

HOUSE BILL NO. 1420

Introduced by

Representatives Schneider, Boschee, Conmy, Dakane, Davis, Finley-DeVillie, Hanson,
McLeod, O'Brien, Schreiber-Beck

Senators Davison, Hogan

1 A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century
2 Code, relating to a small business diversity revolving loan fund; to provide a continuing
3 appropriation; to provide an appropriation; and to provide a transfer.

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

5 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Small business diversity revolving loan fund - Continuing appropriation.**

- 8 1. There is created in the state treasury the small business diversity revolving loan fund
9 from which the Bank of North Dakota shall provide loans to eligible small business
10 owners. The fund consists of all moneys transferred to the fund by the legislative
11 assembly, interest upon moneys in the fund, and payments of interest and principal on
12 loans made from the fund. Moneys in the fund are appropriated to the Bank of North
13 Dakota on a continuing basis for loan disbursements and administrative costs under
14 this section.
- 15 2. The Bank shall develop policies to administer the fund in accordance with this section,
16 including policies for loan participation with local financial institutions. Loan proceeds
17 may be used for working capital, equipment purchases, inventory acquisitions, or other
18 business expenses.
- 19 3. The maximum term of a loan made under this section is ten years. A loan made from
20 the fund under this section must be at least ten thousand dollars but not more than
21 forty-five thousand dollars. A loan made from the fund under this section must have an
22 interest rate that does not exceed one-half of one percent per year.

- 1 4. To be eligible for a loan under this section, the owner of a small business must be a
2 woman, minority, or veteran who is a resident of the state and a United State citizen.
3 The owner must certify to the Bank that the small business has all the necessary
4 licenses and permits to operate lawfully within the state.
5 5. The Bank shall administer the fund. The Bank shall deposit in the fund all principal and
6 interest paid on the outstanding loans. The Bank may use a portion of the interest paid
7 as a servicing fee to pay for administrative costs, which may not exceed one-half of
8 one percent of the amount of the interest payment. The fund must be audited annually
9 pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

10 **SECTION 2. APPROPRIATION - TRANSFER - SMALL BUSINESS DIVERSITY**

11 **REVOLVING LOAN FUND.** There is appropriated out of any moneys in the general fund in the
12 state treasury, not otherwise appropriated, the sum of \$1,000,000, which the office of
13 management and budget shall transfer to the small business diversity revolving loan fund,
14 during the biennium beginning July 1, 2023, and ending June 30, 2025.