

15.8146.01000

Sixty-fourth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2013

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 public instruction, the state library, the school for the deaf, and the North Dakota vision
3 services - school for the blind; to create and enact a new section to chapter 54-24 of the of the
4 North Dakota Century Code, relating to the state library operating fund; to amend and reenact
5 sections 15.1-02-02, 15.1-07-33, and 15.1-36-02 of the North Dakota Century Code, relating to
6 the salary of the superintendent of public instruction, PowerSchool, and school construction
7 loans; and to provide for a transfer.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
10 as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from special funds derived from federal funds and
12 other income, to the department of public instruction, the school for the deaf, North Dakota
13 vision services - school for the blind, and the state library for the purpose of defraying the
14 expenses of those agencies, for the biennium beginning July 1, 2015, and ending June 30,
15 2017, as follows:

16 Subdivision 1.

17 DEPARTMENT OF PUBLIC INSTRUCTION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18			
19			
20	Salaries and wages	\$3,208,806	\$19,149,759
21	Accrued leave payments	(322,068)	0
22	Operating expenses	1,367,390	30,798,192
23	Integrated formula payments	147,900,000	1,900,000,000
24	Grants - special education contracts	800,000	17,300,000

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1	Grants - transportation	53,500,000	6,500,000	60,000,000
2	Grants - other grants	272,546,261	(6,163,539)	266,382,722
3	PowerSchool	0	6,000,000	6,000,000
4	Rapid enrollment grants	0	14,800,000	14,800,000
5	Transportation efficiency	30,000	0	30,000
6	National board certification	<u>120,000</u>	<u>0</u>	<u>120,000</u>
7	Total all funds	\$2,140,490,084	\$174,090,589	\$2,314,580,673
8	Less estimated income	<u>436,996,759</u>	<u>71,466,547</u>	<u>508,463,306</u>
9	Total general fund	\$1,703,493,325	\$102,624,042	\$1,806,117,367
10	Full-time equivalent positions	99.75	0.00	99.75

11 Subdivision 2.

12 STATE LIBRARY

13			Adjustments or	
14		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
15	Salaries and wages	\$3,780,053	\$735,603	\$4,515,656
16	Accrued leave payments	75,354	(75,354)	0
17	Operating expenses	1,895,726	0	1,895,726
18	Grants	<u>2,519,000</u>	<u>616,500</u>	<u>3,135,500</u>
19	Total all funds	\$8,270,133	\$1,276,749	\$9,546,882
20	Less estimated income	<u>2,394,145</u>	<u>58,030</u>	<u>2,452,175</u>
21	Total general fund	\$5,875,988	\$1,218,719	\$7,094,707
22	Full-time equivalent positions	29.75	0.00	29.75

23 Subdivision 3.

24 SCHOOL FOR THE DEAF

25			Adjustments or	
26		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
27	Salaries and wages	\$6,932,905	\$1,276,275	\$8,209,180
28	Accrued leave payments	134,846	(134,846)	0
29	Operating expenses	1,908,794	139,502	2,048,296
30	Capital assets	191,762	2,325,412	2,517,174
31	Grants	<u>200,000</u>	<u>0</u>	<u>200,000</u>

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1	Total all funds	\$9,368,307	\$3,606,343	\$12,974,650
2	Less estimated income	<u>1,568,928</u>	<u>729,103</u>	<u>2,298,031</u>
3	Total general fund	\$7,799,379	\$2,877,240	\$10,676,619
4	Full-time equivalent positions	44.61	1.00	45.61
5	Subdivision 4.			

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

7			Adjustments or	
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Salaries and wages	\$4,415,180	\$693,576	\$5,108,756
10	Accrued leave payments	87,463	(87,463)	0
11	Operating expenses	707,006	157,700	864,706
12	Capital assets	<u>35,364</u>	<u>1,636,590</u>	<u>1,671,954</u>
13	Total all funds	\$5,245,013	\$2,400,403	\$7,645,416
14	Less estimated income	<u>743,427</u>	<u>493,396</u>	<u>1,236,823</u>
15	Total general fund	\$4,501,586	\$1,907,007	\$6,408,593
16	Full-time equivalent positions	30.00	0.00	30.00
17	Subdivision 5.			

BILL TOTAL

19			Adjustments or	
20		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21	Grand total general fund	\$1,721,670,278	\$108,627,008	\$1,830,297,286
22	Grand total special funds	<u>441,703,259</u>	<u>72,747,076</u>	<u>514,450,335</u>
23	Grand total all funds	\$2,163,373,537	\$181,374,084	\$2,344,747,621

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

28	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
29	Department of public instruction		
30	Funding pool for initiatives	\$2,750,000	\$0
31	Information technology staffing analysis	100,000	0

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1	Early childhood care and education study	200,000	0
2	Governing North Dakota textbook	20,000	0
3	Safety grants	3,000,000	0
4	CPR training grant	450,000	0
5	Museum of art vehicle	0	20,000
6	Rapid enrollment grants	<u>13,600,000</u>	<u>14,800,000</u>
7	Total department of public instruction - general fund	\$20,120,000	\$14,820,000
8	State library		
9	Library repair grants	<u>\$0</u>	<u>\$250,000</u>
10	Total state library- general fund	\$0	\$250,000
11	School for the deaf		
12	Extraordinary repairs	<u>\$1,002,259</u>	<u>\$1,650,000</u>
13	Total school for the deaf - all funds	\$1,002,259	\$1,650,000
14	Total school for the deaf - estimated income	<u>1,002,259</u>	<u>600,000</u>
15	Total school for the deaf - general fund	\$0	\$1,050,000
16	North Dakota vision services - school for the blind		
17	Equipment	\$20,200	\$21,000
18	Elevator installation	241,500	0
19	Window replacements	189,000	0
20	Extraordinary repairs	90,136	0
21	Remodel of west wing	2,762,000	0
22	Special assessments payoff	0	19,000
23	Building renovations	<u>0</u>	<u>1,590,000</u>
24	Total school for the blind - all funds	\$3,302,836	\$1,630,000
25	Total school for the blind - estimated income	<u>110,329</u>	<u>630,000</u>
26	Total school for the blind - general fund	\$3,192,507	\$1,000,000
27	Grand total - all funds	\$24,425,095	\$18,350,000
28	Grand total - estimated income	<u>1,112,588</u>	<u>1,230,000</u>
29	Grand total - general fund	\$23,312,507	\$17,120,000

30 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
31 2017-19 biennium. The department of public instruction, state library, school for the deaf, and

1 North Dakota vision services - school for the blind shall report to the appropriations committees
2 of the sixty-fifth legislative assembly on the use of this one-time funding for the biennium
3 beginning July 1, 2015, and ending June 30, 2017.

4 **SECTION 3. TRANSFER.** There is transferred from any moneys in the strategic investment
5 and improvements fund in the state treasury, not otherwise appropriated, the sum of
6 \$300,000,000, or so much of the sum as may be necessary, to the school construction fund for
7 the purpose of providing school construction loans, as referenced in paragraph 3 of
8 subdivision a of subsection 1 of section 15.1-36-02, for the biennium beginning July 1, 2015,
9 and ending June 30, 2017.

10 **SECTION 4. APPROPRIATION - TUITION APPORTIONMENT.** The sum of \$219,134,000,
11 included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is
12 from the state tuition fund in the state treasury. Any additional amount in the state tuition fund
13 that becomes available for distribution to public schools is appropriated to the department of
14 public instruction for that purpose for the biennium beginning July 1, 2015, and ending June 30,
15 2017.

16 **SECTION 5. INTEGRATED FORMULA PAYMENTS AND SPECIAL EDUCATION**
17 **CONTRACTS EXPENDITURE AUTHORITY.** The superintendent of public instruction may
18 expend funds included in the integrated formula payments and grants - special education
19 contracts line items in subdivision 1 of section 1 of this Act in payment of grants for educational
20 services that were due in the 2013-15 biennium but which were not filed, claimed, or properly
21 supported by the education provider until after June 30, 2015.

22 **SECTION 6. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING -**
23 **DISTRIBUTION.**

24 1. The sum of \$800,000, included in the integrated formula payments line item in
25 subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts
26 or special education units for gifted and talented programs upon the submission of an
27 application that is approved in accordance with guidelines adopted by the
28 superintendent of public instruction. The superintendent of public instruction shall
29 encourage cooperative efforts for gifted and talented programs among school districts
30 and special education units.

1 2. State school aid payments for special education must be reduced by the amount of
2 matching funds required to be paid by school districts or special education units for students
3 participating in the medicaid program. Special education funds equal to the amount of the
4 matching funds required to be paid by the school district or special education unit must be paid
5 by the superintendent of public instruction to the department of human services on behalf of the
6 school district or unit.

7 **SECTION 7. REGIONAL EDUCATION ASSOCIATIONS - GRANTS.** During the 2015-17
8 biennium, the superintendent of public instruction shall expend up to \$800,000 from the
9 integrated formula payments line item in subdivision 1 of section 1 of this Act for the purpose of
10 providing an annual grant to each eligible regional education association in order to assist each
11 association with the cost of compensating a coordinator.

12 1. In order to receive a grant under this section, each regional education association
13 must:

- 14 a. Enter a contract with an individual to serve as a coordinator, on a full-time or a
15 part-time basis, for a duration of at least twelve months; and
16 b. Provide from other revenue sources at least thirty percent of the total
17 compensation payable to the coordinator.

18 2. The maximum grant payable to a regional education association under this section
19 during each year of the biennium is the lesser of \$50,000 or seventy percent of the total
20 compensation payable to the coordinator.

21 **SECTION 8. TRANSPORTATION GRANTS - DISTRIBUTION.**

22 1. During each year of the 2015-17 biennium, the superintendent of public instruction
23 shall calculate the payment to which each school district is entitled based on the state
24 transportation formula as it existed on June 30, 2001, except that the superintendent
25 shall provide reimbursement at the rate of:

- 26 a. One dollar and twenty-seven cents per mile for school buses having a capacity of
27 ten or more passengers;
28 b. Sixty cents per mile for vehicles having a capacity of nine or fewer passengers;
29 c. Sixty cents per mile, provided:

30 (1) The student being transported is a student with a disability, as defined in
31 chapter 15.1-32;

- 1 (2) The student's individualized education program plan requires that the
2 student attend a public or a nonpublic school located outside the student's
3 school district of residence;
- 4 (3) The student is transported by an adult member of the student's family;
5 (4) The student is transported in a vehicle furnished by the student's parents;
6 (5) The student's transportation is paid for by the student's parents; and
7 (6) The reimbursement does not exceed two round trips daily between the
8 student's home and school.
- 9 d. Sixty cents per mile, one way, provided:
- 10 (1) The student being transported resides more than two miles from the public
11 school that the student attends;
- 12 (2) The student is transported by an adult member of the student's family;
13 (3) The student is transported in a vehicle furnished by the student's parents;
14 and
15 (4) The student's transportation is paid for by the student's parents.
- 16 e. Thirty-two cents per student for each one-way trip.
- 17 f. The superintendent of public instruction shall use the latest available student
18 enrollment count in each school district in applying the provisions of subsection 1.
- 19 g. If any moneys provided for transportation payments in the grants - transportation
20 line item in subdivision 1 of section 1 of this Act, remain after application of the
21 formula provided for in this section, the superintendent of public instruction shall
22 prorate the remaining amounts according to the percentage of the total
23 transportation formula amount to which each school district is entitled.
- 24 h. This section does not authorize the reimbursement of any costs incurred in
25 providing transportation for student attendance at extracurricular activities or
26 events.

27 **SECTION 9. RAPID ENROLLMENT GRANTS - DISTRIBUTION.** The sum of \$14,800,000,
28 or so much of the sum as may be necessary, included in the rapid enrollment grants line item in
29 subdivision 1 of section 1 of this Act is provided for grants to any school district that can
30 demonstrate qualifying rapid enrollment growth, for the biennium beginning July 1, 2015, and

1 ending June 30, 2017. The superintendent of public instruction shall award grants to eligible
2 districts meeting the following criteria:

- 3 1. A district is eligible to receive a grant under this section if the number of students
4 reflected in the district's September tenth enrollment report exceeds the number of
5 students in the prior year September tenth enrollment report as follows:
 - 6 a. For Tier 1 funding, the increase must be at least four percent or one hundred fifty
7 students and must be at least twenty students; or
 - 8 b. For Tier 2 funding, the increase must be at least two percent or seventy-five
9 students and must be at least ten students.
- 10 2. The superintendent of public instruction shall calculate the amount to which an eligible
11 district is entitled as follows:
 - 12 a. Determine the actual percentage increase in the number of students and subtract
13 two from the percentage calculated;
 - 14 b. Determine the number of students represented by the difference determined in
15 subdivision a of this section;
 - 16 c. Multiply the number of students determined in subdivision b of this section by:
 - 17 (1) \$4,000 for Tier 1 funding; or
 - 18 (2) \$2,000 for Tier 2 funding.
- 19 3. If the amount of the appropriation provided for in this Act is insufficient to meet the
20 obligations of this section, the superintendent of public instruction shall prorate the
21 payment based on the percentage of the total amount to which each school district is
22 entitled.
- 23 4. The superintendent of public instruction may not expend more than \$7,400,000 in
24 grants under this section during the first year of the biennium.
- 25 5. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
26 eligible to receive a grant under this section.

27 **SECTION 10. CONTINUING EDUCATION GRANTS - FUNDING - DISTRIBUTION.** The
28 sum of \$150,000, or so much of the sum as may be necessary, included in the grants - other
29 grants line item in subdivision 1 of section 1 of this Act is provided for continuing education
30 grants, for the biennium beginning July 1, 2015, and ending June 30, 2017.

- 1 1. The superintendent of public instruction shall award grants in amounts up to \$1,200 to
2 eligible recipients in chronological order, based on the date of an individual's
3 application. An eligible recipient must:
- 4 a. (1) Be licensed to teach by the education standards and practices board;
5 (2) Have taught in this state during each of the last three school years; and
6 (3) Be enrolled at an institution of higher education in this state in either a
7 master of education program in educational leadership or a program leading
8 to a specialist diploma in educational leadership;
- 9 b. Be pursuing the requirements for a certificate in career development facilitation;
10 or
11 c. Be pursuing a school counselor credential.
- 12 2. If any of the amount appropriated for this purpose remains after the superintendent of
13 public instruction has awarded grants to all eligible recipients, the superintendent shall
14 distribute that amount as an additional per student payment on a prorated basis,
15 according to the latest available average daily membership of each school district.

16 **SECTION 11. INDIRECT COST ALLOCATION.** Notwithstanding section 54-44.1-15, the
17 department of public instruction may deposit indirect cost recoveries in its operating account.

18 **SECTION 12. STATE AID TO PUBLIC LIBRARIES.** The line item entitled grants in
19 subdivision 2 of section 1 of this Act includes \$2,133,000 for aid to public libraries, of which no
20 more than one-half is to be expended during the fiscal year ending June 30, 2016.

21 **SECTION 13. OTHER GRANTS - REPORTING.** The superintendent of public instruction
22 shall continue reporting on the cost per participant and the outcomes of other grants and report
23 to the sixty-fifth legislative assembly regarding participation, cost, and outcomes of these
24 grants.

25 **SECTION 14. FEES DEPOSITED IN NORTH DAKOTA VISION SERVICES - SCHOOL**
26 **FOR THE BLIND OPERATING FUND.** Any moneys included in the estimated income line item
27 in subdivision 4 of section 1 of this Act, collected for subscription fees or braille fees, must be
28 deposited in the North Dakota vision services - school for the blind operating fund in the state
29 treasury and may be spent subject to appropriation by the legislative assembly.

30 **SECTION 15. SCHOOL FOR THE DEAF - HIGHER EDUCATION INTERPRETER GRANT**
31 **PROGRAM.** The grants line item contained in subdivision 3 of section 1 of this Act is for the

1 purpose of providing grants to assist institutions under the control of the state board of higher
2 education with the cost of interpreters and real-time captioning for students who are deaf or
3 hard of hearing, for the biennium beginning July 1, 2015, and ending June 30, 2017. Moneys
4 appropriated for this program are not subject to section 54-44.1-11. Funds shall be distributed
5 pursuant to the provisions of this section:

- 6 1. The school for the deaf shall develop a formula to determine the grant amount for
7 which an institution is eligible. The formula must be based on a uniform hourly
8 reimbursement.
- 9 2. To obtain a grant under this section, an institution shall submit to the school for the
10 deaf, at the time and in the manner directed by the school, invoices showing the
11 amount expended for interpreters and real-time captioning for students who are deaf
12 or hard of hearing.
- 13 3. The school for the deaf may not distribute more than fifty percent of the amount
14 appropriated during the first year of the biennium.
- 15 4. If any grant moneys remain undistributed at the end of the biennium, the school for the
16 deaf shall provide additional prorated grants to institutions that incurred, during the
17 biennium, hourly expenses in excess of the formula reimbursement level.
- 18 5. At the request of an institution under the control of the state board of higher education,
19 the school for the deaf shall consult with the institution and provide advice regarding
20 the provision of services most appropriate to meet a student's needs.

21 **SECTION 16. STATE SCHOOL AID PROGRAM.** The sum of \$1,900,000,000 included in
22 the integrated formula payments line item in subdivision 1 of section 1 of this act was calculated
23 with the following assumptions:

- 24 1. \$3,000,000, an increase of \$700,000, was included in the grants - other grants line
25 item to enhance the teacher and principal mentoring program. The recommendation
26 does not include an increase in the number of professional development days.
- 27 2. Per student payment rates were increased to \$9,482 for the 2015-16 academic year
28 and \$9,767 for the 2016-17 academic year.
- 29 3. \$6,147,244 was included to increase the factor for at risk students in grades
30 kindergarten through third grade to .05 from the current factor of .025.

- 1 4. The factor for PowerSchool was eliminated and funding moved to a special line item
- 2 appropriation.
- 3 5. \$895,502 was included to increase the factors for level 1 and level 2 English language
- 4 learners to .40 and .27, respectively.
- 5 6. \$420,386 was included to increase the factor for regional education associations
- 6 to .0022.
- 7 7. The cross border student factor was eliminated for a savings of \$201,382.
- 8 8. The migrant student factor was lowered to .60 for a savings of \$256,769.

9 **SECTION 17. AMENDMENT.** Section 15.1-02-02 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15.1-02-02. Salary.**

12 The annual salary of the superintendent of public instruction is ~~one hundred ten thousand~~
13 ~~one hundred ninety two dollars through June 30, 2014, and one hundred thirteen thousand four~~
14 ~~hundred ninety eight~~ one hundred eighteen thousand thirty-eight dollars through June 30, 2016
15 and one hundred twenty-two thousand seven hundred fifty-nine dollars thereafter.

16 **SECTION 18. AMENDMENT.** Section 15.1-07-33 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15.1-07-33. Student information system - ~~Statewide coordination -- Financial support --~~**
19 **Exemption.**

- 20 1. Notwithstanding any other technology requirements imposed by the superintendent of
- 21 public instruction, the information technology department, or the North Dakota
- 22 educational technology council, each school district shall acquire PowerSchool
- 23 through the information technology department and use it as its principal student
- 24 information system.
- 25 2. ~~The superintendent of public instruction shall forward that portion of a school district's~~
- 26 ~~state aid which is payable by the superintendent under subdivision n of subsection 1 of~~
- 27 ~~section 15.1-27-03.1 directly to the information technology department to reimburse~~
- 28 ~~the department for the cost of the school district's acquisition, implementation, or~~
- 29 ~~utilization of PowerSchool and any related technology support services. The~~
- 30 ~~superintendent shall forward the amount payable under this subsection at the same~~

1 time and in the same manner as provided for other state aid payments under section
2 15.1-27-01.

3 3. If the portion of a school district's state aid forwarded to the information technology
4 department under subsection 2 exceeds the cost incurred by the information
5 technology department in providing for the school district's acquisition,
6 implementation, or utilization of PowerSchool and any related technology support
7 services, the information technology department shall return the excess moneys to the
8 superintendent of public instruction for redistribution to the school district as per
9 student payments.

10 4. The superintendent of public instruction may exempt a school district from having to
11 acquire and utilize PowerSchool if the school district demonstrates that, in accordance
12 with requirements of the bureau of Indian education, the district has acquired and is
13 utilizing a student information system that is determined to be comparable by the
14 superintendent.

15 **SECTION 19. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **15.1-36-02. (~~Effective through June 30, 2015~~) School construction projects --**
18 **Loansloans - Revolving fund.**

19 1. a. In order to provide school construction loans, the board of university and school
20 lands ~~may~~shall authorize the use of moneys in the school construction loan fund,
21 which is a revolving loan fund. The fund consists of:

22 a. (1) Fifty million dollars, ~~or so much of that amount as may be necessary, which~~
23 had been made available for school construction loans beginning in 1979
24 and is transferred from the coal development trust fund, established
25 pursuant to section 21 of article X of the Constitution of North Dakota and
26 subsection 1 of section 57-62-02; and

27 b. (2) One hundred fifty million dollars, which had been made available for school
28 construction loans beginning on July 1, 2013, and is transferred from the
29 strategic investment and improvements fund, established pursuant to
30 section 15-08.1-08;

- 1 (3) Three hundred million dollars, or so much of the amount as is necessary,
2 transferred in accordance with section 3 of this Act, from the strategic
3 investment and improvements fund, established pursuant to section
4 15-08.1-08; and
- 5 (4) Any other amounts transferred by the legislative assembly.
- 6 b. Notwithstanding any other provisions of law, the dollars provided for in
7 paragraph 3 of subdivision a may be made available only to those school districts
8 that meet the requirements of this section and demonstrate an increase in their
9 average daily membership during each of the preceding three school years.
- 10 2. In order to be eligible for a loan under this section, the board of a school district shall:
- 11 a. Propose a construction project with a cost of at least one million dollars and an
12 expected utilization of at least thirty years;
- 13 b. Obtain the approval of the superintendent of public instruction for the construction
14 project under section 15.1-36-01; and
- 15 c. Submit to the superintendent of public instruction an application containing all
16 information deemed necessary by the superintendent, including potential
17 alternative sources or methods of financing the construction project.
- 18 3. If an eligible school district's taxable valuation per student is less than eighty percent
19 of the state average taxable valuation per student, the district is entitled to receive:
- 20 a. A school construction loan equal to the lesser of twenty million dollars or ninety
21 percent of the actual project cost;
- 22 b. An interest rate discount equal to at least one hundred but not more than four
23 hundred basis points below the prevailing tax-free bond rates; and
- 24 c. A term of repayment that may extend up to twenty years.
- 25 4. If an eligible school district's taxable valuation per student is equal to at least eighty
26 percent but less than ninety percent of the state average taxable valuation per
27 student, the district is entitled to receive:
- 28 a. A school construction loan equal to the lesser of fifteen million dollars or eighty
29 percent of the actual project cost;
- 30 b. An interest rate buydown equal to at least one hundred but not more than three
31 hundred fifty basis points below the prevailing tax-free bond rates; and

- 1 c. A term of repayment that may extend up to twenty years.
- 2 5. If an eligible school district's taxable valuation per student is equal to at least ninety
- 3 percent of the state average taxable valuation per student, the district is entitled to
- 4 receive:
- 5 a. A school construction loan equal to the lesser of ten million dollars or seventy
- 6 percent of the actual project cost;
- 7 b. An interest rate discount equal to at least one hundred but not more than three
- 8 hundred basis points below the prevailing tax-free bond rates; and
- 9 c. A term of repayment that may extend up to twenty years.
- 10 6. The board of a school district may submit its loan application to the superintendent of
- 11 public instruction before or after receiving authorization of a bond issue in accordance
- 12 with chapter 21-03. If the vote to authorize a bond issue precedes the application for a
- 13 loan, the application must be acted upon by the superintendent expeditiously but no
- 14 later than one hundred eighty days from the date it is received by the superintendent.
- 15 7. The superintendent of public instruction shall consider each loan application in the
- 16 order it received approval under section 15.1-36-01.
- 17 8. If the superintendent of public instruction approves the loan, the superintendent may
- 18 determine the loan amount, the term of the loan, and the interest rate, in accordance
- 19 with the requirements of this section. A school district's interest rate may not be less
- 20 than one percent, regardless of any rate discount for which the district might otherwise
- 21 qualify under this section.
- 22 9. a. If a school district seeking a loan under this section received an allocation of the
- 23 oil and gas gross production tax during the previous fiscal year in accordance
- 24 with chapter 57-51, the board of the district shall provide to the board of
- 25 university and school lands, and to the state treasurer, its evidence of
- 26 indebtedness indicating that the loan originated under this section.
- 27 b. If the evidence of indebtedness is payable solely from the school district's
- 28 allocation of the oil and gas gross production tax in accordance with section
- 29 57-51-15, the loan does not constitute a general obligation of the school district
- 30 and may not be considered a debt of the district.

- 1 c. If a loan made to a school district is payable solely from the district's allocation of
2 the oil and gas gross production tax in accordance with section 57-51-15, the
3 terms of the loan must require that the state treasurer withhold the dollar amount
4 or percentage specified in the loan agreement, from each of the district's oil and
5 gas gross production tax allocations, in order to repay the principal and interest of
6 the evidence of indebtedness. The state treasurer shall deposit the amount
7 withheld into the fund from which the loan originated.
- 8 d. Any evidence of indebtedness executed by the board of a school district under
9 this subsection is a negotiable instrument and not subject to taxation by the state
10 or any political subdivision of the state.
- 11 10. For purposes of this section, a "construction project" means the purchase, lease,
12 erection, or improvement of any structure or facility by a school board, provided the
13 acquisition or activity is within a school board's authority.
- 14 ~~**(Effective after June 30, 2015) School construction projects -- Loans.**~~
- 15 1. ~~The board of university and school lands may authorize the use of moneys in the coal~~
16 ~~development trust fund established pursuant to section 21 of article X of the~~
17 ~~Constitution of North Dakota and subsection 1 of section 57-62-02 to provide school~~
18 ~~construction loans, as described in this chapter. The outstanding principal balance of~~
19 ~~loans under this chapter may not exceed fifty million dollars. The board may adopt~~
20 ~~policies and rules governing school construction loans.~~
- 21 2. ~~In order to be eligible for a loan under this section, the board of a school district shall:~~
- 22 a. ~~Propose a construction project with a cost of at least one million dollars and an~~
23 ~~expected utilization of at least thirty years;~~
- 24 b. ~~Obtain the approval of the superintendent of public instruction for the construction~~
25 ~~project under section 15.1-36-01; and~~
- 26 c. ~~Submit to the superintendent of public instruction an application containing all~~
27 ~~information deemed necessary by the superintendent, including potential~~
28 ~~alternative sources or methods of financing the construction project.~~
- 29 3. ~~The superintendent of public instruction shall give priority to any district that meets the~~
30 ~~requirements for receipt of an equity payment under section 15.1-27-11.~~

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- 1 4. ~~If an eligible school district's imputed taxable valuation per student is less than eighty-~~
2 ~~percent of the state average imputed valuation per student, the district is entitled to~~
3 ~~receive:~~
 - 4 a. ~~A school construction loan equal to the lesser of twelve million dollars or eighty-~~
5 ~~percent of the actual project cost;~~
 - 6 b. ~~An interest rate discount equal to at least one hundred but not more than two-~~
7 ~~hundred fifty basis points below the prevailing tax-free bond rates; and~~
 - 8 c. ~~A term of repayment that may extend up to twenty years.~~
- 9 5. ~~If an eligible school district's imputed taxable valuation per student is equal to at least~~
10 ~~eighty percent but less than ninety percent of the state average imputed taxable-~~
11 ~~valuation per student, the district is entitled to receive:~~
 - 12 a. ~~A school construction loan equal to the lesser of ten million dollars or seventy-~~
13 ~~percent of the actual project cost;~~
 - 14 b. ~~An interest rate buydown equal to at least one hundred but not more than two-~~
15 ~~hundred fifty basis points below the prevailing tax-free bond rates; and~~
 - 16 c. ~~A term of repayment that may extend up to twenty years.~~
- 17 6. ~~If an eligible school district's imputed taxable valuation per student is equal to at least~~
18 ~~ninety percent of the state average imputed taxable valuation per student, the district~~
19 ~~is entitled to receive:~~
 - 20 a. ~~A school construction loan equal to the lesser of four million dollars or thirty-~~
21 ~~percent of the actual project cost;~~
 - 22 b. ~~An interest rate discount equal to at least one hundred but not more than two-~~
23 ~~hundred fifty basis points below the prevailing tax-free bond rates; and~~
 - 24 c. ~~A term of repayment that may extend up to twenty years.~~
- 25 7. ~~The board of a school district may submit its loan application to the superintendent of~~
26 ~~public instruction before or after receiving authorization of a bond issue in accordance~~
27 ~~with chapter 21-03. If the vote to authorize a bond issue precedes the application for a~~
28 ~~loan, the application must be acted upon by the superintendent expeditiously but no-~~
29 ~~later than one hundred eighty days from the date it is received by the superintendent.~~
- 30 8. ~~The superintendent of public instruction shall consider each loan application in the~~
31 ~~order it received approval under section 15.1-36-01.~~

1 9. ~~If the superintendent of public instruction approves the loan, the superintendent may~~
2 ~~determine the loan amount, the term of the loan, and the interest rate, in accordance~~
3 ~~with the requirements of this section.~~

4 10. ~~The superintendent of public instruction may adopt rules governing school~~
5 ~~construction loans.~~

6 11. ~~For purposes of this section, a construction project means the purchase, lease,~~
7 ~~erection, or improvement of any structure or facility by a school board, provided the~~
8 ~~acquisition or activity is within a school board's authority.~~

9 **SECTION 20.** A new section to chapter 54-24 of the North Dakota Century Code is created
10 and enacted as follows:

11 **State library operating fund.**

12 The state library's operating fund is a special fund in the state treasury. All moneys received for
13 book replacement, cataloging services, and other miscellaneous library services must be
14 deposited in this fund. Moneys in the fund are to be used pursuant to legislative appropriation
15 for provision of services under this chapter.