

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2178

Introduced by

Senators Schaible, Heckaman, G. Lee, Rust

Representatives Kempenich, Rohr

1 A BILL for an Act to create and enact a new section to chapter 15.1-36 and a new section to
2 chapter 26.1-22 of the North Dakota Century Code, relating to the school district construction
3 fund and insurance coverage for real property and improvements leased by a school district; to
4 provide an appropriation; to provide an expiration date; and to declare an emergency.

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

6 **SECTION 1.** A new section to chapter 15.1-36 of the North Dakota Century Code is created
7 and enacted as follows:

8 **School construction loans - Bank of North Dakota.**

- 9 1. In addition to any construction loans made available under section 15.1-36-02, the
10 Bank of North Dakota may provide up to two hundred fifty million dollars to eligible
11 school districts for school construction loans.
- 12 2. To be eligible for a loan under this section, the board of a school district shall:
- 13 a. Propose a new construction or remodeling project with a cost of at least
14 one million dollars and an expected utilization of at least thirty years;
- 15 b. Obtain the approval of the superintendent of public instruction for the project
16 under section 15.1-36-01;
- 17 c. Receive authorization for a bond issue in accordance with chapter 21-03; and
- 18 d. Submit a completed application to the Bank of North Dakota.
- 19 3. With the advice and consent of the superintendent of public instruction, the Bank of
20 North Dakota shall award the loans in accordance with a prioritization system that is
21 based on a review of all applications filed during the twelve-month period preceding
22 April first and gives consideration to:
- 23 a. Student occupancy and academic needs in the district;
- 24 b. The age of existing structures to be replaced or remodeled;

- 1 c. Building design proposals that are based on safety and vulnerability
- 2 assessments;
- 3 d. Community support;
- 4 e. Cost; and
- 5 f. Any other criteria established in rule by the superintendent of public instruction,
- 6 after consultation with an interim committee appointed by the legislative
- 7 management.
- 8 4. The term of a loan under this section is twenty years, unless a shorter term is
- 9 requested by the board of a school district in its application.
- 10 5. The interest rate on a loan under this section may not exceed one percent, until July 1,
- 11 2025.
- 12 6. If a school district's unobligated general fund balance on the preceding June thirtieth
- 13 exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which
- 14 that district is entitled under this section may not exceed eighty percent of the project's
- 15 cost.
- 16 7. The maximum loan amount to which a school district is entitled under this section is
- 17 thirty million dollars.

18 **SECTION 2.** A new section to chapter 26.1-22 of the North Dakota Century Code is created
19 and enacted as follows:

20 **School district - Leased property - Insurability.**

- 21 1. Notwithstanding any other provision of law, if the board of a school district entered a
- 22 contract with a nonprofit corporation in this state during the period beginning
- 23 November 1, 2013, and ending December 31, 2013, and if in accordance with the
- 24 terms of that contract the nonprofit corporation acquired and constructed a school
- 25 facility that the nonprofit corporation in turn leases back to the district for use in the
- 26 provision of educational services, that facility is designated as a public facility owned
- 27 by the school district for purposes of insurability under this chapter.
- 28 2. For purposes of this section, "school facility" means the real property referenced in the
- 29 contract and all buildings, improvements, and fixtures on the real property.

30 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the general
31 fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of

1 the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a
2 school construction interest rate buydown program, for the biennium beginning July 1, 2015,
3 and ending June 30, 2017. The Bank of North Dakota may not expend more than \$9,848,786 of
4 the appropriations for this program during the first year of the biennium.

5 **SECTION 4. EXPIRATION DATE.** Section 2 of this Act is effective through June 30, 2017,
6 and after that date is ineffective.

7 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.