

Fifty-fifth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1316

Introduced by

Representatives Olson, Nottestad, Grumbo

Senator Sand

1 A BILL for an Act to amend and reenact sections 57-15-16 and 57-15-17 of the North Dakota  
2 Century Code, relating to school district building funds.

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

4 **SECTION 1. AMENDMENT.** Section 57-15-16 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-15-16. Tax levy for building fund in school districts.**

7 1. The governing body of any school district ~~shall~~ may by majority vote levy taxes  
8 annually for a school building fund, not in excess of twenty mills, which levy is in  
9 addition to and not restricted by the levy limitations prescribed by law, ~~when~~  
10 ~~authorized to do so by sixty percent of the qualified electors voting upon the~~  
11 ~~question at a regular or special election in any school district.~~ The governing body  
12 of the school district may create the building fund by appropriating and setting up  
13 in its budget for an amount not in excess of twenty percent of the current annual  
14 appropriation for all other purposes combined, exclusive of appropriations to pay  
15 interest and principal of the bonded debt, and not in excess of the limitations  
16 prescribed by law. If a portion or all of the proceeds of the levy have been  
17 allocated by contract to the payment of rentals upon contracts with the state board  
18 of public school education as administrator of the state school construction fund,  
19 the levy must be made annually by the governing body of the school district until  
20 the full amount of all such obligations is fully paid. Any portion of a levy for a  
21 school building fund which has not been allocated by contract with the state board  
22 of public school education must be allocated by the governing body pursuant to  
23 section 57-15-17. Upon the completion of all payments to the state school  
24 construction fund, or upon payment and cancellation or defeasance of the bonds,

1 the levy may be discontinued at the discretion of the governing body of the school  
2 district, or upon petition of twenty percent of the qualified electors who voted in the  
3 last school election, the question of discontinuance of the levy must be submitted  
4 to the qualified electors of the school district at any regular or special election and,  
5 upon a favorable vote of sixty percent of the qualified electors voting, the levy must  
6 be discontinued. Any school district, executing a contract or lease with the state  
7 board of public school education or issuing general obligation bonds, which  
8 contract or lease or bond issue requires the maintenance of the levy provided in  
9 this section, shall immediately file a certified copy of the contract, lease, or bond  
10 issue with the county auditor or auditors of the county or counties in which the  
11 school district is located. The county auditor or auditors shall register the contract,  
12 lease, or bond issue in the bond register in substantially the manner provided in  
13 section 21-03-23. Upon the filing of the contract, lease, or bond issue with the  
14 county auditor or auditors, the school district may not discontinue the levy and the  
15 levy must automatically be included in the tax levy of the school district from year  
16 to year by the county auditor or auditors until a sufficient sum of money has been  
17 collected to pay to the state treasurer for the retirement of all obligations of the  
18 school district with the state board of public school education or to pay to the  
19 custodian of the bond sinking fund all amounts due or to become due on the  
20 bonds.

- 21 2. ~~The school board of any school district, in levying taxes for a school building fund~~  
22 ~~as provided for in subsection 1, shall specify on the ballot the number of mills to be~~  
23 ~~levied, and may in its discretion submit a specific plan for which such fund shall be~~  
24 ~~used. The plan shall designate the general area intended to be served by use of~~  
25 ~~such fund. The area intended to be served shall be described in the plan but need~~  
26 ~~not be described in the building fund ballot. After approval of the levy and the plan~~  
27 ~~no change shall be made in the purpose of expenditure of the building fund except~~  
28 ~~that upon a favorable vote of sixty percent of the qualified electors residing in any~~  
29 ~~specific area intended to be served, material changes may be made in such plan~~  
30 ~~as it affects such area to the extent such changes do not conflict with contractual~~  
31 ~~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~~ do not apply to expenditures for major repairs.

**SECTION 2. AMENDMENT.** Section 57-15-17 of the North Dakota Century Code is  
amended and reenacted as follows:

**57-15-17. Disposition of building fund tax.** Revenue raised for building purposes  
shall be disposed of as follows:

1. a. 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, must be placed in a separate fund known as a school  
building fund, and must 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 or state-chartered savings and loan associations within  
the limits of federal insurance.
- b. The funds may only be used for the following purposes:
  - (1) The erection of new school buildings or facilities, or additions to old  
school buildings or facilities, or the making of major repairs to existing  
buildings or facilities, or improvements to school land and site. For  
purposes of this paragraph, facilities may include parking lots, athletic  
complexes, or any other real property owned by the school district.
  - (2) The payment of rentals upon contracts with the state board of public  
school education.
  - (3) The payment of rentals upon contracts with municipalities for vocational  
education facilities financed pursuant to chapter 40-57.
  - (4) ~~Within the limitations of school plans as provided in subsection 2 of  
section 57-15-16.~~
  - ~~(5)~~ (5) The payment of principal, premium, if any, and interest on bonds issued  
pursuant to subsection 7 of section 21-03-07.
  - ~~(6)~~ (5) The payment of premiums for fire and allied lines, liability, and multiple  
peril insurance on any building and its use, occupancy, fixtures, and  
contents.

- 1                   c.    The custodian of the funds may pay out the funds only upon order of the  
2                        school board, signed by the president and the business manager of the  
3                        school district. The order must recite upon its face the purpose for which  
4                        payment is made.
- 5           2.    Any moneys remaining in a school building fund after the completion of the  
6                   payments for any school building project which has cost seventy-five percent or  
7                   more of the amount in such building fund at the time of letting the contracts  
8                   therefor, shall be returned to the general fund of the school district upon the order  
9                   of the school board.
- 10          3.    The governing body of any school district may pay into the general fund of the  
11                school district any moneys which have remained in the school building fund for a  
12                period of ten years or more, and such district may include the same as a part of its  
13                cash on hand in making up its budget for the ensuing year. In determining what  
14                amounts have remained in said fund for ten years or more, all payments which  
15                have been paid from the school building fund for building purposes shall be  
16                considered as having been paid from the funds first acquired.
- 17          4.    Whenever collections from the taxes levied for the current budget and other  
18                income are insufficient to meet the requirements for general operating expenses, a  
19                majority of the governing body of a school district may transfer unobligated funds  
20                from the school building fund into the general fund of the school district if the  
21                school district has issued certificates of indebtedness equal to fifty percent of the  
22                outstanding uncollected general fund property tax. No school district may transfer  
23                funds from the school building fund into the general fund for more than two years.