



North Dakota House of Representatives

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COMMITTEES:

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Senator and Members of the Appropriations Committee, my name is Kathy Frelich, and I privileged to represent District 15 which includes Devils Lake and extends North to the Canadian border.

House Bill 1213 is a Bill to allow jails to access low interest loans for jail improvements. I'd like to walk you through how this Bill was amended as it went through the House to explain how we got here today.

House Bill 1213 proposed the creation of a new revolving loan fund to be managed by the Bank of ND. The House Committee did not like the idea of forming a new fund and amended it to integrate it into the existing Infrastructure Revolving Loan Fund. They also thought the appropriation was too high, so they changed that to 50 million, added it to the fund and then also "earmarked" it for jail construction. This Bill had substantial support in Committee and passed overwhelmingly on the Floor. Upon reaching the House Appropriations committee, concerns arose about it being included in the existing Infrastructure Revolving Loan Fund, leading to the removal of the earmark. Subsequently, the Committee expressed reservations about these jails competing with other infrastructure loans in the fund, and they sent it out with a Do Not Pass recommendation. Despite the recommendation, this Bill received a 64-28 vote on the Floor and passed over to you. I wanted to share the transformation of this Bill but I also wanted to share the strong support from your colleagues across the hall.

So today, my suggestion would be to return HB 1213 back to its original form and work from there. I have included an amendment, if you choose to adopt it and I'd like to explain what it looks like.

Section 1 describes how a committee is formed to determine the loan recipients. The Committee consists of members of both the House and Senate, the Association of Counties, the Sheriff's Association, the Chiefs of Police Association, and one member from DOCR.

Section 2 indicates how money is loaned out from the Bank of North Dakota to the loan recipients and describes the criteria for the application process including the prioritization of inmate occupancy, age of existing structures, and community support. Approved loan recipients could receive up to \$40 million, which is the maximum loan amount. The term of the loan is 30

years or less, and the interest rate may not exceed 2%. The last subsection allows for an annual audit of the fund.

Section 3 indicates the total appropriation which is \$200 million from the Strategic Investment and Improvement fund.

Members of the Appropriation Committee, I am new at this. If you feel that this is not the right avenue to appropriate funds, I would be in full agreement of changing the fund source or the vehicle used to get the funds where they are needed. I know this is a big ask, but there is also a big need. We have jails in crisis. We have caps looming. We have "tough on crime" Bills traveling through this legislature. I ask you to give this Bill serious consideration. I believe these funds are necessary for the safety of our communities, and the safety of our correction workers and inmates.

I know there are others here to testify, but I will stand for questions.

Kathy Frelich
District 15

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1213

Introduced by

Representatives Frelich, K. Anderson, Heinert, Mitskog, Schreiber-Beck, Stemen

Senators Myrdal, Barta, Luick

A BILL for an Act to ~~amend and reenact subdivision m of subsection 2 of section 6-09-49~~ create
and enact a new section to chapter 6-09 and a new section to chapter 12-44.1 of the North
Dakota Century Code, relating to ~~the infrastructure revolving loan fund~~ a jail improvement
revolving loan fund and a jail facilities improvement committee; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~SECTION 1. AMENDMENT. Subdivision m of subsection 2 of section 6-09-49 of the North-
Dakota Century Code is amended and reenacted as follows:~~

~~m. Critical political subdivision buildings and infrastructure, including correctional
facilities; and~~

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

Jail improvement revolving loan fund - Bank of North Dakota - Continuing appropriation.

1. The jail improvement revolving loan fund is a special revolving loan fund in the state
treasury from which the Bank of North Dakota may provide loans to political
subdivisions for the renovation, expansion, or replacement of jail facilities. The Bank
shall administer the jail improvement revolving loan fund.

2. Moneys in the fund, interest upon the moneys in the fund, and payments to the fund of
principal and interest are appropriated to the Bank on a continuing basis for the

1 purpose of providing low-interest jail construction loans and for paying administrative
2 costs, in accordance with this section.

3 3. To be eligible for a loan under this section, a county or regional correctional facility
4 authority shall:

5 a. Propose a new construction, expansion, or remodeling project with a cost of at
6 least one million dollars and an expected utilization of at least thirty years;

7 b. Receive authorization for a bond issue in accordance with chapter 21-03; and

8 c. Submit a completed application to the Bank.

9 4. The jail facilities improvement committee shall review loan applications based on a
10 prioritization system that includes a review of all applications filed and gives
11 consideration to:

12 a. Inmate occupancy and capacity in the political subdivision or region;

13 b. The age of existing structures to be replaced, remodeled, or expanded;

14 c. Community support;

15 d. Cost; and

16 e. Any other criteria established by the jail facilities improvement committee.

17 5. If the jail facilities improvement committee approves the loan, the Bank shall issue a
18 loan from the jail improvement revolving loan fund. For a loan made under this section:

19 a. The maximum loan amount for which a jail facility may qualify is forty million
20 dollars;

21 b. The term of the loan is thirty years, unless the county or regional correctional
22 facility authority requests a shorter term in the written loan application;

23 c. The interest rate of the loan may not exceed two percent per year; and

24 d. A county or regional correctional facility authority with a jail construction loan
25 secured on the open bond market may apply to refinance the loan when callable
26 with the jail improvement revolving loan fund under this subsection.

27 6. The Bank may adopt policies and establish guidelines to administer the loan program
28 in accordance with this section. The Bank may use a portion of the interest paid on the
29 outstanding loans as a servicing fee to pay for administration costs which may not
30 exceed one-half of one percent of the amount of the outstanding loans. The Bank shall
31 deposit principal and interest payments made by counties and regional correctional

facility authorities for loans under this section in the jail improvement revolving loan fund. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 2. A new section to chapter 12-44.1 of the North Dakota Century Code is created and enacted as follows:

Jail facilities improvement committee - Members and duties.

1. The jail facilities improvement committee consists of:

a. Three members of the house of representatives selected by the majority leader of the house of representatives, two of whom must represent the majority faction of the house of representatives and one of whom must represent the minority faction of the house of representatives;

b. Three members of the senate selected by the majority leader of the senate, two of whom must represent the majority faction of the senate and one of whom must represent the minority faction of the senate;

c. One member appointed by the North Dakota association of counties to represent counties with a population fewer than seven thousand five hundred;

d. One member appointed by the North Dakota association of counties to represent counties with a population of seven thousand five hundred or more;

e. One member appointed by the North Dakota sheriffs and deputies association;

f. One member appointed by the chiefs of police association of North Dakota; and

g. The director of the department of corrections and rehabilitation.

2. The term of each legislative member is two years at the discretion of the appointing authority. A vacancy must be filled by the appointing authority for the remainder of the term.

3. The term of each nonlegislative member is three years at the discretion of the appointing authority. Initially, as determined by lot, one nonlegislative member shall serve for one year, two nonlegislative members shall serve for two years, and two nonlegislative members shall serve for three years. At the end of the nonlegislative member's term, the appointing authority shall appoint a successor for a full three-year term. Except for the director of the department of corrections and rehabilitation, a

nonlegislative member may not serve more than two three-year terms. A vacancy must be filled by the appointing authority for the remainder of the term.

4. At the initial meeting of the committee, the committee shall adopt rules of operation and procedure for the committee.

5. The nonlegislative members of the committee are entitled to reimbursement for travel and expenses as provided by law for other state officers. Travel and expense costs must be paid from the jail improvement revolving loan fund.

6. Legislative members of the committee are entitled to compensation pursuant to section 54-35-10 and reimbursement of necessary expenses incurred in performing their duties at the rates provided in sections 44-08-04 and 54-06-09. Compensation, travel, and expense costs must be paid from the jail improvement revolving loan fund.

7. The legislative management chairman shall designate the committee chairman and vice chairman and the department of corrections and rehabilitation shall provide staff services for the committee.

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -

INFRASTRUCTURE JAIL IMPROVEMENT REVOLVING LOAN FUND. The office of management and budget shall transfer ~~\$50,000,000~~ \$200,000,000 from the strategic investment and improvements fund to the ~~infrastructure~~ jail improvement revolving loan fund during the biennium beginning July 1, 2025, and ending June 30, 2027. ~~The funding transferred pursuant to this section may be used only for loans to political subdivisions for correctional facilities.~~