

HOUSE BILL NO. 1047

Introduced by

Legislative Council

(Legislative Audit and Fiscal Review Committee)

1 A BILL for an Act to amend and reenact section 6-09-15.5 of the North Dakota Century Code,
2 relating to the beginning farmer revolving loan fund; to provide for a transfer; to provide an
3 effective date; and to declare an emergency.

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

5 **SECTION 1. AMENDMENT.** Section 6-09-15.5 of the 1997 Supplement to the North
6 Dakota Century Code is amended and reenacted as follows:

7 **6-09-15.5. Bank loans to beginning farmers - ~~Revolving loan fund~~ - Requirements.**

- 8 1. ~~A revolving loan fund must be maintained in the Bank of North Dakota for the~~
9 ~~purpose of making loans to North Dakota beginning farmers for the purchase of~~
10 ~~agricultural real estate. All moneys transferred into the fund, interest upon moneys~~
11 ~~in the fund, and payments to the fund of principal and interest on loans made from~~
12 ~~the fund are hereby appropriated for the purpose of providing loans and to~~
13 ~~supplement the interest rate on loans to beginning farmers made by the Bank of~~
14 ~~North Dakota under subdivision c of subsection 1 of section 6-09-15 and in~~
15 ~~accordance with the provisions of this section.~~
- 16 2. ~~The revolving loan fund and loans made from the fund must be administered and~~
17 ~~supervised by the Bank of North Dakota. The Bank may deduct a service fee for~~
18 ~~administering the fund from interest payments received on loans. An application~~
19 ~~for a loan from the fund must be made to the Bank and, upon approval, a loan~~
20 ~~must be made from the fund in accordance with the provisions of this section.~~
- 21 3. A loan made from the fund to a North Dakota beginning farmer may not exceed
22 eighty percent of the appraised value of the agricultural real estate to be acquired
23 with the loan proceeds, with the actual percentage to be determined by the Bank.
24 The Bank may do all things and acts and may establish additional terms and

- 1 conditions as deemed necessary to make a loan under this section. The Bank
2 shall take a first mortgage as security for a loan ~~from the fund~~.
- 3 ~~4.~~ 2. A loan ~~made from the fund~~ must have the interest rate fixed at one percent below
4 the Bank's then current base rate for the first five years with a maximum rate of six
5 percent per year and variable at one percent below the Bank's then current base
6 rate for the second five years. During the second five years, the variable rate must
7 be adjusted annually on the anniversary date. The rate during the remaining term
8 of the loan floats at the Bank's base rate as in effect from time to time.
- 9 ~~5.~~ 3. The maximum term of a loan is twenty-five years.
- 10 ~~6.~~ The industrial commission is responsible for contracting with a certified public
11 accounting firm to audit the fund as necessary. The cost of the audit, and any
12 other actual costs incurred by the Bank on behalf of the fund, must be paid for by
13 the fund.
- 14 ~~7.~~ 4. The Bank shall adopt policies to implement this section.
- 15 5. The Bank is not required to provide loans under this section if the legislative
16 assembly does not provide an appropriation for beginning farmer loans.

17 **SECTION 2. TRANSFER.** The assets, liabilities, and fund equity of the beginning
18 farmer revolving loan fund must be transferred to the Bank of North Dakota on July 1, 1999.

19 **SECTION 3. EFFECTIVE DATE.** This Act becomes effective on July 1, 1999.

20 **SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure.