

Introduced by

Legislative Management

1 A BILL for an Act to amend and reenact sections 15.1-27-04.1, 15.1-36-02, and 15.1-36-04 of  
2 the North Dakota Century Code, relating to baseline funding and the determination of state  
3 school aid, loans from the coal development trust fund, and evidences of indebtedness; to  
4 provide an appropriation; to provide for retroactive application; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**  
9 **through June 30, 2025)**

- 10 1. To determine the amount of state aid payable to each district, the superintendent of  
11 public instruction shall establish each district's baseline funding. A district's baseline  
12 funding consists of:
- 13 a. All state aid received by the district in accordance with chapter 15.1-27 during the  
14 2018-19 school year;
  - 15 b. An amount equal to the property tax deducted by the superintendent of public  
16 instruction to determine the 2018-19 state aid payment;
  - 17 c. An amount equal to seventy-five percent of the revenue received by the school  
18 district during the 2017-18 school year for the following revenue types:
    - 19 (1) Revenue reported under code 2000 of the North Dakota school district  
20 financial accounting and reporting manual, as developed by the  
21 superintendent of public instruction in accordance with section 15.1-02-08;
    - 22 (2) Mineral revenue received by the school district through direct allocation from  
23 the state treasurer and not reported under code 2000 of the North Dakota  
24 school district financial accounting and reporting manual, as developed by

- 1 the superintendent of public instruction in accordance with section  
2 15.1-02-08;
- 3 (3) Tuition reported under code 1300 of the North Dakota school district  
4 financial accounting and reporting manual, as developed by the  
5 superintendent of public instruction in accordance with section 15.1-02-08,  
6 with the exception of revenue received specifically for the operation of an  
7 educational program provided at a residential treatment facility, tuition  
8 received for the provision of an adult farm management program, and  
9 beginning in the 2021-22 school year, seventeen percent of tuition received  
10 under an agreement to educate students from a school district on an  
11 air force base with funding received through federal impact aid, and an  
12 additional seventeen percent of tuition received under an agreement to  
13 educate students from a school district on an air force base with funding  
14 received through federal impact aid each school year thereafter, until the  
15 2024-25 school year when sixty-eight percent of tuition received under an  
16 agreement to educate students from a school district on an air force base  
17 with funding received through federal impact aid must be excluded from the  
18 tuition calculation under this paragraph;
- 19 (4) Revenue from payments in lieu of taxes on the distribution and transmission  
20 of electric power;
- 21 (5) Revenue from payments in lieu of taxes on electricity generated from  
22 sources other than coal; and
- 23 (6) Revenue from the leasing of land acquired by the United States for which  
24 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 25 d. An amount equal to the total revenue received by the school district during the  
26 2017-18 school year for the following revenue types:
- 27 (1) Mobile home tax revenue;
- 28 (2) Telecommunications tax revenue; and
- 29 (3) Revenue from payments in lieu of taxes and state reimbursement of the  
30 homestead credit and disabled veterans credit; and

1 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
2 baseline funding for any school district that becomes an elementary district  
3 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
4 be proportional to the number of weighted student units in the grades that are  
5 offered through another school district relative to the total number of weighted  
6 student units the school district offered in the year before the school district  
7 became an elementary district. The reduced baseline funding applies to the  
8 calculation of state aid for the first school year in which the school district  
9 becomes an elementary district and for each year thereafter. For districts that  
10 become an elementary district prior to the 2020-21 school year, the  
11 superintendent shall use the reduced baseline funding to calculate state aid for  
12 the 2020-21 school year and for each year thereafter.

13 2. a. The superintendent shall divide the district's baseline funding determined in  
14 subsection 1 by the district's 2017-18 weighted student units to determine the  
15 district's baseline funding per weighted student unit.

16 b. For any school district that becomes an elementary district pursuant to section  
17 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
18 district's baseline funding per weighted student unit used to calculate state aid.  
19 The superintendent shall divide the district's baseline funding determined in  
20 subsection 1 by the district's weighted student units after the school district  
21 becomes an elementary district to determine the district's adjusted baseline  
22 funding per weighted student unit. The superintendent shall use the district's  
23 adjusted baseline funding per weighted student unit in the calculation of state aid  
24 for the first school year in which the school district becomes an elementary  
25 district and for each year thereafter.

26 c. Beginning with the 2021-22 school year and for each school year thereafter, the  
27 superintendent shall reduce the district's baseline funding per weighted student  
28 unit. Each year the superintendent shall calculate the amount by which the  
29 district's baseline funding per weighted student unit exceeds the payment per  
30 weighted student unit provided in subsection 3. ~~The~~For the 2023-24 school year  
31 the superintendent shall reduce the district's baseline funding per weighted

1 student unit by ~~fifteen~~forty percent of the amount by which the district's baseline  
2 funding per weighted student unit exceeds the payment per weighted student unit  
3 for the ~~2021-22~~2023-24 school year. For each year thereafter, the reduction  
4 percentage is increased by an additional fifteen percent. However, the district's  
5 baseline funding per weighted student unit, after the reduction, may not be less  
6 than the payment per weighted student unit provided in subsection 3.

7 3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the  
8 greater of:

9 (1) The district's weighted student units multiplied by ten thousand six hundred  
10 forty-six dollars;

11 (2) One hundred two percent of the district's baseline funding per weighted  
12 student unit, as established in subsection 2, multiplied by the district's  
13 weighted student units, not to exceed the district's 2017-18 baseline  
14 weighted student units, plus any weighted student units in excess of the  
15 2017-18 baseline weighted student units multiplied by ten thousand  
16 six hundred forty-six dollars; or

17 (3) The district's baseline funding as established in subsection 1 less the  
18 amount in paragraph 1, with the difference reduced by ~~forty-five~~forty percent  
19 and then the difference added to the amount determined in paragraph 1.

20 b. For the 2024-25 school year and each school year thereafter, the superintendent  
21 shall calculate state aid as the greater of:

22 (1) The district's weighted student units multiplied by eleven thousand  
23 seventy-two dollars;

24 (2) One hundred two percent of the district's baseline funding per weighted  
25 student unit, as established in subsection 2, multiplied by the district's  
26 weighted student units, not to exceed the district's 2017-18 baseline  
27 weighted student units, plus any weighted student units in excess of the  
28 2017-18 baseline weighted student units multiplied by eleven thousand  
29 seventy-two dollars; or

30 (3) The district's baseline funding as established in subsection 1 less the  
31 amount in paragraph 1, with the difference reduced by ~~sixty~~fifty-five percent

1 for the 2024-25 school year and the reduction percentage increasing by  
2 fifteen percent each school year thereafter until the difference is reduced to  
3 zero, and then the difference added to the amount determined in  
4 paragraph 1.

5 4. After determining the product in accordance with subsection 3, the superintendent of  
6 public instruction shall:

7 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
8 school district, except the amount in dollars subtracted for purposes of this  
9 subdivision may not exceed the previous year's amount in dollars subtracted for  
10 purposes of this subdivision by more than twelve percent, adjusted pursuant to  
11 section 15.1-27-04.3; and

12 b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
13 subdivisions c and d of subsection 1. Before determining the deduction for  
14 seventy-five percent of all revenue types, the superintendent of public instruction  
15 shall adjust revenues as follows:

16 (1) Tuition revenue shall be adjusted as follows:

17 (a) In addition to deducting tuition revenue received specifically for the  
18 operation of an educational program provided at a residential  
19 treatment facility, tuition revenue received for the provision of an adult  
20 farm management program, tuition received for the education of  
21 high-cost and special education students, and tuition received under  
22 an agreement to educate students from a school district on an  
23 air force base with funding received through federal impact aid as  
24 directed each school year in paragraph 3 of subdivision c of  
25 subsection 1, the superintendent of public instruction also shall reduce  
26 the total tuition reported by the school district by the amount of tuition  
27 revenue received for the education of students not residing in the  
28 state and for which the state has not entered a cross-border education  
29 contract; and

30 (b) The superintendent of public instruction also shall reduce the total  
31 tuition reported by admitting school districts meeting the requirements

1 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
2 of tuition revenue received for the education of students residing in an  
3 adjacent school district.

4 (2) After adjusting tuition revenue as provided in paragraph 1, the  
5 superintendent shall reduce all remaining revenues from all revenue types  
6 by the percentage of mills levied in 2022 by the school district for sinking  
7 and interest relative to the total mills levied in 2022 by the school district for  
8 all purposes.

9 5. The amount remaining after the computation required under subsection 4 is the  
10 amount of state aid to which a school district is entitled, subject to any other statutory  
11 requirements or limitations.

12 6. On or before June thirtieth of each year, the school board shall certify to the  
13 superintendent of public instruction the final average daily membership for the current  
14 school year.

15 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
16 with the school districts, shall report the following to the superintendent of public  
17 instruction on an annual basis:

18 a. The amount of revenue received by each school district in the county during the  
19 previous school year for each type of revenue identified in subdivisions c and d of  
20 subsection 1;

21 b. The total number of mills levied in the previous calendar year by each school  
22 district for all purposes; and

23 c. The number of mills levied in the previous calendar year by each school district  
24 for sinking and interest fund purposes.

25 **Baseline funding - Establishment - Determination of state aid. (Effective after**  
26 **June 30, 2025)**

27 1. To determine the amount of state aid payable to each district, the superintendent of  
28 public instruction shall establish each district's baseline funding. A district's baseline  
29 funding consists of:

30 a. All state aid received by the district in accordance with chapter 15.1-27 during the  
31 2018-19 school year;

- 1           b. An amount equal to the property tax deducted by the superintendent of public  
2           instruction to determine the 2018-19 state aid payment;
- 3           c. An amount equal to seventy-five percent of the revenue received by the school  
4           district during the 2017-18 school year for the following revenue types:
- 5           (1) Revenue reported under code 2000 of the North Dakota school district  
6           financial accounting and reporting manual, as developed by the  
7           superintendent of public instruction in accordance with section 15.1-02-08;
- 8           (2) Mineral revenue received by the school district through direct allocation from  
9           the state treasurer and not reported under code 2000 of the North Dakota  
10          school district financial accounting and reporting manual, as developed by  
11          the superintendent of public instruction in accordance with section  
12          15.1-02-08;
- 13          (3) Tuition reported under code 1300 of the North Dakota school district  
14          financial accounting and reporting manual, as developed by the  
15          superintendent of public instruction in accordance with section 15.1-02-08,  
16          with the exception of revenue received specifically for the operation of an  
17          educational program provided at a residential treatment facility, tuition  
18          received for the provision of an adult farm management program, and  
19          beginning in the 2025-26 school year, eighty-five percent of tuition received  
20          under an agreement to educate students from a school district on an  
21          air force base with funding received through federal impact aid, until the  
22          2026-27 school year, and each school year thereafter, when all tuition  
23          received under an agreement to educate students from a school district on  
24          an air force base with funding received through federal impact aid must be  
25          excluded from the tuition calculation under this paragraph;
- 26          (4) Revenue from payments in lieu of taxes on the distribution and transmission  
27          of electric power;
- 28          (5) Revenue from payments in lieu of taxes on electricity generated from  
29          sources other than coal; and
- 30          (6) Revenue from the leasing of land acquired by the United States for which  
31          compensation is allocated to the state under 33 U.S.C. 701(c)(3); and

- 1           d. An amount equal to the total revenue received by the school district during the  
2           2017-18 school year for the following revenue types:
- 3           (1) Mobile home tax revenue;
- 4           (2) Telecommunications tax revenue; and
- 5           (3) Revenue from payments in lieu of taxes and state reimbursement of the  
6           homestead credit and disabled veterans credit.
- 7           e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
8           baseline funding for any school district that becomes an elementary district  
9           pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
10          be proportional to the number of weighted student units in the grades that are  
11          offered through another school district relative to the total number of weighted  
12          student units the school district offered in the year before the school district  
13          became an elementary district. The reduced baseline funding applies to the  
14          calculation of state aid for the first school year in which the school district  
15          becomes an elementary district and for each year thereafter. For districts that  
16          become an elementary district prior to the 2020-21 school year, the  
17          superintendent shall use the reduced baseline funding to calculate state aid for  
18          the 2020-21 school year and for each year thereafter.
- 19          2. a. The superintendent shall divide the district's baseline funding determined in  
20          subsection 1 by the district's 2017-18 weighted student units to determine the  
21          district's baseline funding per weighted student unit.
- 22          b. For any school district that becomes an elementary district pursuant to section  
23          15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
24          district's baseline funding per weighted student unit used to calculate state aid.  
25          The superintendent shall divide the district's baseline funding determined in  
26          subsection 1 by the district's weighted student units after the school district  
27          becomes an elementary district to determine the district's adjusted baseline  
28          funding per weighted student unit. The superintendent shall use the district's  
29          adjusted baseline funding per weighted student unit in the calculation of state aid  
30          for the first school year in which the school district becomes an elementary  
31          district and for each year thereafter.



- 1           c. Beginning with the 2021-22 school year and for each school year thereafter, the  
2           superintendent shall reduce the district's baseline funding per weighted student  
3           unit. Each year the superintendent shall calculate the amount by which the  
4           district's baseline funding per weighted student unit exceeds the payment per  
5           weighted student unit provided in subsection 3. ~~The~~For the 2023-24 school year  
6           the superintendent shall reduce the district's baseline funding per weighted  
7           student unit by ~~fifteen~~forty percent of the amount by which the district's baseline  
8           funding per weighted student unit exceeds the payment per weighted student unit  
9           for the ~~2021-22~~2023-24 school year. For each year thereafter, the reduction  
10          percentage is increased by an additional fifteen percent. However, the district's  
11          baseline funding per weighted student unit, after the reduction, may not be less  
12          than the payment per weighted student unit provided in subsection 3.
- 13          3. a. For the 2023-24 school year, the superintendent shall calculate state aid as the  
14          greater of:
- 15               (1) The district's weighted student units multiplied by ten thousand six hundred  
16               forty-six dollars;
- 17               (2) One hundred two percent of the district's baseline funding per weighted  
18               student unit, as established in subsection 2, multiplied by the district's  
19               weighted student units, not to exceed the district's 2017-18 baseline  
20               weighted student units, plus any weighted student units in excess of the  
21               2017-18 baseline weighted student units multiplied by ten thousand  
22               six hundred forty-six dollars; or
- 23               (3) The district's baseline funding as established in subsection 1 less the  
24               amount in paragraph 1, with the difference reduced by ~~forty-five~~forty percent  
25               and then the difference added to the amount determined in paragraph 1.
- 26          b. For the 2024-25 school year and each school year thereafter, the superintendent  
27          shall calculate state aid as the greater of:
- 28               (1) The district's weighted student units multiplied by eleven thousand  
29               seventy-two dollars;
- 30               (2) One hundred two percent of the district's baseline funding per weighted  
31               student unit, as established in subsection 2, multiplied by the district's

- 1 weighted student units, not to exceed the district's 2017-18 baseline  
2 weighted student units, plus any weighted student units in excess of the  
3 2017-18 baseline weighted student units multiplied by eleven thousand  
4 seventy-two dollars; or
- 5 (3) The district's baseline funding as established in subsection 1 less the  
6 amount in paragraph 1, with the difference reduced by ~~sixty~~fifty-five percent  
7 for the 2024-25 school year and the reduction percentage increasing by  
8 fifteen percent each school year thereafter until the difference is reduced to  
9 zero, and then the difference added to the amount determined in  
10 paragraph 1.
- 11 4. After determining the product in accordance with subsection 3, the superintendent of  
12 public instruction shall:
- 13 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
14 school district; and
- 15 b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
16 subdivisions c and d of subsection 1. Before determining the deduction for  
17 seventy-five percent of all revenue types, the superintendent of public instruction  
18 shall adjust revenues as follows:
- 19 (1) Tuition revenue shall be adjusted as follows:
- 20 (a) In addition to deducting tuition revenue received specifically for the  
21 operation of an educational program provided at a residential  
22 treatment facility, tuition revenue received for the provision of an adult  
23 farm management program, tuition received for the education of  
24 high-cost and special education students, and tuition received under  
25 an agreement to educate students from a school district on an  
26 air force base with funding received through federal impact aid as  
27 directed each school year in paragraph 3 of subdivision c of  
28 subsection 1, the superintendent of public instruction also shall reduce  
29 the total tuition reported by the school district by the amount of tuition  
30 revenue received for the education of students not residing in the

1 state and for which the state has not entered a cross-border education  
2 contract; and

3 (b) The superintendent of public instruction also shall reduce the total  
4 tuition reported by admitting school districts meeting the requirements  
5 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
6 of tuition revenue received for the education of students residing in an  
7 adjacent school district.

8 (2) After adjusting tuition revenue as provided in paragraph 1, the  
9 superintendent shall reduce all remaining revenues from all revenue types  
10 by the percentage of mills levied in 2022 by the school district for sinking  
11 and interest relative to the total mills levied in 2022 by the school district for  
12 all purposes.

13 5. The amount remaining after the computation required under subsection 4 is the  
14 amount of state aid to which a school district is entitled, subject to any other statutory  
15 requirements or limitations.

16 6. On or before June thirtieth of each year, the school board shall certify to the  
17 superintendent of public instruction the final average daily membership for the current  
18 school year.

19 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
20 with the school districts, shall report the following to the superintendent of public  
21 instruction on an annual basis:

22 a. The amount of revenue received by each school district in the county during the  
23 previous school year for each type of revenue identified in subdivisions c and d of  
24 subsection 1;

25 b. The total number of mills levied in the previous calendar year by each school  
26 district for all purposes; and

27 c. The number of mills levied in the previous calendar year by each school district  
28 for sinking and interest fund purposes.

29 **SECTION 2. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1           **15.1-36-02. Coal development trust fund - Board of university and school lands -**  
2 **School construction projects - Unanticipated construction projects and emergency**  
3 **repairs - Loans.**

- 4           1. Up to sixty million dollars from the coal development trust fund is available to the  
5 board of university and school lands for loans under this section.
- 6           2. To be eligible for a loan under this section, the school district must demonstrate a need  
7 based on an unanticipated construction project, an unanticipated replacement project,  
8 ~~or an emergency repair, or a legislatively defined condition~~, and the board of a school  
9 district shall:
- 10           a. Obtain the approval of the superintendent of public instruction for the construction  
11 project under section 15.1-36-01; and
- 12           b. Submit to the superintendent of public instruction an application containing all  
13 information deemed necessary by the superintendent, including potential  
14 alternative sources or methods of financing the construction project.
- 15           3. The superintendent of public instruction shall consider each loan application in the  
16 order ~~if~~the application received approval under section 15.1-36-01.
- 17           4. If the superintendent of public instruction approves the loan, the board of university  
18 and school lands shall issue a loan from the coal development trust fund.
- 19           a. ~~For a loan made under this section~~subsection:
- 20               a.~~(1)~~ The minimum loan amount is two hundred fifty thousand dollars and the  
21 maximum loan amount for which a school district may qualify is ~~two~~five  
22 million dollars;
- 23               b.~~(2)~~ The term of the loan is twenty years, unless the board of the school district  
24 requests a shorter term in the written loan application; and
- 25               c.~~(3)~~ The interest rate of the loan may not exceed two percent per year.
- 26           b. During the 2023-25 biennium, a loan including additional expenses due to  
27 unanticipated construction inflation is an allowable condition under subsection 2.  
28 For a loan made under this subsection which includes additional expenses due to  
29 unanticipated construction inflation:
- 30               (1) The unanticipated construction inflation must have occurred for a  
31 construction project bid after January 1, 2021, and before June 30, 2024;

- 1           (2) The maximum loan amount for which a school district may qualify is five  
2           million dollars;
- 3           (3) The interest rate on the loan may not exceed two percent per year;
- 4           (4) The term of the loan is twenty years, unless the board of the school district  
5           requests a shorter term in the written loan application; and
- 6           (5) The school district may pledge revenues derived from its general fund levy  
7           authority or other sources of revenue authorized by law.
- 8        5.    a.    If a school district seeking a loan under this section received an allocation of the  
9           oil and gas gross production tax during the previous fiscal year in accordance  
10          with chapter 57-51, the board of the district shall provide to the board of  
11          university and school lands, and to the state treasurer, its evidence of  
12          indebtedness indicating that the loan originated under this section.
- 13        b.    If the evidence of indebtedness is payable solely from the school district's  
14          allocation of the oil and gas gross production tax in accordance with section  
15          57-51-15, the loan does not constitute a general obligation of the school district  
16          and may not be considered a debt of the district.
- 17        c.    If a loan made to a school district is payable solely from the district's allocation of  
18          the oil and gas gross production tax in accordance with section 57-51-15, the  
19          terms of the loan must require that the state treasurer withhold the dollar amount  
20          or percentage specified in the loan agreement, from each of the district's oil and  
21          gas gross production tax allocations, in order to repay the principal and interest of  
22          the evidence of indebtedness. The state treasurer shall deposit the amount  
23          withheld into the fund from which the loan originated.
- 24        d.    Any evidence of indebtedness executed by the board of a school district under  
25          this subsection is a negotiable instrument and not subject to taxation by the state  
26          or any political subdivision of the state.
- 27        6.    For purposes of this section, a "construction project" means the purchase, lease,  
28          erection, or improvement of any structure or facility by a school board, provided the  
29          acquisition or activity is within a school board's authority.

30        **SECTION 3. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is  
31        amended and reenacted as follows:

1           **15.1-36-02. Coal development trust fund - Board of university and school lands -**  
2 **School construction projects - Unanticipated construction projects and emergency**  
3 **repairs - Loans.**

- 4           1. Up to sixty million dollars from the coal development trust fund is available to the  
5 board of university and school lands for loans under this section.
- 6           2. To be eligible for a loan under this section, the school district must demonstrate a need  
7 based on an unanticipated construction project, an unanticipated replacement project,  
8 an emergency repair, or a legislatively defined condition, and the board of a school  
9 district shall:
- 10           a. Obtain the approval of the superintendent of public instruction for the construction  
11 project under section 15.1-36-01; and
- 12           b. Submit to the superintendent of public instruction an application containing all  
13 information deemed necessary by the superintendent, including potential  
14 alternative sources or methods of financing the construction project.
- 15           3. The superintendent of public instruction shall consider each loan application in the  
16 order the application received approval under section 15.1-36-01.
- 17           4. If the superintendent of public instruction approves the loan, the board of university  
18 and school lands shall issue a loan from the coal development trust fund.
- 19           a. For a loan made under this ~~subsection~~section:
- 20           ~~(1)~~a. The minimum loan amount is two hundred fifty thousand dollars and the  
21 maximum loan amount for which a school district may qualify is five million  
22 dollars;
- 23           ~~(2)~~b. The term of the loan is twenty years, unless the board of the school district  
24 requests a shorter term in the written loan application; and
- 25           ~~(3)~~c. The interest rate of the loan may not exceed two percent per year.
- 26           b. ~~During the 2023-25 biennium, a loan including additional expenses due to~~  
27 ~~unanticipated construction inflation is an allowable condition under subsection 2.~~  
28 ~~For a loan made under this subsection which includes additional expenses due to~~  
29 ~~unanticipated construction inflation:~~
- 30           ~~(1)~~ The unanticipated construction inflation must have occurred for a  
31 construction project bid after January 1, 2021, and before June 30, 2024;

- 1           (2) ~~The maximum loan amount for which a school district may qualify is five-~~  
2           ~~million dollars;~~
- 3           (3) ~~The interest rate on the loan may not exceed two percent per year;~~
- 4           (4) ~~The term of the loan is twenty years, unless the board of the school district~~  
5           ~~requests a shorter term in the written loan application; and~~
- 6           (5) ~~The school district may pledge revenues derived from its general fund levy-~~  
7           ~~authority or other sources of revenue authorized by law.~~
- 8        5.   a.   If a school district seeking a loan under this section received an allocation of the  
9           oil and gas gross production tax during the previous fiscal year in accordance  
10          with chapter 57-51, the board of the district shall provide to the board of  
11          university and school lands, and to the state treasurer, its evidence of  
12          indebtedness indicating the loan originated under this section.
- 13        b.   If the evidence of indebtedness is payable solely from the school district's  
14          allocation of the oil and gas gross production tax in accordance with section  
15          57-51-15, the loan does not constitute a general obligation of the school district  
16          and may not be considered a debt of the district.
- 17        c.   If a loan made to a school district is payable solely from the district's allocation of  
18          the oil and gas gross production tax in accordance with section 57-51-15, the  
19          terms of the loan must require the state treasurer withhold the dollar amount or  
20          percentage specified in the loan agreement, from each of the district's oil and gas  
21          gross production tax allocations, in order to repay the principal and interest of the  
22          evidence of indebtedness. The state treasurer shall deposit the amount withheld  
23          into the fund from which the loan originated.
- 24        d.   Any evidence of indebtedness executed by the board of a school district under  
25          this subsection is a negotiable instrument and not subject to taxation by the state  
26          or any political subdivision of the state.
- 27        6.   For purposes of this section, a "construction project" means the purchase, lease,  
28          erection, or improvement of any structure or facility by a school board, provided the  
29          acquisition or activity is within a school board's authority.

30        **SECTION 4. AMENDMENT.** Section 15.1-36-04 of the North Dakota Century Code is  
31        amended and reenacted as follows:

1           **15.1-36-04. Evidences of indebtedness.**

2           ~~The~~Except as otherwise provided in this chapter, the board of a school district may issue  
3 and sell evidences of indebtedness under chapter 21-02 or 21-03 to finance the construction or  
4 improvement of a project approved under this chapter. The principal amount of the loan and the  
5 evidences of indebtedness to repay the loan may not exceed the loan amount for which the  
6 district is eligible under this chapter. Evidences of indebtedness issued under this chapter or  
7 chapter 21-03 constitute a general obligation of the school district.

8           **SECTION 5. APPROPRIATION - GENERAL FUND - DEPARTMENT OF PUBLIC**

9 **INSTRUCTION.** There is appropriated out of any moneys in the general fund in the state  
10 treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be  
11 necessary, to the department of public instruction for the purpose of providing integrated  
12 formula payments, for the biennium beginning July 1, 2023, and ending June 30, 2025.

13           **SECTION 6. RETROACTIVE APPLICATION.** Sections 1, 2, 4, and 5 of this Act apply  
14 retroactively to July 1, 2023.

15           **SECTION 7. EFFECTIVE DATE.** Section 3 of this Act becomes effective on July 1, 2024.  
16 The remainder of this Act becomes effective immediately upon its filing with the secretary of  
17 state.