

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2276

Introduced by

Senators Wardner, Armstrong

1 A BILL for an Act to amend and reenact subsection 7 of section 10-33-21, section 10-33-100,
2 subsection 4 of section 10-33-108, and section 29-27-02 of the North Dakota Century Code,
3 relating to the prohibition of the diversion of restricted assets, the priority of those assets in a
4 dissolution, and judgments imposing fines or assessing costs.

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

6 **SECTION 1. AMENDMENT.** Subsection 7 of section 10-33-21 of the North Dakota Century
7 Code is amended and reenacted as follows:

8 7. A corporation may make contracts and incur liabilities, borrow money, issue its
9 securities, and secure any of its obligations by mortgage of or creation of a security
10 interest in all or any of its property, franchises, and income. A corporation may not
11 pledge as collateral, grant a security interest in, or borrow from assets received and
12 held for a special use or purpose expressed or intended by the original donor.

13 **SECTION 2. AMENDMENT.** Section 10-33-100 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **10-33-100. Procedure in dissolution.**

16 1. When a notice of intent to dissolve has been filed with the secretary of state, the
17 board, or the officers acting under the direction of the board, shall proceed as soon as
18 possible to collect or make provision for the collection of debts owing to the
19 corporation and to pay or make provision for the payment of debts, obligations, and
20 liabilities of the corporation according to their priorities.

21 2. Notwithstanding section 10-33-94, when a notice of intent to dissolve has been filed
22 with the secretary of state, the directors may sell, lease, transfer, or otherwise dispose
23 of all or substantially all of the property and assets of a dissolving corporation without
24 a vote of the members, subject to sections 10-33-95 and 10-33-122.

1 3. Property, including money, remaining after the discharge of the debts, obligations, and
2 liabilities of the corporation must be distributed under section 10-33-105.

3 **SECTION 3. AMENDMENT.** Subsection 4 of section 10-33-108 of the North Dakota
4 Century Code is amended and reenacted as follows:

5 4. The assets of the corporation or the proceeds resulting from a sale, lease, transfer, or
6 other disposition must be applied in the following order of priority to the payment and
7 discharge of:

8 a. Assets received and held for a special use or purpose must be distributed
9 pursuant to subsection 2 of section 10-33-105;

10 b. The costs and expenses of the proceedings, including attorney's fees and
11 disbursements;

12 **b.c.** Debts, taxes, and assessments due the United States, this state and its
13 subdivisions, and other states and their subdivisions, in that order;

14 **e.d.** Claims duly proved and allowed to employees under title 65. Claims under this
15 subdivision may not be allowed if the corporation carried workforce safety and
16 insurance coverage, as provided by law, at the time the injury was sustained;

17 **d.e.** Claims, including the value of all compensation paid in any medium other than
18 money, duly proved and allowed to employees for services performed within
19 three months preceding the appointment of the receiver, if any; and

20 **e.f.** Other claims duly proved and allowed.

21 **SECTION 4. AMENDMENT.** Section 29-27-02 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **29-27-02. Judgment for fine or costs.**

24 1. If the judgment mentioned in section 29-27-01 imposes a fine or assesses costs and
25 the judgment has been docketed in the judgment docket by order of the district court,
26 the judgment is enforceable by execution in the same manner as provided for a
27 judgment for money in a civil action.

28 2. If the judgment mentioned in section 29-27-01 imposes a fine or assesses costs and
29 the judgment is by order of the municipal court, the judgment is enforceable by
30 execution in the same manner as provided for a judgment for money in a civil action.