

**HOUSE BILL NO. 1185**

Introduced by

Representatives Louser, D. Anderson, Fisher, Koppelman, Nelson, Toman

Senators Burckhard, Sorvaag

1 A BILL for an Act to amend and reenact section 15.1-36-02 of the North Dakota Century Code,  
2 relating to grants from the coal development trust fund for school construction projects affected  
3 by unanticipated construction inflation.

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

5 **SECTION 1. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **15.1-36-02. Coal development trust fund - Board of university and school lands -**  
8 **School construction projects - Unanticipated construction projects and emergency**  
9 **repairs - Loans.**

- 10 1. Up to sixty million dollars from the coal development trust fund is available to the  
11 board of university and school lands for loans or grants under this section.
- 12 2. To be eligible for a loan or grant under this section, the school district must  
13 demonstrate a need based on an unanticipated construction project, an unanticipated  
14 replacement project, unanticipated construction inflation, or an emergency repair, and  
15 the board of a school district shall:
- 16 a. Obtain the approval of the superintendent of public instruction for the construction  
17 project under section 15.1-36-01; and
- 18 b. Submit to the superintendent of public instruction an application containing all  
19 information deemed necessary by the superintendent, including potential  
20 alternative sources or methods of financing the construction project.
- 21 3. The superintendent of public instruction shall consider each loan or grant application in  
22 the order ~~it~~the application received approval under section 15.1-36-01.

- 1           4.    If the superintendent of public instruction approves the loan or grant, the board of  
2                    university and school lands shall issue a loan or grant from the coal development trust  
3                    fund.
- 4            a.    For a loan made under this section:
- 5            a.    (1)    The minimum loan amount is two hundred fifty thousand dollars and the  
6                    maximum loan amount for which a school district may qualify is two million  
7                    dollars;
- 8            b.    (2)    The term of the loan is twenty years, unless the board of the school district  
9                    requests a shorter term in the written loan application; and
- 10           e.    (3)    The interest rate of the loan may not exceed two percent per year.
- 11           b.    For a grant made under this section:
- 12                    (1)    The unanticipated construction inflation must have occurred for a voter-  
13                    approved bond issue passed after July 2021 and before January 2023; and
- 14                    (2)    The maximum grant amount for which a school district may qualify is five  
15                    million dollars.
- 16           5.    a.    If a school district seeking a loan under this section received an allocation of the  
17                    oil and gas gross production tax during the previous fiscal year in accordance  
18                    with chapter 57-51, the board of the district shall provide to the board of  
19                    university and school lands, and to the state treasurer, its evidence of  
20                    indebtedness indicating ~~that~~ the loan originated under this section.
- 21            b.    If the evidence of indebtedness is payable solely from the school district's  
22                    allocation of the oil and gas gross production tax in accordance with section  
23                    57-51-15, the loan does not constitute a general obligation of the school district  
24                    and may not be considered a debt of the district.
- 25            c.    If a loan made to a school district is payable solely from the district's allocation of  
26                    the oil and gas gross production tax in accordance with section 57-51-15, the  
27                    terms of the loan must require ~~that~~ the state treasurer withhold the dollar amount  
28                    or percentage specified in the loan agreement, from each of the district's oil and  
29                    gas gross production tax allocations, in order to repay the principal and interest of  
30                    the evidence of indebtedness. The state treasurer shall deposit the amount  
31                    withheld into the fund from which the loan originated.

- 1           d. Any evidence of indebtedness executed by the board of a school district under  
2           this subsection is a negotiable instrument and not subject to taxation by the state  
3           or any political subdivision of the state.
- 4        6. For purposes of this section, a "construction project" means the purchase, lease,  
5        erection, or improvement of any structure or facility by a school board, provided the  
6        acquisition or activity is within a school board's authority.