

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED 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 loans from the coal development trust fund for school construction projects affected  
3 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 under this section.
- 13 2. To be eligible for a loan under this section, the school district must demonstrate a need  
14 based on an unanticipated construction project, an unanticipated replacement project,  
15 or an emergency repair, and the board of a school district shall:
- 16 a. Obtain the approval of the superintendent of public instruction for the construction  
17 project under section 15.1-36-01; and
- 18 b. Submit to the superintendent of public instruction an application containing all  
19 information deemed necessary by the superintendent, including potential  
20 alternative sources or methods of financing the construction project.
- 21 3. The superintendent of public instruction shall consider each loan application in the  
22 order ~~if~~ the application received approval under section 15.1-36-01.
- 23 4. If the superintendent of public instruction approves the loan, the board of university  
24 and school lands shall issue a loan from the coal development trust fund.

- 1           a. For a loan made under this section:
- 2           a. (1) The minimum loan amount is two hundred fifty thousand dollars and the
- 3                       maximum loan amount for which a school district may qualify is two million
- 4                       dollars;
- 5           b. (2) The term of the loan is twenty years, unless the board of the school district
- 6                       requests a shorter term in the written loan application; and
- 7           e. (3) The interest rate of the loan may not exceed two percent per year.
- 8           b. For a loan made under this section which includes additional expenses due to
- 9           unanticipated construction inflation:
- 10           (1) The unanticipated construction inflation must have occurred for a
- 11                       construction project bid after January 1, 2021 and before June 30, 2024;
- 12           (2) The maximum grant amount for which a school district may qualify is five
- 13                       million dollars; and
- 14           (3) The interest rate on the loan may not exceed one and one-half percent per
- 15                       year.
- 16       5. a. If a school district seeking a loan under this section received an allocation of the
- 17                       oil and gas gross production tax during the previous fiscal year in accordance
- 18                       with chapter 57-51, the board of the district shall provide to the board of
- 19                       university and school lands, and to the state treasurer, its evidence of
- 20                       indebtedness indicating ~~that~~ the loan originated under this section.
- 21       b. If the evidence of indebtedness is payable solely from the school district's
- 22                       allocation of the oil and gas gross production tax in accordance with section
- 23                       57-51-15, the loan does not constitute a general obligation of the school district
- 24                       and may not be considered a debt of the district.
- 25       c. If a loan made to a school district is payable solely from the district's allocation of
- 26                       the oil and gas gross production tax in accordance with section 57-51-15, the
- 27                       terms of the loan must require ~~that~~ the state treasurer withhold the dollar amount
- 28                       or percentage specified in the loan agreement, from each of the district's oil and
- 29                       gas gross production tax allocations, in order to repay the principal and interest of
- 30                       the evidence of indebtedness. The state treasurer shall deposit the amount
- 31                       withheld into the fund from which the loan originated.

1           d. Any evidence of indebtedness executed by the board of a school district under  
2           this subsection is a negotiable instrument and not subject to taxation by the state  
3           or any political subdivision of the state.

4           6. For purposes of this section, a "construction project" means the purchase, lease,  
5           erection, or improvement of any structure or facility by a school board, provided the  
6           acquisition or activity is within a school board's authority.

7           **SECTION 2. EXPIRATION DATE.** This Act is effective through June 30, 2024, and after that  
8           date is ineffective.

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