

1999 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2273

**FISCAL NOTE**

(Return original and 10 copies)

Resolution No.: \_\_\_\_\_ Amendment to: Reeng. SB 2273

Requested by Legislative Council Date of Request: 3-12-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

Section 1 - there is no substantial impact to the state; however there could be substantial impact to the original intent and mission of the development fund as provided for in section 10-30.5-02. Any general fund support provided to the development fund in the next biennium and/or earnings from current repayment of primary sector business loans could be impacted.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expenditures:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

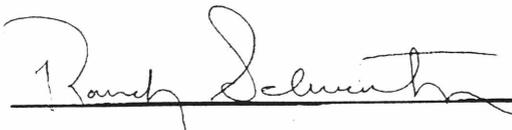
What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: none
- b. For the 1999-2001 biennium: need greater clarification on essential business services and estimated number of projects that would compete against
- c. For the 2001-03 biennium: primary sector business projects

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Randy Schwartz

Department Deputy Director

Date Prepared: 3-15-99

Phone Number 328-5314

JAN 22 1999

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2273 Amendment to: \_\_\_\_\_

Requested by Legislative Council Date of Request: 1-19-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

Section 1 - there is no impact to the state; however there would be a major impact to the future of the North Dakota development fund of an estimated \$2.2 million per biennium. (See attached narrative.)

Section 2 - there is no impact to the state; however there would be a major impact to the future of the North Dakota rural development revolving loan fund of \$2,700,000. (See attached narrative.)

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expenditures:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: Need clarification on act.
- b. For the 1999-2001 biennium: Need clarification on act.
- c. For the 2001-03 biennium: Need clarification on act.

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Unknown for all of above.

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Randy Schwartz

Department Economic Development & Finance

Phone Number 328-5314

Date Prepared: 1-21-99

## Additional Narrative to Fiscal Note

### Bill Resolution No: SB 2273

#### Section One

In order to estimate the financial impact, the act needs to clarify:

(1) the percentage of match provided by distributions by the development fund and that match provided locally to pay the salaries of development staff.

And

(2) any criteria that would be necessary for current and/or new local development organizations to qualify for a matching program.

And

(3) in order to assist in implementation, the act may need to clarify the role of the Governor.

As we understand Section 1, the Governor is provided the authority to delineate regions by executive order – pursuant to sections 54-40.1-02. Does this mean that the Governor is able to establish regions for the purpose of making matching grants to county-authorized or city-authorized development corporations contained within those established regions?

In implementation does this allow grants that 'reward' those city and county development corporations that determine it in their best interest to work together regionally - leveraging resources, and sharing staff?

Since successful private sector business investment know no political boundaries can 'economic development' regions targeting key private sector business investment be established without regard to the traditional planning region a city and/or county corporation is located in?

#### Background \*

Currently there are 33 city and/or county authorized development corporations that employ full or part time development staff. In addition there are an estimated 184 local development corporations that wholly rely on volunteers and/or (in some cases) are serviced through professionals employed by other local development corporations. In addition there are five tribal development organizations (which the Act does not address). We estimate that there may be another 200 local subdivisions (counties and communities) without an economic development organization.

We estimate that there are currently about 40 full time and part time developers employed by local development corporations. There are a few local development corporations that contract for services (i.e. Nelson, Pembina counties). This estimate does not include support staff for those corporations.

Compensations and benefits for development staff vary greatly along with the development corporation's expectations for these staff. We've estimated \$55,000 as an average compensation amount for a full time professional developer. This amount would provide for salary and benefits – but exclude expenses. (This amount would be non-competitive in many economic development organizations.) The developer would be charged (along with other staff and the volunteer board) with managing a sustainable economic development process and efforts resulting in successful private sector investment targeted to diversify and strengthen the local economy.

#### Impact Estimate Given Assumptions and Background Above

Given the background above and making the assumption that the act will provide for an estimated 50% of the total salaries of just those currently employed local development professionals the following annual cost has been determined.

40 Full Time Developers X \$55,000 (assuming all part time would become full time)	\$2,200,000 per year
	<u>X .50</u>
	\$1,100,000 per year
	<u>X 2 (biennium)</u>
	\$2,200,000 per biennium

---

\* It should be noted that in many cases, successful and sustainable economic development will be reliant on local political subdivisions ability to work within a consortium that includes several city and county economic development organizations. Moreover it will not necessarily mean that more paid staff are available but cities and counties leverage what they have along with other resources and service providers. Finally the foundation for these efforts will be improving the quality and quantity of local leadership, volunteers, the capabilities of development boards and development professionals.

## **Additional Narrative to Fiscal Note**

**Bill Resolution No: SB 2273**

### **Section Two**

Since the original funding for the rural development revolving loan fund occurred in July 1, 1993, there is no immediate fiscal impact to the state general fund. The estimated rural loan fund balance is currently \$2,700,000. There is an additional \$2,200,000 in unfunded commitments.

The financial impact of the act affects the availability of funding in the rural development revolving loan fund. In order to clarify that impact the act needs to clarify:

- (1) how earnings from current loans of the regional rural development revolving loan fund will be treated. Will they be retained by the fund or transferred as received to the regional planning councils? How will direct expenses related to the rural development revolving loan fund be provided for?
- (2) the effective date of this Act.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2273

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 3 of section 10-30.5-02 of the North Dakota Century Code, relating to the use of funds in the North Dakota development fund;"

Page 1, after line 4, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

3. Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets, but not to refinance existing debt. Moneys may also be used to assist communities in providing essential community services and to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant."

Page 1, underscore lines 7 through 14

Page 1, line 15, after "**FUNDS**" insert "**- REPORT TO BUDGET SECTION**"

Page 1, line 23, after the period insert "Each regional planning council shall submit to the budget section a biennial report regarding the use of the funds transferred under this section."

Re-number accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2273

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 3 of section 10-30.5-02 of the North Dakota Century Code, relating to the use of funds in the North Dakota development fund;"

Page 1, after line 4, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

3. Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets, but not to refinance existing debt. Moneys may also be used to assist communities in providing essential community services and to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant."

Page 1, underscore lines 7 and 8

Page 1, line 9, underscore "pursuant to section 54-40.1-02 may be used to make matching grants to" and insert immediately thereafter "newly established" and underscore "county authorized or"

Page 1, underscore lines 10 through 13

Page 1, line 14, underscore "made and must be distributed to the corporation in three equal annual payments." and insert immediately thereafter "A development corporation is eligible to receive only one grant under this section."

Page 1, line 15, after "**FUNDS**" insert "**- REPORT TO BUDGET SECTION**"

Page 1, line 23, after the period insert "Each regional planning council shall submit to the budget section a biennial report regarding the use of the funds transferred under this section."

Re-number accordingly

Date: 2/2/99  
Roll Call Vote #: 2273

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken AMEND 90477.0103

Motion Made By HEITKAMP Seconded By KREBSBACH

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern	X				
Senator Thompson	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

2231847

Date: 2/2/99  
Roll Call Vote #: 2273

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO NOT PASS AS AMENDED

Motion Made By KREBSBACH Seconded By SAND

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Klein		X			
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern		X			
Senator Thompson		X			

Total (Yes) 4 No 3

Absent \_\_\_\_\_

Floor Assignment MUTCH

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2273: Industry, Business and Labor Committee (Sen. Mutch, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2273 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 3 of section 10-30.5-02 of the North Dakota Century Code, relating to the use of funds in the North Dakota development fund;"

Page 1, after line 4, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

3. Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets, but not to refinance existing debt. Moneys may also be used to assist communities in providing essential community services and to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant."

Page 1, underscore lines 7 and 8

Page 1, line 9, underscore "pursuant to section 54-40.1-02 may be used to make matching grants to" and insert immediately thereafter "newly established" and underscore "county authorized or"

Page 1, underscore lines 10 through 13

Page 1, line 14, underscore "made and must be distributed to the corporation in three equal annual payments." and insert immediately thereafter "A development corporation is eligible to receive only one grant under this section."

Page 1, line 15, after "**FUNDS**" insert "**- REPORT TO BUDGET SECTION**"

Page 1, line 23, after the period insert "Each regional planning council shall submit to the budget section a biennial report regarding the use of the funds transferred under this section."

Renumber accordingly

1999 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2273

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2273

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 3-2-99

Tape Number	Side A	Side B	Meter #
1		x	38.7- 60
2	x		0 - 27
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

SB 2273 Relating to the use of funds in the North Dakota Development Fund.

Chairman Berg opened the hearing on the bill.

Sen. Bill Bowman, introduced and testified in support of the bill. He said the main thing is to have flexibility into the fund.

Sen. Aaron Krauter, testified in support of the bill. In 1991 when the blue laws were changed, it gave opportunities for the state such as Sunday openings. When sales tax revenues reach a certain level then the overage goes into this funding. Primary target is sector business for new wealth and new business.

Committee members discussed detailed features of the bill. The bill will work jointly with other counties and their programs.

Krauter said this money comes from property taxes. Volunteers can off set this and follow through with their donations. Because people are needed, this bill is necessary. A jump start is needed to assist communities get something going.

Berg said we need people who understand what it takes to get a project going. Many times because of low pay for economic development, the wrong person is placed in a development position and nothing happens.

Cal Klewin, Bowman County Development Corp., testified in support of the bill. Financing is a key issue in development projects. Other programs are used in conjunction with projects to make things work. There is much risk in start up projects. Many players help ease the risk for all. Housing is always a problem in rural areas. This program will help contractors who take risks to speculate and make homes available. Interest rates could be paid down.

Stefonowicz asked about financing existing debt.

Klewin said that normally they don't do that. If there is an expansion, than it may be considered.

Bob Kudrug, Adams County Dev. Comp., testified in support of the bill. Each county needs a full time economic development person. They don't have one and are in need of one.

Glen Giese, Grant and Hettinger Development, testified in support of the bill. They raise about \$25,000 per year and it doesn't go very far.

Kevin Kramer, ND ED & F, said he was neutral on the bill. The current money available is growing every day. Its very important to maintain community leaders. Retailers need customers more than they need government money.

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number Sb 2273

Hearing Date 3-2-99

Froseth asked what the cost of grants was.

Kramer said that if it was 10 and each got 20 dollars, it may not amount to that much but it does get them started. Kramer would like to see good level of activity which is important. Grants are better than a 1 time payment.

There are many programs around that include grants and assistance if someone wants to follow through with them.

The committee discussed activities that relate to economic development and what it might produce. There was discussion on growth such as government jobs in rural communities and if grant money could be used for this study.

Glassheim wanted to know if this fund gets \$800,000 per year.

Kramer said there is no known amount but depends on what goes into it every year.

Chairman Berg closed the hearing on the bill.

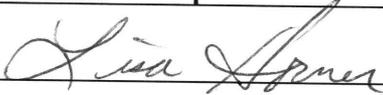
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2273.1

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 3-8-99

Tape Number	Side A	Side B	Meter #
1		x	25.3
1		x	-55.7
Committee Clerk Signature 			

Minutes:

SB 2273.1

Chairman Berg opened the meeting on the bill.

He went on to explain the results if the bill is passed or not passed.

Stefonowicz said if part of the bill was passed than it would not have to go to appropriations.

Berg said that was correct.

The committee discussed economic development in rural communities to include what is included and what is not included in economic development definitions.

Motion by Rep. Keiser to adopt amendment, second by Rep. Koppang

by voice vote, 14 yes, 1 no, 0 absent, motion carried.

Froseth stated that many communities have a part time economic development director and can't pay much. As a result grant funding for these areas is important for small comminute lively hood.

The committee paused to discuss SB 2218 again

Berg was concerned about section 1, but wanted a committee discussion on job creation and so forth.

Stefonowicz said his community lost a grocery store and funding was raised to make that successful. This bill is considered the same type of situation.

Glassheim asked what would happen if the bill was passed. Would rural hospitals qualify for this type of assistance.

Berg said he has a concern about putting money in the wrong kind of assistance. A business that creates jobs would be more helpful than one that merely provides a service.

Motion by Kempenich for do pass as amended, second by Stefonowicz  
by roll vote, 6 yes, 9 no, 0 absent, motion failed

Motion by Keiser, second by Kline for do not pass as amended  
by roll vote, 9 yes, 6 no, 0 absent, motion carried.

Rep. Froseth will carry the bill.

Chairman Berg closed the meeting on the bill.

90477.0301  
Title.

Prepared by the Legislative Council staff for  
Representative Froseth  
March 5, 1999

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2273

Page 1, line 1, remove "create and enact a new section to chapter 10-30.5 of the North Dakota"

Page 1, remove line 2

Page 1, line 10, after "community" insert "business"

Page 1, remove lines 15 through 24

Page 2, remove lines 1 and 2

Re-number accordingly

Date: 3-8-99  
 Roll Call Vote #: 1

**1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2273**

House Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do pass as amended

Motion Made By Kempenich Seconded By Stefonowicz

Representatives	Yes	No	Representatives	Yes	No
Chairman Berg		/	Rep. Thorpe	/	
Vice Chairman Kempenich	/				
Rep. Brekke		/			
Rep. Ekstrom	/				
Rep. Froseth		/			
Rep. Glassheim	/				
Rep. Johnson		/			
Rep. Keiser		/			
Rep. Klein		/			
Rep. Koppang	/				
Rep. Lemieux		/			
Rep. Martinson		/			
Rep. Severson		/			
Rep. Stefonowicz	/				

Total (Yes) 6 No 9

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3-8-99  
Roll Call Vote #: 2

**1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.**

House Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do not pass as amended

Motion Made By Keiser Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Berg	/		Rep. Thorpe		/
Vice Chairman Kempenich		/			
Rep. Brekke	/				
Rep. Ekstrom		/			
Rep. Froseth	/				
Rep. Glassheim		/			
Rep. Johnson	/				
Rep. Keiser	/				
Rep. Klein	/				
Rep. Koppang		/			
Rep. Lemieux	/				
Rep. Martinson	/				
Rep. Severson	/				
Rep. Stefonowicz		/			

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Froseth

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2273: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). SB 2273 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "create and enact a new section to chapter 10-30.5 of the North Dakota"

Page 1, remove line 2

Page 1, line 10, after "community" insert "business"

Page 1, remove lines 15 through 24

Page 2, remove lines 1 and 2

Renumber accordingly

**1999 TESTIMONY**

**SB 2273**

## REGIONAL RURAL REVOLVING LOAN FUND DEVELOPMENT PROJECT FUNDED AS OF DECEMBER 31, 1998

Company	Location	Region	Investment Date	Investment Amount	Regional Total	Investment Type	
All-In-One Products	Watford City	1	2/27/95	\$95,000	\$152,500	Debt	
TRJ Enterprises	Watford City	1	11/18/96	57,500		Debt	
ND Envelope Co.	Kenmare	2	10/26/94	\$125,000	\$350,000	Debt	
Schepp's Deli	Lansford	2	9/23/96	25,000		Debt	
Gates Manufacturing	Lansford	2	8/14/97	200,000		Debt-LOC	
Pugsley's	Devils Lake	3	3/8/94	\$200,000	\$1,328,848	Debt	
NYTAF Ind.	Edmore	3	3/10/94	25,000*		Debt	
Edmore Dev. Corp.	Edmore	3	5/27/94	80,000*		Equity	
NYTAF Ind.	Edmore	3	2/24/95	125,000*		Debt	
Harvey Nordin	Devils Lake	3	3/13/95	5,000		Debt-TTI	
Pugsley's	Devils Lake	3	1/12/96	100,000		Debt	
Dakota Medical Lab.	Fort Totten	3	3/5/96	21,600*		Debt-TTI	
N. American Bison Coop.	New Rockford	3	4/19/96	300,000		Debt	
Leeds EDC	Leeds	3	5/29/96	16,000		Debt	
Farmers Choice Pasta	Leeds	3	10/29/96	300,000		Equity	
Rolla JDA	Rolla	3	1/30/98	50,000		Debt	
Farmers Choice Pasta	Leeds	3	4/1/98	50,000		Debt	
Microlap Technologies	Rolla	3	6/11/98	36,248		Debt	
International Peace Garden	Rolla	3	9/1/98	20,000		Debt	
Q&R Processing	Tolna	4	8/8/94	\$75,000*		\$1,216,100	Equity
Drayton Grain Processors	Drayton	4	4/18/96	300,000			Debt
Harriston Industries	Minto	4	8/7/96	250,000			Debt
Dynamics Marketing	Grafton	4	12/30/96	125,000	Debt		
Harvest Fuel	Walhalla	4	2/21/97	100,000	Debt		
Bandy Technology	Walhalla	4	3/6/97	50,000	Debt-TTI		
N. Valley Potato Growers	Hoople	4	7/30/97	300,000	Debt		
Blue ThunderHawks	Larimore	4	12/23/98	16,100	Debt		
Dakota Fiber	Casselton	5	6/2/94	\$33,700*	\$723,700		Debt
Heart of Valley	Portland	5	9/23/94	50,000			Debt-TTI
Dakota Fresh	Casselton	5	4/23/96	50,000		Debt	
Alchem Limited	Grafton	5	5/28/98	350,000		Debt	
Drayton Grain Processors	Drayton	5	8/14/98	240,000		Debt	
TJ Manufacturing	Harvey	6	3/31/94	\$40,000*	\$929,360	Debt	
NuGrain	Harvey	6	2/14/95	275,000		Equity	
Fisher Flying Products	Edgeley	6	3/9/95	45,000		Debt-TTI	
AgGrow Oils	Carrington	6	10/3/97	300,000		Debt	
AgGrow Oils	Carrington	6	9/1/98	200,000		Debt	
Sure-Way Systems	Valley City	6	12/7/98	69,360		Debt	
Kirschmann Mfg.	McClusky	7	1/28/94	\$163,000*	\$929,360	Equity	
Brite Flite	Hazen	7	3/10/94	30,000		Debt	
Oster, E. United Test	Hazen	7	6/22/94	5,000		Debt	
Roger Rasch	Hazen	7	8/26/94	2,880		Debt-TTI	
Advanced Architecture	Fargo	7	1/4/95	28,300*		Debt-TTI	
TRJ Enterprises	Hazen	7	1/13/95	26,000		Debt	
Noble Dev. Corp.	Hazen	7	1/8/96	300,000		Equity	
Flasher Dev. Corp.	Flasher	7	5/31/96	24,000		Equity	
Noble Games	Hazen	7	7/3/96	37,500		Debt	

Company	Location	Region	Investment Date	Investment Amount	Regional Total	Investment Type
Dakota Dairy	Hebron	7	9/27/96	130,000	\$1,002,930	Debt
Noble Dev. Corp.	Hazen	7	5/18/98	100,000		Equity
Dakota Dairy	Hebron	7	6/15/98	156,250		Debt
Buffalo Commons	Mott	8	7/31/96	\$120,000	\$586,000	Debt
LD Paulson Enterprises	Bowman	8	12/12/97	30,000		Debt
Hettinger Co. Crop	Hettinger	8	2/24/98	36,000		Debt-TTI
Dacco, Inc.	Hebron	8	4/29/98	400,000		Debt
Total					\$6,289,438	

\* Projects have been charged off

January 27, 1999

**REGIONAL RURAL DEVELOPMENT REVOLVING LOAN FUND  
AS OF JANUARY 27, 1999**

Region	Council	City	Total Funding Available	Less Unfunded Commitments	Projects Funded		Fund Balance Available
					Original Balance	Current Balance	
1	Tri-County ED	Williston	\$1,333,894	\$750,000	\$152,500	\$121,825	\$462,069
2	Souris Basin Planning	Minot	1,333,894	1,008,750	350,000	115,929	209,215
3	North Central Planning	Devils Lake	1,333,894	57,050	1,328,848	1,176,196	100,648
4	Red River Regional Planning	Grafton	1,333,894	63,900	1,216,100	1,074,572	195,422
5	Lake Agassiz Regional	Fargo	1,333,894		723,700	704,022	629,872
6	South Central Regional	Jamestown	1,333,894	435,640	929,360	903,434	(5,180)
7	Lewis & Clark Regional	Bismarck	1,333,894	137,570	1,002,930	944,990	251,334
8	Roosevelt-Custer Regional	Dickinson	1,333,894	284,750	586,000	583,637	465,507
Total			\$10,671,152	\$2,737,660	\$6,289,438*	\$5,624,605**	\$2,308,887

NOTE: The fund balance available is the total funding available, less unfunded commitments, less current balance of funded projects.

\* Please refer to the attached schedule detailing the individual projects. Of this total \$591,600 of projects has been written off as of December 31, 1998.

\*\* The current balances reflect original balance of projects funded (\$6,289,438), less projects written off (\$591,600), and repayments (\$73,233).

SB.2273

**Regional Rural Development Revolving Loan Fund**

1 Original Rural Fund allocation	8,660,171
2 Interest earnings and paid off projects	<u>2,041,237</u>
3 Total available	<b>10,701,408</b>
4 Projects funded	-6,569,902
5 Principal paybacks on projects funded	<u>613,856</u>
6 Currently available	4,745,362
7 Unfunded commitments	<u>-2,187,196</u>
8 Actually Available	2,558,166

\* If not for the revolving nature of this fund (see lines 2 and 5), there would be no dollars left for new projects.

**RRLF Use:**

Original Rural Fund Allocation	<b>8,660,171</b>
RRLF Projects funded	6,569,902
Unfunded commitments	<u>2,187,196</u>
Total RRLF use	8,757,098
Additional rural investments from Development Fund	<u>2,830,737</u>
Total dollars used for rural projects	<b>11,587,835</b>

## Regional Rural Development Revolving Loan Fund through 12/31/98

Company	Location	Reg	Invest Date	Invest Amount	Type
All-In-One Products	Watford City	1	2/27/95	95,000	Debt
TRJ Enterprises	Watford City	1	11/18/96	57,500	Debt
ND Envelope Co.	Kenmare	2	10/26/94	125,000	Debt
Schepp's Deli	Lansford	2	9/23/96	25,000	Debt
Gates Manufacturing	Lansford	2	8/14/97	200,000	Debt- LOC
Pugsley's	Devils Lake	3	3/8/94	200,000	Debt
NYTAF Ind.	Edmore	3	3/10/94	25,000 ♦	Debt
Edmore Dev. Corp.	Edmore	3	5/27/94	80,000 ♦	Equity
NYTAF Ind.	Edmore	3	2/24/95	125,000 ♦	Debt
Harvey Nordin	Devils Lake	3	3/13/95	5,000	Debt-TTI
Pugsley's	Devils Lake	3	1/12/96	100,000	Debt
Dakota Medical Lab.	Ft. Totten	3	3/5/96	21,600 ♦	Debt-TTI
N.American Bison Coop.	New Rockford	3	4/19/96	300,000	Debt
Leeds EDC	Leeds	3	5/29/96	16,000	Debt
Farmers Choice Pasta	Leeds	3	10/29/96	300,000	Equity
Rolla JDA	Rolla	3	1/30/98	50,000	Debt
Farmers Choice Pasta	Leeds	3	4/1/98	50,000 Paid	Debt
Microlap Technologies	Rolla	3	6/11/98	36,248	Debt
International Peace Garden	Rolla	3	9/1/98	20,000	Debt
Q&R Processing	Tolna	4	8/8/94	75,000 ♦	Equity
Drayton Grain Processors	Drayton	4	4/18/96	300,000	Debt
Harriston Industries	Minto	4	8/7/96	250,000	Debt
Dynamics Marketing	Grafton	4	12/30/96	125,000	Debt
Harvest Fuel	Walhalla	4	2/21/97	100,000	Debt
Bandy Technology	Walhalla	4	3/6/97	50,000	Debt-TTI
N. Valley Potato Growers	Hoople	4	7/30/97	300,000	Debt
Alchem Limited	Grafton	4	5/28/98	350,000	Debt
Drayton Grain Processors	Drayton	4	8/14/98	240,000	Debt
Blue ThunderHawks	Larimore	4	12/23/98	16,100	Debt
Dakota Fiber	Casselton	5	6/2/94	33,700 ♦	Debt
Heart of Valley	Portland	5	9/23/94	50,000	Debt-TTI
Advanced Architecture	Fargo	5	1/4/95	28,300 ♦	Debt-TTI
Dakota Fresh	Casselton	5	4/23/96	50,000	Debt
TJ Manufacturing	Harvey	6	3/31/94	40,000 ♦	Debt
NuGrain	Harvey	6	2/14/95	275,000	Equity
Fisher Flying Products	Edgeley	6	3/9/95	45,000	Debt-TTI
AgGrow Oils	Carrington	6	10/3/97	300,000	Debt
AgGrow Oils	Carrington	6	9/1/98	200,000	Debt
Sure-Way Systems	Valley City	6	12/7/98	69,360	Debt
Kirschmann Mfg.	McClusky	7	1/28/94	163,000 ♦	Equity
Brite Flite	Hazen	7	3/10/94	30,000	Debt
Oster, E. United Test	Hazen	7	6/22/94	5,000	Debt
Roger Rasch	Hazen	7	8/26/94	2,880	Debt-TTI
TRJ Enterprises	Hazen	7	1/13/95	26,000	Debt
Noble Dev. Corp.	Hazen	7	1/8/96	300,000	Equity
Flasher Dev. Corp	Flasher	7	5/31/96	24,000	Equity
Noble Games	Hazen	7	7/3/96	37,500	Debt
Dakota Dairy	Hebron	7	9/27/96	130,000	Debt
Dacco, Inc.	Hebron	7	4/29/98	400,000	Debt
Noble Dev. Corp.	Hazen	7	5/18/98	100,000	Equity
Dakota Dairy	Hebron	7	6/15/98	156,250	Debt
Buffalo Commons	Mott	8	7/31/96	120,000	Debt
LD Paulson Enterprises	Bowman	8	12/12/97	30,000	Debt
Hettinger Co. Crop	Hettinger	8	2/24/98	36,000	Debt-TTI
				6,289,438	

Projects marked with a diamond have been charged off.

## REGIONAL RURAL DEVELOPMENT REVOLVING LOAN FUND

The regional rural development revolving loan fund was established with the passage of 1991 House Bill No. 1046 which related to Sunday business opening. In addition to establishing the regional rural development revolving loan fund, 1991 House Bill No. 1046 provided for a contingent appropriation and transfer into the fund based on the June 30, 1993, general fund ending balance. A copy of 1991 House Bill No. 1046 is attached as Appendix A.

The transfer into the regional rural development revolving loan fund was \$8,660,171. In addition, repayments to the fund, earnings on the fund, and earnings on investments made by the

fund are deposited into the fund. Investment chargeoffs are assessed against the region which initiated the investment. The fund is allocated equally among the eight economic development regions of the state.

The regional rural development revolving loan fund is to be used for business projects located more than five miles outside the city limits of a city with a population of 8,000 or more. Appendix B provides a detail of the regional rural development revolving loan fund investments.

A breakdown of the regional rural development revolving loan fund balance by region, as of January 31, 1998, is:

*Earnings -  
interest*

Region	Council	City	Total	Unfunded Commitments	Funded Projects	Remaining Balance
1	Tri-County Economic Development	Williston	\$1,274,909	\$50,000	\$130,312	\$1,094,597
2	Souris Basin Planning	Minot	1,274,909	175,000	167,581	932,328
3	North Central Planning	Devils Lake	1,274,909	115,525	1,098,711	60,673
4	Red River Regional Planning	Grafton	1,274,909	5,000	1,123,825	146,084
5	Lake Agassiz Regional Planning	Fargo	1,274,909	300,000	126,700	848,209
6	South Central Regional Planning	Jamestown	1,274,909	5,000	655,930	613,979
7	Lewis and Clark Regional Planning	Bismarck	1,274,909	446,820	724,152	103,937
8	Roosevelt Custer Regional Planning	Dickinson	1,274,909	575,000	150,000	549,909
Total			\$10,199,272	\$1,672,345	\$4,177,211	\$4,349,716

The 1997 Legislative Assembly provided for the regional rural development revolving loan fund to become a part of the North Dakota Development Fund. Section 10 of 1997 Senate Bill No. 2019 provides that the director of the Department of Economic Development and Finance may reallocate up to 20 percent of any region's available remaining balance of regional rural development revolving loan funds to another region or regions for the biennium beginning July 1, 1997, and ending June 30, 1999. The section also provides that of the amount available in the North Dakota Development Fund, \$4 million or the unobligated balance on July 1, 1997, relating to the transfer of

regional rural development revolving loan fund moneys, must continue to be dedicated for the purpose of providing financial assistance, research, and development assistance and loans or equity or debt financing on a matching basis to new or expanded primary sector businesses in areas of the state which are not within five miles of any city with a population of more than 8,000. A copy of the loan and investment policy for the North Dakota Development Fund is attached as Appendix C.

ATTACH:3

September 1998

## REGIONAL RURAL DEVELOPMENT REVOLVING LOAN FUND STATUS REPORT AS OF AUGUST 31, 1998

The regional rural development revolving loan fund was established with the passage of 1991 House Bill No. 1046 which related to Sunday business opening. In addition to establishing the regional rural development revolving loan fund, 1991 House Bill No. 1046 provided for a contingent appropriation and transfer into the fund based on the June 30, 1993, general fund ending balance. A copy of 1991 House Bill No. 1046 is attached as Appendix A.

The transfer into the regional rural development revolving loan fund was \$8,660,171. In addition, repayments to the fund, earnings on the fund, and earnings on investments made by the fund are deposited into the fund. Investment chargeoffs are

assessed against the region which initiated the investment. The fund is allocated equally among the eight economic development regions of the state.

The regional rural development revolving loan fund is to be used for business projects located more than five miles outside the city limits of a city with a population of 8,000 or more. Appendix B provides a detail of the regional rural development revolving loan fund investments and investments/projects "charged off" to date.

A breakdown of the regional rural development revolving loan fund balance by region, as of August 31, 1998, is:

Region	Council	City	Total	Unfunded Commitments	Funded Projects	Remaining Balance
1	Tri-County Economic Development	Williston	\$1,307,989	\$550,000	\$124,897	\$633,092
2	Souris Basin Planning	Minot	1,307,989	250,000	120,368	937,621
3	North Central Planning	Devils Lake	1,307,989	77,050	1,188,653	42,286
4	Red River Regional Planning	Grafton	1,307,989	0	1,238,384	69,605
5	Lake Agassiz Regional Planning	Fargo	1,307,989	0	570,700	737,289
6	South Central Regional Planning	Jamestown	1,307,989	206,000	846,337	255,652
7	Lewis and Clark Regional Planning	Bismarck	1,307,989	137,570	973,055	197,364
8	Roosevelt Custer Regional Planning	Dickinson	1,307,989	284,750	584,445	438,794
Total			\$10,463,912	\$1,505,370	\$5,646,839*	\$3,311,703

\* Includes \$580,462 of "charged-off" projects listed in Appendix B.

The 1997 Legislative Assembly provided for the regional rural development revolving loan fund to become a part of the North Dakota Development Fund, Inc. Section 10 of 1997 Senate Bill No. 2019 provides that the director of the Department of Economic Development and Finance may reallocate up to 20 percent of any region's available remaining balance of regional rural development revolving loan funds to another region or regions for the biennium beginning July 1, 1997, and ending June 30, 1999. The section also provides that of the amount available in the North Dakota Development Fund, Inc., \$4 million or the unobligated balance on July 1, 1997,

relating to the transfer of regional rural development revolving loan fund moneys, must continue to be dedicated for the purpose of providing financial assistance, research, and development assistance and loans or equity or debt financing on a matching basis to new or expanded primary sector businesses in areas of the state which are not within five miles of any city with a population of more than 8,000. A copy of the loan and investment policy for the North Dakota Development Fund, Inc., is attached as Appendix C.

ATTACH:3