

**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, 2024; 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, 2024, and after that  
12           date is ineffective.

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