

Introduced by

Senators Klein, Bekkedahl, Hogue

Representatives Lefor, Vigesaa

1 A BILL for an Act to amend and reenact subsection 3 of section 4.1-01.1-07, subsection 6 of
2 section 6-09-15.5, section 6-09-29, subsection 4 of section 6-09-46.2, subsection 5 of section
3 6-09-49.2, sections 6-09.8-03, 6-09.13-04, 6-09.14-02, 6-09.15-02, 6-09.16-03, and 6-09.18-05,
4 subsection 6 of section 15.1-36-08, section 17-03-02, and subsection 2 of section 54-63.1-07 of
5 the North Dakota Century Code, relating to the audit of loan programs administered by the Bank
6 of North Dakota.

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

8 **SECTION 1. AMENDMENT.** Subsection 3 of section 4.1-01.1-07 of the North Dakota
9 Century Code is amended and reenacted as follows:

10 3. The Bank of North Dakota shall develop policies in consultation with the agriculture
11 diversification and development committee. The Bank shall review loan applications.
12 To be eligible for a loan under this section, an entity shall agree to provide the Bank
13 with information as requested. The Bank may develop policies for loan participation
14 with local financial institutions. The Bank shall deposit in the fund all principal and
15 interest paid on the outstanding loans. The Bank may use a portion of the interest paid
16 as a servicing fee to pay for administrative costs, which may not exceed one-half of
17 one percent of the amount of the outstanding loans. ~~The Bank shall contract with a~~
18 ~~certified public accounting firm to audit the fund if the fund has any loans. The fund~~
19 must be audited annually pursuant to section 6-09-29, and the cost of the audit must
20 be paid from the fund.

21 **SECTION 2. AMENDMENT.** Subsection 6 of section 6-09-15.5 of the North Dakota Century
22 Code is amended and reenacted as follows:

23 6. ~~The industrial commission shall contract with a certified public accounting firm to audit~~
24 ~~the fund as necessary. The cost of the audit,~~The fund must be audited annually

1 pursuant to section 6-09-29, and the cost of the audit and any other actual costs
2 incurred by the Bank on behalf of the fund, must be paid for by the fund.

3 **SECTION 3. AMENDMENT.** Section 6-09-29 of the North Dakota Century Code is amended
4 and reenacted as follows:

5 **6-09-29. Examinations and audit reports.**

- 6 1. The state auditor shall contract with an independent certified public accounting firm for
7 an annual audit of the Bank of North Dakota in accordance with generally accepted
8 government auditing standards. ~~The state auditor shall audit annually or contract for~~
9 ~~an annual audit of the separate programs and funds administered by the Bank of~~
10 ~~North Dakota.~~ On request of the state auditor, the industrial commission shall assist
11 the state auditor in the auditing firm selection process, but the selection of the auditing
12 firm is the state auditor's responsibility. The auditor selected shall prepare an audit
13 report that includes financial statements presented in accordance with the audit and
14 accounting guide for banks and savings institutions issued by the American institute of
15 certified public accountants. The auditor also shall prepare audited financial
16 statements for inclusion in the comprehensive annual financial report for the state.
- 17 2. The separate programs and funds administered by the Bank must be audited annually.
18 The audits may be conducted by the state auditor or an independent certified public
19 accounting firm. The audits of the separate programs and funds administered by the
20 Bank may be combined into one comprehensive audit if combining the audits provides
21 cost savings and efficiencies.
- 22 3. The state auditor may conduct performance audits of the Bank of North Dakota,
23 including the separate programs and funds administered by the Bank. The auditor
24 shall report the results of the audit to the industrial commission and to the legislative
25 assembly. The Bank of North Dakota or its separate programs and funds shall pay the
26 costs of the performance audit.
- 27 4. The department of financial institutions, through the commissioner, shall examine the
28 Bank of North Dakota at least once each twenty-four months and conduct any
29 investigation of the Bank which may be necessary. The commissioner shall report the
30 examination results, and the results of any necessary investigation, to the industrial
31 commission as soon as practicable and to the legislative assembly. The department of

1 financial institutions shall charge a fee for any examination or investigation at an
2 hourly rate to be set by the commissioner, sufficient to cover all reasonable expenses
3 of the department associated with the examinations and investigations provided for by
4 this section.

5 **SECTION 4. AMENDMENT.** Subsection 4 of section 6-09-46.2 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 4. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank
8 of North Dakota shall deposit in the fund all principal and interest paid on the loans
9 made from the fund. The Bank may deduct from interest payments received on a loan
10 under the program a service fee for administering the fund for the Bank and the
11 originating financial institution. ~~The Bank shall contract with a certified public-~~
12 ~~accounting firm to audit the fund as necessary. The cost of the audit,~~The fund must be
13 audited annually pursuant to section 6-09-29, and the cost of the audit and any other
14 actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

15 **SECTION 5. AMENDMENT.** Subsection 5 of section 6-09-49.2 of the North Dakota Century
16 Code is amended and reenacted as follows:

17 5. The Bank of North Dakota shall manage and administer loans from the water
18 infrastructure loan fund. The Bank shall deposit in the fund all principal and interest
19 paid on loans made from the fund. Annually, the Bank may deduct one-half of one
20 percent of the outstanding loan balance as a service fee for administering the water
21 infrastructure revolving loan fund. ~~The Bank shall contract with a certified public-~~
22 ~~accounting firm to audit the fund.~~ The fund must be audited annually pursuant to
23 section 6-09-29, and the cost of the audit must be paid from the fund.

24 **SECTION 6. AMENDMENT.** Section 6-09.8-03 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **6-09.8-03. Loan guarantee fund - Administrative charges.**

27 There is hereby created a beginning farmer loan guarantee fund which must be used by the
28 Bank to carry out the provisions of this chapter. The fund must include the moneys appropriated
29 by section 54-17-31 as it existed on June 30, 1983, and all earnings, less any administrative
30 charges, from the investment of those moneys, and such moneys are hereby appropriated to
31 the beginning farmer loan guarantee fund. Any and all administrative charges of the Bank

1 necessary for the administration of the program established by this chapter may be charged to
2 earnings of the fund. The fund must be audited annually pursuant to section 6-09-29, and the
3 cost of the audit must be paid from the fund.

4 **SECTION 7. AMENDMENT.** Section 6-09.13-04 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-09.13-04. Agriculture partnership in assisting community expansion fund**
7 **established - Continuing appropriation.**

8 The agriculture partnership in assisting community expansion fund is hereby established
9 and is a revolving fund, and all moneys transferred into the fund, interest upon fund moneys,
10 and payments to the fund are hereby appropriated for the purposes of section 6-09.13-05. After
11 December 31, 1992, moneys may be transferred between this fund and the partnership in
12 assisting community expansion fund established in section 6-09.14-02. This fund is not subject
13 to section 54-44.1-11. The fund must be audited annually pursuant to section 6-09-29, and the
14 cost of the audit must be paid from the fund.

15 **SECTION 8. AMENDMENT.** Section 6-09.14-02 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **6-09.14-02. Fund - Continuing appropriation - Administration.**

18 A partnership in assisting community expansion fund is hereby established from a transfer
19 of earnings from the Bank of North Dakota. This is a revolving fund, and all moneys transferred
20 into the fund, interest on fund moneys, and payments to the fund are hereby appropriated for
21 the purposes of this chapter. This fund is not subject to section 54-44.1-11. The Bank of North
22 Dakota shall administer the fund. The fund must be audited annually pursuant to section
23 6-09-29, and the cost of the audit must be paid from the fund.

24 **SECTION 9. AMENDMENT.** Section 6-09.15-02 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **6-09.15-02. Loan guarantee fund - Administration.**

27 A beginning entrepreneur loan guarantee fund is created to be used by the Bank of North
28 Dakota to administer a beginning entrepreneur loan guarantee program to be used in
29 conjunction with other loan programs. The fund includes moneys appropriated by the legislative
30 assembly for administration of the program and all earnings, less any administrative charges,
31 from the investment of those moneys. The Bank may retain any administrative charges

1 necessary for the administration of the program established by this chapter. The fund is not
2 subject to section 54-44.1-11. The fund must be audited annually pursuant to section 6-09-29,
3 and the cost of the audit must be paid from the fund.

4 **SECTION 10. AMENDMENT.** Section 6-09.16-03 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-09.16-03. Long-term care facility loan fund.**

- 7 1. There is created a long-term care facility loan fund. The fund consists of revenue
8 transferred from the North Dakota health care trust fund, interest upon moneys in the
9 fund, and collections of interest and principal on loans made from the fund.
- 10 2. The Bank of North Dakota shall administer the loan fund. Funds in the loan fund may
11 be used for:
- 12 a. Loans as provided in this chapter and as approved by the department under
13 chapter 50-30; and
- 14 b. The costs of administration of the fund. The fund must be audited annually
15 pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.
- 16 3. Any money in the fund not required for use under subsection 2 must be transferred to
17 the North Dakota health care trust fund.

18 **SECTION 11. AMENDMENT.** Section 6-09.18-05 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **6-09.18-05. Innovation loan fund to support technology advancement - Continuing**
21 **appropriation.**

22 The innovation loan fund to support technology advancement is a special fund in the state
23 treasury and must be administered by the department of commerce. All moneys in the fund are
24 appropriated to the department of commerce on a continuing basis for the purpose of providing
25 innovation technology loans and for administrative expenses. The department of commerce
26 shall deposit in the innovation loan fund to support technology advancement all principal and
27 interest paid on loans made from the fund. Interest earned on moneys in the fund must be
28 credited to the fund. The fund must be audited annually pursuant to section 6-09-29, and the
29 cost of the audit must be paid from the fund.

30 **SECTION 12. AMENDMENT.** Subsection 6 of section 15.1-36-08 of the North Dakota
31 Century Code is amended and reenacted as follows:

1 6. The Bank may adopt policies and establish guidelines to administer this loan program
2 in accordance with this section. The Bank of North Dakota may use a portion of the
3 interest paid on the outstanding loans as a servicing fee to pay for administration costs
4 which may not exceed one-half of one percent of the amount of the interest payment.
5 The Bank of North Dakota shall deposit principal and interest payments made by
6 school districts for loans under this section in the school construction assistance
7 revolving loan fund. ~~The Bank of North Dakota shall arrange for the conduct of an~~
8 ~~annual audit of the school construction assistance revolving loan fund, the cost of~~
9 ~~which must be paid from the fund and which must be conducted by an independent~~
10 ~~accounting firm.~~ The fund must be audited annually pursuant to section 6-09-29, and
11 the cost of the audit must be paid from the fund.

12 **SECTION 13. AMENDMENT.** Section 17-03-02 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **17-03-02. Biofuel partnership in assisting community expansion fund - Continuing**
15 **appropriation - Administration.**

16 Effective July 1, 2007, the biodiesel partnership in assisting community expansion fund
17 becomes the biofuel partnership in assisting community expansion fund. All moneys transferred
18 into the fund, interest on fund moneys, and payments to the fund are appropriated for the
19 purposes of this chapter. This fund is not subject to section 54-44.1-11. The Bank of North
20 Dakota shall administer the fund. Notwithstanding any other provision of law, the Bank may
21 transfer any unobligated moneys between funds that have been appropriated by the legislative
22 assembly for interest buydown in the biofuel partnership in assisting community expansion fund
23 and the partnership in assisting community expansion fund. The fund must be audited annually
24 pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

25 **SECTION 14. AMENDMENT.** Subsection 2 of section 54-63.1-07 of the North Dakota
26 Century Code is amended and reenacted as follows:

27 2. Any bond proceeds deposited in the fund must be used for loans or loan guarantees.
28 The Bank of North Dakota shall deposit in the fund all principal and interest paid on
29 the loans made from the fund. The Bank may use a portion of the interest paid on the
30 outstanding loans as a servicing fee to pay for administrative costs, not to exceed
31 one-half of one percent of the amount of the interest payment. ~~The Bank shall contract~~

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- 1 with a certified public accounting firm to audit the fund annually if the fund has any
- 2 outstanding loans. The fund must be audited annually pursuant to section 6-09-29,
- 3 and the cost of the audit must be paid from the fund.