

GOVERNMENTAL FINANCE

CHAPTER 200

S. B. No. 53
(Holand, Luick, Becker)
(From LRC Study)

FINANCING OF EDUCATION AND WELFARE

AN ACT

To amend and reenact sections 15-19-06, 15-19-07, 15-40-01, 15-40-03, 15-40-04, 15-40-05, 15-40-10, 15-40-11, 15-40-15, 15-40-17, 15-40-20, 15-40-22, 15-40-23, 15-40-29, 50-01-09.1, 50-01-13, 50-06-14, 50-07-21, 50-07-22, 50-10A-20, 57-39-18, 57-39-23, and 57-39-24 of the North Dakota Century Code, relating to the disposition of retail sales tax collections, the financing of programs currently financed by such collections, and providing for a transfer of funds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 15-19-06 of the North Dakota Century Code Supplement is hereby amended and reenacted to read as follows:

15-19-06. Correspondence Courses To Be Financed from General Fund — Board May Establish Administrative and Operational Fund.) The cost of operating the correspondence courses under the provisions of this chapter shall be paid out of the general fund. All vouchers expending money therefrom shall be approved by the superintendent of public instruction. The state board of public school education may if it deems advisable establish an administrative operational fund, of not to exceed ten thousand dollars, out of the biennial appropriation of the legislative assembly for the high school correspondence study division. The fund so established shall be deposited in the Bank of North Dakota and may be drawn upon by the state director of correspondence courses in secondary education for the payment of necessary expenses in the administration and operation of the high school correspondence study division program within the limits and regulations prescribed by the board of public school education. The director shall submit a full, minute and itemized statement of every expenditure made during the month to the board in accordance with such rules and regulations as the board may prescribe and thereafter the board may, in its discretion, periodically authorize additional transfers to such operational fund, but the balance in such fund shall never exceed ten

thousand dollars, and any unencumbered balance therein at the end of any biennium shall revert to the state treasury. The fund so established may not be used to pay the salary and expense of the director. Such salary and expense shall be paid in the same manner as other state officials. In establishing and maintaining the administrative operational fund the board shall make proper requisition by submitting a duly approved voucher signed by the superintendent of public instruction through the regular channels to the state treasurer for the transfer of the necessary funds from the biennial appropriation of the high school correspondence study division. The board shall determine the amount of the bond to be posted by the director.

§ 2. Amendment.) Section 15-19-07 of the North Dakota Century Code Supplement is hereby amended and reenacted to read as follows:

15-19-07. Fees Collected Deposited in General Fund.) All fees collected by the high school correspondence study division from any source shall be remitted monthly by the director to the state treasurer and credited to the general fund of the state.

§ 3. Amendment.) Section 15-40-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-01. State School Aid.) All payments authorized by this chapter shall be made by the state treasurer out of the general fund of the state within the limits of legislative appropriation.

§ 4. Amendment.) Section 15-40-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-03. High School Correspondence Work.) The amount of money appropriated by the legislative assembly for correspondence work for a biennium, or so much thereof as may be necessary, shall be expended first by the state board of public school education for high school work by correspondence.

§ 5. Amendment.) Section 15-40-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-04. Vocational Education in Agriculture, Home Economics, and Distributive Occupations — Cooperation with Federal Programs.) The department of accounts and purchases shall pay moneys appropriated by the legislative assembly in any biennium for the purposes of vocational education in

agriculture, home economics, distributive occupations, and occupational information and guidance in cooperation with federal programs, to such school districts and in such manner as shall be directed in the certificate of the state board of public school education, and such board shall be charged with the duty of administering said funds through the state director of vocational education and shall do all things necessary to cooperate with the program outlined in the Smith-Hughes Act, in the George-Deen Act, and in other federal legislation adopted to further vocational education.

§ 6. Amendment.) Section 15-40-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-05. Emergency Funds — Appropriations — Expenditures.) The amount appropriated by the legislative assembly from time to time for emergency aid, or so much thereof as may be necessary, shall be used to aid financially distressed schools in the manner provided in this chapter. Only one-half of the amount appropriated for any biennium shall be available for expenditure during the first year of such biennium.

§ 7. Amendment.) Section 15-40-10 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-10. Expenditure of Emergency Funds — Aid Applied to Payment of Teachers' Salaries.) Aid granted to school districts for emergency aid shall be applied to the payment of teachers' salaries.

§ 8. Amendment.) Section 15-40-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-11. Emergency Funds — Administration — Membership of Board.) The state board of public school education shall constitute the board to carry out and perform the provisions of this chapter relating to the distribution of emergency aid funds. Such board shall prescribe such rules and regulations not inconsistent with the provisions of this chapter as it shall deem reasonable and necessary.

§ 9. Amendment.) Section 15-40-15 of the North Dakota Century Code Supplement is hereby amended and reenacted to read as follows:

15-40-15. Reciprocal Agreement for Payment from County Equalization Fund.) The superintendent of public instruction may enter into reciprocal agreements with the state educational agencies or officers of bordering states in regard to

payments from the county equalization fund for high school and elementary students attending public schools in a bordering state. Such agreements may provide for the payment from the county equalization fund for students from North Dakota attending schools in adjoining states in sums equal, on a per student basis, to payments from the county equalization fund received by North Dakota schools. The superintendent of public instruction by certificate to the department of accounts and purchases may authorize such payments, from the appropriation for state school aid to the county equalization fund, to schools in adjoining states for the attendance of such high school and elementary students. The payment by the district of residence for each student shall not exceed the payments established by reciprocal agreement less the amounts otherwise paid for such student under the provisions of this chapter. The department of accounts and purchases, within the limits of legislative appropriation, shall make such payments to the appropriate public school, school district or agency of the adjoining state. Such reciprocal agreements may include but shall not be limited to payments for tuition and transportation costs connected with the education of such children in bordering states.

§ 10. Amendment.) Section 15-40-17 of the North Dakota Century Code Supplement is hereby amended and reenacted to read as follows:

***15-40-17. High School Payments Are Exclusive — Exception.)** No school district shall charge or collect from any nonresident high school student, his parents or guardian, or the district of his residence, any registration, textbook, or laboratory fee, or any other fee or charge which is not charged to or for all resident high school students. However, a high school district shall charge tuition for nonresident high school students. The whole amount of such tuition, except as hereinafter provided, shall be paid by the district from which the pupil is admitted and shall equal the average cost of high school education per child in the county less payments from county equalization funds and from the state under this chapter. Such costs shall include expenditures from the general and sinking and interest funds, and receipts from the building fund. Credit on tuition charges shall be given by the admitting district to the extent of school taxes paid to the admitting district by the parent or guardian of the admitted student. In the event any district not providing high school education should fail or refuse to pay the tuition charges, the admitting district shall notify the county superintendent of schools of the county of residence of the student and the state superintendent of

***Note:** Section 15-40-17 was also amended by chapter 164 of the 1963 Session Laws.

public instruction of such fact, and upon verification by the county superintendent of schools that such tuition payments are due the admitting district, all county equalization fund payments and payments from the state under this chapter to the district of residence of the student shall be withheld until the tuition due the admitting district has been fully paid.

The parent or guardian of any student who is a resident of a district providing a high school education may apply to the school board of the school district of residence of the student for approval of the payment of tuition charges to another school district for attendance of the student at the high school in such other school district. If the school board of the district of residence shall approve such application, it shall pay the tuition charges in accordance with the application as approved. In the event such application shall be disapproved, the parent or guardian of the child may appeal the question to the county superintendent of schools, and a committee consisting of the county judge, state's attorney, and the county superintendent of schools shall within fifteen days consult with the school boards of the districts concerned and with the parent or guardian of the student concerned and render a decision in regard to the tuition charges. If the committee shall find the attendance of the student in question is necessitated by shorter distance or other reasons of convenience, including previous attendance in another high school, it may approve the payment of such tuition charges. The school district of residence of the student shall thereafter be required to pay such tuition charges, and upon notification by the admitting district of the failure of the district of residence to pay such tuition charges, all county equalization payments and payments from the state under this chapter to the district of residence shall be withheld in the same manner as provided in this section in the case of a district not providing a high school education. If the committee shall find that the attendance of the student at a high school outside the district is not necessitated by shorter distance or other reasons of convenience, the district of residence shall not be required to pay such tuition charges. The school board of any school district approving the payment of high school tuition charges or required to make such payments under the provisions of this section may levy an amount sufficient to pay tuition charges which levy shall not be subject to any mill levy limitations prescribed by law. This chapter, however, shall not affect the right of a school district to charge and collect such tuition as may be fixed by agreement from students who are not residents of this state.

§ 11. Amendment.) Section 15-40-20 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-20. Method of Making Payment — Use of Moneys Restricted.) The department of accounts and purchases shall make the payments provided for in this chapter for high school correspondence work, for vocational education in agriculture, home economics, and distributive occupations, and for occupational information and guidance, upon the receipt of the certificates therefor from the state board of public school education, and the department shall make the payments from the amount appropriated for emergency aid on the basis of need, and the payments to county equalization funds upon receipt of the certificates therefor from the superintendent of public instruction. Such payments shall be by warrants prepared and issued by the department of accounts and purchases and signed by the state auditor, drawn upon the general fund and made payable to the respective school districts, schools or county treasurers, as the case may be, or to the county superintendent of schools, as directed by the superintendent of public instruction. If such warrants are sent to the county superintendents, they shall deliver them to the school districts, schools, or county treasurers within their respective counties. Each clerk, secretary or other official shall make a record of each such warrant received by him and shall deliver such warrant to the treasurer. Such payments shall be deposited to the general fund of the school district or to the county equalization fund as the case may be.

§ 12. Amendment.) Section 15-40-22 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-22. Receipts from Federal Funds.) All moneys paid to the state by the Secretary of the Treasury of the United States under the provisions of an Act of Congress of February 25, 1920, chapter 85, 41 Statutes at Large, page 437, entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", shall be credited to the state general fund and shall be distributed only pursuant to the terms of this chapter. Such moneys shall be deemed the first moneys withdrawn or expended from the general fund for state school aid purposes.

§ 13. Amendment.) Section 15-40-23 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-23. Fractional Payments.) Should any appropriation made by the legislative assembly pursuant to the provisions of this chapter prove insufficient to meet all claims against such appropriation, the superintendent of public instruction shall prorate the remaining balance of the appropriation and provide for fractional payments therefrom. When such frac-

tional payments are made pursuant to this section, such payments shall constitute full payment under this chapter.

§ 14. Amendment.) Section 15-40-29 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-29. Payments to Schools and School Districts.) Not later than December thirty-first the county superintendent of schools shall certify to the county auditor a list of the school districts or schools entitled to elementary per pupil payments from the county equalization fund together with the amounts to which the several districts or schools are entitled. The county auditor shall pay to each district or school the amount received by the county from the state under the provisions of this chapter upon receiving such certificate, and shall make a second payment on or before March fifteenth in an amount to be determined by the county superintendent of schools and shall pay the balance on or before May fifteenth of each year. Payments shall be made by auditor's warrants drawn upon the county equalization fund to the respective school districts or schools. The payments shall be deposited in the general fund of the district or school.

§ 15. Amendment.) Section 50-01-09.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-01-09.1. County Reimbursement for Public Assistance to Nonresidents Occasioned by Federal Projects.) Whenever there is in process of construction in or adjacent to any county of this state a federal project of such magnitude as to attract to such county a large number of persons from outside such county, who are nonresidents of the state or who have gained residence in such counties, all public assistance aid to such nonresidents of the state or persons who have gained residence in such counties by reason of such federal project shall be financed solely by the state of North Dakota out of funds appropriated for such purpose by the legislative assembly and not by the county in which such persons may live or reside. The county welfare board shall furnish such public assistance in each case and shall be promptly reimbursed by the public welfare board for all such public assistance payments made by the county. Such application for reimbursement shall be made upon vouchers having the approval of the public welfare board.

§ 16. Amendment.) Section 50-01-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-01-13. Medical Attention and Hospitalization Furnished Poor.) In case of necessity, the county welfare board promptly

shall provide medical and surgical attention for any poor person in the county who is not provided for in a public institution. In a county where a county physician has been appointed on an annual salary, such physician shall be called to attend such poor person. The county welfare board shall cause to be furnished to such poor person the medicines prescribed by the physician. In all cases where, in the opinion of the county welfare board, hospitalization is necessary, it shall be furnished by the county upon approval or subsequent ratification by the county physician and the board, or by the board in a county having no county physician. Where such poor person is a nonresident of the state, the county furnishing such medical or surgical attention from and after January 2, 1951, shall be reimbursed within the limits of funds appropriated for such purpose by the legislative assembly for eighty percent of the expenses incurred in carrying out the provisions of this section. Such reimbursement shall be made upon vouchers having the approval of the state public welfare board.

§ 17. Amendment.) Section 50-06-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-14. Financing of Welfare Programs.) All programs carried out by the public welfare board under the provisions of this title shall be financed by payments out of the general fund, within the limits of legislative appropriation therefor. All expenditures made under the provisions of this title shall be upon warrants prepared by the department of accounts and purchases and signed by the state auditor, such expenditures to be supported by itemized vouchers to be signed by the executive director of the board or by such other officer or assistant as the board may designate and certify to the department of accounts and purchases. Any fund received from federal agencies shall be deposited and disbursed in the manner provided by Act of Congress or by the regulations of the federal agencies from which the funds were received.

§ 18. Amendment.) Section 50-07-21 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***50-07-21. Indians — Old Age Assistance — State Funds Used.)** Any county in which an Indian reservation is located may make application to the state agency for payment, out of state funds, of the entire amount of old age assistance grants paid to ward Indians residing in the county and on the Indian reservations. When such application is made, the state agency shall make, or cause to be made, a complete investigation of the financial condition of such county. If such

*Note: This section was repealed by section 2, chapter 328, 1963 S.L.

investigation shows that the financial condition of the county is such that it would be inequitable to ask the county to contribute its share of the amount necessary to provide old age assistance to ward Indians, the state agency may use funds appropriated for old age assistance to pay such part of the costs of old age assistance to such ward Indians as is not paid by the federal government.

§ 19. Amendment.) Section 50-07-22 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***50-07-22. Assistance to Transients—How Paid.)** The state agency may use funds appropriated for old age assistance to pay the entire cost of old age assistance grants, not paid by the federal government, to those persons who meet the following requirements:

1. Whose residence cannot be determined to be in any county in North Dakota or in any other state in the United States; and
2. Who have resided in North Dakota for one year and who meet all the other requirements for old age assistance.

***Note:** This section was repealed by section 2, chapter 328, 1963 S.L.

§ 20. Amendment.) Section 50-10A-20 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***50-10A-20. Indian — Disability Assistance — State Funds Used.)** Any county in which an Indian reservation is located may apply to the state agency for payment, out of state funds, of the entire amount of aid paid toward Indians residing in the county and on the Indian reservation. The state agency shall make, or cause to be made, a complete investigation of the financial condition of any county so applying, and if the investigation shows that the financial condition of the county is such that it would be inequitable to ask the county to contribute its share of the amount necessary to provide aid to such Indians the state agency may use funds appropriated for aid to disabled persons to pay such part of the costs of aid to such ward Indians as is not paid by the federal government.

***Note:** This section was repealed by section 2, chapter 328, 1963 S.L.

§ 21. Amendment.) Section 57-39-18 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-39-18. Tax and Penalties Paid to Commissioner—Disposition.) All fees, taxes, interest, and penalties imposed and

collected under this chapter shall be paid to the commissioner in the form of a remittance payable to the treasurer of the state of North Dakota, and said commissioner shall transmit each payment monthly to the state treasurer to be deposited in the state treasury to the credit of the general fund.

§ 22. Amendment.) Section 57-39-23 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-39-23. Payment of Refund.) Wherever by any provisions of this chapter a refund is authorized, the commissioner shall certify the amount of the refund, the reason therefor and the name of the payee to the department of accounts and purchases, who shall thereupon draw a warrant on the general fund in the amount specified payable to the named payee.

§ 23. Amendment.) Section 57-39-24 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-39-24. Allocation of Revenue.) All moneys collected and received under this chapter shall be paid into the state treasury and shall be credited by the state treasurer to the general fund.

§ 24. Transfer of Existing Balances.) All balances remaining in the retail sales tax fund, the state equalization fund, and the public welfare fund on the effective date of this Act shall be transferred by the state treasurer to the general fund. Any existing obligations of such funds on the effective date of this Act shall be paid out of the general fund.

Approved March 8, 1963.

CHAPTER 201

S. B. No. 54

(Baeverstad, Luick, Becker, Reichert)
(From LRC Study)

SPECIAL FUNDS TRANSFER

AN ACT

To amend and reenact sections 6-07-46, 12-48-11, 12-48-13, 12-49-04, 20-16-03, 36-01-29, and 36-05-10 of the North Dakota Century Code, relating to the disposition of various special funds and transferring the balances therein to the general fund, providing for disposition of Taylor Grazing Act Fund, and providing for the transfer of the Korean bonus administration fund to the sinking fund thereof; and to repeal sections 6-07-47 and 6-07-49 of the North Dakota Century Code, relating to the investment and disposition of moneys by the state examiner.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 6-07-46 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

6-07-46. Disposition of Unclaimed Dividends or Other Moneys Delivered to State Examiner.) Any unclaimed dividend or other moneys delivered to the state examiner by the receiver of an insolvent bank pursuant to the provisions of section 6-07-38 shall be paid to the state treasurer who shall credit such payments to the general fund of this state. Any unclaimed dividends or other moneys credited to such fund may thereafter be paid to the lawful owner thereof, his heirs, executors, administrators, or assigns when proven to the satisfaction of the state examiner that he is legally entitled thereto. Such payment shall be made by a warrant drawn by the department of accounts and purchases and issued in payment of a claim voucher certified to by the claimant and approved by the state examiner. The moneys required for the payment of such claims are hereby appropriated out of the general fund.

§ 2. Amendment.) Section 12-48-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

12-48-11. Sale of Coffins—Price—Use of Proceeds.) The board of administration shall sell the coffins at wholesale or retail. The wholesale price shall be ten percent above the cost of manufacture, and the retail price shall be twenty percent above the cost of manufacture. Coffins purchased by

the state or by any county or municipality for the burial of paupers shall be sold at the cost of manufacture. All moneys derived from the sale of coffins shall be deposited in the general fund.

§ 3. Amendment.) Section 12-48-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

12-48-13. Use of Receipts from Sale of License Plates and Road Signs.) The receipts from the sale of the license plates and road signs manufactured at the penitentiary shall be deposited with the state treasurer, to the credit of the general fund.

§ 4. Amendment.) Section 12-49-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

12-49-04. Warden Accounting Officer—Duty—Penalty for Neglect of Duty.) The warden of the penitentiary shall keep a true and accurate account of all notes, evidences of indebtedness, and money received by him for the sale of the product of the twine and cordage plant. At the end of each month he shall turn over all money so received to the state treasurer and take his receipt therefor. He at the same time shall furnish the state auditor with a statement showing the amount of money received and the source from which it came. All sums placed in the hands of the state treasurer, arising from sales of the product of said plant, shall be placed to the credit of the general fund. The warden shall be subject to a fine of not less than one hundred dollars nor more than five hundred dollars for failure to carry out the provisions of this section.

§ 5. Amendment.) Section 20-16-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

20-16-03. Disposition of Proceeds of Furs, Skins, and Specimens Taken.) All furs, skins, and specimens taken by hunters and trappers whose salaries are paid out of funds appropriated to carry out the provisions of this chapter shall be disposed of in such manner as the commissioner of agriculture and labor shall determine to be in the best interests of the state. If such furs, skins, or specimens are sold, the net proceeds of such sales shall be deposited with the treasurer to be credited to the general fund.

§ 6. Amendment.) Section 36-01-29 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

36-01-29. Quarantined Livestock Feedlots — Establishment by Regulations of the State Livestock Sanitary Board and

Licensing Thereof.) The livestock sanitary board is authorized to promulgate regulations for the establishment and maintenance by any person of a quarantined livestock feedlot. Any person may, on compliance with such regulations, obtain a license for said feedlot upon filing an application with the state livestock sanitary board and upon the payment of an annual fee of fifty dollars to the state livestock sanitary board. Such fee shall be deposited with the state treasurer in the general fund out of which upon legislative appropriation the veterinarian inspector's fees and cost of administration, shall be paid. When so licensed and upon compliance with the regulations for the maintenance of the quarantined livestock feedlot, such licensee shall be authorized to confine and feed, in the feedlot, without vaccination or tests for brucellosis and such other diseases as the livestock sanitary board may specify, cattle to be sold only for slaughter or at public market or to another quarantined feedlot.

§ 7. Amendment.) Section 36-05-10 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

36-05-10. Inspection of Livestock — Fees and Regulations Governing.) When an animal enters a livestock auction market and before it is offered for sale, it shall be inspected for health by a state-employed veterinarian and in the case of cattle for brands by a trained brand inspector, acting under rules promulgated by the North Dakota stockmen's association and the livestock sanitary board. Veterinary inspection shall include all livestock, whether it is to be moved interstate or intrastate. The fees for such inbound inspection shall be sent to the livestock sanitary board by the auction market company and shall be deposited with the state treasurer in the general fund. Costs of veterinary inspector's fees and costs of administration shall be paid within the limits of legislative appropriations from the general fund. The fees for such inspection and the manner of paying the veterinarian shall be established by rules and regulations adopted by the livestock sanitary board and such fees shall be set in accordance with the costs of providing inspection service for the purpose of conforming with the federal laws and regulations governing interstate movement of cattle.

§ 8. Taylor Grazing Act Funds—Disposition.) Payments to the state from the federal government under the provisions of 43 United States Code 3151 (the Taylor Grazing Act), shall be apportioned by the state treasurer among the counties in the state in the proportion that the number of acres of Taylor Grazing Act land in each county bears to the total amount of such land in the state. Such distributions shall be credited

to the county equalization fund of the county receiving them and expended for the support of the common schools.

§ 9. Transfer of Korean Bonus Administration Fund.) The unexpended balance in the Korean bonus administration fund is hereby transferred to the Korean bonus sinking fund.

§ 10. Transfer of Funds.) All existing balances in the state treasury in the game and fish bounty fund, closed bank fund, guarantee fund, nonresident heirs fund, penitentiary miscellaneous earnings fund, twine plant operating fund, penitentiary tag and sign plant fund, predatory animal control fund, quarantine livestock feedlot fund, livestock auction market fund, on the effective date of this Act shall be transferred by the state treasurer to the general fund. Any existing obligations of such funds on the effective date of this Act shall be paid out of the general fund.

§ 11. Repeal.) Sections 6-07-47 and 6-07-49 of the North Dakota Century Code are hereby repealed.

Approved March 4, 1963.

CHAPTER 202

S. B. No. 260
(Brooks)

MUNICIPAL BOND INTEREST RATE

AN ACT

To amend and reenact section 21-03-08 of the North Dakota Century Code, relating to the maximum interest rate, maturity and denominations of general obligation bonds of municipalities, and declaring an emergency.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 21-03-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-08. Maximum Interest Rate, Maturity, and Denominations.) No bonds issued under the provisions of this chapter shall bear interest at a rate higher than six percent per annum, payable semiannually, nor shall the rate thereof exceed the maximum rate specified in the initial resolution for the issuance of such bonds. No bonds issued under the provisions of this chapter shall run for a longer period than twenty years from their date. Bonds issued under the provisions of this chapter shall be in denominations of one hundred dollars each, or some multiple thereof. Such bonds shall not bear date earlier than the date of the election authorizing their

issuance, if such election is required, nor earlier than the date of the adoption of the resolution of the governing body determining to issue bonds for which no election is required.

§ 2. Emergency.) This Act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 21, 1963.

CHAPTER 203

H. B. No. 788
(Link, Jacobson)

SCHOOL BUILDING BOND ISSUES

AN ACT

To create and enact section 21-03-10.1 of the North Dakota Century Code and to amend and reenact section 57-15-16 and subsection 1 of section 57-15-17 of the North Dakota Century Code, relating to the levying of taxes and the issuance of bonds by a school district for the purpose of building or improving schools.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) Section 21-03-10.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

21-03-10.1. School Districts—Use of Bond Funds.)

1. The initial resolution or petition providing for the issuance of bonds, whether adopted by a majority vote of the school board of a school district or proposed by the voters of the school district as provided for in section 21-03-10, may, within the discretion of those proposing such initial resolution or petition, provide for a specific school plan for which the proceeds of the bond issue shall be exclusively used except as otherwise provided in section 21-03-42. Such plan shall designate the general area to be served by expenditure of bond proceeds for school purposes. The area intended to be served shall be described in the plan, but need not be described in the bond election ballot.

2. The bond election ballot form authorized in section 21-03-13 shall be sufficient. After approval of the initial resolution by the number of electors required by section 21-03-07, the proceeds of the bond issue shall be used only for the purpose and in the manner designated by the school plan except as herein provided.

3. After approval of the bond issue, no change shall be made in the purpose of expenditure of the bond proceeds

except that, upon a favorable vote of sixty percent of the electors residing in any specific area intended to be served as provided in subsection 1 of this section, material changes may be made in such plan as it affects said area to the extent such changes do not conflict with contractual obligations incurred.

§ 2. Amendment.) Section 57-15-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-15-16. Tax Levy for Building Fund in School Districts.)

1. The governing body of any school district shall levy taxes annually for a school building fund, not in excess of ten mills, which levy shall be in addition to and not restricted by the levy limitations prescribed by law, when authorized to do so by sixty percent of the electors voting upon the question at a regular or special election in any school district. The governing body of such school district may create such building fund by appropriating and setting up in its budget for such an amount not in excess of twenty percent of the current annual appropriation for all other purposes combined, exclusive of appropriations to pay interest and principal of the bonded debt, and not in excess of the limitations prescribed by law. In all cases where a portion or all of the proceeds of such levy have been allocated by contract to the payment of rentals upon contracts with the state school construction board, such levy shall be made annually by the governing body of the school district until the full amount of all such obligations is fully paid. Upon the completion of all payments to the state school construction fund, such levy may be discontinued at the discretion of the governing body of the school district, or, upon petition of one-third of the qualified electors of such district, the question of discontinuance of the levy shall be submitted to the electors of the school district at any regular or special election and, upon a favorable vote of sixty percent of the electors voting, such levy shall be discontinued. Any school district, executing a contract or lease with the state school construction board, which contract or lease requires the maintenance of the ten mill levy provided in this section, shall immediately file a certified copy of such contract or lease with the county auditor or auditors of the county or counties in which such school district is located. The county auditor or auditors shall register such contract or lease in the bond register in substantially the manner provided in section 21-03-23. Upon the filing of such contract or lease with the county auditor or auditors, the school district shall be without power to discontinue such levy and such levy shall automatically be included in the tax levy of such school district from year to year by the county auditor or auditors until

a sufficient sum of money has been collected to pay to the state treasurer for the retirement of all obligations of such school district with the state school construction board.

2. The school board of any school district, in levying taxes for a school building fund as provided for in subsection 1 of this section, may in its discretion submit a specific plan for which such fund shall be used. The plan shall designate the general area intended to be served by use of such fund. The area intended to be served shall be described in the plan but need not be described in the building fund ballot. After approval of the levy and the plan no change shall be made in the purpose of expenditure of the building fund except that upon a favorable vote of sixty percent of the electors residing in any specific area intended to be served, material changes may be made in such plan as it affects such area to the extent such changes do not conflict with contractual obligations incurred. The provisions of this section and of subsection 1 of section 57-15-17 in regard to the purpose for which the building fund may be expended shall not apply to expenditures for major repairs.

§ 3. Amendment.) Subsection 1 of section 57-15-17 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

1. All revenue accruing from appropriations or tax levies for a school building fund together with such amounts as may be realized for building purposes from all other sources, shall be placed in a separate fund known as a school building fund, and shall be deposited, held, or invested in the same manner as the sinking funds of such school district or in the purchase of shares or securities of federal savings and loan associations or state chartered building and loan associations within the limits of federal insurance. Such funds shall be used solely and exclusively for the purpose of erecting new school buildings, or additions to old school buildings, or major repairs of existing buildings, or the payment of rentals upon contracts with the state school construction board, or within the limitations of school plans as provided in subsection 2 of section 57-15-16, and shall be paid out by the custodian thereof only upon order of the school board, signed by the president and the clerk of said school district, and such order must recite upon its face the purpose for which such payment is made;

Approved March 13, 1963.

CHAPTER 204

H. B. No. 736

(Aamoth, Baldwin, Fitch, Leahy, Stockman, Paulsen, Bergman)

1963 BOND VALIDATING ACT

AN ACT

To amend and reenact section 21-09-01 of the North Dakota Century Code Supplement, changing the title of "The 1961 Bond Validating Act" to "The 1963 Bond Validating Act" and to create and enact section 21-09-05 of the North Dakota Century Code, relating to the application of chapter 21-09 of the North Dakota Century Code to bonds issued prior to July 1, 1963.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 21-09-01 of the North Dakota Century Code Supplement is hereby amended and reenacted to read as follows:

21-09-01. Citation.) This chapter may be cited as "The 1963 Bond Validating Act".

§ 2.) Section 21-09-05 of the North Dakota Century Code is hereby created and enacted to read as follows:

21-09-05. Application of Chapter.) The provisions of chapter 21-09 relating to the validation of bonds shall be applicable to all bonds issued by any public body prior to July 1, 1963.

Approved March 2, 1963.

CHAPTER 205

S. B. No. 195
(Hernett, Reichert, Trenbeath)

STATE INVESTMENT BOARD

AN ACT

To create and enact chapter 21-10 of the North Dakota Century Code, relating to the investment of public funds, creation of a state investment board, appointment of a director, types of legal investments, providing a penalty, and to amend and reenact sections 15-39-26, 26-23-03, 26-24-07, 54-27-16, and 65-04-31 of the North Dakota Century Code, relating to the investment of public funds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) Chapter 21-10 of the North Dakota Century Code is hereby created and enacted to read as follows:

Chapter 21-10 STATE INVESTMENT BOARD

21-10-01. State Investment Board—Membership—Terms—Removal.) The North Dakota state investment board shall consist of the governor, the state treasurer, the state land commissioner, and the chairman of the workmen's compensation bureau, and the state insurance commissioner.

21-10-02. Board—Powers and Duties.) The board shall be charged with the investment of the funds enumerated in section 21-10-06. It shall approve general types of securities for investment by these funds and set policies and procedures regulating securities transactions on behalf of the various funds. Representatives of the funds enumerated in section 21-10-06 may make recommendations to the board in regard to investments. The board or its designated agents shall be custodian of securities purchased on behalf of funds under the management of the board. The manager of the Bank of North Dakota shall be the investment director. Existing departmental facilities for making traditional investments within the state shall continue to function subject however to supervision and management of the board.

21-10-03. Cooperation with Bank of North Dakota.) Activities of the board and its employees shall be coordinated with the Bank of North Dakota to the maximum extent practicable.

21-10-04. Board—Meetings—Quorum—Compensation.) The state investment board shall select one of its members to serve as chairman, and shall meet at the call of the director

or upon written notice signed by two members of the board. Such meetings shall be held not less than four times per year. Three members of the board shall constitute a quorum for the transaction of business. The investment director shall serve as secretary of the board.

21-10-05. Director—Powers and Duties.) Subject to the limitations contained in the law or the policymaking regulations or resolutions promulgated by the board, the investment director shall have the power to make purchases, sales, exchanges, investments, and reinvestments of the funds under the management of the board. This section shall constitute a continuing appropriation of all moneys required for the making of investments of funds under the management of the board. The director shall see that moneys invested are at all times handled in the best interests of the state. Securities or investments may be sold or exchanged for other securities or investments. No sale or exchange shall be at a price less than the going market price at the time the securities or investments are sold or exchanged.

The investment director shall formulate and recommend to the investment board for approval, investment regulations or resolutions pertaining to the kind or nature of investments and limitations, conditions, and restrictions upon the methods, practices or procedures for investment, reinvestment, purchase, sale, or exchange transactions which should govern the investment of funds under this chapter.

21-10-06. Funds Under Management of Board—Accounts.) The board shall be charged with the investment of the following funds:

1. State bonding fund;
2. Teachers' insurance and retirement fund;
3. State fire and tornado fund;
4. Workmen's compensation fund; and
5. Highway patrolmen's retirement fund.

Separate accounts shall be maintained for each of the above funds and the moneys or securities of the individual funds shall not be commingled. However, when it is deemed advantageous in the purchase, sale, or exchange of securities, securities belonging to one or more of the funds or the Bank of North Dakota may be purchased, sold, or exchanged as part of a single transaction. In the event of such sale, the respective funds shall immediately be credited with their proportionate share of the proceeds. In the event of such purchase or exchange, title to the securities shall be taken in the name of the individual funds, proportionate to their share of the total purchase price.

The board of university and school lands shall consult with the state investment board or the director thereof on investment policies, and the board of university and school lands may delegate authority to the state investment board or the investment director to make such purchases, sales, or exchanges on its behalf.

21-10-07. Legal Investments.) The following types of securities shall be legal investments for funds, the investment of which is under the supervision of the board:

1. Securities which are a direct obligation of the treasury of the United States or of an instrumentality thereof;
2. Bonds or certificates of indebtedness of the state of North Dakota;
3. General obligation bonds of any other state;
4. Bonds, certificates of indebtedness, or warrants of any political subdivision of the state of North Dakota which constitute the general or contingent general obligations of the issuing tax authority, or revenue bonds of a political subdivision issued for public utility purposes or under the authority of the Industrial Development Act contained in chapter 40-57;
5. Loans and mortgage investments, insured or guaranteed in any manner, wholly or in part, or for which a commitment to so insure or guarantee has been issued by the United States or any instrumentality or agency thereof; or other investments that are issued by or fully insured or guaranteed by the United States or any instrumentality or agency thereof or the state of North Dakota or any instrumentality or agency thereof;
6. Bank of North Dakota certificates of deposit;
7. Building and loan association certificates of North Dakota building and loan associations, to the extent that such certificates are fully insured or guaranteed by the United States or an instrumentality or agency thereof;
8. Short term commercial and finance company paper traded on a national basis and issued by a corporation having a record of no default of obligations during the ten years preceding such investment and whose net income available for fixed charges for a period of five fiscal years immediately preceding such investment and during the last year of such period, shall have averaged per year not less than one and one-half times its average annual fixed charges applicable to such period;
9. Bonds, notes or debentures of any corporation duly incorporated under the laws of any state of the United

- States rated as "A" or higher by a nationally recognized rating service approved by the board;
10. Non-rated bonds, notes, or debentures of any corporation duly incorporated under the laws of any state of the United States and whose principal business operations are carried on within the state of North Dakota, having a record of no default of obligations during the ten years preceding such investment and whose net income available for fixed charges for a period of five fiscal years immediately preceding such investment and during the last year of such period, shall have averaged per year not less than one and one-half times its average annual fixed charges applicable to such period.

As used in this section the term "net income" shall mean income after deducting operating and maintenance expenses, all taxes, depreciation and depletion, but excluding extraordinary nonrecurring items of income and expense.

The term "fixed charges" shall include interest on funded and unfunded debt, amortization of debt discount and expense, and rentals for leased property.

21-10-08. Reserves—Percentage Limitations.) In order to preserve the liquidity of the funds to meet claims and liabilities as they are incurred, the following reserve requirements shall be maintained by each of the funds enumerated in section 21-10-06:

1. A primary reserve of from four to six percent of the assets of each fund in the form of cash or Bank of North Dakota certificates of deposit.
2. A secondary reserve of from twelve to sixteen percent of the assets of each fund in the form of short term United States government securities maturing in one year or less or short term commercial and finance company paper.

The reserve requirements of this section shall not apply to the permanent funds of the common schools and institutions. The board may authorize temporary deviations from these reserve requirements when exceptional circumstances justify.

Not more than fifty percent of the assets of any fund shall be invested in securities authorized by subsections 8, 9, and 10 of section 21-10-07.

21-10-09. Personal Profit Prohibited—Penalty.) No member, officer, or employee of the state investment board shall accept any gift, commission, or compensation, other than that authorized by this chapter, for services performed under the

provisions of this chapter nor profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than one thousand dollars or by imprisonment for a term of not more than one year or by both such fine and imprisonment.

21-10-10. Cost of Operation of Board.) The biennial costs of operation of the board and its agents in carrying out the provisions of this chapter shall be estimated by the board and prorated among the various funds, the investment of which is under the supervision of the board, in proportion to the services rendered for such funds. Such estimates shall be submitted to the state budget board and appropriations for the operations of the investment board shall be made from the respective funds in accordance with such proration estimates. The proportion allocated for services rendered to funds under the control of the board of university and school lands shall be appropriated from the general fund.

§ 2. Amendment.) Section 15-39-26 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***15-39-26. Investment of Moneys in Fund.)** Investment of the fund shall be under the supervision of the state investment board in accordance with chapter 21-10.

§ 3. Amendment.) Section 26-23-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-23-03. Investment of Fund.) Investment of the fund shall be under the supervision of the state investment board in accordance with chapter 21-10.

§ 4. Amendment.) Section 26-24-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-07. Investment of Fund.) Investment of the fund shall be under the supervision of the state investment board in accordance with chapter 21-10.

§ 5. Amendment.) Section 54-27-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-27-16. Permission of Industrial Commission Necessary for Investment of Public Funds.) No officer, nor the head of any board, bureau, commission, institution, or industry of the state, except the Bank of North Dakota, shall buy, sell, ex-

*Note: Section 15-39-26 was also amended by chapter 161 of the 1963 Session Laws.

change, or in any manner acquire or dispose of any stocks, bonds, certificates of indebtedness, notes, mortgages, or other evidence of debt, in which any of the public funds of said officer, board, bureau, commission, institution, department, or industry are or may be invested, without first having obtained permission from the industrial commission of the state. Such permission shall be granted by a resolution duly adopted. The provisions of this section shall not apply to loans and investments made by the board of university and school lands or by the state investment board on behalf of the funds enumerated in section 21-10-06.

§ 6. Amendment.) Section 65-04-31 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***65-04-31. Investment of Fund.)** Investment of the fund shall be under the supervision of the state investment board in accordance with chapter 21-10.

Approved March 21, 1963.

CHAPTER 206

S. B. No. 343
(Longmire)

NATURAL RESOURCES DEVELOPMENT BOND ISSUE

AN ACT

To implement the provisions of the initiated constitutional amendment approved at the general election of November 6, 1962, authorizing the state of North Dakota to issue its bonds and to use the proceeds thereof to make loans to privately or cooperatively owned enterprises for facilities to convert North Dakota natural resources into low cost power and to generate and transmit such low cost power; providing for the filing, processing and evaluation of loan applications by the economic development commission, the setting of investigation and inspection fees and the appropriation and expenditure thereof, and the approval of loan applications by the economic development commission; for the appropriation of funds to the state industrial commission for disbursement in the making of such loans, the issuance of bonds by the industrial commission as agent of the state, and the security and tax levy and use of other funds for the payment of state bonds; for the investment of sinking fund moneys and bond proceeds; and for the limitations of actions questioning the validity of bonds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Declaration and Finding of Public Purpose.) The legislative assembly of the state of North Dakota hereby declares and finds that it is and has been its purpose in preparing and

***Note:** Section 65-04-31 was also amended by chapter 426 of the 1963 Session Laws.

adopting the provisions of this Act to promote the economic growth of the state, the development of its natural resources, and the prosperity and welfare of its people, by providing a source of low cost power in the state which will aid the establishment of additional industrial plants and activities within North Dakota, increasing production of wealth and the amount of employment, particularly during those seasons when employment in farming and ranching is slack and preventing a loss of population and promoting an increase in growth of population.

§ 2. Application for Loan—Form—Contents—Preference of Applications.) Any privately or cooperatively owned enterprise for the purpose of securing a loan from this state for purposes of planning, constructing, acquiring, equipping, improving, or extending facilities for the conversion of North Dakota's natural resources into low cost power and the generation and transmission of such power, and the acquisition of real and personal property and water and mineral rights needed for such facilities, or any of such purposes, may file an application with the North Dakota economic development commission. Such application shall be in such form as may be required by the economic development commission and shall be accompanied by a complete and fully detailed outline and description of the applicant's plan of operation. In the consideration of applications the economic development commission shall consider the following factors:

1. Preference shall be given to applicants with the following qualifications:

- a. Applicants who are experienced in the generation or transmission of power, and who at the time of application have access to alternate markets for the sale of such power.
- b. Applicants who are residents of North Dakota, or private or cooperative enterprises incorporated under the laws of North Dakota and having their headquarters in the state, whether or not a nonresident person or corporation owns part or all of the stock of the applicant or is engaged in a partnership or joint enterprise with the applicant.

2. The provisions of subsection 1 shall not prohibit the commission from approving loans to applicants not possessing the qualifications therein described, if in the judgment of the commission such approval would better carry out the objectives of this chapter as stated in section 1.

3. Each application shall include information for the purpose of showing to the commission and shall be approved only if the commission shall determine:

- a. That the facilities proposed to be financed by the loan will result in significant additional industrial or other economic activity in North Dakota which would not occur in the absence of a state loan.
 - b. That the cost of power furnished by the facilities financed by the loan will be significantly lower than it would be without a loan made under this chapter.
 - c. That the facilities financed will furnish power at the lowest possible cost to stimulate industrial development, benefit the general public, and expand the use of North Dakota fuel resources.
4. In considering applications the economic development commission shall have authority to establish additional reasonable criteria with respect to the financial qualification of individuals and organizations requesting loans.

§ 3. Processing of Application — Fee — Purpose.) The economic development commission shall process each application and if it determines the applicant is eligible for the loan and has complied with all requirements, it shall request an application fee of not more than fifty thousand dollars. Such fee shall be deposited in a special and separate fund in the state treasury and shall be expended by the economic development commission for purposes of investigating the applicant and evaluating the technical and economic feasibility of the plans and specifications as submitted by the applicant. The economic development commission may consult or contract with any person or private, state, or federal department, agency, or entity, for purposes of such investigation or evaluation. All departments, agencies, institutions, and officials of this state and its political subdivisions shall provide to the economic development commission such aid, information, and assistance as it may request in regard to any matter relative to the applicant or such applicant's plans and specifications. The economic development commission shall be authorized to conduct any private or public hearing it may deem necessary in the course of such investigation or evaluation. Any unexpended portion of the funds received as an application fee shall be refunded to the applicant after the payment of all costs of investigation and evaluation of the application. There is hereby appropriated from each application fee such funds as may be necessary to pay all costs of investigation and evaluation and pay refunds as provided in this section.

§ 4. Approval or Rejection of Application.) Upon completion of all investigations and evaluations of any matter relative to the applicant or the submitted application and plan, the economic development commission shall either reject the application as submitted, approve the application as sub-

mitted, or offer to approve the application if modified in accordance with any recommendation made by the economic development commission as a result of any such investigation or evaluation. If the applicant fails or refuses to agree to such modifications the application shall be rejected.

§ 5. Approved Application Filed with Industrial Commission and Legislative Research Committee.) Upon approval of the application, as submitted or modified, the economic development commission shall file such application, along with its report and recommendations, received by it as a result of any investigation and evaluation, with the state industrial commission and with the legislative research committee. The legislative research committee shall prepare and submit any necessary legislation for the appropriation of additional funds or the authorization of the issuance of bonds at the following session of the legislative assembly, or at a special session if called in accordance with the Constitution.

§ 6. Disbursements of Loan—Inspection Fee.) If the industrial commission finds that the approved loan application has been filed and processed as required by this Act and the proposed loan agreement is in proper legal form and the amount to be disbursed thereunder, with other previous disbursements, does not exceed the funds appropriated for that purpose, it shall authorize the execution of the loan agreement with the applicant by the director of economic development, on behalf of the state. Prior to the disbursement of any funds pursuant to such loan agreement, the applicant shall deliver to the director of economic development a supervision fee in such amount as may be specified in the loan agreement, which fee shall be deposited in a special fund in the state treasury. Such fee shall be expended by the economic development commission for the purpose of periodic inspection of the construction of such power generation or transmission facilities, and disbursements to the borrower under such loan agreement shall be made only upon certification by the director of economic development or a person appointed by him that such construction is being carried on in accordance with the loan agreement and that such loan funds are due the borrower under such agreement. Upon the completion of the construction of such facilities, any unexpended balance of such inspection fee shall be refunded to the borrower. There is hereby appropriated from each such inspection fee such funds as may be necessary to provide for such inspections and refunds as provided in this section.

§ 7. Appropriation of Funds.) The sum of fifty thousand dollars is hereby appropriated as a continuing appropriation to the state industrial commission, out of the proceeds of

bonds of the state which may be issued by the industrial commission under the provisions of this Act, for the purpose of making loans of the nature herein described. No loan shall be disbursed at any time in an amount which, with all previous disbursements of loans under this Act, exceeds the sum herein appropriated plus any additional sums hereafter appropriated by the legislature for that purpose, whether out of the proceeds of bonds or otherwise.

§ 8. General Obligation State of North Dakota Bonds, Natural Resources Power Development Series — Bond Purpose.) An issue of general obligation bonds of the state, to be designated as State of North Dakota Bonds, Natural Resources Power Development Series, in an aggregate amount not to exceed at any time the amount appropriated in section 7 plus any additional sums hereafter appropriated by the legislature for the making of loans under this Act, is hereby authorized for the sole purpose of providing funds to be loaned in accordance with loan agreements made and executed as herein provided, and under the conditions, in the manner and for the purpose stated in the initiated constitutional amendment approved by the people at the general election held November 6, 1962, authorizing the state of North Dakota to issue its general obligation bonds and to use the proceeds thereof to make loans to privately or cooperatively owned enterprises to plan, construct, acquire, equip, improve, and extend facilities for converting natural resources into power and generating and transmitting such power, and to acquire real and personal property and water and mineral rights needed for such facilities.

§ 9. Preparation of Bonds.) The preparation, handling, issuance, sale, and delivery of bonds under this Act shall be supervised and controlled by the state industrial commission, which shall issue and sell them in such manner, in such number of series, at such times, in such form and denominations, bearing interest at such rate or rates, maturing on such dates, either without option of prior redemption or subject to prepayment upon such notice and at such times and prices, payable at such bank or banks, within or without the state, with such provisions for registration, conversion and exchange and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations as the commission shall determine subject to the limitations contained in this Act. The bonds of each series shall mature in order of serial numbers, and the first installment of principal thereof shall fall due not more than three years and the last installment not more than forty years from the date of the bonds, and no installment of principal of the series maturing in any year shall be less than one-third

of the amount of the largest installment maturing in any subsequent year after two years from the issue date, except that the amount of such installments of principal may be fixed in such manner that the increase thereof from year to year approximately equals the decrease from year to year in the interest on the bonds remaining unpaid. The bonds shall be executed by the governor and by the state treasurer under the great seal of the state of North Dakota and shall be attested by the secretary of state, and any coupons attached thereto shall be executed by the signatures of the same officers. The signatures of all officers on the coupons and the seal and the signatures of all but one officer on the face of each bond may be printed, lithographed, stamped, or engraved thereon. The state auditor and secretary of state shall also endorse and sign on each bond a certificate showing that the bond is issued pursuant to law and is within the debt limit. Interest on each bond shall cease at maturity, or on a prior date upon which the bond shall have been called for prepayment and redemption in accordance with its terms, unless the holder shall then present the same for payment and payment is refused. The industrial commission shall have power also to issue bonds of the state to refund bonds issued hereunder at any time on such terms and under such conditions as to it may seem proper, and as are consistent with the provisions of the bonds refunded or are consented to by the holders of such bonds.

§ 10. Sale and Delivery of Bonds — Deposit of Proceeds.)

The industrial commission shall act as agent of the state for the negotiation, sale, and delivery of all bonds issued under this Act. Such bonds shall be sold from time to time for cash at not less than par and accrued interest to the best advantage of the state. In offering such bonds for sale the industrial commission shall reserve the right to reject any or all bids therefor. All of the proceeds of the bonds shall be received by the industrial commission and by it placed in a separate fund in the state treasury to be used only for the purpose for which such bonds are issued.

§ 11. Bonds Tax Exempt.) All bonds issued under the provisions of this Act and interest thereon shall be exempt from taxation.

§ 12. Bonds a General Obligation of the State of North Dakota.) Upon receipt of payment therefor, the industrial commission shall deliver to each purchaser of bonds issued under this Act the bonds purchased by him, and upon delivery of such bonds the full faith and credit and unlimited taxing resources of the state of North Dakota shall stand pledged for the punctual full payment of each and all of such bonds and

the interest thereon to the lawful holder and owner thereof as bonds and coupons become due and are presented for payment.

§ 13. Tax Levy.) In each year commencing with the year this Act takes effect and ending after all bonds issued under this Act have been paid or funds are on hand sufficient for their payment, the industrial commission shall prepare a statement of the condition of the sinking fund for bonds issued hereunder and shall determine the annual tax necessary to pay the interest and principal of such bonds as such principal and interest become due in the following year and to and including July first in the year thereafter. The annual tax so determined shall be certified by the industrial commission to the state board of equalization in ample time to permit the levy thereof for each year, and the board of equalization shall make an annual levy of property taxes against all of the taxable property in the state of North Dakota in an aggregate amount not less than that certified to it by the industrial commission year by year. The unexpended balance on hand in the sinking fund for the bonds at the time of certifying such tax each year, whether such balance is derived from taxes levied hereunder or from loan repayments or other revenues deposited in the sinking fund, shall be taken into account by the industrial commission, and the tax certified under this section in such year may be reduced accordingly. There are hereby appropriated all funds required for the payment of interest and principal of all bonds issued and sold under this Act as such principal and interest become due, and this appropriation and the said taxes and other provisions for payment of said bonds and interest shall not be repealed or discontinued until the said bonds and interest shall have been paid.

§ 14. Sinking Fund.) The sinking fund for the payment of bonds issued under this Act, together with interest thereon, shall be established and maintained in the office of the state treasurer who shall be its official custodian and shall at all times maintain adequate books and records thereof. The state treasurer shall make reports of the condition of the sinking fund to the industrial commission on its request. All taxes levied and all sums appropriated and transferred for payment of such bonds and interest shall be deposited in the sinking fund and shall be disbursed by the state treasurer in payment of the bonds and interest thereon directly or through a paying agent to be designated by the industrial commission. All payments of principal and interest on loans made from the proceeds of such bonds and all other revenues received under the terms of the loan agreements pertaining thereto are hereby appropriated to and shall be deposited in the sinking

fund as received, with the exception of such loan payments and other revenues as may under authority of any future act of the legislature be pledged by the state industrial commission to a special fund for the payment and security of revenue bonds, made payable solely from such loan payments and revenues. Loan payments and other revenues pledged pursuant to any such future authorization shall be deposited as received in a special fund or funds for the payment and security of revenue bonds according to the terms of any such bonds, whether or not such payments or revenues are received under a loan agreement respecting facilities financed from the proceeds of general obligation bonds. On request of the industrial commission, the state treasurer shall make good or forestall any existing or threatened deficit in such sinking funds out of any available moneys of the state in his custody, provided that all moneys so used shall be restored.

§ 15. Transfer of Balance.) Upon the retirement of all general obligation bonds issued hereunder and the interest thereon any unexpended balance in the sinking fund created by this Act shall be transferred by the state treasurer to the general fund.

§ 16. Certificates of Indebtedness Against Uncollected Taxes.) If at any time the balance in the sinking fund for an issue of bonds under this Act is not sufficient to pay maturing bonds and interest punctually when due, or when the sinking fund is threatened with a deficit, the state treasurer may borrow sufficient funds upon certificates of indebtedness of the state of North Dakota to cover payment of principal or interest or both so as to cure or forestall default. Such certificates may be issued in anticipation of collection of taxes, shall be signed by the governor and state treasurer, shall mature not more than three years from date of issue and shall bear interest at a rate to be determined by the industrial commission. They shall be retired from tax collections and shall be eligible for purchase by the state of North Dakota and its several agencies and departments and the trust funds thereof, except school trust funds.

§ 17. Investment of Funds.) The proceeds of bonds and moneys in the sinking fund for bonds issued under this Act shall be deposited in the Bank of North Dakota at interest or invested in general obligations of the United States government, as may be directed by the industrial commission.

§ 18. Protection of Purchaser.) The purchaser of bonds issued under this Act shall not be obliged to see to the application of the purchase price thereof but shall be protected fully in paying for such bonds by the receipt of the industrial

commission or of its agent delivering such bonds as herein provided.

§ 19. Limitation of Action.) No action shall be brought or maintained in any court of this state questioning the validity of any bonds issued under this Act or of any tax levied for such bonds unless such action shall have been commenced within thirty days after the adoption of the resolution of the industrial commission awarding sale of such bonds.

Approved March 18, 1963.