

HOUSE BILL NO. 1152

Introduced by

Appropriations Committee

(At the request of the Office of Management and Budget)

1 A BILL for an Act to provide for a transfer of earnings from the student loan trust to the general
2 fund; and to amend and reenact section 54-17-25 of the North Dakota Century Code, relating to
3 bonds of the student loan trust.

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

5 **SECTION 1. Student loan trust transfer to state general fund.** The industrial
6 commission shall transfer to the general fund in the state treasury the sum of nine million
7 dollars of earnings from the North Dakota student loan trust. The moneys must be transferred
8 in such amounts and at such times as requested by the director of the office of management
9 and budget during the biennium beginning July 1, 2005, and ending June 30, 2007, and upon
10 certification by the student loan trust trustee that sufficient moneys remain available to pay all
11 debt service on student loan trust bonds, all required rebate payments to the United States
12 treasury, and all program operating expenses.

13 **SECTION 2. AMENDMENT.** Section 54-17-25 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **54-17-25. Bonds authorized - Establishment of secondary market program.**

16 Whenever the industrial commission decides that it is in the public interest to diminish the
17 investment of state funds in United States government guaranteed or reinsured or North Dakota
18 guaranteed student loans, that it will be difficult to divest the state of appreciable amounts of
19 such loans by piecemeal offering to the investing and saving public, that business conditions
20 are favorable to a state-sponsored program to consolidate state-held student loans, and to
21 enlarge private participation in such loans, or that the public will otherwise benefit, the
22 commission may by plenary resolution duly adopted in accordance with the provisions hereof
23 authorize preparation, sale, and issuance of revenue bonds of North Dakota in such amounts
24 and at such times and in such form, which may include the issuance of bonds the interest

1 income on which is subject to federal income taxes, as the commission shall determine to be for
2 the public good. The industrial commission may issue subordinate or residual bonds ~~in a total~~
3 ~~principal amount not to exceed twenty three million dollars plus costs of issuance and any~~
4 ~~reasonably required reserve~~ whenever the industrial commission determines that it is
5 appropriate or expedient to do so and the bonds may contain such terms and provisions as the
6 commission may determine. The commission may refund and refinance the bonds from time to
7 time as often as it is advantageous and in the public interest to do so. The bonds shall be a
8 charge upon a sufficient designated portion of the resources of the student loan trusts, subject
9 only to necessary administrative expenses of the trusts duly appropriated out of the interest
10 earning resources thereof. The bonds may bear such rate or rates of interest as the
11 commission may provide. The bonds must have all of the qualities and incidents of negotiable
12 paper and are not subject to taxation by the state of North Dakota or by any county,
13 municipality, or political subdivision therein. The bonds must be payable solely out of the
14 separate resources generated respectively from collection of payments on and earnings and
15 proceeds of United States government guaranteed or reinsured or North Dakota guaranteed
16 student loans, and must respectively so recite. They are not indebtedness of the state of North
17 Dakota or of any agency, board, department, or officer or agent thereof. Without limiting the
18 foregoing, the commission may request the organization of a nonprofit corporation meeting the
19 requirements of the Internal Revenue Code of 1954, as amended and redesignated as the
20 Internal Revenue Code of 1986 [Pub. L. 99-54], and as it may be amended from time to time,
21 and enter into one or more agreements with such corporation providing for the establishment of
22 a secondary market program in the state of North Dakota for the acquisition by the corporation
23 of such loans made pursuant to title IV, part B of the Higher Education Act of 1965
24 [Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; 20 U.S.C. 1001 et seq.], as
25 amended through December 31, 1996, as the commission shall, in its discretion, deem
26 advisable.