strategic investment and improvements fund.

21        **SECTION 4. REPORT TO LEGISLATIVE ASSEMBLY.** The Bank of North Dakota shall  
22 report to the sixty-fourth and sixty-fifth legislative assemblies on the status of the loan program  
23 provided for in this Act.