



North Dakota Senate

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COMMITTEES:

Appropriations

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Good afternoon, Chairman Heinert and the House Education Committee.

For the record Senator Don Schaible, District 31, here to introduce SB 2149. This bill is to create an opportunity for schools on our Air Force Bases to take advantage of low interest school construction loans just like the rest of our school districts. There are differences in our current law that prevents Air Base school construction from participating in our current low interest loan fund for most of the money for construction does not come from property tax and must be voted on by the residence of the district. Currently school districts that wish to build a school building needs to take a bond request to the vote of the people and must pass by a 60% majority. In state statutes, school districts can receive a 2% loan for up to \$15 million loan if the total project is less than \$75 million and up to \$30 million loan if the total project cost is over \$75 million. If there are more requests for loans than money available, DPI will prioritize the projects by Student occupancy and academic needs in the district, the age of existing structures to be replaced or remodeled, building design proposals that are based on safety and vulnerability assessments, community support, cost, and any other criteria established by the superintendent of public instruction, after consultation with an interim committee appointed by the legislative management.

My understanding of school building on Air Force bases are funded mostly by federal dollars which is requested and approved by a priority list by the Air Force. It was not many years ago, the Air Force did a needs study of all the schools on Air Force Bases and created a priority list for school building needs. If selected for the school building are approved at an 80% Federal and a 20% local match of which our state's AFBs would need to come up with the 20% match. Since our AFB's don't have property tax to leverage, the only money they would be available would be the in-lieu of money that we freed up a few sessions ago which would not be enough to cover the 20% requirement.

Both of our bases are on the higher end of the list, and it is very likely that Grand Forks AFB may be selected very soon. The problem that this creates is that there is a local contribution of 20% that would put a financial burden on the Air Force base school. The intent of this bill is to make a 2% loan available to our Air Force Bases when they are selected from the priority list. That way, when approved, they could proceed with construction and spread the local portion of that cost over a period of 20 years just like the rest of our schools. There in lieu of money would be enough to make the loans payments.

Now let's walk through the bill. The added language in Sec 1 Sub Sec 3-page 1 line 16 exempts Air Force Bases from this language and adds language in Sub Sec 4 line11-24 on page 2, the working conditions of this loan. The language in Sub Sec 6 creates the timeline for the loan. Sub Sec 6 clarifies that the Superintendent of Public Instruction reviews the loan applications. Sub Sec 7, Letter C set the loan amount of up to \$20 million. The deleted language on page 3 lines 29 through page 4 lines 9 is the removal of language that is obsolete because of language changes of last session. Section 2 adds an emergency clause.

Chairman Heinert and Committee thank you for your time and I would now try to answer questions if I can.