

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1443

Introduced by

Representatives Carlson, Belter, Delzer

Senators Cook, Schaible

1 A BILL for an Act to create and enact section 6-09-49 of the North Dakota Century Code,
2 relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative
3 intent; to provide for transfers; and to provide a continuing appropriation; ~~to provide an effective~~
4 ~~date; and to provide an expiration date.~~

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

6 **SECTION 1.** Section 6-09-49 of the North Dakota Century Code is created and enacted as
7 follows:

8 **6-09-49. (Effective through June 30, 2017) Infrastructure revolving loan fund -**

9 **Continuing appropriation.**

- 10 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
11 the Bank of North Dakota shall provide loans to political subdivisions for essential
12 infrastructure projects. The Bank shall administer the infrastructure revolving loan
13 fund. The maximum term of a loan made under this section is thirty years. A loan
14 made from the fund under this section must have an interest rate that does not exceed
15 one and one-halftwo percent per year.
- 16 2. The Bank shall establish priorities for making loans from the infrastructure revolving
17 loan fund. Loan funds must be used to address the needs of the community by
18 providing critical infrastructure funding. Except as expressly provided under this
19 section, a political subdivision may not use infrastructure revolving loan funds for
20 capital construction. In addition to eligible infrastructure needs established by the
21 Bank, eligible infrastructure needs may include new water treatment plants; new
22 wastewater treatment plants; new sewer lines and water lines; ~~new construction and~~
23 renovation of critical access hospitals; and new storm water and transportation
24 infrastructure, including curb and gutter construction.

- 1 3. In processing political subdivision loan applications under this section, the Bank shall
2 calculate the maximum loan amount for which a qualified applicant may qualify, ~~not to~~
3 ~~exceed seven million dollars for an eligible critical access hospital loan and~~ not to
4 exceed fifteen million dollars ~~each for all other eligible loans~~per loan. ~~The total amount~~
5 ~~of loans issued for critical access hospitals may not exceed thirty-five million dollars.~~
6 The Bank shall consider the applicant's ability to repay the loan when processing the
7 application and shall issue loans only to applicants that provide reasonable assurance
8 of sufficient future income to repay the loan. The Bank may adopt policies establishing
9 priorities for issuance of loans, setting additional qualifications for applicants, and
10 establishing timelines addressing when a participating political subdivision may be
11 required to make loan draws and the consequences of not meeting these timelines,
12 and setting other guidelines relating to the loan program under this section.
13 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
14 and principal paid under loans made from the infrastructure revolving loan fund. The
15 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
16 to pay for administrative costs which may not exceed one-half of one percent of the
17 amount of the interest payment. All moneys transferred to the fund, interest upon
18 moneys in the fund, and payments to the fund of principal and interest are
19 appropriated to the Bank on a continuing basis for administrative costs and for loan
20 disbursement according to this section.
21 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
22 funds in the infrastructure revolving loan fun. Additionally, the Bank may adopt policies
23 allowing participation by local financial institutions.

24 ~~**(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing**~~
25 ~~**appropriation.**~~

- 26 ~~1. The infrastructure revolving loan fund is a special fund in the state treasury from which~~
27 ~~the Bank of North Dakota shall provide loans to political subdivisions for essential~~
28 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan~~
29 ~~fund. The maximum term of a loan made under this section is thirty years. A loan~~
30 ~~made from the fund under this section must have an interest rate that does not exceed~~
31 ~~one and one-half percent per year.~~

1 ~~2. The Bank shall establish priorities for making loans from the infrastructure revolving~~
2 ~~loan fund. Loan funds must be used to address the needs of the community by~~
3 ~~providing critical infrastructure funding. Except as expressly provided under this~~
4 ~~section, a political subdivision may not use infrastructure revolving loan funds for~~
5 ~~capital construction. In addition to eligible infrastructure needs established by the~~
6 ~~Bank, eligible infrastructure needs may include new water treatment plants; new~~
7 ~~wastewater treatment plants; new sewer lines and water lines; new conduit for~~
8 ~~telecommunications infrastructure; new construction and renovation of critical access~~
9 ~~hospitals; and new storm water and transportation infrastructure, including curb and~~
10 ~~gutter construction.~~

11 ~~3. In processing political subdivision loan applications under this section, the Bank shall~~
12 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~
13 ~~exceed seven million dollars for an eligible critical access hospital loan and not to~~
14 ~~exceed fifteen million dollars each for all other eligible loans. The total amount of loans~~
15 ~~issued for critical access hospitals may not exceed thirty five million dollars. The Bank~~
16 ~~shall consider the applicant's ability to repay the loan when processing the application~~
17 ~~and shall issue loans only to applicants that provide reasonable assurance of sufficient~~
18 ~~future income to repay the loan. The Bank may adopt policies establishing priorities for~~
19 ~~issuance of loans, setting additional qualifications for applicants, and establishing~~
20 ~~timelines addressing when a participating political subdivision may be required to~~
21 ~~make loan draws and the consequences of not meeting these timelines, and setting~~
22 ~~other guidelines relating to the loan program under this section.~~

23 ~~4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest~~
24 ~~and principal paid under loans made from the infrastructure revolving loan fund. The~~
25 ~~Bank may use a portion of the interest paid on the outstanding loans as a servicing fee~~
26 ~~to pay for administrative costs which may not exceed one-half of one percent of the~~
27 ~~amount of the interest payment. All moneys transferred to the fund, interest upon~~
28 ~~moneys in the fund, and payments to the fund of principal and interest are~~
29 ~~appropriated to the Bank on a continuing basis for administrative costs and for loan~~
30 ~~disbursement according to this section.~~

1 ~~5. The Bank may adopt policies and establish guidelines to supplement and leverage the~~
2 ~~funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt~~
3 ~~policies allowing participation by local financial institutions.~~

4 **SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER**

5 **INFRASTRUCTURE REVOLVING LOAN FUND.** If a political subdivision receives funds
6 distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of
7 transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the
8 sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that
9 political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund
10 until July 1, 2017. ~~However, this section does not apply to loans for critical access hospitals.~~

11 ~~**SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION.**~~

12 ~~It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated~~
13 ~~with a critical access hospital issued from the medical facility infrastructure fund and the~~
14 ~~infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30,~~
15 ~~2017, not exceed fifteen million dollars.~~

16 **SECTION 3. TRANSFER - BANK OF NORTH DAKOTA - INFRASTRUCTURE**

17 **REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30,
18 2017, the Bank of North Dakota shall transfer the sum of \$100,000,000, or so much of the sum
19 as may be necessary, from the Bank's current earnings and undivided profits to the
20 infrastructure revolving loan fund.

21 **SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**

22 **INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015,
23 and ending June 30, 2017, the office of management and budget shall transfer the sum of
24 \$50,000,000 from the strategic investment and improvements fund to the infrastructure
25 revolving loan fund. The office of management and budget shall transfer the funds provided
26 under this section to the infrastructure revolving loan fund as requested by the Bank of North
27 Dakota.