Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

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:

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 <u>or to bank or credit union loans authorized in title 21</u>.

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.

   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.

   <u>d. Amounts to be received from a grant or loan of state or federal funds.</u>

   <u>e. Amounts to be received from the issuance and sale of obligations by a political subdivision.</u>

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.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1194.

House Vote:	Yeas 86	Nays 6	Absent 2
Senate Vote:	Yeas 44	Nays 2	Absent 1

Chief Clerk of the House

Received by the Governor at 2:12 P.M. on April 7, 2015.

Approved at 1:58 P.M. on April 9, 2015.

Governor

Filed in this office this 9th day of April, 2015,

at 4:37 o'clock P M.

Secretary of State