

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED 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.

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

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

9 **6-09-47. Medical facility infrastructure loan program - Continuing appropriation -**
10 **Audit and costs of administration.**

- 11 1. The Bank shall administer a loan program to provide loans to medical facilities to
12 conduct construction that improves the health care infrastructure in the state or
13 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.

- 1 3. The governor shall establish a task force to review loan applications under this section
2 and to make recommendations to the Bank on the loan applications. The task force
3 must include representation of medical providers and medical facilities from the oil
4 producing counties in the state. The task force shall work with the Bank to establish
5 criteria for eligibility for a loan under the program. The criteria established by the task
6 force and the Bank must give priority to applicants that are located in oil producing
7 counties and to applicants that are prospective payment system hospitals that receive
8 trauma patients from oil producing counties.
- 9 4. A loan provided under this section:
- 10 a. May not exceed the lesser of twenty million dollars or seventy-five percent of the
11 actual cost of the project;
- 12 b. Must have an interest rate equal to one percent; and
- 13 c. Must provide a repayment schedule of no longer than twenty-five years.
- 14 5. A recipient of a loan under this section shall complete the financed construction project
15 within twenty-four months of approval of the loan. Failure to comply with this
16 subsection may result in forfeiture of the entire loan received under this section.
- 17 6. The medical facility infrastructure fund is a special fund in the state treasury. All
18 moneys in the medical facility infrastructure fund are appropriated to the Bank on a
19 continuing basis for the purpose of providing loans under this section. Interest on
20 moneys in the fund must be credited to the strategic investment and improvements
21 fund in the state treasury.
- 22 7. Funds in the medical facility infrastructure fund may be used for loans as provided
23 under this section and to pay the costs of administration of the fund. Annually, the
24 Bank may deduct a service fee for administering the medical facility infrastructure fund
25 maintained under this section.
- 26 8. The industrial commission is responsible for contracting with a certified public
27 accounting firm to audit the medical facility infrastructure fund as necessary. The cost
28 of the audit and any other actual costs incurred by the Bank on behalf of the fund must
29 be paid from the fund.

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

1 **6-09-47. Medical facility infrastructure loan program –~~Continuing appropriation- Audit~~**
2 **and costs of administration.**

- 3 1. ~~The Bank shall administer a loan program to provide loans to medical facilities to~~
4 ~~conduct construction that improves the health care infrastructure in the state or~~
5 ~~improves access to existing non-profit health care providers in the state. The~~
6 ~~construction project may include land purchases and may include purchase, lease,~~
7 ~~erection, or improvement of any structure or facility to the extent the governing board~~
8 ~~of the health care facility has the authority to authorize such activity.~~Funds in the
9 medical facility infrastructure fund may be used for loans as provided under this
10 section and to pay the costs of administration of the fund. Annually, the Bank may
11 deduct a service fee for administering the medical facility infrastructure fund
12 maintained under this section.
- 13 2. ~~In order to be eligible under this loan program, the applicant must be the governing~~
14 ~~board of the health care facility which shall submit an application to the Bank. The~~
15 ~~application must:~~
- 16 a. ~~Detail the proposed construction project, which must be a project of at least one~~
17 ~~million dollars and which is expected to be utilized for at least thirty years;~~
- 18 b. ~~Demonstrate the need and long term viability of the construction project; and~~
- 19 c. ~~Include financial information as the Bank may determine appropriate to determine~~
20 ~~eligibility, such as whether there are alternative financing methods.~~
- 21 3. ~~The governor shall establish a task force to review loan applications under this section~~
22 ~~and to make recommendations to the Bank on the loan applications. The task force~~
23 ~~must include representation of medical providers and medical facilities from the oil~~
24 ~~producing counties in the state. The task force shall work with the Bank to establish~~
25 ~~criteria for eligibility for a loan under the program. The criteria established by the task~~
26 ~~force and the Bank must give priority to applicants that are located in oil producing~~
27 ~~counties and to applicants that are prospective payment system hospitals that receive~~
28 ~~trauma patients from oil producing counties.~~
- 29 4. ~~A loan provided under this section:~~
- 30 a. ~~May not exceed the lesser of twenty million dollars or seventy five percent of the~~
31 ~~actual cost of the project;~~

- 1 b. ~~Must have an interest rate equal to one percent; and~~
2 e. ~~Must provide a repayment schedule of no longer than twenty-five years.~~
3 5. ~~A recipient of a loan under this section shall complete the financed construction project~~
4 ~~within twenty four months of approval of the loan. Failure to comply with this~~
5 ~~subsection may result in forfeiture of the entire loan received under this section.~~
6 6. ~~The medical facility infrastructure fund is a special fund in the state treasury. All~~
7 ~~moneys in the medical facility infrastructure fund is appropriated to the Bank on a~~
8 ~~continuing basis for the purpose of providing loans under this section. Interest on~~
9 ~~moneys in the fund must be credited to the strategic investment and improvements~~
10 ~~fund in the state treasury. The Bank shall service loans made under the medical facility~~
11 ~~infrastructure loan program. The repayment schedule of these loans may not exceed~~
12 ~~twenty-five years. The Bank shall deposit loan repayment funds to the strategic~~
13 ~~investment and improvements fund in the state treasury.~~
14 3. The industrial commission is responsible for contracting with a certified public
15 accounting firm to audit the medical facility infrastructure fund as necessary. The cost
16 of the audit and any other actual costs incurred by the Bank on behalf of the fund must
17 be paid from the fund.

18 **SECTION 3. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in
19 the strategic investment and improvements fund in the state treasury, not otherwise
20 appropriated, the sum of \$150,000,000, or so much of the sum as may be necessary, to the
21 medical facility infrastructure fund for use by the Bank of North Dakota to provide medical
22 facility infrastructure loans under section 1 of this Act, for the biennium beginning July 1, 2013,
23 and ending June 30, 2015.

24 **SECTION 4. LOAN REPAYMENT - BALANCE TRANSFER.** The Bank of North Dakota
25 shall deposit any loan repayment funds from the medical facility infrastructure loan program in
26 the strategic investment and improvements fund. The Bank of North Dakota shall deposit any
27 balance remaining in the medical facility infrastructure fund on July 30, 2017, in the strategic
28 investment and improvements fund.

29 **SECTION 5. EFFECTIVE DATE.** Section 2 of this Act becomes effective on August 1, 2017.

- 1 **SECTION 6. EXPIRATION DATE.** Sections 1 and 4 and of this Act are effective through
- 2 July 31, 2017, and after that date are ineffective. Section 2 of this Act is effective through
- 3 July 31, 2043, and after that date is ineffective.