

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1186

Introduced by

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

Senator Burckhard

1 A BILL for an Act to amend and reenact section 15.1-36-08 of the North Dakota Century Code,
2 relating to the school construction assistance revolving loan fund; to provide an appropriation;
3 and to declare an emergency.

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

5 **SECTION 1. AMENDMENT.** Section 15.1-36-08 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15.1-36-08. School construction assistance revolving loan fund - Bank of North**
8 **Dakota - School construction projects - Continuing appropriation.**

- 9 1. The school construction assistance revolving loan fund is a special revolving loan fund
10 administered by the Bank of North Dakota. The fund consists of all moneys
11 appropriated or transferred to the fund by the legislative assembly, all interest or other
12 earnings of the fund, and all repayments of loans made from the fund.
- 13 2. Moneys in the fund, interest upon the moneys in the fund, and payments to the fund of
14 principal and interest are appropriated to the Bank of North Dakota on a continuing
15 basis for the purpose of providing low-interest school construction loans and for paying
16 administrative costs, in accordance with this section.
- 17 3. To be eligible for a loan under this section, the board of a school district shall:
 - 18 a. Propose a new construction or remodeling project with a cost of at least
19 one million dollars and an expected utilization of at least thirty years;
 - 20 b. Obtain the approval of the superintendent of public instruction for the project
21 under section 15.1-36-01;
 - 22 c. (1) Publish in the official newspaper of the district the information regarding the
23 proposed estimated additional millage and the dollar increase per
24 one thousand dollars of taxable valuation in accordance with section

- 1 21-03-13 along with the notice of the election to authorize the school
2 construction bond issuance in accordance with section 21-03-12; and
3 (2) Post the information on the school district's website preceding the date of
4 the election to authorize the school construction bond issuance in
5 accordance with chapter 21-03;
6 d. Receive authorization for a bond issue in accordance with chapter 21-03; and
7 e. Submit a completed application to the Bank of North Dakota.
8 4. The superintendent of public instruction shall review loan applications based on a
9 prioritization system that includes a review of all applications filed during the
10 twelve-month period preceding April first and gives consideration to:
11 a. Student occupancy and academic needs in the district;
12 b. The age of existing structures to be replaced or remodeled;
13 c. Building design proposals that are based on safety and vulnerability
14 assessments;
15 d. Community support;
16 e. Cost; and
17 f. Any other criteria established by the superintendent of public instruction, after
18 consultation with an interim committee appointed by the legislative management.
19 5. If the superintendent of public instruction approves the loan, the Bank of North Dakota
20 shall issue a loan from the school construction assistance revolving loan fund. For a
21 loan made under this section:
22 a. The maximum loan amount for which a school district may qualify is
23 ~~ten~~twenty million dollars. However, if a school district's unobligated general fund
24 balance on the preceding June thirtieth exceeds the limitation under section
25 15.1-27-35.3, the loan amount under this section may not exceed eighty percent
26 of the project's cost up to a maximum loan amount of ~~eight~~sixteen million dollars;
27 b. The term of the loan is twenty years, unless the board of the school district
28 requests a shorter term in the written loan application; ~~and~~
29 c. The interest rate of the loan may not exceed ~~two~~one percent per year; and

1 d. A district with a current school construction loan secured on the open bond
2 market may refinance that loan when callable into the school construction
3 assistance revolving loan fund.

- 4 6. The Bank may adopt policies and establish guidelines to administer this loan program
5 in accordance with this section. The Bank of North Dakota may use a portion of the
6 interest paid on the outstanding loans as a servicing fee to pay for administration costs
7 which may not exceed one-half of one percent of the amount of the interest payment.
8 The Bank of North Dakota shall deposit principal and interest payments made by
9 school districts for loans under this section in the school construction assistance
10 revolving loan fund. The Bank of North Dakota shall arrange for the conduct of an
11 annual audit of the school construction assistance revolving loan fund, the cost of
12 which must be paid from the fund and which must be conducted by an independent
13 accounting firm.

14 **SECTION 2. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - SCHOOL**
15 **CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.**

- 16 1. There is appropriated out of any moneys in the general fund in the state treasury, not
17 otherwise appropriated, the sum of \$40,000,000, or so much of the sum as may be
18 necessary, to the department of public instruction for the purpose of providing school
19 construction grants under this section, for the period beginning with the effective date
20 of this Act and ending June 30, 2025. The funding provided in this section is
21 considered a one-time funding item.
- 22 2. The department of public instruction shall administer the school construction grant
23 program and shall award grants for unanticipated construction cost increases as
24 follows:
- 25 a. \$10,000,000 to the Minot public school district;
 - 26 b. \$10,000,000 to the Mandan public school district;
 - 27 c. \$3,400,000 to the West Fargo public school district;
 - 28 d. \$1,400,000 to the Rugby public school district; and
 - 29 e. Any remaining amounts to other school districts using a prioritization system
30 based on:
 - 31 (1) Student occupancy and academic needs in the district;

- 1 (2) The age of existing structures to be replaced or remodeled;
- 2 (3) Building design proposals that are based on safety and vulnerability
- 3 assessments;
- 4 (4) Community support;
- 5 (5) Cost; and
- 6 (6) Any other criteria established by the department.

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