

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1851-1861 of the Senate Journal and pages 2163-2173 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 4, after "sections" insert "15.1-36-02, 15.1-36-04,"

Page 1, line 5, after "to" insert "loans from the coal development trust fund for school projects affected by unanticipated construction inflation."

Page 6, after line 3, insert:

**"SECTION 11. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Up to sixty million dollars from the coal development trust fund is available to the board of university and school lands for loans under this section.
2. To be eligible for a loan under this section, the school district must demonstrate a need based on an unanticipated construction project, an unanticipated replacement project, ~~or~~ an emergency repair, or a legislatively defined condition, and the board of a school district shall:
  - a. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and
  - b. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.
3. The superintendent of public instruction shall consider each loan application in the order ~~it~~ the application received approval under section 15.1-36-01.
4. If the superintendent of public instruction approves the loan, the board of university and school lands shall issue a loan from the coal development trust fund.
  - a. For a loan made under this section:
    - ~~a:~~(1) The minimum loan amount is two hundred fifty thousand dollars and the maximum loan amount for which a school district may qualify is ~~two~~ five million dollars;
    - ~~b:~~(2) The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and

- e.(3) The interest rate of the loan may not exceed two percent per year.
  - b. During the 2023-25 biennium, a loan including additional expenses due to unanticipated construction inflation is an allowable condition under subsection 2 of this section. For a loan made under this section which includes additional expenses due to unanticipated construction inflation:
    - (1) The unanticipated construction inflation must have occurred for a construction project bid after January 1, 2021, and before June 30, 2024;
    - (2) The maximum loan amount for which a school district may qualify is five million dollars;
    - (3) The interest rate on the loan may not exceed two percent per year;
    - (4) The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and
    - (5) The school district may pledge revenues derived from its general fund levy authority or other sources of revenue authorized by law..
5. a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating that the loan originated under this section.
- b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.
- c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require that the state treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.
- d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.
6. For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

**SECTION 12. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

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

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

- (4) ~~The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and~~
  - (5) ~~The school district may pledge revenues derived from its general fund levy authority or other sources of revenue authorized by law.~~
5. a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating that the loan originated under this section.
- b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.
- c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require that the state treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.
- d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.
6. For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

**SECTION 13. AMENDMENT.** Section 15.1-36-04 of the North Dakota Century Code is amended and reenacted as follows:

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

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

Page 8, line 17, replace "14" with "17"

Page 8, line 18, after the period insert "Section 12 of this Act becomes effective on July 1, 2024."

Renumber accordingly