

Office of the Attorney General
State of North Dakota

Opinion No. 81-96

Date Issued: September 3, 1981

Requested by: Glenn Dill
Carpio School District Attorney

--QUESTION PRESENTED--

Whether a bond authorized by the electorate prior to July 1, 1981, may be issued and sold after July 1, 1981, and bear a maximum rate of interest not to exceed 12% per annum as provided in Section 21-03-08 of the North Dakota Century Code as amended by the 1981 Legislature.

--ATTORNEY GENERAL'S OPINION--

It is my opinion that a bond authorized by the electorate prior to July 1, 1981, may be issued and sold after July 1, 1981, and bear a maximum rate of interest not to exceed 12% per annum as provided in Section 21-03-08, N.D.C.C., as amended by the 1981 Legislature.

--ANALYSIS--

Section 21-03-08, N.D.C.C., as amended by the 1981 Legislature, effective July 1, 1981, provides:

21-03-08. MAXIMUM INTEREST RATE, MATURITY, AND DENOMINATIONS. No bonds issued under the provisions of this chapter shall bear interest at a rate or rates and be sold privately at a price resulting in an average net interest cost higher than twelve percent per annum. There is no interest rate ceiling on those issues sold at public sale or to the state of North Dakota or any of its agencies or instrumentalities. No bonds issued under this chapter shall run for a longer period than twenty years from their date. The bonds shall not bear a 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. (Emphasis supplied)

Prior to July 1, 1981, the maximum interest rate was 8% per annum. This section prohibits the issuance of a bond bearing an interest rate higher than 12% per annum. A bond may be issued after July 1, 1981, and bear a maximum rate of interest not to exceed

12% per annum even though the bond was authorized prior to July 1, 1981, as long as the question which was presented to the electorate did not specify a lower rate of interest.

--EFFECT--

This opinion is issued pursuant to Section 54-12-01, N.D.C.C. It governs the actions of public officials until such time as the question presented is decided by the courts.

Robert O. Wefald
Attorney General

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