

Introduced by

Senators Wanzek, Schneider, Wardner

Representatives Brandenburg, Headland, Pollert

1 A BILL for an Act to amend and reenact sections 6-09.7-02, 6-09.7-03, and 6-09.7-05 of the
2 North Dakota Century Code, relating to the fuel production facility loan guarantee program; to
3 provide an effective date; and to provide an expiration date.

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

5 **SECTION 1. AMENDMENT.** Section 6-09.7-02 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **6-09.7-02. (Effective through July 31, 2013~~2015~~) Powers and duties of the Bank of**
8 **North Dakota.**

9 The Bank of North Dakota may:

- 10 1. Guarantee the loan of money by eligible banks, credit unions, and savings and loan
11 associations, upon such terms, conditions, and procedures as it may establish in
12 accordance with the provisions of this chapter, to any qualified person to assist that
13 person in constructing an agriculturally derived fuel production facility. The facility must
14 use biomass for agriculturally derived fuel production.
- 15 2. Take, hold, and administer, on behalf of the state from any source, any property, or
16 any interest in the property, and the income therefrom, either absolutely or in trust, for
17 any purpose of the guarantee loan program; provided, that no guarantee obligation of
18 the Bank is payable out of any moneys of the Bank except those made available to the
19 Bank under this chapter.
- 20 3. Adopt standards governing the qualifications and financial needs of applicants;
21 establish a method of application for the guaranteeing of loans that may be made by
22 banks, credit unions, farm credit associations, and savings and loan associations; and
23 adopt any other standards necessary to administer this chapter.

1 **(Effective after July 31, 2013~~2015~~) Powers and duties of the Bank of North Dakota.**

2 The Bank of North Dakota may:

- 3 1. Guarantee the loan of money by eligible banks, credit unions, and savings and loan
4 associations, upon such terms, conditions, and procedures as it may establish in
5 accordance with the provisions of this chapter, to any qualified person to assist that
6 person in constructing agriculturally derived fuel production facilities of a size to serve
7 the community in or near which the facility is located. The facility must use
8 grain-related and biomass farm products for agriculturally derived fuel production.
- 9 2. Take, hold, and administer, on behalf of the state from any source, any property, or
10 any interest ~~therein~~ in the property, and the income therefrom, either absolutely or in
11 trust, for any purpose of the guarantee loan program; provided, that no guarantee
12 obligation of the Bank is payable out of any moneys of the Bank except those made
13 available to ~~it~~ the Bank under this chapter.
- 14 3. Adopt standards governing the qualifications and financial needs of applicants, and
15 establish a method of application for the guaranteeing of loans ~~which~~ that may be
16 made by banks, credit unions, and savings and loan associations, and any other
17 standards as may be necessary to administer properly this chapter.

18 **SECTION 2. AMENDMENT.** Section 6-09.7-03 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **6-09.7-03. (Effective through July 31, 2013~~2015~~) Extent of loan guarantee.**

21 The extent of the loan guarantee under this chapter may not exceed ~~twenty-five~~ thirty
22 percent of the total loan. The maximum dollar amount of any guarantee on a single loan may
23 not exceed ~~twelve~~ twenty-five million ~~five hundred thousand~~ dollars. The extent of the value of all
24 loan guarantees under this chapter may not, at any one time, exceed twenty-five million dollars.

25 **(Effective after July 31, 2013~~2015~~) Extent of loan guarantee.** The extent of the loan
26 guarantee under this chapter may not exceed twenty-five percent of the total loan. The
27 maximum dollar amount of any guarantee on a single loan may not exceed two million five
28 hundred thousand dollars. The extent of the value of all loan guarantees under this chapter may
29 not, at any one time, exceed ten million dollars.

30 **SECTION 3. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **6-09.7-05. (Effective through July 31, 2013~~2015~~) Establishment and maintenance of**
2 **adequate guarantee funds - Use of strategic investment and improvements fund.**

3 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee
4 reserve fund in a special account in the Bank. The Bank may request the director of the office of
5 management and budget to transfer funds from the strategic investment and improvements
6 fund created by section 15-08.1-08 to maintain ~~twenty-five~~one hundred percent of the
7 guarantee reserve fund balance. Transfers from the strategic investment and improvements
8 fund may not exceed a total of ~~six~~twenty-five million ~~two hundred fifty thousand~~ dollars. Moneys
9 in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in
10 default. The securities in which the moneys in the reserve fund may be invested must meet the
11 same requirements as those authorized for investment under the state investment board. The
12 income from such investments must be made available for the costs of administering the state
13 guarantee loan program and income in excess of that required to pay the cost of administering
14 the program ~~shall~~must be deposited in the reserve fund. The amount of reserves for all
15 guaranteed loans must be determined by a formula ~~which~~that will assure, as determined by the
16 Bank, an adequate amount of reserve.

17 **(Effective after July 31, 2013~~2015~~) Establishment and maintenance of adequate**
18 **guarantee funds - Use of strategic investment and improvements fund.** The Bank of North
19 Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a
20 special account in the Bank. The guarantee reserve fund must be maintained from the strategic
21 investment and improvements fund created by section 15-08.1-08 and any moneys transferred
22 from the strategic investment and improvements fund to maintain the guarantee reserve fund
23 are available to reimburse lenders for guaranteed loans in default. The securities in which the
24 moneys in the reserve fund may be invested must meet the same requirements as those
25 authorized for investment under the state investment board. The income from such investments
26 must be made available for the costs of administering the state guarantee loan program and
27 income in excess of that required to pay the cost of administering the program ~~shall~~must be
28 deposited in the reserve fund. The amount of reserves for all guaranteed loans must be
29 determined by a formula ~~which~~that will assure, as determined by the Bank, an adequate amount
30 of reserve.