

**SENATE BILL NO. 2150**

Introduced by

Industry, Business and Labor Committee

(At the request of the Industrial Commission)

1 A BILL for an Act to amend and reenact sections 54-17.2-01, 54-17.2-02.1, and 54-17.2-02.2,  
2 subsections 1 and 7 of section 54-17.2-03, and sections 54-17.2-04, 54-17.2-06, 54-17.2-07,  
3 54-17.2-08, 54-17.2-09, 54-17.2-10, 54-17.2-11, 54-17.2-16, and 54-17.2-19 of the North  
4 Dakota Century Code, relating to financing by the building authority of projects authorized by  
5 the legislative assembly.

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

7 **SECTION 1. AMENDMENT.** Section 54-17.2-01 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **54-17.2-01. Definitions.** As used in this chapter, unless the context or subject matter  
10 requires otherwise:

- 11 1. "Commission" means the industrial commission acting as the North Dakota  
12 building authority created under this chapter.
- 13 2. "Evidences of indebtedness" means bonds, notes, debentures, and other  
14 evidences of indebtedness issued by the commission on behalf of the state of  
15 North Dakota to evidence money owed or borrowed.
- 16 3. "Financing agreement" means a written agreement between the commission and  
17 the state with respect to a project, whereby the state agrees to pay to the  
18 commission, when due, the principal of, premium, if any, and interest on bonds  
19 issued by the commission with respect to that project. A financing agreement may  
20 be in the form of a lease, mortgage, direct or installment sale contract, loan  
21 agreement, or take-or-pay or similar agreement, and be secured in a manner the  
22 parties agree to or be unsecured.
- 23 4. "Project" or "projects" means any:

1           a. Legislatively authorized building or buildings primarily for the use of the state,  
2           including related structures, parking facilities, equipment, improvements, real  
3           and personal property or any interest therein, including lands under water,  
4           space rights and air rights, and other appurtenances and facilities necessary  
5           or convenient to the use or operation of the building or buildings, acquired,  
6           owned, constructed, reconstructed, extended, rehabilitated, or improved by  
7           the commission; or

8           b. Any other undertaking authorized by the legislative assembly.

9       4. 5. "Project cost" means the total cost of ~~acquisition and construction~~ of a project or  
10       projects and all costs of issuance, financing, and interest during project  
11       construction or implementation included in the principal amount of evidences of  
12       indebtedness issued.

13       ~~5.~~ 6. "State" means any branch of North Dakota government or any office, department,  
14       board, commission, bureau, division, public authority or corporation, agency, or  
15       instrumentality of the state.

16           **SECTION 2. AMENDMENT.** Section 54-17.2-02.1 of the North Dakota Century Code  
17       is amended and reenacted as follows:

18           **54-17.2-02.1. Evidences of indebtedness conditions - Continued authority.** The  
19       commission may issue evidences of indebtedness subject to the condition that ~~lease rental~~  
20       payments under financing agreements shall begin no earlier than the first business day of the  
21       biennium following the biennium of issuance. Although the authority to issue evidences of  
22       indebtedness for specific projects may terminate, the commission may exercise all other  
23       powers granted to the commission under this chapter and may comply with any covenants  
24       entered into before the applicable termination date.

25           **SECTION 3. AMENDMENT.** Section 54-17.2-02.2 of the North Dakota Century Code  
26       is amended and reenacted as follows:

27           **54-17.2-02.2. Continuing appropriation.** The moneys received by the industrial  
28       commission from the sale of evidences of indebtedness ~~and lease rental payments~~, and  
29       moneys received by the industrial commission or the state agencies and institutions from  
30       revenue generated by projects authorized by the legislative assembly, are hereby appropriated  
31       as a continuing appropriation for the ~~acquisition of these authorized projects and the payment~~

1 ~~of lease rentals for the~~ payment of debt service on any evidences of indebtedness issued to  
2 finance the projects.

3 **SECTION 4. AMENDMENT.** Subsections 1 and 7 of section 54-17.2-03 of the North  
4 Dakota Century Code are amended and reenacted as follows:

5 1. Enter into agreements, including financing agreements, with respect to its projects,  
6 operation, properties, and facilities, subject to agreements with holders of  
7 evidences of indebtedness.

8 7. Grant options to purchase any project or to renew any ~~lease~~ financing agreement  
9 entered into by it in connection with any of its projects, on terms and conditions it  
10 deems advisable.

11 **SECTION 5. AMENDMENT.** Section 54-17.2-04 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **54-17.2-04. Purpose of commission.** The public purpose of the commission is to  
14 promote the general welfare of the citizens of this state by providing financing for projects for  
15 use primarily by the state in providing public services by altering, repairing, maintaining, or  
16 ~~constructing buildings primarily for use by the state and making any improvements connected to~~  
17 ~~those buildings or pertaining to those buildings and necessary to the use of those buildings in~~  
18 ~~providing services to the public.~~

19 **SECTION 6. AMENDMENT.** Section 54-17.2-06 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **54-17.2-06. ~~Lease of facilities and sites to~~ Financing agreements with state**  
22 **agencies authorized - Commencement of payments under lease financing agreements.**

23 The commission may ~~lease~~ enter into financing agreements for any project to ~~with~~ the state.

24 The ~~leases~~ financing agreements may be entered into contemporaneously with any financing to  
25 be done by the commission and payments under the terms of the ~~lease~~ financing agreement  
26 shall begin at any time after execution of the ~~lease~~ financing agreement.

27 **SECTION 7. AMENDMENT.** Section 54-17.2-07 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29 **54-17.2-07. Terms, conditions, and ~~rental~~ payment under leases financing**  
30 **agreements - Automatic biennial extension provisions.** ~~Leases~~ Financing agreements may

31 be entered into by the commission:

- 1           1. Upon terms, conditions, and ~~lease-rentals~~ payment provisions, subject to available  
2           appropriations, as in the judgment of the commission are in the public interest; and  
3           2. For an original term of not to exceed two years, with an automatic extension of the  
4           term of the ~~lease~~ financing agreement, unless specifically rejected by the  
5           legislative assembly, for a term of two years from the expiration of the original term  
6           of the ~~lease~~ financing agreement and for two years from the expiration of each  
7           extended term of the ~~lease~~ financing agreement, until the original term of the ~~lease~~  
8           financing agreement has been extended for a total number of years to be agreed  
9           upon by the parties at a ~~lease-rental~~ payment which, if paid for the original term  
10          and for each of the full number of years for which the term of the ~~lease~~ financing  
11          agreement may be extended, will amortize the total project cost of the project.  
12          The ~~lease-rental~~ payment must be paid at the times agreed upon by the parties to the ~~lease~~  
13          financing agreement.

14           **SECTION 8. AMENDMENT.** Section 54-17.2-08 of the North Dakota Century Code is  
15          amended and reenacted as follows:

16           **54-17.2-08. State's option to purchase - Conveyance on exercise of option.** The  
17          ~~lease~~ A financing agreement must provide that the state may, at the expiration of the original or  
18          any extended term, purchase the project at a stated price, which must be the balance of the  
19          total project cost not amortized by the ~~payment of rents~~ payments previously made by the state.  
20          The ~~lease~~ financing agreement must provide that if the option to purchase the project has been  
21          exercised or if the ~~lease~~ financing agreement has been extended for the full number of years  
22          which it may be extended, and all ~~rents and~~ payments provided for in the ~~lease~~ financing  
23          agreement have been made and all project costs have been paid, the commission shall convey  
24          its interest in the project to the lessee.

25           **SECTION 9. AMENDMENT.** Section 54-17.2-09 of the North Dakota Century Code is  
26          amended and reenacted as follows:

27           **54-17.2-09. Insurance and credit enhancements added to ~~rental~~ payments.** The  
28          ~~lease~~ A financing agreement may provide that the state shall provide insurance or, as additional  
29          ~~rent for the leased project~~ payment under a financing agreement, pay the cost of insuring the  
30          project against loss or damage in such sum agreed to by the parties. The ~~lease~~ financing  
31          agreement may also provide for payment of the cost of such credit enhancements as in the

1 judgment of the commission may be required for sale of the evidences of indebtedness,  
2 including bond insurance or letters of credit.

3 **SECTION 10. AMENDMENT.** Section 54-17.2-10 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **54-17.2-10. Appropriations and funds from which rent payments are payable and**  
6 **right to project upon nonpayment - Commission's power to use or sell facilities for other**  
7 **purposes on nonpayment of rent.** ~~The lease~~ A financing agreement must provide that rents  
8 payments due under the financing agreement are payable solely from appropriations to be  
9 made by the legislative assembly for ~~the such payment of the lease rent or,~~ money available to  
10 the ~~lessee~~ state not requiring appropriation, money generated from charges made for use of the  
11 project, any revenues derived by the commission from the operation of the project, or any  
12 combination of such moneys. The financing agreement may provide that the commission upon  
13 nonpayment ~~of lease rents~~ is immediately entitled to the peaceable possession, access, and  
14 occupancy of the project and all appurtenances and easements appertaining thereto, and may  
15 maintain and operate the project or execute leases for the project or sell the project to political  
16 subdivisions of the state or private persons or entities for any purpose.

17 **SECTION 11. AMENDMENT.** Section 54-17.2-11 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19 **54-17.2-11. Costs and reserves to be covered by rent and charges or other**  
20 **payments.** ~~Lease rentals~~ Payments under a financing agreement for a project must be  
21 sufficient at all times to pay ~~the~~ any maintenance and operation costs for the project, unless the  
22 maintenance and operation costs are otherwise provided for under ~~a lease~~ the financing  
23 agreement, the principal of and interest on any evidence of indebtedness, and a proportion of  
24 the administrative expenses of the commission as provided for by each ~~lease~~ financing  
25 agreement, and the reserves as may be provided in the resolutions authorizing the issuance of  
26 evidences of indebtedness.

27 **SECTION 12. AMENDMENT.** Section 54-17.2-16 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29 **54-17.2-16. Revenues, appropriations, funds, and income from which evidences**  
30 **of indebtedness payable.** Evidences of indebtedness are payable solely from:

- 1           1. Revenues to be derived by the commission from the operation of a project or
- 2            projects;
- 3           2. ~~Income to be derived~~ Payments from rentals paid the state pursuant to leases to
- 4            ~~the state~~ financing agreements, or from leases to others as provided by this
- 5            chapter;
- 6           3. Funds appropriated by the legislative assembly; and
- 7           4. Any other legally available revenue, income, or funds available to the commission.

8           **SECTION 13. AMENDMENT.** Section 54-17.2-19 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10           **54-17.2-19. Restrictions on obligation stated on face of evidences of**  
11 **indebtedness.** Evidences of indebtedness must state upon their face that they are payable  
12 solely from ~~revenues~~ moneys derived by the commission as provided in this chapter, ~~including~~  
13 ~~revenues from the operation of projects acquired, constructed, completed, remodeled, or~~  
14 ~~equipped in whole or in part with the proceeds of the sale of such evidences of indebtedness,~~  
15 ~~including income to be derived from rental leases as provided by this chapter.~~ Evidences of  
16 indebtedness must state upon their face that they do not constitute an obligation of the state  
17 within the meaning of any statutory or constitutional provision.