

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1604

Introduced by

Representatives Murphy, Conmy, Hager, Jonas, Richter, Schreiber-Beck

Senator Barta

1 A BILL for an Act to create and enact a new chapter to title 15.1 of the North Dakota Century
2 Code, relating to the funding of kindergarten through grade twelve school construction; to
3 provide an appropriation; and to provide an expiration date.

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

5 **SECTION 1.** A new chapter to title 15.1 of the North Dakota Century Code is created and
6 enacted as follows:

7 **State-funded construction program - Requirements for school district participation.**

8 1. To be eligible for state funding for new school construction under this section, a school
9 district shall provide to the superintendent of public instruction a report, in the manner
10 prescribed by the superintendent, demonstrating:

11 a. The cost of renovation of the school district's physical plant exceeds sixty percent
12 of the cost for new construction.

13 b. For consideration for funding through June 30, 20262027, a failed referendum for
14 new school construction or renovation between July 1, 2021, and July 1,
15 20252026.

16 c. For consideration for funding on July 1, 20262027, or after, a failed referendum
17 for new school construction or renovation that occurred after July 1, 20252026.

18 d. The school district has or will obtain the funds required for the school district's
19 percentage share of construction costs by any means permitted by law, including
20 a referendum.

- 1 e. The school district's plan to sufficiently fund maintenance of the new building.
2 f. An assessment of the school district's physical plant by an approved engineering
3 firm, using a form developed by the superintendent of public instruction in
4 consultation with the architectural firm selected by the superintendent.
5 g. The assessment of the school district's physical plant by an approved
6 engineering firm demonstrates renovation or new school construction is an
7 immediate need.
8 2. For a school district qualifying for forty percent or more of costs of construction paid by
9 the state under this section, the school district shall use the approved state
10 architectural design, unless the school district elects to receive twenty percent of the
11 costs of construction and select another architectural design according to the
12 provisions of this chapter.

13 **Reorganization waivers.**

14 The superintendent of public instruction may waive any of the requirements under this
15 chapter and related rules for school districts reorganizing under chapter 15.1-12 to build a new
16 school.

17 **Funding rates.**

- 18 1. Except as provided under subsection 2, the percentage of funding the state will
19 contribute to new school construction is determined by the value of a mill for each
20 school district as described under this section. If the value of a mill is:
21 a. Less than five thousand dollars, the state shall pay ninety-five percent of the cost
22 of new school construction.
23 b. Five thousand dollars to ten thousand dollars, the state shall pay ninety percent
24 of the cost of new school construction.
25 c. More than ten thousand dollars and no more than fifteen thousand dollars, the
26 state shall pay eighty percent of the cost of new school construction.
27 d. More than fifteen thousand dollars and no more than twenty-five thousand
28 dollars, the state shall pay seventy percent of the cost of new school
29 construction.
30 e. More than twenty-five thousand dollars and no more than thirty-five thousand
31 dollars, the state shall pay sixty percent of the cost of new school construction.

f. More than thirty-five thousand dollars and no more than fifty thousand dollars, the state shall pay fifty percent of the cost of new school construction.

g. More than fifty thousand dollars and no more than sixty-five thousand dollars, the state shall pay forty percent of the cost of new school construction.

h. More than sixty-five thousand dollars and no more than ninety-five thousand dollars, the state shall pay twenty percent of the cost of new school construction.

i. More than ninety-five thousand dollars, the state shall pay five percent of the cost of new school construction.

2. A school district eligible for federal funding for school construction may receive up to twelve and one-half percent of the cost of new school construction under this chapter after applying for and receiving federal funding.

Selection of architectural firm.

1. The superintendent of public instruction shall appoint five individuals to participate in an evaluation committee to select an architectural firm to perform the responsibilities under this section. The committee must include a faculty member from the department of architecture at North Dakota state university and a school district facility manager from a school district with more than five thousand students.

2. To be considered for the architectural design program under this section, an architectural firm shall apply to the superintendent of public instruction in the manner prescribed by the superintendent. The evaluation committee shall give priority to firms with:

a. A committed presence in the state, including at least seventy percent of firm employees residing in the state and seventy-five percent of the firm's revenue derived from in-state work.

b. A successful portfolio of kindergarten through grade twelve construction projects, including at least five projects successfully completed in the last ten years.

c. Innovation, including environments created for specific curriculum and anticipated educational trends.

d. Positive in-state references.

e. Demonstrated cost-saving strategies and fiscal responsibility.

1 3. The superintendent of public instruction shall enter a contract with the selected
2 architectural firm for a term of three years, with renewal of the contract conditioned
3 upon the committee's evaluation of the firm's performance during the term.

4 4. The architectural firm shall create scalable, cost-effective, and flexible designs for an
5 elementary school, middle school, high school, and kindergarten through grade twelve
6 facilities.

7 **Selection of construction managers.**

8 1. The superintendent of public instruction and the selected architectural firm shall select
9 regional construction managers for construction projects funded under this section.
10 Priority must be given to regional construction managers having a committed presence
11 in the state, including at least seventy percent of firm employees residing in the state
12 and seventy-five percent of the firm's revenue derived from in-state work.

13 2. The architectural firm and the superintendent shall evaluate the performance of
14 construction managers every three years.

15 **Approval of architectural plans.**

16 The superintendent of public instruction, construction managers, and architectural firm shall
17 evaluate and approve architectural plans for schools.

18 **Rules.**

19 The superintendent of public instruction shall adopt rules under chapter 28-32 to implement
20 this chapter.

21 **SECTION 2. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - STATE-**

22 **FUNDED SCHOOL CONSTRUCTION.** There is appropriated out of any moneys in the general
23 fund in the state treasury, not otherwise appropriated, the sum of ~~\$600,000,000~~ \$200,000, or so
24 much of the sum as may be necessary, to the department of public instruction for the purpose of
25 a new school building construction grant program, for the biennium beginning July 1, 2025, and
26 ending June 30, 2027. If the concurrent resolution amending section 2 of article IX of the
27 Constitution of North Dakota, which would provide six hundred million dollars per biennium to
28 fund school construction for ten years, is passed by the qualified electors of North Dakota at the
29 general election to be held in 2026, such additional funding will be added to this appropriation
30 from the common schools trust fund in each biennium from July 1, 2027, through June 30,
31 2036.

- 1 **SECTION 3. EXPIRATION DATE.** This Act is effective through July 1, 2035, and after that
- 2 date is ineffective.

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CONCURRENT RESOLUTION NO.

Introduced by

Representative Murphy

1 A concurrent resolution to amend and reenact section 2 of article IX of the Constitution of North
2 Dakota, relating to distributions from the common schools trust fund.

3 **STATEMENT OF INTENT**

4 This measure permits the funding of school construction across the state with distributions from
5 the common schools trust fund totaling three billion dollars over ten years, at a rate of three
6 hundred million dollars per year.

7 **BE IT RESOLVED BY THE** **OF NORTH DAKOTA, THE**
8 **CONCURRING THEREIN:**

9 That the following proposed amendment to section 2 of article IX of the Constitution of
10 North Dakota is agreed to and must be submitted to the qualified electors of North Dakota at the
11 general election to be held in 2026, in accordance with section 16 of article IV of the
12 Constitution of North Dakota.

13 **SECTION 1. AMENDMENT.** Section 2 of article IX of the Constitution of North Dakota is
14 amended and reenacted as follows:

15 **Section 2.**

- 16 1. Distributions from the common schools trust fund, together with the net proceeds of all
17 fines for violation of state laws and all other sums which may be added by law, must
18 be faithfully used and applied each year for the benefit of the common schools of the
19 state and no part of the fund ~~must~~may ever be diverted, even temporarily, from this
20 purpose or used for any purpose other than the maintenance of common schools as
21 provided by law.
- 22 2. Distributions from an educational or charitable institution's trust fund must be faithfully
23 used and applied each year for the benefit of the institution and no part of the fund
24 may ever be diverted, even temporarily, from this purpose or used for any purpose
25 other than the maintenance of the institution, as provided by law.

1 ~~For the biennium during which this amendment takes effect, distributions from the perpetual~~
2 ~~trust funds must be the greater of the amount distributed in the preceding biennium or ten~~
3 ~~percent of the five-year average value of trust assets, excluding the value of lands and~~
4 ~~minerals. Thereafter, biennial~~

5 3. Biennial distributions from the perpetual trust funds must be ten percent of the
6 five-year average value of trust assets, excluding the value of lands and minerals. The
7 average value of trust assets is determined by using the assets' ending value for the
8 fiscal year that ends one year before the beginning of the biennium and the assets'
9 ending value for the four preceding fiscal years. Equal amounts must be distributed
10 during each year of the biennium.

11 4. In addition to the distributions under the subsection 3, for the 2027-28 through
12 2035-36 bienniums, biennial distributions from the perpetual trust funds must include
13 an additional six hundred million dollars, equally distributed during each year of the
14 biennium, to fund school construction statewide in accordance with the statutory state-
15 funded construction program.

Legislative Council Models for Common School Trust Fund

- A. Is the projected increases into the Common School Trust Fund, including the money distributed for K12 State Aid payment.
- B. Is the projected increases into the Common School Trust Fund, including money distributed for K12 State Aid payment and then \$300M per year. NOTE that the velocity of fund accumulation does drop, but that drop is about \$3.6B. The costs of this program from a loss perspective is only \$600M and the \$3B spent on school construction will be multiplied through the economy.

A

Common Schools Trust Fund Scenario 1 - Projected Balance, Revenues, and Distributions Under Current Provisions									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,327,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	
	2029	9,945,339,815	110,000,000	275,000,000	5,000,000	2,500,000	571,414,600	(345,901,250)	
2029-31	2030	10,538,431,925	110,000,000	275,000,000	5,000,000	2,500,000	608,495,400	(407,903,290)	
	2031	11,167,109,535	110,000,000	275,000,000	5,000,000	2,500,000	644,080,900	(407,903,290)	
2031-33	2032	11,774,419,855	110,000,000	275,000,000	5,000,000	2,500,000	681,801,600	(466,991,280)	
	2033	12,418,168,775	110,000,000	275,000,000	5,000,000	2,500,000	718,240,200	(466,991,280)	
2033-35	2034	13,040,007,595	110,000,000	275,000,000	5,000,000	2,500,000	756,865,100	(527,526,280)	
	2035	13,699,156,815	110,000,000	275,000,000	5,000,000	2,500,000	794,175,500	(527,526,280)	
2035-37	2036	14,335,999,835	110,000,000	275,000,000	5,000,000	2,500,000	833,724,400	(589,381,380)	
	2037	15,011,053,455	110,000,000	275,000,000	5,000,000	2,500,000	871,935,000	(589,381,380)	
Total Distributions								(5,260,084,310)	

B

Common Schools Trust Fund Scenario 2 - Projected Balance, Revenues, and Distributions Under Proposed Changes									
Biennium	Fiscal Year	Fund Balance	Oil Deposits	Royalties and Rents	Unclaimed Property	Other Income	Estimated Earnings (6%)	Regular Distribution	Supplemental Distribution
2025-27	2026	8,143,734,590	110,000,000	275,000,000	5,000,000	2,500,000	466,405,100	(292,338,675)	
	2027	8,744,295,015	110,000,000	275,000,000	5,000,000	2,500,000	500,399,100	(292,338,675)	
2027-29	2028	9,027,326,465	110,000,000	275,000,000	5,000,000	2,500,000	536,432,700	(345,901,250)	(300,000,000)
	2029	9,327,339,815	110,000,000	275,000,000	5,000,000	2,500,000	553,414,600	(345,901,250)	(300,000,000)
2029-31	2030	9,586,351,925	110,000,000	275,000,000	5,000,000	2,500,000	571,415,400	(404,903,290)	(300,000,000)
	2031	9,860,904,735	110,000,000	275,000,000	5,000,000	2,500,000	586,956,100	(404,903,290)	(300,000,000)
2031-33	2032	10,108,543,555	110,000,000	275,000,000	5,000,000	2,500,000	603,429,300	(448,290,480)	(300,000,000)
	2033	10,371,040,675	110,000,000	275,000,000	5,000,000	2,500,000	618,287,600	(448,290,480)	(300,000,000)
2033-35	2034	10,618,473,415	110,000,000	275,000,000	5,000,000	2,500,000	634,037,400	(479,104,660)	(300,000,000)
	2035	10,880,732,155	110,000,000	275,000,000	5,000,000	2,500,000	648,883,400	(479,104,660)	(300,000,000)
2035-37	2036	11,132,419,115	110,000,000	275,000,000	5,000,000	2,500,000	664,620,100	(505,453,140)	(300,000,000)
	2037	11,399,186,075	110,000,000	275,000,000	5,000,000	2,500,000	679,720,100	(505,453,140)	(300,000,000)
Total Distributions								(4,951,982,990)	(3,000,000,000)