

GOVERNMENTAL FINANCE

CHAPTER 181

HOUSE BILL NO. 1284

(Representatives Bellev, Boehning, Dockter, B. Koppelman, Olson, Schmidt)

AN ACT to amend and reenact subsection 2 of section 21-03-10.1 and section 21-03-13 of the North Dakota Century Code, relating to the contents of bond election ballots.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 2 of section 21-03-10.1 of the North Dakota Century Code is amended and reenacted as follows:

- 2. ~~The~~ A bond election ballot form authorized in substantially the form prescribed in section 21-03-13 is sufficient must be used in a school district bond election. After approval of the initial resolution by the number of qualified electors required by section 21-03-07, the proceeds of the bond issue may be used only for the purpose and in the manner designated by the school plan except as herein provided.

SECTION 2. AMENDMENT. Section 21-03-13 of the North Dakota Century Code is amended and reenacted as follows:

21-03-13. Ballot - Contents.

The ballot for a bond election must be separate from other ballots used on the same day for other elections, and must be written or printed, and must state the question in substantially the following form:

Shall the _____ (here inserting the name of the municipality) issue its bonds in the amount of not to exceed \$_____, (here inserting the amount) maturing within a maximum of _____, (here inserting the duration) resulting in an estimated additional millage of _____ (here inserting the number of mills) mills, equal to \$_____ (here inserting the equivalent in dollars) on each \$1,000 of taxable valuation for the first taxable year, for the purpose of _____ (here inserting the purpose)?

Yes

No

Spoiled or blank ballots cast at such election may not be counted for or against the proposed issue.

Approved April 13, 2015

Filed April 13, 2015

CHAPTER 182

HOUSE BILL NO. 1193

(Representative Klemin)
(Senator Burckhard)

AN ACT to amend and reenact section 21-06-07 of the North Dakota Century Code, relating to investments for political subdivisions.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 21-06-07 of the North Dakota Century Code is amended and reenacted as follows:

21-06-07. Political subdivisions may invest funds.

1. Counties, cities, school districts, park districts, and townships in this state may invest moneys in their general fund, or balances in any special or temporary fund, in:
 - a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
 - b. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
 - c. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
 - d. Obligations of the state.
 - e. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
 - e. State and local securities:
 - (1) Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency.
 - (2) An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
 - (3) Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.

(4) Obligations of this state and general obligations of its political subdivisions.

f. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

2. Bonds, treasury bills and notes, or other securities so purchased must be taken into consideration in making levies for the ensuing year, and when funds are needed for current expenses, the governing board and authorities of such municipalities may convert those obligations into cash.

Approved March 26, 2015

Filed March 26, 2015

CHAPTER 183

HOUSE BILL NO. 1063

(Government and Veterans Affairs Committee)
(At the request of the State Investment Board)

AN ACT to amend and reenact sections 21-10-02.1 and 21-10-06 of the North Dakota Century Code, relating to modifications to investment policies for and funds under management of the state investment board.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 21-10-02.1 of the North Dakota Century Code is amended and reenacted as follows:

21-10-02.1. Board - Policies on investment goals and objectives and asset allocation.

1. The governing body of each fund enumerated in section 21-10-06 shall establish policies on investment goals and objectives and asset allocation for each respective fund. The policies must provide for:
 - a. The definition and assignment of duties and responsibilities to advisory services and persons employed by the board.
 - b. ~~Acceptable rates~~Rate of return objectives, including liquidity; requirements and acceptable levels of risk.
 - c. Long-range asset allocation goals.
 - d. Guidelines for the selection and redemption of investments.
 - e. Investment diversification, investment quality, qualification of advisory services, and amounts to be invested by advisory services.
 - f. The type of reports and procedures to be used in evaluating performance.
2. The asset allocation and any subsequent allocation changes for each fund, ~~to be effective;~~ must be approved by the governing body of that fund and the state investment board by January first of each year. If the asset allocation is not approved, the previous asset allocation remains effective. The governing body of each fund shall use the staff and consultants of the retirement and investment office in developing asset allocation and investment policies.

SECTION 2. AMENDMENT. Section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

21-10-06. Funds under management of board - Accounts.

1. Subject to the provisions of section ~~21-10-01~~21-10-02, the board ~~is charged with the investment of~~shall invest the following funds:

- a. State bonding fund.
 - b. Teachers' fund for retirement.
 - c. State fire and tornado fund.
 - d. Workforce safety and insurance fund.
 - e. ~~National guard tuition trust fund.~~
 - f. Public employees retirement system.
 - ~~g-f.~~ Insurance regulatory trust fund.
 - ~~h-g.~~ State risk management fund.
 - ~~i-h.~~ Budget stabilization fund.
 - ~~j-i.~~ Health care trust fund.
 - ~~k-j.~~ Cultural endowment fund.
 - ~~l-k.~~ Petroleum tank release compensation fund.
 - ~~m-l.~~ Legacy fund.
 - m. A fund under contract with the board pursuant to subsection 3.
2. Separate accounting must be maintained for each of the funds listed in subsection 1. The moneys of the individual funds may be commingled for investment purposes when determined advantageous.
 3. The state investment board may provide investment services to, and manage the money of, any agency, institution, or political subdivision of the state, subject to agreement with the industrial commission. The scope of services to be provided by the state investment board to the agency, institution, or political subdivision must be specified in a written contract. The state investment board may charge a fee for providing investment services and any revenue collected must be deposited in the state retirement and investment fund.

Approved March 26, 2015

Filed March 26, 2015

CHAPTER 184

HOUSE BILL NO. 1194

(Representative Klemin)
(Senator Burckhard)

AN ACT to create and enact a new chapter to title 21 of the North Dakota Century Code, relating to a political subdivision borrowing funds; and to amend and reenact sections 11-11-18, 21-02-01, and 21-03-02 of the North Dakota Century Code, relating to exemptions from statutory provisions for bonds and the definition of revenues.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

¹²⁹ **SECTION 1. AMENDMENT.** Section 11-11-18 of the North Dakota Century Code is amended and reenacted as follows:

11-11-18. Board to submit extraordinary outlay to vote.

The board of county commissioners shall submit to the electors of the county at any regular or special election any proposal for an extraordinary outlay of money by the county when the proposed expenditure is greater in amount than can be provided for by the annual tax levies. If the board considers the courthouse, jail, or other public buildings of the county inadequate for the needs of the county or deems it necessary to build a county hospital, and if it is thought that it is not for the best interests of the county to issue bonds to aid in the construction of such buildings or that the construction of such buildings by any other procedure is not for the best interests of the county, it shall submit to the electors of the county, at any regular or special election, the proposal for the construction of a courthouse, jail, or other public building by establishing a building fund to aid in the construction thereof. The requirements of this section shall not apply to lease-purchase agreements authorized by section 24-05-04 or to bank or credit union loans authorized in title 21.

SECTION 2. AMENDMENT. Section 21-02-01 of the North Dakota Century Code is amended and reenacted as follows:

21-02-01. Definitions.

In this chapter unless the context or subject matter otherwise requires:

1. "Political subdivision" means a local governmental unit created by statute or by the Constitution of North Dakota for local governmental or other public purposes.
2. "Revenues" means any of the following:
 - a. Uncollected taxes.

¹²⁹ Section 11-11-18 was repealed by section 104 of Senate Bill No. 2144, chapter 439.

- b. Amounts to be received from a distribution of federal moneys, including currently existing bureau of Indian affairs contracts.
 - c. Amounts to be received from a distribution of moneys pursuant to a state appropriation or a state statutory or constitutional provision.
 - d. Amounts to be received from a grant or loan of state or federal funds.
 - e. Amounts to be received from the issuance and sale of obligations by a political subdivision.
3. "Uncollected taxes" means taxes for the year during which a certificate of indebtedness is issued and the preceding four years that have been levied but from which moneys have not come into the public treasury by payment or by satisfaction of tax lien, exclusive of tax levies dedicated to the payment of principal of and interest on outstanding evidences of indebtedness.

SECTION 3. AMENDMENT. Section 21-03-02 of the North Dakota Century Code is amended and reenacted as follows:

21-03-02. Provisions not applicable to certain issues.

This chapter is not applicable:

1. To issues of bonds, warrants, or other forms of public securities issued on account of public improvements and for the payment of which special assessments are or shall be levied upon and against property benefited thereby which do not constitute, at the time of their issuance, a general obligation or fixed liability of the municipality issuing the same, nor the portion of any such issue payable by general taxation on account of assumption of a portion of the cost of such improvement under section 40-24-10 or any similar law. Nothing in this subsection may be construed to prevent the issuance of bonds by any city for the purposes specified in subdivision g of subsection 2 of section 21-03-06.
2. To drainage bonds or irrigation bonds.
3. To borrowing of money in anticipation of tax collections by means of certificates of indebtedness, as provided by chapter 21-02.
4. To revenue bonds under the provisions of chapter 40-35.
5. To bank or credit union loans authorized in title 21.

SECTION 4. A new chapter to title 21 of the North Dakota Century Code is created and enacted as follows:

Definitions.

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Political subdivision" means a local government unit created by statute or by the Constitution of North Dakota for local governmental or other public purposes.
2. "Revenue" means any of the following:

- a. Amounts to be received from a distribution of federal moneys, including bureau of Indian affairs contracts.
- b. Amounts to be received from a distribution of state moneys pursuant to a state appropriation or a state statutory or constitutional provision.

Political subdivision authority to enter agreement for bank or credit union loans.

A political subdivision may borrow against its anticipated revenue, from a bank or credit union located in this state. A bank or credit union loan and terms must be authorized by resolution of the governing body for the political subdivision. The resolution must identify the revenue to be used to repay the loan and any collateral that will secure repayment of the loan. The loan agreement must be signed on behalf of the political subdivision by the president, chairman, or equivalent officer; auditor; business manager; and secretary or equivalent officer of the political subdivision.

Limit on amount of loans - Loan terms.

Except as limited by this section, a bank or a credit union and political subdivision may agree to terms and conditions of a bank or credit union loan, including the rate of interest and any collateral.

1. A political subdivision may have no more than five hundred thousand dollars in outstanding principal on bank or credit union loans at any time.
2. A political subdivision bank or credit union loan must be paid in full within five years from the date of loan origination.
3. The loan documents must describe the revenues from which the loan is anticipated to be paid and may require the political subdivision to establish a separate fund for the repayment of the loan, including interest, on or before the due date.
4. Collateral for a loan may consist only of property that is purchased with loan proceeds.

Delinquent loans.

If designated revenues are not sufficient to pay a loan balance, in addition to the designated revenues, the political subdivision may set aside up to ten percent of the amount of the collections from current tax revenues to pay to the lending bank or credit union on a monthly basis until the delinquent loans have been paid in full.

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