

Introduced by

1 A BILL for an Act to create and enact a new chapter to title 6 and a new section to chapter
2 54-60 of the North Dakota Century Code, relating to creation of a tourism partnership in
3 assisting community expansion program in the Bank of North Dakota and a rural community
4 tourism enhancement grant program in the department of commerce; and to provide for a
5 continuing appropriation.

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

7 **SECTION 1.** A new chapter to title 6 of the North Dakota Century Code is created and
8 enacted as follows:

9 **Definitions.** In this chapter, unless the context otherwise requires:

- 10 1. "Community" means the city or county in which an eligible tourism business is
11 located, or a local development corporation, community organization, or any other
12 group whose interest is in the economic growth of the area.
- 13 2. "Tourism business" means a person that is involved in a tourism-related business
14 or activity, including recreation, historical and cultural interpretation, events, guide
15 services, and unique lodging and food services that serve as destination
16 attractions. The term includes a person identified as a tourism business by the
17 Bank of North Dakota.
- 18 3. "Tourism partnership in assisting community expansion fund" means a fund
19 established to buy down the interest rate on loans to tourism businesses under this
20 chapter.

21 **Fund - Continuing appropriation - Administration.** A tourism partnership in assisting
22 community expansion fund is hereby established from a transfer of earnings from the Bank of
23 North Dakota. This is a revolving fund, and all moneys transferred into the fund, interest on

1 fund moneys, and payments to the fund are hereby appropriated for the purposes of this
2 chapter. This fund is not subject to section 54-44.1-11. The Bank shall administer the fund.

3 **Fund - Purpose - Interest rate buydown.** The Bank of North Dakota shall use
4 moneys in the fund for the purpose of buying down the interest rate on a loan made by a lead
5 financial institution in participation with the Bank. The Bank's participation may not exceed
6 eighty percent nor be less than fifty percent of the total loan. If the loan is approved by the
7 lenders and there is evidence of the community's commitment and ability to fund its portion of
8 the buydown, the Bank shall automatically approve the fund's participation in the buydown.

9 **Fund moneys - Eligible uses.**

- 10 1. The Bank of North Dakota shall use fund moneys to participate in an interest rate
11 buydown on a loan to a new or expanding tourism business for one or more of the
12 following eligible uses: purchase of real property and equipment, expansion of
13 facilities, working capital, and inventory. The tourism business may not use loan
14 funds to refinance any existing debt or for the relocation of the business within this
15 state.
- 16 2. The community shall determine the amount of the interest rate buydown and apply
17 to the Bank for participation from the fund. The funds for the community's portion
18 of the buydown may come from a local development corporation, contributions,
19 community funds, future dedicated tax programs, or any other community source.
- 20 3. The Bank shall determine the fund participation portion in the buydown based on
21 economic conditions in the city or county in which the tourism business is located.
- 22 4. The maximum amount from the fund in the interest rate buydown may not exceed
23 three hundred thousand dollars per loan. The fund participation is limited to the
24 amount required to buy down the interest to five hundred basis points below the
25 national prime interest rate.
- 26 5. The Bank shall adopt rules to implement this chapter.

27 **SECTION 2.** A new section to chapter 54-60 of the North Dakota Century Code is
28 created and enacted as follows:

29 **Rural community tourism enhancement grant program.**

- 30 1. The department shall manage and administer a rural community tourism
31 enhancement grant program to assist a rural community in meeting the match

requirement or seed money requirement for accessing a public or private grant that is in part or in whole intended to help the community identify and enhance its unique characteristics in attracting visitors and improve the appearance of the rural community. For purposes of this section, a rural community is a city with a population fewer than eight thousand. In determining whether a rural community is qualified to be awarded a grant under this section, the department shall determine whether the public or private grant is intended to improve the marketability of the community and whether this improvement is likely to enhance tourism in the community.

2. The department may not award grant funds under this section unless the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements the department adopts by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. The department may not distribute funds awarded under this section until the city:

a. Provides verification the city has been awarded the public or private grant; and

b. Provides verification the city has raised funds for the required dollar-for-dollar match required under this subsection.

3. The department may award a grant under this subsection in an amount not to exceed ten thousand dollars. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.