

**SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

**6-09-54 Rail revolving loan fund - Continuing appropriation.**

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank shall provide loans to cities, counties, railroads, and other potential users of freight railroad service to upgrade and enhance rail infrastructure that improves service. Class I railroads are not eligible applicants.
2. The Bank may adopt policies and establish guidelines to administer the rail revolving loan fund in accordance with this section.
3. The department of transportation shall review and approve the project before the Bank may issue a loan. The department of transportation shall develop policies for reviewing, approving and prioritizing projects giving consideration to:
  - a. System critical projects that are critical to a railroad's existence;
  - b. Infrastructure improvements including repairs;
  - c. Economic development projects.
4. To be eligible for this loan program, the applicant must be for a project conducting business in the state and submit an application which must:
  - a. Detail the proposed project, including the location of the project within the state;
  - b. Demonstrate the need and viability of the project;
  - c. Include financial information as the Bank may determine appropriate; and
  - d. Include data required for project qualification and ranking by the department of transportation.
5. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
6. A loan provided under this section:
  - a. May not exceed eighty percent of the actual cost of the project;
  - b. Must have an interest rate equal to two percent per year; and
  - c. Must provide a repayment schedule of no longer than fifteen years.
7. The Bank shall deposit in the rail revolving loan fund all payments of principal and interest paid on loans made from the rail revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs, which may not exceed one - half of one percent of the amount of the outstanding loans.
8. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund or principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section. The fund must be audited annually pursuant to the Banks processes.

**SECTION 2. TRANSFER – RAIL LOAN FUNDS.** The department of transportation shall transfer all outstanding loans and moneys in the rail loan fund within the department of transportation to the rail revolving loan fund during the biennium beginning July 1, 2025, and ending June 30, 2027.