15.0189.04003

Sixty-fourth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2039

Introduced by

Legislative Management

(Government Finance Committee)

A BILL for an Act to create and enact a ~~new section to chapter 15-10, a new section to chapter 15.1-27, and a~~ new section to chapter 15.1-36 of the North Dakota Century Code, relating to a ~~scholarship fund, uses of the foundation aid stabilization fund, and a~~ school construction assistance loan fund; to amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to the approval of school construction projects; to provide a continuing appropriation; to provide for ~~transfers~~a transfer; and to provide for a contingent effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

~~**SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:~~

~~**Scholarship fund.**~~

~~The scholarship fund is a special fund in the state treasury. Moneys deposited in the fund must remain in the fund on a permanent basis. Any interest or other earnings of the fund must be used to award scholarships to residents of this state attending institutions of higher education in the state. The state board of higher education shall develop rules and guidelines for the award of scholarships from interest or other earnings of the fund.~~

~~**SECTION 1.** A new section to chapter 15.1-27 of the North Dakota Century Code is created and enacted as follows:~~

~~**Uses of the foundation aid stabilization fund.**~~

~~Any funds that remain in the foundation aid stabilization fund, after transfers to other funds, must be used to provide state aid to school districts and educationally related property tax relief to school district patrons.~~

SECTION 1. AMENDMENT. Section 15.1-36-01 of the North Dakota Century Code is amended and reenacted as follows:

15.1-36-01. School construction projects - Approval.

1. Notwithstanding the powers and duties of school boards provided by law, the superintendent of public instruction shall approve the construction, purchase, repair, improvement, modernization, or renovation of any public school building or facility before commencement of the project if the cost of the project, as estimated by the school board, is in excess of one hundred thousand dollars.
2. The superintendent of public instruction may not approve a project unless the school district proposing the project:
   a. Demonstrates the need for the project and the educational utility of the project or demonstrates potential utilization of the project by a future reorganized school district;
   b. ~~In the case of new construction or a renovation affecting more than fifty percent of an existing structure's square footage, demonstrates that circumstances within the district are likely to result in a stable or increasing~~Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or increase during the ensuing five school years; and
   c. Demonstrates the capacity to pay for the project under rules adopted by the superintendent of public instruction pursuant to chapter 28-32.
3. a. If the superintendent of public instruction denies the project, the school board may appeal the superintendent's decision to the state board of public school education. In considering the appeal, the state board shall review:
      (1) The need for the project;
      (2) The educational utility of the project;
      (3) The potential use of the project by a future reorganized school district;
      (4) The capacity of the district to pay for the project; and
      (5) Any other objective factors relative to the appeal.
   b. The decision of the state board is final.
4. This section is applicable to any construction, purchase, repair, improvement, renovation, or modernization, even if the school board pays for the project in whole or in part with moneys received on account of the leasing of lands acquired by the United

States for flood control, navigation, and allied purposes in accordance with 33 U.S.C. 701c-3 or in accordance with moneys received under the American Recovery and Reinvestment Act of 2009.

5. For purposes of this chapter, "facility" includes a public school parking lot, public school athletic complex, or any other improvement to real property owned by the school district.

SECTION 2. A new section to chapter 15.1-36 of the North Dakota Century Code is created and enacted as follows:

~~**School construction assistance loan fund - Continuing appropriation.**~~

~~The school construction assistance loan fund is a special revolving loan fund in the state treasury. Moneys in the fund are appropriated on a continuing basis for the purpose of providing low-interest school construction loans. Any interest or other earnings of the fund must be deposited in the fund.~~

North Dakota school district construction fund - Creation - Loans.

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota shall authorize the use of and administer moneys in the North Dakota school district construction fund, which is a revolving fund. The fund consists of:
   a. Amounts transferred into the fund by legislative action; and
   b. Repayments of loans from the fund.
2. To be eligible for a loan under this section, the board of a school district shall:
   a. Propose a new construction or remodeling project with a cost of at least one million dollars and an expected utilization of at least thirty years;
   b. Obtain the approval of the superintendent of public instruction for the project under section 15.1-36-01;
   c. (1) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to a residential parcel of average true and full value within the county in which the school district is headquartered, if a loan under this section and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;

(2) Request from the tax commissioner a statement of the estimated tax increase, in mills and dollars, which would be applicable to an acre of cropland and to an acre of noncropland, of average true and full value within the county in which the school district is headquartered, if a loan under this section and any associated school construction bond issue were to be authorized in accordance with chapter 21-03;

(3) Publish in the official newspaper of the district the information from the statements required by this subdivision with the notice of the election to authorize the school construction bond issuance in accordance with section 21-03-12; and

(4) Post on the school district's website the information from the statements required by this subdivision for at least the thirty-day period immediately preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03;

d. Receive authorization for a bond issuance in accordance with chapter 21-03; and

e. Submit a completed application to the Bank of North Dakota.

3. The Bank of North Dakota shall prioritize the applications and award loans under this section to eligible school districts during July of each year, beginning in 2015. The prioritization must be based on a consideration of:

a. Student occupancy and academic needs in the district;

b. The age of existing structures to be replaced or remodeled;

c. Building design proposals that are based on safety and vulnerability assessments;

d. Community support;

e. Cost of the project and the ability of the school district to repay the loan; and

f. Any other criteria established in rule by the superintendent of public instruction, after consultation with an interim committee appointed by the legislative management.

4. The term of a loan under this section is twenty years, unless a shorter term is requested by the board of a school district in its application.

5. The interest rate on a loan under this section may not exceed two percent.

6. The maximum loan amount to which a school district is entitled under this section is ten million dollars.

SECTION 3. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL CONSTRUCTION ASSISTANCE LOAN FUND. During the period beginning July 1, 2016, and ending June 30, 2017, the office of management and budget shall transfer ~~an amount equal to the lesser of $300,000,000 or fifty percent of the balance of the foundation aid stabilization fund on July 1, 2016,~~the sum of $100,000,000 from the foundation aid stabilization fund to the school construction assistance loan fund.

~~**SECTION 4. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOLARSHIP FUND.** During the period beginning July 1, 2016, and ending June 30, 2017, the office of management and budget shall transfer an amount equal to the lesser of $300,000,000 or fifty percent of the balance of the foundation aid stabilization fund on July 1, 2016, from the foundation aid stabilization fund to the scholarship fund.~~

SECTION 4. CONTINGENT EFFECTIVE DATE. ~~Sections 2, 4, and 5~~Section 3 of this Act ~~are~~is contingent on the passage of Senate Concurrent Resolution No. 4003 by the sixty-fourth legislative assembly and approval of that resolution by the voters of this state. If ~~sections 2, 4, and 5~~section 3 of this Act ~~take~~takes effect, the ~~sections become~~section becomes effective on July 1, 2016.