

**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~~loans from the coal development trust fund for school construction projects  
3 affected by unanticipated construction inflation; to provide an expiration date; and to declare an  
4 emergency.

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

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

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

- 11 1. Up to sixty million dollars from the coal development trust fund is available to the  
12 board of university and school lands for loans ~~or grants~~ under this section.
- 13 2. To be eligible for a loan ~~or grant~~ under this section, the school district must  
14 demonstrate a need based on an unanticipated construction project, an unanticipated  
15 replacement project, ~~unanticipated construction inflation~~, or an emergency repair, and  
16 the board of a school district shall:
- 17 a. Obtain the approval of the superintendent of public instruction for the construction  
18 project under section 15.1-36-01; and
- 19 b. Submit to the superintendent of public instruction an application containing all  
20 information deemed necessary by the superintendent, including potential  
21 alternative sources or methods of financing the construction project.
- 22 3. The superintendent of public instruction shall consider each loan ~~or grant~~ application in  
23 the order ~~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 loan made under this section which includes additional expenses due  
12          to unanticipated construction inflation:
- 13               (1) The unanticipated construction inflation must have occurred for a voter-  
14               approved bond issue passed construction project bid after July January 1,  
15               2021 and before January 2023 June 30, 2025; and
- 16               (2) The maximum grant amount for which a school district may qualify is five  
17               million dollars; and
- 18               (3) The interest rate on the loan may not exceed one and one-half percent per  
19               year.
- 20          5.    a. If a school district seeking a loan under this section received an allocation of the  
21          oil and gas gross production tax during the previous fiscal year in accordance  
22          with chapter 57-51, the board of the district shall provide to the board of  
23          university and school lands, and to the state treasurer, its evidence of  
24          indebtedness indicating ~~that~~ the loan originated under this section.
- 25          b. If the evidence of indebtedness is payable solely from the school district's  
26          allocation of the oil and gas gross production tax in accordance with section  
27          57-51-15, the loan does not constitute a general obligation of the school district  
28          and may not be considered a debt of the district.
- 29          c. If a loan made to a school district is payable solely from the district's allocation of  
30          the oil and gas gross production tax in accordance with section 57-51-15, the  
31          terms of the loan must require ~~that~~ the state treasurer withhold the dollar amount

1 or percentage specified in the loan agreement, from each of the district's oil and  
2 gas gross production tax allocations, in order to repay the principal and interest of  
3 the evidence of indebtedness. The state treasurer shall deposit the amount  
4 withheld into the fund from which the loan originated.

5 d. Any evidence of indebtedness executed by the board of a school district under  
6 this subsection is a negotiable instrument and not subject to taxation by the state  
7 or any political subdivision of the state.

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

11 **SECTION 2. EXPIRATION DATE.** This Act is effective through June 30, 2025, and after that  
12 date is ineffective.

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

