Sixty-ninth Legislative Assembly of North Dakota

HOUSE BILL NO. 1163

Introduced by

5

Representatives Jonas, Longmuir, Murphy, Richter, Schreiber-Beck, Warrey

- 1 A BILL for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota
- 2 Century Code, relating to a legacy fund school construction assistance loan fund; to amend and
- 3 reenact section 21-10-11, relating to the legacy and budget stabilization fund advisory board;
- 4 and to provide a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- SECTION 1. A new section to chapter 15.1-36 of the North Dakota Century Code is created and enacted as follows:
- 8 <u>Legacy fund school construction assistance loan fund Bank of North Dakota -</u>
- 9 School construction projects Continuing appropriation.
- 1. The legacy fund school construction assistance loan fund is a special loan fund
 administered by the Bank of North Dakota. Moneys in the fund are appropriated on a
- 12 continuing basis to the Bank of North Dakota for loan disbursements and
- administrative costs. The fund must be audited annually pursuant to section 6-09-29,
- and the cost of the audit must be paid from the fund.
- 15 <u>2.</u> The Bank of North Dakota may adopt policies and establish guidelines to administer
- the legacy fund school construction assistance loan fund in accordance with this
- 17 section.

23

- 18 3. The Bank of North Dakota shall transfer all payments of principal and interest paid on
- loans made from the legacy fund school construction assistance loan fund to the
- legacy fund. The Bank may use a portion of the interest paid on the outstanding loans
- 21 <u>as a servicing fee to pay for administrative costs, which may not exceed one-half of</u>
- 22 <u>one percent of the amount of the outstanding loans.</u>
 - 4. To be eligible for a loan under this section, the board of a school district shall:

1		<u>a.</u>	Propose a new construction or remodeling project with a cost of at least			
2			one million dollars and an expected utilization of at least thirty years;			
3		<u>b.</u>	Obtain the approval of the superintendent of public instruction for the project			
4			<u>und</u>	er section 15.1-36-01;		
5		<u>C.</u>	<u>(1)</u>	Publish in the official newspaper of the district the information regarding the		
6				proposed estimated additional millage and the dollar increase per		
7				one thousand dollars of taxable valuation in accordance with section		
8				21-03-13 along with the notice of the election in accordance with section		
9				21-03-12 or along with the initial resolution in accordance with subsection 7		
10				of section 21-03-07; and		
11			<u>(2)</u>	Post the information on the school district's website before the date of the		
12				election or during the protest period in accordance with chapter 21-03;		
13		<u>d.</u>	Rec	ceive authorization for a bond issuance in accordance with chapter 21-03; and		
14		<u>e.</u>	<u>Sub</u>	omit a completed application to the superintendent of public instruction.		
15	<u>5.</u>	The	e superintendent of public instruction shall review loan applications based on a			
16		pric	oritiza	tion system that includes a review of all applications filed during the		
17		twe	lve-m	onth period preceding April first and gives consideration to:		
18		<u>a.</u>	<u>Stu</u>	dent occupancy and academic needs in the district;		
19		<u>b.</u>	<u>The</u>	age of existing structures to be replaced or remodeled;		
20		<u>C.</u>	<u>Buil</u>	ding design proposals based on safety and vulnerability assessments;		
21		<u>d.</u>	<u>Cor</u>	mmunity support;		
22		<u>e.</u>	Cos	st; and		
23		<u>f.</u>	<u>Any</u>	other criteria established by the superintendent of public instruction, after		
24			<u>con</u>	sultation with an interim committee appointed by the legislative management.		
25	<u>6.</u>	<u>If th</u>	ne sup	perintendent of public instruction approves the loan, the Bank of North Dakota		
26		<u>sha</u>	ıll issı	ue a loan from the legacy fund school construction assistance loan fund. For		
27		<u>loa</u> ı	ns ma	ade under this section:		
28		<u>a.</u>	<u>Sch</u>	ool districts may apply for loan amounts up to a maximum of ten million		
29			<u>doll</u>	ars for every one thousand students enrolled in the school district. School		
30			<u>dist</u>	ricts with enrollments of one thousand students or less may apply for loan		
31			amo	ounts up to a maximum of ten million dollars. However, if a school district's		

1			uno	bligated general fund balance on the preceding June thirtieth exceeds the			
2			<u>limit</u>	ation under section 15.1-27-35.3, the loan amount under this section may not			
3			exce	eed eighty percent of the maximum loan amount;			
4		<u>b.</u>	<u>The</u>	term of the loan is twenty years, unless the board of the school district			
5			requ	uests a shorter term in the written loan application;			
6		<u>C.</u>	<u>The</u>	interest rate of the loan may not exceed one percent per year; and			
7		<u>d.</u>	A di	strict with a school construction loan secured on the open bond market may			
8			app	ly to refinance the loan when callable with the legacy fund school construction			
9			<u>assi</u>	stance loan fund under this subsection.			
10	SEC	CTIO	N 2. A	MENDMENT. Section 21-10-11 of the North Dakota Century Code is			
11	amende	d and	d reer	nacted as follows:			
12	21-1	0-11	. Leg	acy and budget stabilization fund advisory board.			
13	1.	The	lega	cy and budget stabilization fund advisory board is created to develop			
14		rec	omme	endations for the investment of funds in the legacy fund and the budget			
15		stal	oilizati	ion fund to present to the state investment board.			
16	2.	The	goal	of investment for the legacy fund is principal preservation and growth while			
17		max	kimizi	ng total return for an appropriate level of risk and to provide a direct benefit to			
18		the	state	by investing a portion of the principal in the state. Preference must be given			
19		to q	qualified investment firms and financial institutions with a presence in the state for				
20		inve	restment of the legacy fund.				
21	3.	The	boar	d shall determine the asset allocation for the investment of the principal of the			
22		lega	acy fu	nd including:			
23		a.	A ta	rget allocation of seven hundred million one billion seven hundred million			
24			dolla	ars to fixed income investments within the state, including:			
25			(1)	Up to one hundred fifty million dollars for infrastructure loans to political			
26				subdivisions under section 6-09-49.1. The net return to the legacy fund			
27				under this paragraph must be fixed at a target rate of one and one-half			
28				percent;			
29			<u>(2)</u>	Up to one billion dollars for loans from the legacy fund school construction			
30				assistance loan fund under section 1 of this Act. The net return to the legacy			
31				fund under this paragraph must be fixed at a target rate of one-half percent:			

1		(2) (3)	A mi	A minimum of four hundred million dollars for the Bank of North Dakota's				
2			certi	ficate of deposit match program with an interest rate fixed at the				
3			equi	valent yield of United States treasury bonds having the same term, up				
4			to a	maximum term of twenty years; and				
5		(3) (4)	Other qualified fixed income investments within the state based on					
6			guid	elines developed by the legacy and budget stabilization fund advisory				
7			boar	d.				
8		b. Ata	arget a	Illocation of six hundred million dollars to equity investments in the state,				
9		including:						
0		(1)	Inve	stments in one or more equity funds, venture capital funds, or				
11			alter	native investment funds with a primary strategy of investing in emerging				
2			or ex	xpanding companies in the state. Equity investments under this				
3			para	graph must:				
4			(a)	Be managed by qualified investment firms, financial institutions, or				
5				equity funds which have a strategy to invest in qualified companies				
6				operating or seeking to operate in the state and which have a direct				
7				connection to the state; and				
8			(b)	Have a benchmark investment return equal to the five-year average				
9				net return for the legacy fund, excluding in-state investments; and				
20		(2)	Othe	er eligible investments under this subdivision based on guidelines				
21			deve	eloped by the legacy and budget stabilization fund advisory board.				
22	4.	The board consists of three members of the senate appointed by the senate majority						
23		leader, three members of the house of representatives appointed by the house						
24		majority leader, the president of the Bank of North Dakota or designee, the tax commissioner or designee, the director of the office of management and budget or designee, and the state treasurer or designee. The board shall select a member from						
25								
26								
27		the sena	te or h	nouse of representatives to serve as chairman for no more than one				
28		consecu	tive ye	ear and must meet at the call of the chairman.				
29	5.	The board shall report at least semiannually to the budget section.						
30	6.	Legislati	ve me	mbers are entitled to receive compensation and expense				
31		reimburs	emen	t as provided under section 54-03-20 and reimbursement for mileage as				

Sixty-ninth Legislative Assembly

- provided by law for state officers. The legislative council shall pay the compensation and expense reimbursement for the legislative members.
- 7. The legislative council shall provide staff services to the legacy and budgetstabilization fund advisory board.
- 5 8. The staff and consultants of the state retirement and investment office shall advise the board in developing asset allocation and investment policies.
- 7 9. The board may develop a process to select a member of the board who is not a member of the state investment board to serve on the state investment board in a nonvoting capacity.