

2025 HOUSE EDUCATION

HB 1604

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1604
2/10/2025

Relating to the funding of kindergarten through grade twelve school construction; to provide an appropriation; and to provide an expiration date.

11:00 a.m. Chairman Heinert opened the meeting.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Heating Systems for schools
- Consistency between schools
- Value of Mills in school districts
- Federal Government Funding
- Valley City High School and Middle School needs

11:01 a.m. Representative Murphy, District 42, introduced bill and submitted testimony in favor #36529 and #36531.

11:37 a.m. Josh Johnson, Superintendent, Valley City, testified and submitted testimony in favor #36563.

11:43 a.m. Carter R. Hass, Student, Valley City High School, testified and submitted testimony in favor #36467.

11:49 a.m. Geoff Simon, Lobbyist, Western Dakota Energy Association, testified and submitted testimony in favor #36553.

11:56 a.m. Michael Heilman, Executive Director, testified and submitted testimony in favor #36698.

Additional written testimony:

Anna Sell, Superintendent, Oakes Public School, submitted testimony in favor #36582.

11:57 a.m. Chairman Heinert closed the hearing.

Madaline Cooper, Committee Clerk for Leah Kuball, Committee Clerk

Testimony in Support of HB 1604

Carter Hass,
February 13, 2025

Mr. Chairman, Mrs. Vice Chairman, and Honorable Members of The House Education Committee. My name is Carter Hass and I stand in support of House Bill 1604.

As you know, I go to Valley City High School, and our school has extreme issues. I use the word extreme not to overdue or over-exemplify the situation but rather to perfectly define the problem. A few years ago, our basement flooded in my family's home, and there was a distinct smell of mold and wet carpet. After everything dried up and we cleaned the entire basement, that smell became ingrained in my mind. Every time I walk into certain parts of the school building, I can sense that smell. I do not doubt that there has been mold within our school building. This bill would help schools like mine and restore small-town communities. Therefore, I urge you to give a DO PASS recommendation for this bill.

Now, going back to Valley City High School, there are a few key things in our school that stand out

1. **The bats.** I've seen them, and I witnessed a teacher catch one.
2. **Dead animals.** Our school has tunnels underneath the building near the north gym. Typically, students aren't allowed to stay within the tunnels because there's nothing there. But if you go into the tunnels through the old door in the North gym and then take a left and go into a tiny crawl space, you'll find the skeletons of dead birds or mice in those discreet areas. It is the only place where you will find them. For clarity, there is no rotting flesh within the tunnels, and there have been no recent live animal sightings besides bats. Once again, the last time I saw a bat was the previous year, near the choir room on the first floor.
3. **Asbestos** in Washington school and the high school.
4. **Regulation of heat and cooling.** I have been in classrooms at 50° and 90°.
5. **Roof leaking.** The roof leaks to the point that garbage cans around the building collect water and the pipes are so old that the bathrooms and the wrestling room have flooded.

This is not to defame or devalue VCPS and/or its custodians, who do the most fantastic job and whom I respect. Overall, the high school is perilous and needs complete rebuilding. The Administration has determined that repairs will not be sufficient in the long term. Simply put, we can do nothing; we need a new school. This bill would provide our district funding for a new school after the taxpayers refused to pay. As a student, I testify for this state's current and future generations, and they need your help.

Finally, I believe you must ensure every student has a safe building to learn in the state, which must be there for the communities whose buildings are old and outdated, especially small towns. On September 19, 2024, News Dakota reported on the school construction coalition specifically outlining its districts, such as Central Cass, Devils Lake, Hankinson, Hillsboro, LaMoure, Oakes, and Valley City. Notice how they are all smaller towns. Many of these outdated buildings are in smaller communities that can't afford to build new schools, and a new school looks extremely attractive when families decide where to live. A new school can kickstart rebuilding a small town and keeping people in North Dakota. As a student, many of my friends say that when they have families, they don't want them to go to school in Valley City because of the facility. Schools are

a primary reason for North Dakota's loss of people and small growth. It is in your best interest to invest for all of us.

This legislation would be a saving grace for schools like mine and small-town communities. They need the state to stand up for them, which I ask you to do today. I urge a DO PASS recommendation from this committee. Thank you.

Carter Hass.

HB1604
Bill Testimony
Rep. Eric J. Murphy
District 43, Grand Forks

Chairman Heinert and my honorable colleagues of the House Education Committee. HB1604 is a bill focused on school construction for K12 schools across the State of North Dakota. Many of our rural schools require replacement as their physical plants reach the end of their life cycle. This is compounded by many of our rural communities having a mill rate that will not support new school construction. This is evident in the PowerPoint presentation. You'll hear from several superintendents about how their districts are struggling with this very issue.

This initiative is a bold and it grew out of our work during the interim on the K12 School Funding Task Force. It became clear to me that we needed a new path forward, one that blends a mix of funds on a sliding scale. Local funds depend upon the mill value and state funds make up the difference to build schools.

Value of Mill	% State Payment
<\$5,000	95
\$5,001-10,000	90
\$10,001-15,000	80
\$15,001-25,000	70
\$25,001-35,000	60
\$35,001-50,000	50
\$50,001-65,000	40
\$65,001-95,000	20
>95,001	5

Many hotel chains use the same plans across the country for their hotels. Why? Ultimately it is to reduce architectural plan costs but more importantly, it is because this plan has been built before. From the plumbing to the wiring to the HVAC system, this plan has been built numerous times before and construction crews know the plan. Further, this allows for bulk purchasing.

In HB1604, the major idea is for the State to provide an architectural plan, engineering, and to manage the construction of the school, relieving a small school district from navigating this difficult process. More importantly, it controls costs. Through constructing multiple schools that use the same gym floors, kitchen equipment, HVAC system, roof trusses and so forth, money is saved via bulk purchasing of these items.

Understanding in advance where school construction will be occurring allows subcontractors to plan their scheduling, again reducing the additional locality cost for rural school construction that can increase costs. This program allows the construction manager to bid for multiple schools, allowing for advanced planning that saves money. We need to maximize dollars spent and frankly this plan will put construction money into the local economy, build new schools, and reduce future property tax burden on residents all through one mechanism. Thank you for your thoughtful consideration of this bold, new strategy.

[With North Dakota schools facing 'an impending cliff,' lawmakers consider ways to help fund rebuilding - Grand Forks Herald | Grand Forks, East Grand Forks news, weather & sports](#)

A silhouette of a construction site at sunset. A large crane is lifting a heavy load, and several workers are visible on scaffolding. The sky is a mix of orange and blue.

Overcoming Challenges for Financing School Construction in North Dakota: Looking for a Solution HB1604

Rep. Eric J. Murphy
District 43, Grand Forks

Proposal for State Assistance Program for School Construction

How does a school qualify for this program:

- 1. Assessment of physical plant provided by an engineering firm that is approved by DPI at the district's cost.
- 2. Determined that the cost to renovate is greater than 60% of new construction
- 3. A failed referendum between July 1, 2021, and July 1, 2025, for funding before June 30, 2026
- 4. A failed referendum after July 1, 2025, for funding after July 1, 2026
- 5. Must have funds in place for their share of the costs
- 6. Sufficient plan for funding on going maintenance

Sliding scale is based upon the value of a mill in the district

If 40% or more is paid by the state, the state will manage the construction and purchase materials, and provide architectural drawings

Encourage consolidation for smaller school districts by waiving qualifying requirements.

Value of Mill	% State Payment	
<\$5,000	95	#Districts 58
\$5,001-10,000	90	
\$10,001-15,000	80	80
\$15,001-25,000	70	
\$25,001-35,000	60	17
\$35,001-50,000	50	
\$50,001-65,000	40	7
\$65,001-95,000	20	
>95,001	5	9

What is the Value of a Mill Across North Dakota School Districts?



Value of One Mill	#SD		
<\$1000	6	} 26 School Districts	1 MILL = \$4006.97 \$20,000,000 bond \$1841.80 per year for \$100,000 residential value
\$1000-5000	20		
\$5001-10,000	32		
\$10,001-15,000	38	} 129 School Districts	1 MILL = \$16,488.99 \$20,000,000 bond \$447.60 per year for \$100,000 residential value
\$15,001-25,000	42		
\$25,001-50,000	17		
\$50,001-90,000	7		
\$150,000-300,000	6	} 16 School Districts	1 MILL = \$265,669.76 \$20,000,000 bond \$27.80 per year for \$100,000 residential value
\$400,000-600,000	3		

Lowest*	Twin Buttes	\$39	ADM 50
Median	Mapleton	\$13,650	ADM 200
Average	Washburn	\$15,426	ADM 326
Highest	Bismarck	\$575,472	ADM 14,340

*Does not include Grand Forks AFB or Minot AFB

How can many of our school districts with aging physical plants pay for either refurbishment or new construction? **The State of North Dakota must step in for partial funding on a sliding scale.**

MILLS Required for \$1,000,000 Bond per \$100,000 Residential Value

Taxable Value	Mill Value	Bonding Amount	Debt Service	Mills Req.	Annual Tax Impact \$100K Residential Value
Menoken 33					
\$ 4,006,970.00	\$ 4,006.97	\$1,000,000	\$82,000	20.4643	\$92.09
Starkweather 44					
\$ 6,647,335.00	\$ 6,647.34	\$1,000,000	\$82,000	12.3358	\$55.51
Strasburg 15					
\$ 9,312,759.00	\$ 9,312.76	\$1,000,000	\$82,000	8.8051	\$39.62
Surrey 41					
\$ 11,525,054.00	\$ 11,525.05	\$1,000,000	\$82,000	7.1149	\$32.02
Thompson 61					
\$ 16,488,994.00	\$ 16,488.99	\$1,000,000	\$82,000	4.9730	\$22.38
Lisbon 19					
\$ 21,136,384.00	\$ 21,136.38	\$1,000,000	\$82,000	3.8796	\$17.46
Nedrose 4					
\$ 25,426,066.00	\$ 25,426.07	\$1,000,000	\$82,000	3.2250	\$14.51
Wahpeton 37					
\$ 44,987,443.00	\$ 44,987.44	\$1,000,000	\$82,000	1.8227	\$8.20
Jamestown 1					
\$ 83,621,144.00	\$ 83,621.14	\$1,000,000	\$82,000	0.9806	\$4.41
Tioga 15					
\$ 89,759,726.00	\$ 89,759.73	\$1,000,000	\$82,000	0.9136	\$4.11
Mandan 1					
\$ 165,041,991.00	\$ 165,041.99	\$1,000,000	\$82,000	0.4968	\$2.24
Dickinson 1					
\$ 165,561,391.00	\$ 165,561.39	\$1,000,000	\$82,000	0.4953	\$2.23
Minot 1					
\$ 229,176,009.00	\$ 229,176.01	\$1,000,000	\$82,000	0.3578	\$1.61
Williston Basin 7					
\$ 241,978,487.00	\$ 241,978.49	\$1,000,000	\$82,000	0.3389	\$1.52
Grand Forks 1					
\$ 265,669,759.00	\$ 265,669.76	\$1,000,000	\$82,000	0.3087	\$1.39
West Fargo 6					
\$ 511,926,682.00	\$ 511,926.68	\$1,000,000	\$82,000	0.1602	\$0.72
Bismarck 1					
\$ 575,472,477.00	\$ 575,472.48	\$1,000,000	\$82,000	0.1425	\$0.64

The Value of 1 Mill is not the Only Consideration

School District	1 Mill	Fed Funds	ADM
Ft. Totten	\$220	\$5.2M	200
Belcourt	\$984	\$18.4M	1,772
Ft. Yates	\$1,545	\$2.5M	200
St. John	\$2,373	\$6.1M	436
Oberon	\$2,658	\$1.6M	53
Warwick	\$3,133	\$4.5M	217
Dunseith	\$3,179	\$5.3M	556
Minnewaukon	\$4,072	\$2.5M	272
Milnor	\$8,766	\$4.5M	210
Mandree	\$13,324	\$2.9M	196
New Town	\$60,552	\$28.4M	956
Grand Forks AFB	\$4	\$3.8M	-
Minot AFB	\$0	\$6.8M	-

Schools on Native American Reservations and our USAF Bases have access to other federal mechanisms for funding school construction.

Not all of the Federal funds in this table are necessarily Title 1 funds.

Federal funding for new school Construction must be obtained prior to requesting state assistance and is limited to 12.5% of total costs.



Bismarck Public Schools: Elk Ridge Elementary School

24 classrooms, 2 music rooms, kitchen, gym,
commons/cafeteria, library, 2 playgrounds

Capacity: 500 students

Price: ~\$18M

1 Mill = \$575,472

58

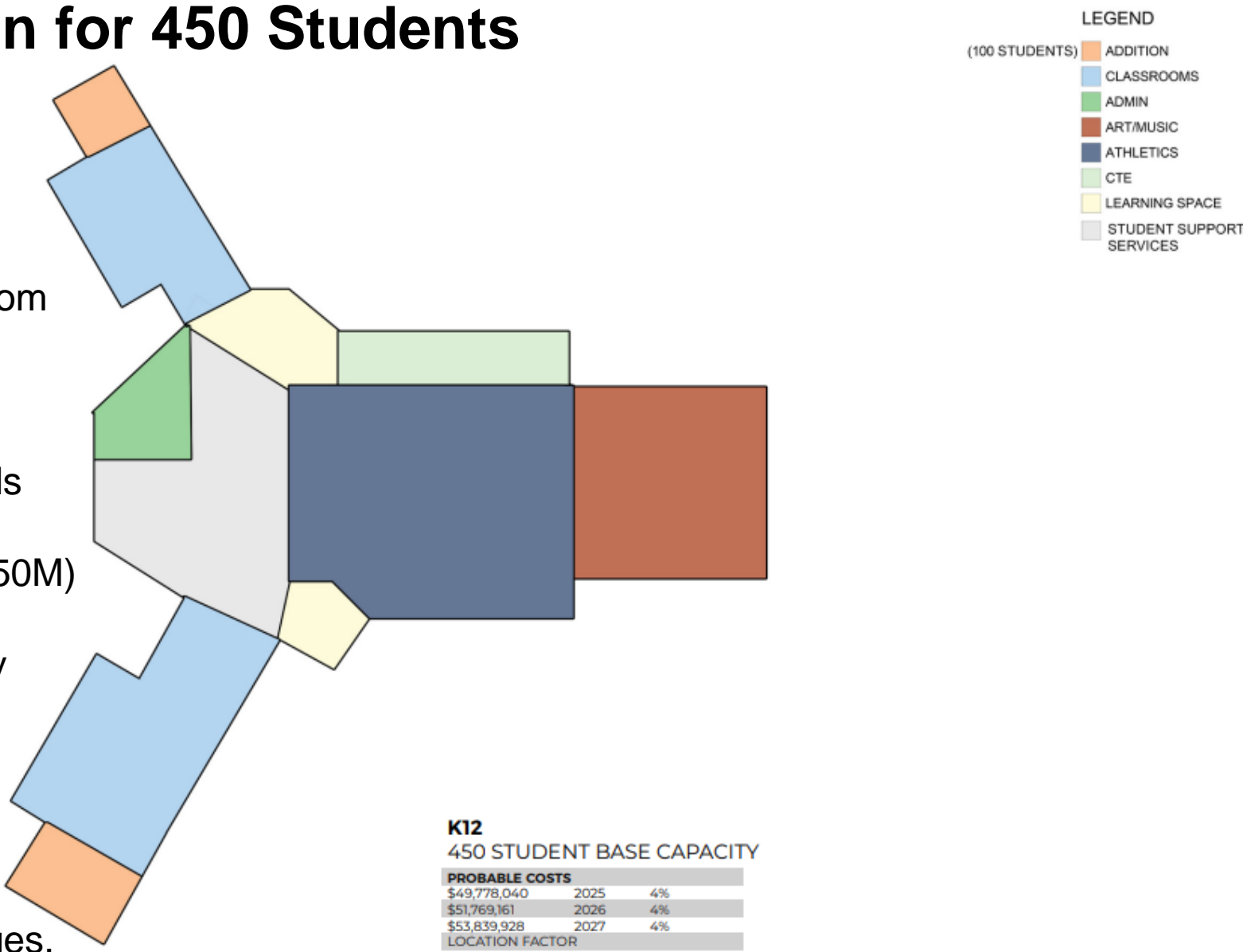


Putative K12 School Design for 450 Students

- Divided into K-6 and 7-12 sides
- CTE space for 7-12
- Music performance space and music room
- Gym for competition and education
- Expandable on the ends as needed
- Design is for 450 students
- Scale up or down depending upon needs
- Secure school entrances
- Price for 450 students ~\$50,000,000 (\$50M)

- Need to scale this up or more than likely down to meet needs of school districts with enrollments less than 450.

Economy of scale comes into play when considering construction costs via bulk purchasing of materials, limited plan changes, and construction management.



Advance planning reduces the location factor.

Overcoming the Challenges of Financing School Construction

- Sliding scale based upon number of students, value of a mill, and access to federal funding.
- Scale for funding ranges from 5-95%
- All districts must have money in the process and demonstrate funds on hand to fund their share of the costs
- Funding of 40% or more requires use of state approved plans, bulk purchasing, and construction management.
- Preserve local control for finishes and some exterior design, but these are limited to preserve cost savings.
- Control labor costs via awards for school construction to firms willing to manage these costs, but there is a reality of increased labor costs based upon locality.
- Assessment criteria for additions/refurbishment vs new construction at 60% of the cost of new construction.
- Triage building schedule based upon needs either due to enrollment increases or engineering report demonstrating unsafe conditions that preclude continued use of the building.
- Not the Kansas model or the Wyoming model, really a unique model for North Dakota

OPTION: Did we consider reach back program? YES, but this would be too costly.

Must carefully consider how we move forward with low enrollment school districts <75 or <50 students, hence consolidation is encouraged of smaller school districts if a central location is operable.



WESTERN DAKOTA ENERGY ASSOCIATION

February 10, 2025

EXECUTIVE COMMITTEE

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Alexander PSD

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Vice President
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Coal Conversion
Counties

Trudy Ruland
Mountrail County

Testimony of:

Geoff Simon, Lobbyist #144

in support of HB 1604 – School construction grants

House Education Committee

Chairman Heinert and members of the House Education Committee:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), we wish to express our support for HB 1604, which would establish a school construction grant program, a process for determining eligibility of districts, and for minimizing costs of school facility construction.

Rep. Murphy's bill carries a hefty price tag, but some North Dakota school districts have a serious problem that only direct state financial assistance can address. WDEA was part of an ad hoc school construction coalition during the 2023-24 interim. At the outset of the coalition's formation, we were aware that there were at least a handful of public school districts in aging, obsolete facilities, that lacked financial resources to fix the problem. The coalition conducted a survey of all public school districts which revealed, not surprisingly, that many districts operate in substandard facilities with significant deferred maintenance issues. Respondents to the survey also indicated their district lacked the financial means to address their substantial construction needs.

The coalition's mission is to ensure that all students in North Dakota have access to adequate and equitable school facilities, irrespective of their school district, demographic background, or geographical location. This belief is driven by the understanding that quality school facilities are directly linked to the quality of education. Properly maintained and well-designed schools support and strengthen the learning process, whereas inadequate facilities can negatively impact both student and teacher performance, health and safety.

Currently, North Dakota does not have minimum facility adequacy standards for school facilities. HB 1604 begins to address this issue by enabling DPI to work with a qualified architectural firm to develop "scalable, cost-effective, and flexible designs for an elementary school, middle school, high school, and K-12 facilities."

The \$600 million general fund appropriation in this legislation is a big ask, but the lack of adequate educational facilities in many North Dakota school districts is a serious problem that has been neglected far too long. We have K-12 students in North Dakota who are not receiving an equitable shot at a 21st Century education because they are being taught in a poor learning environment. HB 1604 provides a remedy for the problem.

Geoff Simon
Executive Director

Western Dakota Energy Association
1661 Capitol Way, Bismarck ND 58501
www.ndenergy.org • 701-527-1832

Testimony to the House Education Committee on HB 1604
Monday, February 10, 2025

Chairman Heinert and the members of the House Education Committee, for the record, my name is Josh Johnson, superintendent of Valley City Public Schools. I'm testifying this morning in support of House Bill 1604 on behalf of my school district and the School Construction Coalition. The School Construction Coalition was created by a group of educators in North Dakota as a grassroots effort to propose legislative action addressing facility needs in our k-12 public school districts. We believe this bill addresses at least two of our four recommendations that were presented by the coalition in the interim to the School Funding Task Force.

Education, as we know, is a cornerstone of our state's foundation. Throughout the past two years, the school construction coalition has conducted surveys and research related to school facilities and state funding. We have identified a significant and growing facility problem in many public schools across North Dakota. Regardless of school size, small to big, rural to urban, a majority of our 166 school districts are currently faced with critical facility needs. From aging and deteriorating school buildings to others bursting at the seams due to rapid enrollment increases, all school districts (and more than 110,000 students) would benefit from the proposals in House Bill 1604.

In the past few years, many school districts have unsuccessfully proposed facility solutions to their communities or have had an actual failed school construction referendum. A majority of these failures can be attributed to the rising cost of construction, inflationary impacts on voters, debt limits, or just simply the significant tax impacts of a successful referendum on our taxpayers. Could state funding for school construction become a new form of property tax relief in North Dakota? In the next few months, Valley City Public Schools will likely be calling for a \$40 million-dollar referendum vote in our school district. This proposal will seek to replace our 1919 high school which has additions from the 40's, 50's, and 70's. The old building is not only showing its age but more importantly its inability to meet our student needs in 2025. The anticipated problem we are facing and not unlike those faced in other school districts in North Dakota is the significant tax impact that will burden our voters. A successful vote of \$40 million will create an estimated tax increase of \$300 per year on a \$100,000 residential property. In recent failed referendums, voters have told school districts this is just simply too much money to ask from taxpayers. Please consider House Bill 1604 as a new form of property tax relief for the taxpayers and voters of North Dakota and also a means to improve the critical infrastructure of our k-12 school districts.

On behalf of Valley City Public Schools and our School Construction Coalition, please consider a do pass recommendation for House Bill 1604. The time is now for the state of North Dakota to provide state funding for school facilities and ensure that these critical cornerstones of education are reinforced through renovation or added new for both the current and future generations of k-12 public school students in North Dakota.

Thank you for hearing this bill and considering a do pass recommendation on HB 1604. I will stand for questions from the committee.

Sincerely,

Josh Johnson
Superintendent Valley City Public Schools
School Construction Coalition Executive Team Member



Oakes Public School

804 Main Ave. Oakes, ND 58474
Phone: (701) 742-3234 Fax: (701) 742-2812
www.oakes.k12.nd.us

Monday, February 10, 2025

Representative Heinert and Members of the House Education Committee:

I am Anna Sell, Superintendent of Oakes Public Schools, and I write in strong support of House Bill 1604. Our district, like many others in North Dakota, faces a dire situation due to aging facilities and inadequate funding for maintenance. The feeling of hopelessness is common among our districts that are struggling with this issue.

Since stepping into this role in 2022, I have faced tough decisions—spending \$800,000 to reinforce a deteriorating third-story floor and depleting our funds. In May 2023, our 40-year-old chiller failed, leaving our 100-year-old brick school without air conditioning and causing further damage, such as warped gym floors.

A facility assessment confirmed the worst: we need millions for essential HVAC, electrical, and plumbing repairs. Yet, our tax levy cannot generate enough revenue, and a \$14.84 million referendum failed in March 2024. We are now trying again, but each winter day, I worry a critical failure could force our school to close.

Without state intervention, Oakes Public Schools—and others like us—are at risk. I urge you to support HB 1604. My 485 students deserve safe, functioning schools that are adequate and equitable.

Sincerely,
Anna Sell



North Dakota Small Organized Schools

Mr. Michael Heilman
Executive Director
3144 Hampton Street
Bismarck, ND 58504
mheilmanndsos@gmail.com
701-527-4621

Mr. Brandt Dick
President
1929 N. Washington Steet. Ste.A
Bismarck, ND 58501
Brandt.Dick@k12.nd.us
701-415-0441

Mr. Steven Heim
Vice-President
PO Box 256
Drake, ND 58736
Steve.heim@k12.nd.us
701-465-3732

Testimony in Support of HB1604

Chairman Heinert and Members of the House Education Committee,

North Dakota Small Organized Schools stands in support of HB 1604, a critical step forward in ensuring that our students have access to safe, modern, and effective learning environments. This legislation will provide necessary state funding for school construction, addressing the urgent infrastructure needs faced by many school districts across our state.

The Need for HB1604

Many of our school buildings are aging, with some having deteriorated to a point where renovation is not cost-effective. HB1604 establishes clear eligibility requirements to ensure that state funds are directed toward districts that have demonstrated a significant need. The bill prioritizes schools where the cost of renovation exceeds 60% of the cost of new construction, ensuring that taxpayer dollars are spent wisely. Furthermore, by requiring districts to attempt referendums before applying for state funding, this legislation ensures local engagement and responsible fiscal management.

Addressing Financial Barriers

One of the most commendable aspects of HB1604 is its funding structure, which considers the financial capacity of each school district. By using a sliding scale based on the value of a mill, the bill ensures that districts with lower property tax revenue receive a higher percentage of state assistance. This equitable approach guarantees that every student, regardless of where they live, has access to quality school facilities.

Encouraging Responsible Planning

HB1604 also introduces necessary accountability measures to ensure the long-term viability of school construction projects. The requirement for school districts to demonstrate a plan for funding building maintenance prevents future financial shortfalls and ensures that new facilities remain in excellent condition for generations to come. Additionally, the bill promotes efficient design by incentivizing the use of state-approved architectural plans, further maximizing the impact of state funding.

Supporting Educational Success

Modern school facilities are essential for student success. Research has consistently shown that updated, well-maintained school buildings lead to improved academic performance, higher teacher

Board of Directors

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Dr. Steven Johnson, Supt. Ft. Ransom

The mission of NDSOS is to provide leadership for the small/rural schools in North Dakota and to support legislation favorable to their philosophy while opposing legislation that is harmful.

35 retention, and better overall student well-being. Many of our districts are struggling with outdated
36 facilities that hinder learning, and HB1604 provides a much-needed solution to this growing problem.
37

38 **Conclusion**

39 House Bill 1604 represents a responsible and forward-thinking investment in the future of our state. By
40 providing targeted, needs-based funding for school construction, this legislation will ensure that every
41 child has access to a safe and conducive learning environment. I urge the committee to support and
42 advance HB1604, recognizing the profound impact it will have on our schools, students, and
43 communities.

44 I respectfully ask for your support of HB1604.
45

46 Mr. Michael Heilman – Executive Director
47 North Dakota Small Organized Schools
48 mheilmanndsos@gmail.com
49 701.527.4621
50

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1604
2/10/2025

Relating to the funding of kindergarten through grade twelve school construction; to provide an appropriation; and to provide an expiration date.

4:00 p.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Architect Firms

4:01 p.m. Representative Morton moved Do Pass and Rereferred to Appropriations.

4:01 p.m. Representative Hatlestad seconded the motion.

4:02 p.m. Representative Morton rescinded her motion.

4:02 p.m. Representative Morton proposed a verbal amendment that only North Dakota firms would be applicable to the bill.

4:03 p.m. Representative Hatlestad seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	A
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion Carried: 13-0-1

4:09 p.m. Representative Novak proposed under section 1 adding the words "or is able to demonstrate new school construction or renovation need is immediate or necessary".

4:11 p.m. Representative Novak rescinded her motion.

4:11 p.m. Representative Novak proposed a verbal amendment to add sub-section g under section 1 in order to account for cases of immediate need.

4:14 p.m. Representative Hager seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	A
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion Carried: 13-0-1

4:16 p.m. Representative Hatlestad motioned a Do Pass as Amended and Rereferred to Appropriations.

4:16 p.m. Representative Novak seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	N
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	A
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion Carried: 12-1-1

Bill Carrier: Representative Maki

4:21 p.m. Chairman Heinert adjourned the hearing.

Addison Randazzo for Madaline Cooper, Committee Clerk for Leah Kuball, Committee Clerk

February 10, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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, 2026, a failed referendum for new
14 school construction or renovation between July 1, 2021, and July 1, 2025.
15 c. For consideration for funding on July 1, 2026, or after, a failed referendum for
16 new school construction or renovation that occurred after July 1, 2025.
17 d. The school district has or will obtain the funds required for the school district's
18 percentage share of construction costs by any means permitted by law, including
19 a referendum.
20 e. The school district's plan to sufficiently fund maintenance of the new building.

- 1 f. An assessment of the school district's physical plant by an approved engineering
2 firm, using a form developed by the superintendent of public instruction in
3 consultation with the architectural firm selected by the superintendent.
4 g. The assessment of the school district's physical plant by an approved
5 engineering firm demonstrates renovation or new school construction is an
6 immediate need.
- 7 2. For a school district qualifying for forty percent or more of costs of construction paid by
8 the state under this section, the school district shall use the approved state
9 architectural design, unless the school district elects to receive twenty percent of the
10 costs of construction and select another architectural design according to the
11 provisions of this chapter.
- 12 **Reorganization waivers.**
- 13 The superintendent of public instruction may waive any of the requirements under this
14 chapter and related rules for school districts reorganizing under chapter 15.1-12 to build a new
15 school.
- 16 **Funding rates.**
- 17 1. Except as provided under subsection 2, the percentage of funding the state will
18 contribute to new school construction is determined by the value of a mill for each
19 school district as described under this section. If the value of a mill is:
- 20 a. Less than five thousand dollars, the state shall pay ninety-five percent of the cost
21 of new school construction.
- 22 b. Five thousand dollars to ten thousand dollars, the state shall pay ninety percent
23 of the cost of new school construction.
- 24 c. More than ten thousand dollars and no more than fifteen thousand dollars, the
25 state shall pay eighty percent of the cost of new school construction.
- 26 d. More than fifteen thousand dollars and no more than twenty-five thousand
27 dollars, the state shall pay seventy percent of the cost of new school
28 construction.
- 29 e. More than twenty-five thousand dollars and no more than thirty-five thousand
30 dollars, the state shall pay sixty percent of the cost of new school construction.

- 1 f. More than thirty-five thousand dollars and no more than fifty thousand dollars, the
2 state shall pay fifty percent of the cost of new school construction.
- 3 g. More than fifty thousand dollars and no more than sixty-five thousand dollars, the
4 state shall pay forty percent of the cost of new school construction.
- 5 h. More than sixty-five thousand dollars and no more than ninety-five thousand
6 dollars, the state shall pay twenty percent of the cost of new school construction.
- 7 i. More than ninety-five thousand dollars, the state shall pay five percent of the cost
8 of new school construction.
- 9 2. A school district eligible for federal funding for school construction may receive up to
10 twelve and one-half percent of the cost of new school construction under this chapter
11 after applying for and receiving federal funding.

12 **Selection of architectural firm.**

- 13 1. The superintendent of public instruction shall appoint five individuals to participate in
14 an evaluation committee to select an architectural firm to perform the responsibilities
15 under this section. The committee must include a faculty member from the department
16 of architecture at North Dakota state university and a school district facility manager
17 from a school district with more than five thousand students.
- 18 2. To be considered for the architectural design program under this section, an
19 architectural firm shall apply to the superintendent of public instruction in the manner
20 prescribed by the superintendent. The evaluation committee shall give priority to firms
21 with:
 - 22 a. A committed presence in the state, including at least seventy percent of firm
23 employees residing in the state and seventy-five percent of the firm's revenue
24 derived from in-state work.
 - 25 b. A successful portfolio of kindergarten through grade twelve construction projects,
26 including at least five projects successfully completed in the last ten years.
 - 27 c. Innovation, including environments created for specific curriculum and anticipated
28 educational trends.
 - 29 d. Positive in-state references.
 - 30 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 companies having a committed presence in the state,
11 including at least seventy percent of firm employees residing in the state and seventy-
12 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, or so much of
24 the sum as may be necessary, to the department of public instruction for the purpose of a new
25 school building construction grant program, for the biennium beginning July 1, 2025, and ending
26 June 30, 2027.

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

**REPORT OF STANDING COMMITTEE
HB 1604**

Education Committee (Rep. Heinert, Chairman) recommends **AMENDMENTS** ([25.1306.04001](#)) and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 1 NAY, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1604 was placed on the Sixth order on the calendar.

2025 HOUSE APPROPRIATIONS

HB 1604

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1604
2/20/2025

Relating to the funding of kindergarten through grade twelve school construction; to provide an appropriation; and to provide an expiration date

5:15 p.m. Chairman Vigesaa Called the meeting to order.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Old systems in old schools
- School construction

5:14 p.m. Representative Pat Heinert, District 7, introduced the bill.

5:15 p.m. Representative Murphy explained the bill and answered questions.

5:25 p.m. Chairman Vigesaa-Closed the meeting for HB 1604.

Krystal Eberle for Risa Berube, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1604
2/25/2025

Relating to the funding of kindergarten through grade twelve school construction; to provide an appropriation; and to provide an expiration date

8:48 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Member absent: Representative Louser

Discussion Topics:

- Committee Action

8:48 a.m. Representative Murphy introduced the bill and the amendment LC #25.1306.05001 and testimony #38379.

9:03 a.m. Representative Murphy moved to adopt amendment 25.1306.05001.

9:03 a.m. Representative Richter seconded the motion.

Roll call vote

Representatives	Vote
Representative Don Vigesaa	N
Representative Keith Kempenich	Y
Representative Bert Anderson	N
Representative Mike Berg	N
Representative Glenn Bosch	N
Representative Mike Brandenburg	N
Representative Jay Fisher	N
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	N
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative David Monson	N
Representative Eric J. Murphy	Y
Representative Mike Nathe	N
Representative Jon O. Nelson	N
Representative Emily O'Brien	N
Representative Brandy L. Pyle	N

Representative David Richter	Y
Representative Mark Sanford	N
Representative Gregory Stemen	N
Representative Steve Swiontek	N
Representative Scott Wagner	N

Motion failed 5-17-1.

9:05 a.m. Representative Kempenich moved a Do Not Pass.

9:05 a.m. Representative Nathe seconded the motion.

Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	N
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	N
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

9:05 a.m. Motion passed 19-2-2.

Representative Kempenich will carry the bill.

9:13 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1604 ([25.1306.05000](#))**

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO NOT PASS** (19 YEAS, 2 NAYS, 2 ABSENT OR EXCUSED AND NOT VOTING). HB 1604 was placed on the Eleventh order on the calendar.

25.1306.05001
Title.

Prepared by the Legislative Council
staff for Representative Murphy
February 21, 2025

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

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9 **district shall provide to the superintendent of public instruction a report, in the manner**
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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
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- 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.
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- 24 of the cost of new school construction.
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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.

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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.

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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.

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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.**

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17 evaluate and approve architectural plans for schools.

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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.

Sixty-ninth
Legislative Assembly
of North Dakota

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.

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:

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	10,880,752,155	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)