

Sixty-third
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1426

Introduced by

Representatives Ruby, Becker, Bellew, Rohr, Thoreson

Senator Larsen

1 A BILL for an Act to create and enact a new section to chapter 6-09.4 of the North Dakota
2 Century Code, relating to a credit enhancement program for political subdivision infrastructure
3 funding; and to provide an appropriation.

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

5 **SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Infrastructure improvement credit enhancement for political subdivisions.**

8 1. If the public finance authority or a paying agent notifies the director of the office of
9 management and budget, in writing, that a political subdivision has failed to pay when
10 due the principal or interest on any evidences of indebtedness issued for infrastructure
11 improvements issued by the political subdivision after July 31, 2013, or that the public
12 finance authority, political subdivision, or the paying agent has reason to believe a
13 political subdivision will not be able to make a full payment of the principal and interest
14 when the payment is due, the director of the office of management and budget shall
15 authorize a draw from funds in the strategic investment and improvements fund until
16 the payment of the principal or interest has been made to the public finance authority
17 or the paying agent, or until the public finance authority or the paying agent notifies the
18 director of the office of management and budget that arrangements satisfactory to the
19 public finance authority or the paying agent have been made for the payment of the
20 principal and interest then due and owing. The notification must include information
21 required by the director of the office of management and budget. State funds available
22 to a political subdivision under any provision of law are subject to withholding under
23 this section to repay funds drawn from the strategic investment and improvements
24 fund under this section if the withholding is authorized by resolution of the governing

1 body of the political subdivision. The director of the office of management and budget
2 may not authorize a draw that would bring the amount drawn from the strategic
3 investment and improvements fund to more than one million dollars under this section.

4 2. The director of the office of management and budget shall make available any funds
5 drawn from the strategic investment and improvements fund under subsection 1 to the
6 public finance authority or the paying agent. The public finance authority or the paying
7 agent shall apply the funds to payments that the political subdivision is required to
8 make to the public finance authority or the paying agent.

9 3. If funds are received by the political subdivision during the fiscal year and are
10 deposited in the political subdivision's sinking fund established in accordance with
11 section 21-03-42, the political subdivision, with the consent of the public finance
12 authority or the paying agent, may withdraw from its sinking fund an amount to apply
13 against the repayment of the amount drawn from the strategic investment and
14 improvements fund and made available to the public finance authority or a paying
15 agent under this section.

16 4. The director of the office of management and budget shall develop detailed
17 procedures for political subdivisions to notify the director of the office of management
18 and budget that they have obligated themselves to be bound by the provisions of this
19 section; procedures for political subdivisions, paying agents, and the public finance
20 authority to notify the director of the office of management and budget of potential
21 defaults and to request payment under this section; and procedures for the state to
22 expedite payments to prevent defaults.

23 5. For purposes of this section, "political subdivision" means any county or a city with a
24 population not exceeding ten thousand.

25 **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the strategic
26 investment and improvements fund in the state treasury, not otherwise appropriated, the sum of
27 \$1,000,000, or so much of the sum as may be necessary, to the office of management and
28 budget for the purpose of infrastructure improvement credit enhancement for political
29 subdivisions under section 1 of this Act, for the biennium beginning July 1, 2013, and ending
30 June 30, 2015.