

**HOUSE BILL NO. 1113
with Senate Amendments
HOUSE BILL NO. 1113**

Sixty-third
Legislative Assembly
of North Dakota

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Commerce)

1 A BILL for an Act to create and enact section 17-02-01.1 of the North Dakota Century Code,
2 relating to the definition of eligible facility for ethanol production incentives; to amend and
3 reenact sections 10-30.5-02 and 52-02.1-04 of the North Dakota Century Code, relating to the
4 North Dakota development fund, incorporated, and new jobs training; and to repeal sections
5 17-02-01 and 54-62-03 of the North Dakota Century Code, relating to ethanol production
6 incentives and the advisory commission on faith-based and community initiatives.

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

8 **SECTION 1. AMENDMENT.** Section 10-30.5-02 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **10-30.5-02. (~~Effective through July 31, 2013~~) Purpose and fund uses.**

- 11 1. It is the purpose of this chapter to create a statewide nonprofit development
12 corporation that will have the authority to take equity positions in, to provide loans to,
13 or to use other innovative financing mechanisms to provide capital for new or
14 expanding businesses in this state, or relocating businesses to this state. The
15 corporation's principal mission is the development and expansion of primary sector
16 business in this state. The corporation may form additional corporations, limited
17 liability companies, partnerships, or other forms of business associations in order to
18 further its mission of primary sector economic development.
- 19 2. The exclusive focus of this corporation is business development in this state; however,
20 it is not excluded from participation with other states or organizations in projects that
21 have a clear economic benefit to state residents in the creation of jobs or secondary
22 business. Emphasis should be to develop jobs that provide an income adequate to
23 support a family above the poverty level.

- 1 3. Moneys in the development fund may be used to provide working capital or for
2 financing the purchase of fixed assets but not to refinance existing debt. Moneys may
3 also be used to make matching grants to county-authorized or city-authorized
4 development corporations for the acquisition, leasing, or remodeling of real estate
5 facilities for locating a prospective new primary sector business. A grant must be made
6 as part of a package of financing in which the state is a participant.
- 7 4. The commissioner of commerce shall adopt rules, subject to the approval of the board
8 of directors, necessary to implement the administration of the fund. The rules to
9 implement the grant program must be developed to encourage local fundraising
10 initiatives for developing locations for businesses financed by the corporation.
- 11 5. Moneys in the development fund may be used to provide financing to early childhood
12 facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or
13 loans to match grants or loans made by county-authorized or city-authorized
14 development corporations, job development authorities created under chapter 11-11.1
15 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real
16 estate facilities or for acquiring equipment for establishing or expanding a licensed
17 early childhood facility. In providing financing under this subsection, the corporation
18 shall ensure funds are distributed fairly among for-profit early childhood facilities,
19 nonprofit early childhood facilities, and public early childhood facilities. An award under
20 this subsection may not exceed one hundred thousand dollars per award.

21 **~~(Effective after July 31, 2013) Purpose and fund uses.~~**

- 22 1. ~~It is the purpose of this chapter to create a statewide nonprofit development~~
23 ~~corporation that will have the authority to take equity positions in, to provide loans to,~~
24 ~~or to use other innovative financing mechanisms to provide capital for new or~~
25 ~~expanding businesses in this state, or relocating businesses to this state. The~~
26 ~~corporation's principal mission is the development and expansion of primary sector~~
27 ~~business in this state. The corporation may form additional corporations, limited-~~
28 ~~liability companies, partnerships, or other forms of business associations in order to~~
29 ~~further its mission of primary sector economic development.~~
- 30 2. ~~The exclusive focus of this corporation is business development in this state; however,~~
31 ~~it is not excluded from participation with other states or organizations in projects that~~

1 ~~have a clear economic benefit to state residents in the creation of jobs or secondary~~
2 ~~business. Emphasis should be to develop jobs that provide an income adequate to~~
3 ~~support a family above the poverty level.~~

4 ~~3. Moneys in the development fund may be used to provide working capital or for~~
5 ~~financing the purchase of fixed assets but not to refinance existing debt. Moneys may~~
6 ~~also be used to make matching grants to county authorized or city authorized~~
7 ~~development corporations for the acquisition, leasing, or remodeling of real estate~~
8 ~~facilities for locating a prospective new primary sector business. A grant must be made~~
9 ~~as part of a package of financing in which the state is a participant.~~

10 ~~4. The commissioner of commerce shall adopt rules, subject to the approval of the board~~
11 ~~of directors, necessary to implement the administration of the fund. The rules to~~
12 ~~implement the grant program must be developed to encourage local fundraising~~
13 ~~initiatives for developing locations for businesses financed by the corporation.~~

14 **SECTION 2.** Section 17-02-01.1 of the North Dakota Century Code is created and enacted
15 as follows:

16 **17-02-01.1. Definition.**

17 In this chapter "eligible facility" means an ethanol production plant constructed in this state
18 after July 31, 2003.

19 **SECTION 3. AMENDMENT.** Section 52-02.1-04 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **52-02.1-04. Fund - Administration.**

22 Funding for programs must be through loans or grants as stated under this section. Loans
23 may be made by the department from the North Dakota ~~future~~development fund, incorporated,
24 a community, or the department and a community cooperatively. A community may provide
25 loans directly or through any financial institution currently qualified to participate in a loan with
26 the Bank of North Dakota. The Bank of North Dakota may participate in loans under such credit
27 standards and lending policies it determines are necessary and applicable. A community may
28 alternatively fund a program through a grant without use of new jobs credit from withholding.

29 1. Loans must be secured and payable from a sufficient portion of the future receipts of
30 payments authorized by the agreement, with such other security as the lender may
31 determine is justified. The state treasurer shall transfer the moneys from the special

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1 fund created in section 52-02.1-03 to a special fund set up for this purpose by the
2 department or community. The receipts must be pledged to the payment of principal of
3 and interest on the loan.

4 2. The department may adopt rules to implement this chapter.

5 **SECTION 4. REPEAL.** Sections 17-02-01 and 54-62-03 of the North Dakota Century Code
6 are repealed.