



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

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Bank of North Dakota enhances loan programs to support economic diversification

BISMARCK – Enhancing business diversification efforts and addressing financing gaps in economic development programming were key issues identified in a series of 40 meetings with business and finance leaders, economic development professionals and elected officials across the state in 2016. The outcome of these meetings combined with additional research by the Bank of North Dakota (BND) resulted in a recommendation to the Industrial Commission to enhance four existing BND programs and to implement a new program to assist fast growing companies in North Dakota.

“Economic diversification is a top priority for North Dakota,” said Gov. Doug Burgum. “It will require a statewide focus and the Bank of North Dakota is an example of a public-private partnership that leverages business and state funding options to create opportunity for our residents. These programs will allow BND to deliver on its mission of being an agile financial partner, to enhance our competitive advantage and think outside the box to deliver on new business funding concepts.”

A key addition to the BND loan portfolio is the development of an Accelerated Growth Loan Program. This program will assist North Dakota-based companies with a record of proven operations, experienced management and the ability to generate cash flow when they have limited assets for traditional bank financing. Like all BND business loan programs, it is made in partnership with local lenders. The business owner should visit first with their local lender to determine qualifications.

“North Dakota is a state with a strong innovative and entrepreneurial spirit,” stated Attorney General Wayne Stenehjem. “Adjustments and additions to BND programming allow bright, industrious business people to realize big dreams that will benefit North Dakota’s economy. BND really is our unique competitive advantage over other states and maximizing its potential will benefit the entire economy of North Dakota.”

The parameters of four existing programs -- the Beginning Entrepreneur, PACE and Flex PACE loans, and Venture Capital Fund -- were also amended to meet the needs of North Dakota’s changing economy. The Beginning Entrepreneur Loan Guarantee limit and maximum net worth requirements increased to \$500,000 from \$200,000.

PACE and Flex PACE have been popular business development programs in North Dakota for almost two decades. Eligibility guidelines now align with other economic development programs in the state and meet the definition of a primary sector business as defined by the Legislature. Flex PACE is for projects that do not meet the requirements of the primary sector definition.

The maximum buydowns allowed for PACE and Flex PACE were increased. Additionally, the PACE buydown parameters were changed to include total project investment as a qualifying criterion for an

interest rate reduction on a loan. The ultimate decision on how much to invest is decided by the local community. A community must invest a portion of its local economic development dollars to match the BND buy down.

“PACE and Flex PACE stimulated more than a billion dollars of investment from 2005 to 2016. These projects are spread across the state with 174 communities utilizing the programs,” said Agriculture Commissioner Doug Goehring. “These updates ensure the programs meet the needs of local communities and will positively influence the economic development landscape in North Dakota.”

Finally, BND is enhancing support of entrepreneurs and early stage startup companies through its New Venture Capital Fund. There will be a new emphasis to invest in pre-revenue companies, support local community efforts to provide seed capital and enhance public-private partnerships to stimulate early-stage investing in North Dakota companies.

“The additional support for business startups with the New Venture Capital Fund is an important strategy for the state’s economic development funding model,” said Eric Hardmeyer, BND president. “This new emphasis, in addition to other loan program changes, will assist in filling the funding gaps for business development. We are grateful to our stakeholders for their input in helping us restructure our business lending programs to meet the entrepreneurial financing needs in our state.”

BND is the only state-owned bank in the nation and is able to modify current loan programs and create new programs to benefit the state of North Dakota. As a partner with financial institutions across the state, BND seeks to create economic development opportunities for a variety of industries.

Bank of North Dakota is overseen by the Industrial Commission of North Dakota, which consists of Gov. Doug Burgum as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring.

Loan program details are available at www.bnd.nd.gov.

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FOR FURTHER INFORMATION, CONTACT

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