

Sixty-fourth  
Legislative Assembly  
of North Dakota

## REENGROSSED SENATE BILL NO. 2178

Introduced by

Senators Schaible, Heckaman, G. Lee, Rust

Representatives Kempenich, Rohr

1 A BILL for an Act to create and enact ~~a new section to chapter 15.1-36 and~~ a new section to  
2 chapter 26.1-22 of the North Dakota Century Code, relating to ~~the school district construction-~~  
3 ~~fund and~~ insurance coverage for real property and improvements leased by a school district; ~~to~~  
4 ~~provide an appropriation~~; to provide an expiration date; and to declare an emergency.

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

6 ~~SECTION 1. A new section to chapter 15.1-36 of the North Dakota Century Code is created~~  
7 ~~and enacted as follows:~~

8 ~~School construction loans - Bank of North Dakota:~~

9 ~~1. In addition to any construction loans made available under section 15.1-36-02, the~~  
10 ~~Bank of North Dakota may provide up to two hundred fifty million dollars to eligible~~  
11 ~~school districts for school construction loans.~~

12 ~~2. To be eligible for a loan under this section, the board of a school district shall:~~

13 ~~a. Propose a new construction or remodeling project with a cost of at least~~  
14 ~~one million dollars and an expected utilization of at least thirty years;~~

15 ~~b. Obtain the approval of the superintendent of public instruction for the project~~  
16 ~~under section 15.1-36-01;~~

17 ~~c. Receive authorization for a bond issue in accordance with chapter 21-03; and~~

18 ~~d. Submit a completed application to the Bank of North Dakota.~~

19 ~~3. With the advice and consent of the superintendent of public instruction, the Bank of~~  
20 ~~North Dakota shall award the loans in accordance with a prioritization system that is~~  
21 ~~based on a review of all applications filed during the twelve-month period preceding~~  
22 ~~April first and gives consideration to:~~

23 ~~a. Student occupancy and academic needs in the district;~~

24 ~~b. The age of existing structures to be replaced or remodeled;~~

- 1 ~~c. Building design proposals that are based on safety and vulnerability~~  
2 ~~assessments;~~  
3 ~~d. Community support;~~  
4 ~~e. Cost; and~~  
5 ~~f. Any other criteria established in rule by the superintendent of public instruction,~~  
6 ~~after consultation with an interim committee appointed by the legislative~~  
7 ~~management.~~  
8 ~~4. The term of a loan under this section is twenty years, unless a shorter term is~~  
9 ~~requested by the board of a school district in its application.~~  
10 ~~5. The interest rate on a loan under this section may not exceed one percent, until July 1,~~  
11 ~~2025.~~  
12 ~~6. If a school district's unobligated general fund balance on the preceding June thirtieth~~  
13 ~~exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which~~  
14 ~~that district is entitled under this section may not exceed eighty percent of the project's~~  
15 ~~cost.~~  
16 ~~7. The maximum loan amount to which a school district is entitled under this section is~~  
17 ~~thirty million dollars.~~

18 **SECTION 1.** A new section to chapter 26.1-22 of the North Dakota Century Code is created  
19 and enacted as follows:

20 **School district - Leased property - Insurability.**

- 21 1. Notwithstanding any other provision of law, if the board of a school district entered a  
22 contract with a nonprofit corporation in this state during the period beginning  
23 November 1, 2013, and ending December 31, 2013, and if in accordance with the  
24 terms of that contract the nonprofit corporation acquired and constructed a school  
25 facility that the nonprofit corporation in turn leases back to the district for use in the  
26 provision of educational services, that facility is designated as a public facility owned  
27 by the school district for purposes of insurability under this chapter.  
28 2. For purposes of this section, "school facility" means the real property referenced in the  
29 contract and all buildings, improvements, and fixtures on the real property.

30 ~~**SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the general~~  
31 ~~fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of~~

1 ~~the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a~~  
2 ~~school construction interest rate buydown program, for the biennium beginning July 1, 2015,~~  
3 ~~and ending June 30, 2017. The Bank of North Dakota may not expend more than \$9,848,786 of~~  
4 ~~the appropriations for this program during the first year of the biennium.~~

5 **SECTION 2. EXPIRATION DATE.** Section ~~2~~1 of this Act is effective through June 30, 2017,  
6 and after that date is ineffective.

7 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.