

FISCAL NOTE
Requested by Legislative Council
04/23/2015

Amendment to: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$7,875,000	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Second Engrossment-Re Engrossment SB 2178 establishes a \$250 Million school construction interest rate buydown program at BND with no more than \$125 million expended in the first year of the 2015-17 biennium. Loans will be made to eligible school districts for construction loans.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 5 requires a transfer from Bank of North Dakota profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota during the 2015-17 biennium for the purpose of providing interest rate buydowns on construction loans awarded to school districts. The buydown program anticipates a 3% interest rate reduction to a 2% interest rate for the borrower.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Section 5 requires a transfer from Bank of North Dakota profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota during the 2015-17 biennium for the purpose of providing interest rate buydowns on construction loans awarded to school districts. This appropriation is not included in the executive budget and is not a continuing appropriation.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 04/21/2015

FISCAL NOTE
Requested by Legislative Council
03/31/2015

Amendment to: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Reengrossed SB2178 with House amendments relates to insurance coverage for real property and improvements leased by a school district; to provide an expiration date; and to declare an emergency. There is no fiscal impact to the Bank of North Dakota.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Not applicable

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Not applicable.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 04/01/2015

FISCAL NOTE
Requested by Legislative Council
02/03/2015

Revised
 Amendment to: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$19,697,572	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
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School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB2178 establishes a \$250 million school construction interest rate buydown program at BND. Loans will be made to eligible school districts for construction loans. There is no fiscal impact to BND as costs for the Bank's administration of this program will be covered by interest income.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of Engrossed SB2178 requires a 2015-17 biennium appropriation in the amount of \$19,697,572 from the General Fund to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program. The buydown program anticipates a 4% interest rate reduction to a 1% interest rate for the borrower.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Section 2 of Engrossed SB2178 (Emergency Measure) requires a 2015-17 biennium appropriation in the amount of \$19,697,572 from the General Fund to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program. This appropriation is not included in the executive budget and is not a continuing appropriation.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 02/12/2015

FISCAL NOTE
Requested by Legislative Council
02/03/2015

Revised
 Amendment to: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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Section 2 of Engrossed SB2178 requires a 2015-17 biennium appropriation in the amount of \$19,697,572 from the General Fund to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program. The buydown program anticipates a 4% interest rate reduction to a 1% interest rate for the borrower.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 02/12/2015

FISCAL NOTE
Requested by Legislative Council
02/03/2015

Amendment to: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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Appropriations	\$0	\$0	\$0	\$19,697,572	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

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Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB2178 establishes a \$250 million school construction interest rate buydown program at BND. Loans will be made to eligible school districts for construction loans. There is no fiscal impact to BND as costs for the Bank's administration of this program will be covered by interest income.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of Engrossed SB2178 requires a 2015-17 biennium appropriation in the amount of \$19,697,572 from the General Fund to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program. The buydown program anticipates a 4% interest rate reduction to a 1% interest rate for the borrower.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Section 2 of Engrossed SB2178 (Emergency Measure) requires a 2015-17 biennium appropriation in the amount of \$19,697,572 from the General Fund to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program. This appropriation is not included in the executive budget and is not a continuing appropriation.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 02/04/2015

FISCAL NOTE
Requested by Legislative Council
01/12/2015

Bill/Resolution No.: SB 2178

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2178 transfers \$125 million from Strategic Investment & Improvements Fund to the ND School District Construction Fund for school construction loans. There is no fiscal impact to BND as costs for the Bank's administration of this fund are paid directly from the School District Construction Fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There will not be a fiscal impact to BND as the administration and audit for this revolving loan fund will be paid directly from the ND School District Construction Fund. BND will charge an annual administrative fee of .50% for outstanding loans in this loan fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not applicable.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

There are no appropriations from BND as Section 2 of this emergency legislation provides that the Office of Management and Budget shall transfer, during the 2013-15 biennium, the sum of \$125 million, or so much of the sum as may be necessary, from the Strategic Investment and Improvements Fund to the North Dakota School District Construction Fund, for the purpose of providing school construction loans with Section 1 of this Act.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 701.328.5703

Date Prepared: 01/15/2015

2015 SENATE EDUCATION

SB 2178

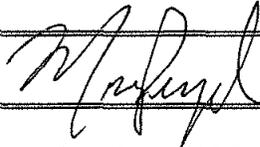
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/19/2015
Job # 22133 (1:09:57)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason or introduction of bill/resolution:

INITIAL HEARING

relating to the North Dakota school district construction fund; to provide for a transfer; and to declare an emergency

Minutes:

Attachment #1-7

Chairman Flakoll called the committee to order at 11:15 with all committee members present.

Don Schaible, District 31 Senator (*see attachment #1*)

Chairman Flakoll: Just to be clear, page 1 line 13, the repayments of loans from the fund both the principle and the interest off of that? \$125 million over time can grow based solely upon this?

Senator Schaible: Yes, the intent of the revolving construction loan is that at some point, which would take probably 6-8 bienniums, this fund will be self-sustaining. The idea is that right now we appropriated \$200 million with both the governor's budget, and what we have now is looking at another \$300 million. I guess that \$250 million for 3-4 biennium, the fund could be self-sustaining after that so we wouldn't have to appropriate it and money would still be available for constructions.

Chairman Flakoll: Do you have any thoughts on whether we should limit it to a percentage of the total project like 80-90%?

Senator Schaible: I agree that some provisions should be in there. I don't have a problem with that and it would probably be good so that it would filter out the needy schools and those who are just looking to build.

Senator Davison: Would most schools have enough dollars to cover the 20% or would they have to go find funding elsewhere?

Senator Schaible: They can still use the bond issue or the vote of the people with 60% and raise that money. This would mostly be interest buy down.

Chairman Flakoll: Could they use some of their ending fund balance for that purpose?

Senator Schaible: I assume that would be a good idea.

(6:05) **David Rust**, District 2 Senator (*see attachment #2*)

Senator Rust: I would like this to be open to all schools in all parts of the state and have them be able to finance their school construction entirely with a 1% loan. It is important to have some prioritization.

(10:30) **Dr. Aimee Copas**, Executive Director for the North Dakota Council of Educational Leaders (see attachment #3)

Chairman Flakoll: How do you see this tax savings going? What assurances do we have that they don't hold them down or lower them to accommodate. How will that work?

Copas: When a school needs to do absolute repairs or build a new school, the amount that they need to go to their patrons to ask for at the end of the day will be less with a lower interest rate. A lot of people would equate an interest rate to tax. By lowering the interest rate, you are lowering the taxable rate on that building.

Chairman Flakoll: Does this incentivize building that shouldn't or wouldn't occur otherwise? What are our checks and balances?

Copas: There is a 2 faceted approach we see within this bill that provides levels of checks and balances. One being taking it to the voter approval piece, asking your constituencies if they are okay with it, and the second piece is that it goes through the Department of Public Instruction for approval. They would rank order based on need. The Assistant Superintendent Jon Marthaller is involved in that process. The bill provides those guarantors in place.

Chairman Flakoll: We see a number of buildings that were turned down by the Department of Public Instruction. What can we assure for the tax payers?

Copas: Our state has seen many opportunities for growth and also decline from all four corners. We have constituents within the community hold their pocket books close. Even in our most needy places, we've seen school districts come to the table for bond issues numerous times to get approval for one building. Once that bond issues is approved, it's with full support of the communities knowing full well what comes with that, even the negative consequences.

Chairman Flakoll: Please get me a list of proposed projects. How do you view this as far as needs out there?

Copas: There are varying needs throughout our state. The differed maintenance issue is no secret to all of you. It doesn't just exist in higher education; it exists in K12 as well. There are a number of factors we need to take into account where schools have tremendous needs but the piece that is important is the fact that you still would need to be willing to take this to a vote with your constituents.

Chairman Flakoll: However the constituents are using state tax dollars because we fund more than 80% of the project to pay for the building that we're buying interest on? More than 80% of local share comes from the state currently for instructional purposes. My other question was, getting back to your survey, is did you parse that out in terms of percentage of dollars or projects that were new construction versus remodel projects?

Copas: I didn't specifically ask for it, but many have comments on it. For instance, we have a school and need to add 10 classrooms. They're adding on and not taking on a new project. Many of our smaller communities are looking to add on to existing buildings and need help with the cost. Along with those, there are deferred maintenance pieces.

Vice Chairman Rust: A school district wants to add on or build a new building. They go to the voters and get a 60% approval. What happens currently, is they then go out to the bond market and seek bonds. You have a sinking interest fund separate from your general fund. If you were levying for your sinking interest funds, you would then have to levy for the

amount that you need to pay back plus the interest. If you had a 1% loan, you would be levying what you need to pay back plus a lesser interest. Therefore the amount of money that you would be levying for your sinking interest fund would be less for the tax payer and thereby be true property tax. Is this correct?

Copas: That is how I interpret it, a true tax savings to the district. I would imagine that a local school district would frame that out for their tax payers when requesting the bond issue.

Vice Chairman Rust: I see it as being so cut and dry. It is a specific levy, so you would definitely notice if there were fewer mills levied if you had a lower interest rate.

Copas: I interpret that the same way.

Chairman Flakoll: Do your members recognize that there is this bill and the "big" bill that each have a component to that? Do they recognize that although they may save the local tax payers property tax, it will still be paid by other state dollars?

Copas: To the certain extent, they do. We are already paying state taxes to support our schools and buy supporting this opportunity as well; we're buying down tax rates. It's a very fiscally sound way for our state to be able to do things if we have the financial fortitude to do so.

Chairman Flakoll: In terms of tax dollars, if you had a \$20 million project, they would be paying income tax for the project workers, but no sales tax on the materials?

Copas: Theoretically, yes.

Senator Davison: If a community does not build or add on to their school in the next 20 years, wouldn't in some respect, that community be helping support the tax buy down and not so much a tax benefit to that community as it would be for another?

Copas: Technically yes. However that is the partnership that we all take on as citizens to support our local schools. Similarly The REA is only as strong as some of the larger districts that kick in to support it even though they may not utilize the services as much as the smaller district. We are stronger together as we are apart. It's how the cycle works- we give now because it all comes back, a quid pro quo deal.

(26:40) **Jon Martinson**, North Dakota School Board's Association

Martinson: we support this bill and like the prioritization that is provided. It seems to be very thoughtful and well organized. I do wonder if \$125 million will be enough given that the schools went through somewhere between \$150 million and \$200 million this last session in about 8 months. I suspect that that amount available might be higher.

Chairman Flakoll: It would be enough to last to May 1st?

Martinson: I'm not sure of the weighting list of the schools. I think Mr. Marthaller told me there's about \$250,000 left from what is available now.

Chairman Flakoll: We have another bill that has money in it tomorrow.

(28:50) **Kevin Roth**, Mott/Regent School Board Member (see attachment #4)

Senator Davison: What was the amount of the bond issue that didn't pass?

Roth: The original bond issue was \$14.5 million to build all new. We are currently looking at around \$8 million for remodeling and a new elementary.

Senator Davison: How many students are there K-12?

Roth: 230-240 students

(33) **Steve Holen**, Superintendent of schools for the McKenzie County Public School District #1 in Watford City (see attachment #5)

Chairman Flakoll: On one hand, we want money available for prioritizations, but on the other there are districts that want to get things passed but not sure if they will receive eligible money. We passed a bill in 2013 and you didn't get one in until December of that year so prioritization wouldn't have benefitted you.

Holen: Correct. It was more of a lack of allocated money to cover than prioritization.

Chairman Flakoll: We have list of projects and dollars and it is the prioritization on that day. There can be a catastrophic need for multimillion dollars but it came after the fact so some of that is pulled through. We can't save it necessarily.

Holen: No, but this process you mention as far as the two separate bills addressing school construction, my understanding is that there are different philosophies behind these moneys. That \$200 million can get you further down the road to allow some of the more prioritization to happen with this portion to get to schools that are of need. You don't want schools making long term facility decisions in haste. That becomes the dynamic.

Chairman Flakoll: If your bond measure is defeated, when can you get try for it again?

Holen: I would say it's at least a 3-4 month process. You can turn one around quickly but it can lose some quality.

(37:55) **Broc Lietz**, business manager for Fargo Public Schools

Lietz: Fargo Public Schools did get a proposal late in the 2013 year. The funds were not available, so we are currently on the waiting list. We did have 2 projects that we applied for, one of which is a new elementary school addressing the population growth in Fargo. The other is an ongoing maintenance piece for an HVAC upgrade to 6 of our schools. We ended up splitting that in request form because one of the 2 is completed and would not qualify if funds become available. The second one is in progress and the way the bond sales were structure would allow us to call those and delay. The current construction loan works, we could still qualify for those dollars for that portion of the bonding that we did. We just did a refunding, finalized next month, and the refunding on one of our bonds and advanced refunding is taken that from 4.5% to 2.2%. That will be a \$140,000 annually savings to our building fund and \$1.7 million over the life of those bonds. I give you that refunding as an example of the types of savings that are available. If you get into the maximum of 1%, there is real dollars there and is potentially real tax relief. I have a colleague who talked about the loan construction program as it relates to the limits that are currently there. Because of the limits, they had to issue an additional \$5 million in their particular building to cover the difference between the limit and what the cost was. If there was not a limit, there again is a real tax relief. That is a very true statement with what you would see there. This is good for the state and for all districts in levying dollars in this regard. The difference is that there is bonding authority within the existing bonding fund. It's a bit of a change, but something we can work with.

Vice Chairman Rust: Do you and the Fargo Public Schools have a separate levy? Do you have a sinking interest or do you combine them all into one levy?

Lietz: We have a building fund that we utilize for building projects and also utilize our building authority through our general fund. We have not used a sinking interest levy to. With voter approval, we would have room within a building fund to increase.

(42:50) **Dustin Gawrylow**, Lobbyist #244 with the North Dakota Watchdog Network (see *attachment #6*)

Gawrylow: you want these loans to apply towards the debt limit. You want to limit the impact on the taxpaying public by putting a cap on the amount of mills that can be required

to actually pay for this so that it does end up as being real property tax relief. At the end you want to be able to clarify the role for default if that were to happen and the repercussions there. I would like to address questions that came up. This all goes back to the overarching theme that right now with the state's position and the financial dollars available in funds, there is no reason for schools especially to have to go to the open bond market. Ideas like this need to be brought through with explicit protections for the taxpayers. On the question of worthiness for the projects, I would assume there are processes in place already for that. For the question as to whether there would be enough money, maybe allow the emergency commission to issue more funds to urgent issues.

(46:25) **Eric Hardmeyer**, CEO and president of the Bank of ND, is called to the podium

Chairman Flakoll: In essence we are setting up a new fund. How would you see this playing out over a number of biennium? Are we looking at potentially a billion dollar plus revolving account?

Hardmeyer: we are bankers and lenders. We have administered funds ever since I've been at the bank which is 30 years. It is something that we can handle. There are a number of funds coming to the Bank of North Dakota that we've seen in the last 2-3 years and few more proposed. That does require resources of the Bank of North Dakota that we had not necessarily utilized before. This will require additional staff and resources and that is why we need a service fee paid out of the 1% fund.

Chairman Flakoll: How do we protect ourselves with potential default?

Hardmeyer: Getting into the school construction business is new to us. We would want to talk to the Department of Public Instruction to see what kind of protection and measures that they put into place. When you have a vote of the taxpayers on a bond measure, I would assume that they are committing to a payment for a period time. It would be interesting to see what would happen if they decided not to make their payments.

Chairman Flakoll: Historically we had a situation when we were going through a rampant reorganization consolidation phase. It was a rush to see who would build first. How do we protect that type of scenario from happening?

Hardmeyer: I don't see the Band of North Dakota determining priority. The Department of Public Instruction and the legislature would be in charge of that and we would simply follow.

Chairman Flakoll: This isn't for consolidations, but more so for new construction?

Hardmeyer: That is also my understanding.

Vice Chairman Rust: Does this bill cost the Band of North Dakota anything beyond staff to administer?

Hardmeyer: No but you should consider the cost of an audit. If you're going to have an ongoing, revolving fund that will last in perpetuity, you may want to see an audit completed as a proper governance practice.

Vice Chairman Rust: I remember a scenario when a school passed a bond issue then folded before the taxpayers had paid their amount and the building was turned into a pig barn. My understanding is that since those taxpayers had obligated themselves by that 60% vote to build that building, the bonds were still paid. That's probably not good with the tax payer, but they knew the possibility. I don't see that the state would have lost any money or would have to worry about the default because it will simply drop back to the taxpayer who made the original decision to do this for 20 years. Am I correct on that?

Hardmeyer: My initial assessment would be similar. If they passed a bond issue with a vote, they would be obligated for that period of time.

(54:45) **Bob Marthaller**, Assistant Superintendent for the Department of Public Instruction is called to the podium

Chairman Flakoll: Can you address the previous question about bond obligation?

Marthaller: In the case that was mentioned by Vice Chairman Rust, the school patrons of that district would still be responsible to pay off the bonds. I am not familiar with building authorities. They will allow not a school board but others including members of a school board to enter into agreement with a building authority who will take care of bonds and other issues. Then the building authority is responsible for the bonds. What it does and has done is allowed school districts to complete projects without having to meet the 60% vote. To regard another question, there is a provision in law regarding if a school district is rejected for bonds, they are required to wait at least 3 months. In addition to that, the school district may not on the same bond issue, have more than 2 bond issues within a 12 month period.

Vice Chairman Rust: With regard to bond issues, do most school districts have a separate sinking interest levy or do they combine it with another general or miscellaneous fund?

Marthaller: We don't track that, but I would assume that most schools districts would have a special sinking and interest fund to retire those bond issues.

Vice Chairman Rust: If there was a difference in interest, there would be a difference in the amount of dollars needed to be levied and as a result would end up in a lower mill levy for that sinking and interest fund and provide property tax relief?

Marthaller: Yes, I believe it would provide property tax relief.

Chairman Flakoll: Historically we've been supportive of joint powers agreements between different entities such as the REAs. If we have a big pool of money, I think that if we have a project through a joint powers agreement, people will go ballistic if it's not real instructionally related. So they have an agreement with other facilities to use that program as a vehicle to accomplish something beyond instructional needs.

Marthaller: We encourage school districts to enter into partnerships with communities. They bring together political subdivisions to accomplish more than what they could individually. If the athletic complexes, gymnasiums or swimming pools split apart, I would suspect that bond issues would have a better chance of succeeding at the district level if for example wasn't to renovate the gym or football field.

Chairman Flakoll: There is probably a lot more excitement if timed right like having just won the state hockey championship as opposed to the state spelling bee. Enthusiasm can motivate the community.

Marthaller: Certainly. Being a former superintendent, I would say let's look at what the local community is willing to support.

Chairman Flakoll: I want to be fair with this money throughout every school district.

Marthaller: Across the state, you will see school districts with huge needs of renovation, remodeling and new additions. If we want to talk about the money, last year there was about \$180 million and most was spoken for in 7 months. This waiting list has about \$120 million of schools that have applied for loans that we currently have no funding for. To be clear is this revolving fund similar to Appropriation SB 2013's \$300 million? Are we talking about the same fund?

Chairman Flakoll: There was a situation where the interim committee and individual legislatures wanted to forward legislation to accomplish this, and the Governor's Office wanted to as well. I wouldn't anticipate all of this money in the fund.

Marthaller: I understand it that way as well.

Chairman Flakoll requested a list for the date, district, amount and what the money was essentially used for

Marthaller: We can provide a list of school district projects that we have received approval applications for by date and amount with a brief description of what the project was.

Chairman Flakoll: Do you know the value of public K12 buildings currently?

Marthaller: I will try to get that you. *(see attachment #7)*

Chairman Flakoll closed the hearing on SB 2178.

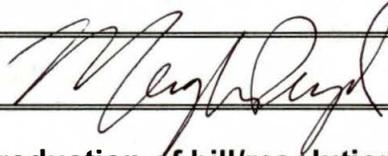
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/20/2015
Job # 22224 (15:24)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION

Minutes:

1 attachment

Chairman Flakoll called the committee to order at 11:45am with all committee members present for committee work regarding drafted amendments. *(see attachment #1)*

Senator Schaible: There are four things. The first one is to replace July with April which will prioritize a list of schools for the construction season. The second is on page 2 after line 12 number 6. The reason the \$500,000 is in there is because if you're a small school and the same percentage of a small budget, it may not cover a roof or a boiler contingency. The idea is to get our percentage of the ending fund balances down but not too make them so low that it hurts small schools. By doing both, it creates that window to address these potential issues. If your budget is higher than those parameters, then we only do a 1% loan up to 80% of the cost. We are thinking that is what the language is going to be.

Chairman Flakoll: If they are poor districts that have less than that in ending fund balance, they can receive up to 100% of the loan?

Senator Schaible: Correct. This only affects schools with large ending fund balances. Everyone else would be at the 100% at 1% interest rates. The seventh one is giving the bank the operate and maintenance fee. This is language used in other sections of laws. We included not exceeding 1.5% if it gets to be a large fund. Therefore the Bank of North Dakota is not losing money by doing this and there's enough money to cover the audit. Not exceeding 1.5% keeps them from getting more than they need.

(3:45) Senator Davison: There are multiple bills similar to this. Are we to focus on this bill and let the others work themselves out?

Chairman Flakoll: this is a standalone bill that would take precedence over other bills like in Department of Public Instruction or other places in that it has the emergency clause attached to it and designed to move through briskly. I don't know if anything could supplant this.

Senator Schaible: Regardless of how you consolidate the amounts, I am more concerned with the parameters and criteria. If we have a revolving fund that continues that we create the parameters that we use and that will continue with whatever bill comes forth.

Vice Chairman Rust: the amount of dollars is to be transferred to the Strategic Investment and Improvements Fund. Knowing that there is a surge bill out there that takes a chunk of that, will there be enough money for both?

Chairman Flakoll: we don't know. It's about priorities.

Vice Chairman Rust: There's only so many dollars in there, and you're right. At some point in time, one will have to overrule the other. Is that the job of appropriations to determine that?

Senator Schaible: I'm assuming that is the question I will get asked once I testify. There is somewhat of an alternative plan. You could get the money from the Bank of North Dakota however the downside is only being able to lock the interest in for 5 years, so then you would obligate future legislation on what you would do after that point. They are getting the vehicle in place so that if we continue and move this forward, we have something set up. The amounts will be adjusted to what we can afford.

Chairman Flakoll: There are a variety of bills with appropriations in them, and we need to individually and collectively put whatever priorities we have on them.

Senator Davison makes a motion to accept the proposed amendments for SB 2178.

Senator Schaible seconds the motion

Chairman Flakoll: Will you confirm that when you move the date from July to April that that would be a reoccurring date.

Senator Schaible: As of that date, that is when they decide who is prioritized and allowed that project to go forward. Yes, a yearly basis.

Senator Oban: How is this different from the other funds we talk about that make money available for low interest school construction loans?

Senator Schaible: The only difference is where the money comes from. Right now we don't have any other reserves that are already locked up constitutionally or allocated for something else.

Chairman Flakoll: Last session we had a portion of the moneys that we allocated for school construction was \$50 million for like coal impact fund that was used for that. We have different criteria over the years. The most complex was probably in 2007 with SB 2200 where the amount you can get was based upon school size and then the amount that it would buy down was based upon the locally ability to pay and/or wealth. We still have different scenarios among this bill and the others we have heard. As we work towards the end, those will likely be reviewed and changed.

A vote was taken to adopt the proposed amendments: Yes: 6, No: 0, Absent: 0

Senator Schaible makes a motion for a do pass as amended and rerefer to Appropriations.
Senator Marcellais seconds the motion.

Senator Schaible: When we first looked at this in the Government Finance Committee, the other stages is looking at the possibility of the foundation stabilization fund could be used for part of this to continue on. When I did my research, it seems like it would be \$250 million per biennium and with the amounts that we were talking about, it would probably take 20 years to go through school. That's what this was designed after.

Vice Chairman Rust: I am a proponent for this bill as far as being able to provide low interest loans to construct buildings. We have aging facilities and schools that are growing and it provides property tax to the tax payer.

A vote was taken to rerefer to Appropriations as amended: Yes: 6, No: 0, Absent: 0
Senator Schaible will carry the bill.

Chairman Flakoll closes the committee work session.

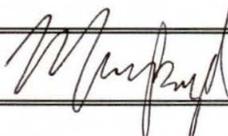
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/21/2015
Job # 22267 (6:58)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE WORK with **Anita Thomas**, Legislative Council

Minutes:

No attachments

Chairman Flakoll called the committee to order at 10:30 with all committee members present for committee work

(2) **Senator Schaible**: Right now the bill states it will be a 1% loan and the state is buying down the rest. What we are considering is would this language include it in the 1% or is that going to add an additional to that percent? Our intention is that it would come out of the 1%.

Thomas: You may want to do some fine tuning on it.

Chairman Flakoll: This amendment has already been adopted and we have some uncertainty that the amendments we adopted are not drafted to reflect our intentions.

Thomas: There's also a reference in subsection 6 that needs clarification. We can take a look at this amendment and make sure it accurately reflects what the committee decided and have it adopted.

Chairman Flakoll: We will have to bring the bill back. If our intent is to fast track this bill, we should replace the amendment from \$500,000 to \$300,000.

Thomas: I understand.

Senator Schaible: My intent was to have the protection of the 60% vote on there. How does this bill reflect on schools that would have a building authority?

Thomas: That is a fairly complicated question and I would prefer to read the bill before I respond.

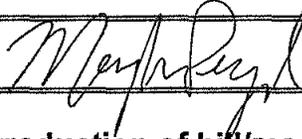
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/21/2015
Job # 22334 (9:51)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION and discussion

Minutes:

No attachments

Chairman Flakoll: We kicked this one out but there are a couple things that need to be redone. We should get the bill back before us and the justification is that there are a few tweaks that need to be done including the terminology of the percentages.

Chairman Flakoll entertains a motion that the committee reconsiders the motion with which they passed out SB 2178.

Vice Chairman Rust motions to reconsider the action.

Senator Davison seconds the motion

Chairman Flakoll: we would get the bill back not as it was introduced, but as we passed it. It will become an active bill within the committee again.

A vote was taken: Yes: 5, No: 0, Absent: 1

Chairman Flakoll: The motion carries 5:0 noticing that Senator Schaible is excused.

Senator Oban: How does this differ from the fund that Pam Sharp has already talked to us about?

Chairman Flakoll: this is a revolving fund that we've never had. What I think would be good to get to from legislative council is a report to signify what kind of lending we have out there over the years.

Vice Chairman Rust: Can we consolidate all of these funds for school construction?

Chairman Flakoll: This will become the vehicle for that as we move forward. This will be designed to rid the necessity for this hodgepodge of other sources. It may be that we take money from some of those sources and put it into this revolving account. Anything that is not tightly aligned with education, we would not meet voter approval. We don't know how successful this will be, but there is potential.

Vice Chairman Rust: I am hoping that will happen as well. I see that we are creating a school district construction fund, which I see as a good thing. I am hopeful that this will become something that will be established for many years to come.

Chairman Flakoll closes the discussion on SB 2178.

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/27/2015
Job # 22615 (16:10)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE WORK, discussion on Senator Schaible's drafted amendments that will get handed out later in the day.

Minutes:

No attachments

Senator Schaible: We had 125 million dollars coming out of the SIIF fund, but if this bill is to survive, we need to find an alternative place to receive money. Now the funding comes out of the Bank of North Dakota, so it is no longer a revolving loan fund. The reason for this is because we were going to take 250 out of the SIIF fund with accommodating bills. Since there is no money in the SIIF fund and no other place to get that, now this bill takes 250 million dollars, let's the Bank of North Dakota make the loan, and the state only has to appropriate the interest rate for the two years. Instead of a revolving loan fund, it is now a buy down interest loan from the Bank of North Dakota which the state has to appropriate so much money. That was the best idea for getting this bill to survive. That's what this bill does, everything else stays the same. Another thing is there is a provision in there about ending fund balances. The amendment on that section states that ending fund balances have to coincide with existing law. If it does not, they will only get 80% of the loan.

Chairman Flakoll: what is the length of those loans?

Senator Schaible: It is the same parameters with 20 years, million dollars minimum project and a 30 million cap per school district. The idea is that one large project could not wipe out the whole balance without giving everyone the opportunity.

Chairman Flakoll: 30 million per biennium?

Senator Schaible: Yes, per biennium per school district. The only downside is that we can only guarantee interest rates for up to 10 years. This is a 20-year loan so we are committing future legislation with a bill like this.

(5) **Chairman Flakoll:** If we modify (SCR) 4003 to say that it can go into this newly established fund, they can coexist?

Senator Schaible: Yes or you can buy out the Bank of North Dakota's amount and then create that revolving fund. The problem is that you won't know if that foundation stabilization fund is available until after the vote which would be 2016, so the money would not be available until 2017. How do we stage ourselves for something that is unknown?

Vice Chairman Rust: This is an additional school construction loan? Last time we had 50 million was coal and then 150 million. This will be on top of that?

Senator Schaible: This is a standalone. The money from that will be gone unless it was reappropriated. I want another avenue to keep the school construction idea alive until we figure out what's going to happen if we were going to tap into a foundation stabilization fund or not.

Vice Chairman Rust: We are creating a school construction loan which will be great at some point down the road if we can get all of these moneys into that fund. Looking at consolidating, we may need to do that the next legislative session because of the voting requirements.

Senator Schaible: Exactly. Committees are interested in creating a revolving school construction loan that goes onto the future and becomes self-sufficient. However with current situations of unsure SIIF funds and other needs, this may not be the priority. Like I said, I'm simply trying to keep this idea alive for 2015-2016.

Senator Davison: The buy down is between which interest rate?

Senator Schaible: It is the same parameters. It is a buy down to 1%. The Bank still has the same authority to recoup its cost including the audit, which is exactly what we had in the initial version. The interest rates coming from this is the dilemma. No one knows what will happen in the future but it is assumed that interest rates will rise.

(10) Chairman Flakoll: What is the incentive for a school district to try to shop around as far as open market or wherever they are gaining the buy down? How do we ensure and protect our interests?

Senator Schaible: There is still a 60% voting requirement. Building authorities are capped at 4 million, so that would take care of that.

Chairman Flakoll: Say a Jonesville local bank is at 12%, but they can get one through another bank in Bismarck for 9%. What's our protection that they don't just go with the local person so he or she could get a bigger cut out of this since it is essentially paid for by the state?

Senator Schaible: They have to apply through the Bank of North Dakota, which is tax free because of its structure. Any bank would love to have this opportunity. It is a good deal for the bank and the schools. The only thing is the commitment we are requiring of the state for future legislators for years down the road.

Vice Chairman Rust: When they go through a building phase and bonding, there are many fees they need to pay. Those fees end up being anywhere from 60 to 140,000 dollars. The question is, would this eliminate those fees?

Senator Schaible: I am assuming that this is not a bond and still goes through the broke process. If they require a loan from the Bank of North Dakota, it is not a bond and that is why the interest rate is a concern. This is the option we have available now. If we had the money in the SIIF fund and could do that, we could buy down the bond interest and then it would be locked. I don't believe we have money to put 250 million away.

Vice Chairman Rust: Would it save those fees?

Senator Schaible: I believe so. If it is not a bond, they wouldn't have to pay those fees. This is a total rewrite of this bill so it is complicated. I will pass it out later in the day. It was the amendments I was drafting before I found out the SIIF fund was empty. That would be amended and included. We had discussions on ending fund balances and these other items.

Chairman Flakoll ends the discussion on SB 2178.

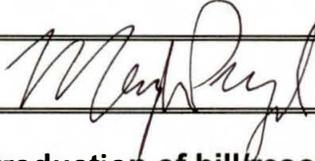
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
1/27/2015
Job # 22643 (15:16)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE WORK

Minutes:

2 attachments

(see attachment #1)

Senator Schaible: I've discussed most of it this morning. As you can see on Page 2 section 2 with Appropriation, these interest figures were given to me by the Bank of North Dakota. The Emergency Clause is, if successful, half of this money would be available for schools this year, so they can start when construction season does. As far as the criteria, it would still be decided by the Department of Public Instruction and they would approve the list and give it to the Bank of North Dakota. Between the two of them they would decide the criteria. Because of the new funding formula, the bank does not need a service charge. They are getting all of the profit.

Chairman Flakoll requests information of the estimated amount of current projects and participation (see attachment #2)

Senator Schaible moves the 15.0482.02002 be adopted for SB 2178

Senator Marcellais seconds the motion.

Senator Schaible: The other thing we should keep in mind is that the original bill that I submitted was 125 million and this is now 250 million. My thought is that we have 125 in the big bill and that also came out of the SIIF fund, so I thought it was best to put them both in here. That's for a future date, but I don't think we will come out of this session with 375 million dollars worth of construction loan.

Chairman Flakoll: This appropriation of 19 million plus change reflects the 250 million amount?

Senator Schaible: Correct.

Chairman Flakoll: Likely we would need amendments to pull that out of the big bill, but there is also 100 million in there for trigger dollars. We may have to look at that too.

Senator Schaible: Correct. This is just a construction portion of what that idea was. This is just to keep this alive and moving forward.

Chairman Flakoll: Under Section 1, subsection 3, the ones that generally float to the top would be that student occupancy needs, age and safety issues, and the community support and cost would be behind those priorities. If you have a 120 million dollar project, you're not put to the top of the list necessarily because it is a higher cost item?

Senator Schaible: The Department of Public Instruction sets those parameters. Those would float to the top with their criteria. The idea was to make it flexible enough so they could use some discretion to create that criteria but not be too strict so they are required to follow a certain order.

Chairman Flakoll: I want that in the record so the Department of Public Instruction can understand our intent.

Senator Oban: On section 1 subsection 6 with the ending fund balance, we now just make reference to a different section we had before. What is the change?

Senator Schaible: We're not sure where that language is going to end up. If an ending fund balance law passes, that will take care of the ending fund balance question. Whatever that language says, they have to conform to that to get this loan. If they are over that amount they still go to the 80%. It makes it cleaner.

Chairman Flakoll: If we get this passed with the emergency clause, it would come under the current definition of the ending fund balance which is notably higher than what is being proposed in the House.

Senator Schaible: Correct. Even under the current language, it doesn't change. Some would not meet the criteria because their balances are too high. Regardless of the language, it would make them comply to whatever that is.

Vice Chairman Rust: Right now it is 35% plus \$20,000?

Chairman Flakoll: Correct.

Senator Davison: If it was an emergency and they broke ground in April, it reverts back to the 35 plus \$20,000 for the 80%?

Senator Schaible: With the emergency clause, as soon as the governor signs it it becomes law otherwise it's effective date is July 1st. If this would go through the House, this money is available as soon as the governor signs it.

Senator Davison: Is there any contingency or rule that says what percent since the language in the other bill wouldn't come into effect until July 1st. Is there a fallback to the ending fund balance or does everyone get 100% until that becomes effective?

Senator Schaible: If this passes before anything else, it would hold them to the current standard in law. There are some schools under that provision. They would still all be eligible, but the ones that were over the criteria would only get 80%.

Chairman Flakoll: If this bill were to pass with the emergency clause on March 15th, it would be the law at that time. If you were at 45%, you would be eligible for up to 80% of the loan buy down portion. However we don't know what the House bill has in it. The effective date is variable.

A vote was taken: Yes: 6, No: 0, Absent: 0

Senator Schaible motions for a do pass as amended and rereferred to appropriations.

Vice Chairman Rust seconds the motion.

A vote was taken: Yes: 6, No: 0, Absent: 0

Senator Schaible will carry the bill.

PROPOSED AMENDMENTS TO SB 2178

Page 1, line 23 replace "July" with "April"

Page 2, after line 12 Insert:

"6. If a school district's ending fund balance as established under section 57-15-14.2 is more than fifteen percent or five hundred thousand dollars, whichever is greater, up to eighty percent will be funded.

7. The Bank is entitled to reimbursement, from the North Dakota school district construction fund for administrative fees, including audit costs but not to exceed one half percent."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to the school district construction fund; to provide an appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

School construction loans - Bank of North Dakota.

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota may provide up to two hundred and fifty million dollars to eligible school districts for school construction loans.
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. Receive authorization for a bond issue in accordance with chapter 21-03; and
 - d. Submit a completed application to the Bank of North Dakota.
3. With the advice and consent of the superintendent of public instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system that gives consideration to:
 - 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; 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 one percent, until July 1, 2025.
6. If a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which that district is entitled under this section may not exceed eighty percent of the project's cost.
7. The maximum loan amount to which a school district is entitled under this section is thirty million dollars.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program, for the biennium beginning July 1, 2015, and ending June 30, 2017.

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

Renumber accordingly

1 of 2
70
2/2/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2178

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to the school district construction fund; to provide an appropriation; and to declare an emergency.

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 - c. Building design proposals that are based on safety and vulnerability assessments;
 - d. Community support;
 - e. Cost; 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 one percent, until July 1, 2025.
6. If a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which that district is entitled under this section may not exceed eighty percent of the project's cost.
7. The maximum loan amount to which a school district is entitled under this section is thirty million dollars.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program, for the biennium beginning July 1, 2015, and ending June 30, 2017.

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

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2178: Education Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2178 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to the school district construction fund; to provide an appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

School construction loans - Bank of North Dakota.

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota may provide up to two hundred fifty million dollars to eligible school districts for school construction loans.
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. Receive authorization for a bond issue in accordance with chapter 21-03; and
 - d. Submit a completed application to the Bank of North Dakota.
3. With the advice and consent of the superintendent of public instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system that gives consideration to:
 - 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; 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 one percent, until July 1, 2025.

6. If a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which that district is entitled under this section may not exceed eighty percent of the project's cost.
7. The maximum loan amount to which a school district is entitled under this section is thirty million dollars.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program, for the biennium beginning July 1, 2015, and ending June 30, 2017.

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

Renumber accordingly

2015 SENATE APPROPRIATIONS

SB 2178

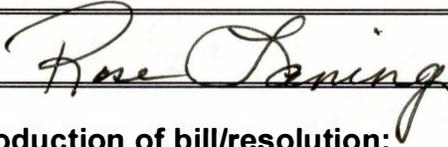
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2178
2/11/2015
Job # 23625

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the school district construction fund

Minutes:

Amendment 15.0482.03002 - Attachment 1
Amendment 15.0482.03004 - Attachment 2

Legislative Council - Sheila Sandness
OMB - Tammy Dolan

Chairman Holmberg called the committee to order on SB 2178. Roll Call was taken. All committee members were present.

Senator Don Schaible, District 31, State Senator, Bill Sponsor: SB 2178 is the school construction interest buy down program to help schools with remodeling or new construction projects. A school district can apply for a loan for new construction or remodeling projects for at least \$1M, receive approval from the Superintendent of Public Instruction, follow the same bonding requirements with the 60% vote needed to submit an application to the Bank of North Dakota. This loan buy down would be available for \$250M of school construction. If a school district is over that threshold for an ending fund balance that the district would only be able to take advantage of an interest buy down for 80% of that project.

The interest buy down would cost the state \$19,700,000 for the next biennium and would commit us to pay the interest buy down for the life of the loan. What is somewhat different with this bill is that the department of public instruction would create criteria that would classify the schools and they would apply with the superintendent of public instruction and they would prioritize the applications to make sure that the schools with the greatest needs would receive the loans first. These criteria could include rapid enrollment, safety, obsolescence, cost and the support of the community. There is an emergency clause on there that would help projects that are shovel ready for this year, so they would be able to start this year.

The idea behind this loan was the same one that we had this current biennium with the school construction. The problem is that the money was supposed to come out of the SIFF fund and we all know the state of the SIFF fund. There is still some money left over in the current revolving school loan fund that we have. That money would just continue to be used in the current law that's being used now.

The intent of this language is to get the criteria for ranking of schools in place for any future programs that would follow. This was considered to be a bridge to SCR 4003 and SB 2039 which uses foundation stabilization money to create revolving school construction funds. Of course, that is an unknown and has to go thru a vote of the people and we don't know where that's going to go. This is really an attempt to keep the revolving school loan idea alive and get us thru this biennium while we see where we are with our financials and maybe also see where the vote goes for that.

There are some options to do with getting this amount down. This could be used just to buy down the bond rate which is currently at 3% which down to 1% which is quite a bit lower amount than this would be. The idea behind a bond rate is that its guaranteed for the life of the loan, so we're not at the mercy of revolving interest rates. The other thing is that if we were able to secure short term interest rates, we could get a much better rate on that. So if we think, moving forward, that we could find a different avenue for this money, that would cost a lot less than this \$19M. This \$19M is worst case scenario. My understanding is that we can only secure interest rate for 10 years and then we're at the mercy of the revolving market at that time.

He handed out two amendments: Amendment 15.0842.03002 (Attachment 1) This is the first amendment. This bill has gone thru a lot of changes. The original bill was \$125M and basically for the first year of the biennium, and also \$125M in the K-12 funding bill. We were going to combine them, but those were both based on the SIFF fund. That avenue went away, so when we made changes to this bill, we put the whole \$250M into this bill. This amendment would divide the money in two and make it available to a certain pool each year. Two years ago, we had \$250M available for school construction loans, but all that money was spoken for within the first eight months of the first year. Some of those were not shovel ready, but they were still committed to those schools, so there were schools that after the 8 month period that were shovel ready, had great need and not access to the money. So this will divide the money in half. A criteria list is made to plan for schools needs. What happens is that DPI would run through the criteria and categorize the school based on need, so as long as there is enough money in there, all the schools would get it, but if there's not enough money, then the schools with the most need would get it first. That would happen each year of the biennium.

Amendment 15.0482.03004 (Attachment 2) This 2nd amendment is not germane to the school construction loan. After all the bills that were germane to this issue came up, Senator Campbell came up with a problem that has happened in the Grafton School district. There are four other districts that have this same problem. Grafton Education Foundation leases land from the Grafton School District in construction buildings or additions to existing buildings for the use of the Grafton School District. The Foundation owns the building. The school district leases the buildings from the Foundation. By contract, the school district is to provide insurance coverage. The School District is permitted to seek insurance coverage from the ND State Fire and Tornado Fund, however the coverage only extends to public buildings, fixtures and permanent contents, therefore belonging to the state. In a letter dated January 23, 2015, Grafton School District was denied coverage because of the lease holders interest is not ownership of the building held by the lease holder and does not belong to the school district. This amendment provides you a copy which would allow the buildings that are leased by the school districts to be considered public facilities for the purpose of insurance under NDCC 26.1-22. Only if such

lease arrangements were signed during the latter two months of 2013. This exception expires June 30, 2017.

This is the only vehicle that is open to us that we thought appropriate. It came with the approval of the chairman and the committee so that's why I'm bringing it. It's really not my amendment, but it's one that we needed to attach and it's for your consideration.

Jon Martinson, State School Board Association: Testified in favor of SB 2178

We want to go on record supporting this bill. We like the idea of the funding available and the low interest rate, etc.

Chairman Holmberg do you have comment on last amendment? Not sure...

Senator Wanzek: The appropriation is \$19.7M from general fund, but the fiscal note shows that it comes from other funds. I'm confused by that.

Eric Hardmeyer, President, Bank of North Dakota: It was our intent that this would come from general fund.

Senator Wanzek: The appropriation in the fiscal note before me should be listed under general funds instead of other funds? (Answer - Yes.)

Senator Wanzek: I'm understanding that it's taking the full interest buy down into account for the full term of any loans that would be made. It's not going to require some future biennium to provide more money to continue with the loan - it covers the full cost of the buy down?

Eric Hardmeyer: No, it does not cover the full 20 years if that's what you're asking. The \$19M covers the first two years - the first biennium. If we have \$250M lent out at 1%, the BNDs cost of money far and exceeds that so the rate that we would be receiving would be somewhere around 4, to 4.5 to 5, somewhere in there. If our cost of money plus the spread to service the loans equaled a rate of 5% that we needed, the buy down of 4% is only for this biennium. This \$19M is for the next biennium. Future bienniums - that would drop, but this could be nearly a bridge financing tool to get to the dollars in the Foundation Aid Stabilization Fund.

Chairman Holmberg asked for any other questions and then closed the hearing on SB 2178.

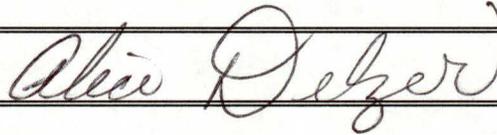
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2178
2/20/2015
Job # 24195

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

BILLS PASSED OUT ON 2-20-15

Minutes:

Amendment # 1-15.0482.03005

Chairman Holmberg called the committee to order on Friday, February 20, 2015 at 8:00 am in regards to several bills to be heard. Roll Call was taken. All committee members were present. Adam Mathiak, Legislative Council and Becky Deichert, OMB were also present.

A quick run down DPI we have ordered the amendment.

OMB - amendment will be here Monday

RIO - meeting at 9:30 am

2131 - amendments will be here on Monday

2178 - school construction vehicle, the other two bills that had 2013 took out the money

2031 - left in the language, they are simple. They have been ordered.

2321 - subcommittee report was done by Senator Kilzer.

Chairman Holmberg: Let's open the hearing on SB 2178. He produced and explained Amendment # 15.0482.03005, Attachment # 1.

Senator Carlisle moved the amendment 03005. 2nd by Senator Heckaman.

Chairman Holmberg continued explaining the amendment. (13.30) Discussion followed. All in favor of the amendment say aye. It carried. Now can we have a motion on the bill?

Senator Heckaman moved Do Pass as Amended and 2nd by Senator Robinson

Chairman Holmberg: Call the roll on a Do Pass as Amended on SB 2178.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. **Senator Schaible** will carry the bill. The hearing was closed on SB 2178.

Adam Mathiak, Leg. Council commented regarding the school formula (Job # 24196).

2/20/15
JHE

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 1, after "15.1-36" insert "and a new section to chapter 26.1-22"

Page 1, line 2, after "fund" insert "and insurance coverage for real property and improvements leased by a school district"

Page 1, line 2, after the second semicolon insert "to provide an expiration date;"

Page 1, line 19, after "that" insert "is based on a review of all applications filed during the twelve-month period preceding April first and"

Page 2, after line 15, insert:

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

School district - Leased property - Insurability.

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

Page 2, line 20, after the period insert "The Bank of North Dakota may not expend more than \$9,848,786 of the appropriations for this program during the first year of the biennium.

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

Renumber accordingly

Date: 2-20-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2178

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.0482.03005

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Carlisle Seconded By Heckaman

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote passed

Date: 2-20-15
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2178

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Heckaman Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Education

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2178, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2178 was placed on the Sixth order on the calendar.

Page 1, line 1, after "15.1-36" insert "and a new section to chapter 26.1-22"

Page 1, line 2, after "fund" insert "and insurance coverage for real property and improvements leased by a school district"

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

Renumber accordingly

2015 HOUSE EDUCATION

SB 2178

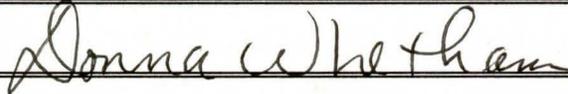
2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2178
3/17/2015
24979

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

relating to the school district construction fund and insurance coverage for real property and improvements leased by a school district; to provide an appropriation; to provide an expiration date; and to declare an emergency.

Attachment #1- 2.

Minutes:

Chairman Nathe: opened the hearing on SB 2178.

Senator Don Schaible: District 31: introduced SB 2178. (1:00-6:24:) This is no longer a revolving loan fund it is basically a buy down. What I see in the future if we go down this path is that if we end up with some money whether it is a SIF fund revenue or the foundation aid stabilization fund, is that we would buy these loans off and it would then become a revolving loan fund again. With the idea that there would be so much money available for school construction plans and at some point in about 8 to 10 years this fund would become self-reliant and it would no longer need an infusion of funds. (8:13). (See Attachment # 1).

Rep B. Koppelman: The new loans would come from the Bank of North Dakota and there is money in here to subsidize the interest rate from the expected 4% shelf rate down to 1%. Is that only for the two year period that we are buying those down so a school district that enters into these from a long term budgeting standpoint, do they have to assume that year three and after they will have to pay 4% because they don't know what future legislatures will do?

Senator Schaible: The appropriations is only for this year but it does commit the state to future buy downs at this current rate. The interest will be locked because it is just like a bond, so if that is the case you are only buying down a certain amount. Without a bond the most the Bank of North Dakota can secure interest rates is 10 years. I think you will see that in the bill that it has the 25th date in it and that is the reason why. Without a bond the

most you can secure interest is 10 years. Then you are not sure what the interest rate is in the future. Maybe we should look at, instead of saying buying down to 1% we are buying down so much percentage rates. That is for future decisions. The \$19 million dollars is worst case scenario of the appropriations it would cost for interest but it does commit the state for 20 years of interest buy down. At current rates and current figures that total bill over a 20 year period would be just close to \$120 million dollars.

Chairman Nathe: Do you have any information on what school projects are looming out there?

Senator Schaible: The current list I have which is pretty close to January, we are looking at \$120 million dollars on the waiting list right now. Some of those are not shovel ready. Right now we are looking at \$100- \$110 million dollars that would be considered shovel ready projects this year. We always knew it would be about \$125 million dollars of need out there and we thought we want to make sure we had enough money. That everyone that is waiting would be able to apply for this and also have a nice criteria and a plan moving forward.

Dustin Gawrylow : lobbyist for North Dakota Watchdog Network: (12:0014:37)- in support of SB 2178 and suggested improvements to the bill. (See Attachment # 2).

Chairman Nathe: Any support of SB 2178? Any opposition to SB 2178? Seeing none. Can DPI step up please?

Bob Marthaller: Assistant Superintendent for Department of Public Instruction:

Chairman Nathe: Being DPI would create the criteria for the schools, can you give us a sense of what the criteria would entail?

Bob Marthaller: The bill does require us first to approve those loans based on existing language in 15.1-36-01 and so we would still be looking at a school district that would have to demonstrate the need for the project for new construction or renovation of a project that exceeds 50 percent of the structures square footage and we have to look at that as part of approval as well as demonstrating some kind of capacity to pay. Then we would go next to the language that currently exists in 2178, we have been talking with Senator Schaible and others to establish what the prioritized list would look like. The bill requires a bond be passed, that would demonstrate community support that is required in the bill. We want to take a look at enrollment, certainly a school district that is demonstrating an obvious or kind of consistent declining enrollment would be important in establishing priorities. We would look at the age of buildings pretty much as the bill describes. We don't have that set down yet on paper but those are the kinds of things we might be looking at. Last session we had roughly \$200 million dollars through funds. Right now we have \$ 4 million dollars of that still available out of those funds. In the meantime we collected applications. A total of about \$121 million dollars, but some of them have not passed a bond so some are not ready for construction this summer. Those districts would be moved into the following year.

We think something between \$80-\$90 million dollars of the loans that are currently on our list could probably be funded. We still have the \$ 4 million dollars plus whatever might get paid back to those funds that we would have available for school districts.

Chairman Nathe: Mr. Hardmeyer, as far as long range plans for this and how it would grow, how it would become self- sustaining, can you walk us through how it would become self -sustaining?

Eric Hardmeyer: President and CEO of Bank of North Dakota: As I understand it this is a one time funding source. They make the loan, they pay it back and it goes back to the Bank of North Dakota. The ongoing nature of this requires a constitutional change to the foundation aid stabilization fund in which they would carve out \$250 to \$ 300 million dollars to replace the Bank of North Dakota which we are just meant to be bridge financing until then. However if that is not passed the Bank of North Dakota will continue to hold these loans until maturity in 20 years. As Rep B. Koppelman asked if that is the case it will require ongoing buy downs provided or appropriated by the legislative committees.

Rep. Olson: Could you walk through the logistics of actually how the funding occurs, you say it is bridge financing, so is this coming out of funds that are actually held by the bank or are you acquiring new funds?

Eric Hardmeyer: This would be from the Bank of North Dakota's deposits. Since this is a long term funding what we have agreed to do is agree to lock the rate for 10 years so we would have to put some sort of protections in place because most of our deposits are variable rate in nature. So when he talked about a 10 year maximum that is really what we are comfortable in providing based on interest rate risk.

Rep Hunskor: Mr. Marthaller, I think you answered my question when you said new construction, but we know of a district that was planning on doing some construction got a figure from an architect for the cost got approval from the voters and was informed that the cost would be much more than anticipated so they had a choice of going back to their voters or just doing half the construction. I would assume this fund could not be useable to reach that extra amount because of the cost rising?

Bob Marthaller: On the list we have been keeping there has been several schools that have received bids for projects that are 20-30% higher than the anticipated costs so we have allowed on the existing list some of those school districts to give us a second application for that amount but we moved them way down on the list. So from that point of view they would be able to secure some funding for that estimated project cost increase. This is under the existing program.

Rep Hunskor: But under this bill that would not work?

Bob Marthaller: I don't believe so, that is a question you should talk about when you get to your committee work. I am not quite sure.

Rep Kelsh: To meet the criteria they have to have the bond measure passed?

Bob Marthaller: yes

Rep Kelsh: So they have the bond measure passed for so much and it is higher and they borrow money from the Bank of North Dakota at 1% interest. I am having difficulty making the connect, they have the bond measure passed at 3-5% interest and they are going to pay off 1% or 3-5% interest, I am not sure how this will work?

Bob Marthaller: I am not sure as well. Bank of North Dakota might be able to answer that question. I don't know if the school district is paying the full measure of the bond and then getting reimbursed or if they will pay 1% and the Bank of North Dakota somehow does the rest.

Chairman Nathe: We will ask Mr. Hardmeyer. On the shovel ready projects, how many school districts does that represent?

Bob Marthaller: We think about 8 and there could be 2 or 3 more.

Eric Hardmeyer: To answer Representative Kelsh, so instead of a bond, there wouldn't be a bond issue placed it would be a loan from the Bank of North Dakota. The loan rate would be at 1%. So there wouldn't be a differential between the bonds and the loan.

Rep Kelsh: Where is the money coming from then to pay the Bank of North Dakota? If it will be a yearly payment they have to have a chunk of money. Can they within their budget, say a \$20 million dollar loan, can the school district come up with that through their normal taxation and pay this off without going to bonding?

Eric Hardmeyer: That is what we are counting on.

Chairman Nathe: Any other question on SB 2178? Seeing none. Closed the hearing on SB 2178.

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2178
3/30/2015
25579

- Subcommittee
 Conference Committee

Committee Clerk Signature

Donna Whelan

Explanation or reason for introduction of bill/resolution:

Relating to the school district construction fund and insurance coverage for real property and improvements leased by a school district; to provide an appropriation; to provide an expiration date; and to declare an emergency.

Minutes:

Chairman Nathe: reopened the hearing on SB 2178. It has do with school construction fund and insurance coverage. We got it from the Senate engrossed there is \$19 million in from the general fund to do an interest rate buy down. We have met with Appropriations and we can't find the money for it. We have met with Appropriations, the prime bill sponsor and the House leadership and we cannot find the money. We have come up with an alternative for now and this bill will probably go to conference. If things change and we can find money for this we can do it at that time. Representative Zubke will explain what we are planning on doing.

Rep Zubke: There is a section of this bill we need to keep even if we don't do the construction loan funding and that is Section 2. I have some very simple amendments start at the top of Page 1 line 1 go to the word chapter , line out the rest of that sentence. Then on sentence 2 and go to the right where it says "school district construction" strike that also. On Line 3 the first two words have to be struck "fund and" and then strike the last word in sentence 3 "to" and the first three words of Line 4 strike "provide an appropriation". The remove Section 1 and 3 and renumber accordingly. What that does it leaves the Section on the insurability for leased property, apparently in Devils Lake they set up a non-profit corporation and built a school on it and now the school can't insure that property even though they have it leased back. This creates a two year window for them to try to fix that problem somehow. With that, **I will move these amendments to SB 2178.**

Rep Looyen: Seconded.

Chairman Nathe: Is there any discussion on the amendments and is everyone clear on those amendments? Seeing none. Again we will keep Sections 4 and 5 in there for the Devil's Lake issue.

Voice vote taken on adopting amendments to SB 2178. Motion carried.

Rep Zubke: Do Pass as Amended on SB 2178.

Rep Looyen: Seconded.

Rep Kelsh: I don't remember much discussion or testimony on that section on why is it uninsurable, just because it is a non-profit that leases it or what?

Rep Zubke: What I understand is because it is leased property the school district can't insure it. Because it is on someone else's property, technically from a legal standpoint they don't own it they are just leasing the building. This just creates a two year window where they can either purchase that property or do something that will resolve the situation.

Rep Kelsh: Does it mean the property is not insured right now?

Rep Zubke: I cannot answer that question.

Rep. Olson: This is a pretty specific section of the language so it is really just applying to this one particular instance in Devils Lake?

Rep Zubke: That is correct. It is just created for that situation.

Rep. Olson: This is land and a building that is owned by a non-profit that is being leased to the school so the building and everything is owned entirely by the non-profit. The insurance requirements the school has to have on the building is it possible for the non-profit to acquire that level of insurance and simply bill the school district for the insurance as part of the lease agreement.
Is it

Rep Zubke: I don't have an answer to that question.

Rep Meier: As this bill evolves and if there are any funds that become available, hopefully could there be a chance there will be funds put into this bill?

Chairman Nathe: Yes, that is the hope. That is why we want to keep it alive, do see a lot of chance for that, no, but if it stays alive we will see what happens.

Rep Meier: There is quite a few bills out there with appropriations and maybe some of those will go down.

Chairman Nathe: Representative Zubke, the Leader, the head of Appropriations and I talked this thing over. We tried to find money for this thing, but the vehicle will still be there and we will see.

Rep Schreiber Beck: To the question on how this work, on page 2 of Senator Schaible's testimony, since January they have not had insurance and this bill allows them that time period to figure out how that insurance is going to be done. I will guess they will have to go back to their foundation to insure it if at all possible.

Chairman Nathe: It would give them 2 years to purchase the building or find another option.

A Roll Call Vote was taken. Yes: 9 No: 3 Absent: 1. Motion carried.

Rep Zubke: will carry the bill.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

Page 1, line 1, remove "a new section to chapter 15.1-36 and"

Page 1, line 2, remove "the school district construction"

Page 1, line 3, remove "fund and"

Page 1, line 3, remove "to"

Page 1, line 4, remove "provide an appropriation;"

Page 1, remove lines 6 through 24

Page 2, remove lines 1 through 17

Page 2, remove lines 30 and 31

Page 3, remove lines 1 through 4

Page 3, line 5, replace "2" with "1"

Renumber accordingly

Date: 3/30/15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2178**

House Education Committee

Subcommittee

Amendment LC# or Description: By Rep. Zubke

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Zubke Seconded By Rep. Goopen

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe			Rep. Hunskor		
Vice Chairman Schatz			Rep. Kelsh		
Rep. Dennis Johnson			Rep. Mock		
Rep. B. Koppelman					
Rep. Looyesen					
Rep. Meier					
Rep. Olson					
Rep. Rohr					
Rep. Schreiber Beck					
Rep. Zubke					

Voice Vote!

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

motion carried.

Date: 3/30/15
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2178**

House Education Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Zubke Seconded By Rep. Looyesen

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe	✓		Rep. Hunskor	✓	
Vice Chairman Schatz	✓		Rep. Kelsh	✓	
Rep. Dennis Johnson	A		Rep. Mock	✓	
Rep. B. Koppelman		✓			
Rep. Looyesen	✓				
Rep. Meier	✓				
Rep. Olson		✓			
Rep. Rohr		✓			
Rep. Schreiber Beck	✓				
Rep. Zubke	✓				

Total (Yes) 9 No 3

Absent 1

Floor Assignment Rep. Zubke

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2178, as reengrossed: Education Committee (Rep. Nathe, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2178 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "a new section to chapter 15.1-36 and"

Page 1, line 2, remove "the school district construction"

Page 1, line 3, remove "fund and"

Page 1, line 3, remove "to"

Page 1, line 4, remove "provide an appropriation;"

Page 1, remove lines 6 through 24

Page 2, remove lines 1 through 17

Page 2, remove lines 30 and 31

Page 3, remove lines 1 through 4

Page 3, line 5, replace "2" with "1"

Renumber accordingly

2015 CONFERENCE COMMITTEE

SB 2178

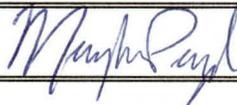
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/10/2015
Job # 26018 (8:02)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Initial Conference Committee

Minutes:

No Attachments

Chairman Schaible called the committee to order at 2:30 with all conference committee members present: Senator Rust, Senator Marcellais, Representative Zubke, Representative Looyen and Representative Kelsh.

Representative Zubke: The House Education committee took out everything that had to do with school construction loans in particular due to the fiscal note. We left the insurance to correct an insurance issue at a Grafton school district.

Chairman Schaible: Did the House look at proposed ideas? Did they ever think of appropriating the money for the interest reduction for just the next biennium?

Representative Zubke: We discussed changing the interest rate or going year by year. After discussion with leadership, we got the feeling that even a \$5M fiscal note would be poorly received in the House chambers.

Chairman Schaible: I understand the fiscal restrictions we are experiencing, but they don't think that school construction and interest buy down is important?

Representative Zubke: They do, but SB 2039 has some school construction language in there. Unfortunately it is probably tied to the initiated measure that we are talking about for the revolving school construction loans. It is important to get to that point, but no one wanted contingencies on whether that measure failed or passed with the voters.

Chairman Schaible: It was good two years ago, it will be good two years from now, and even if we find money that is not out of the general fund, it's still not a good idea?

Representative Zubke: If you found a source for some funds I'm certain that the House would look at it differently.

(3:30) **Representative Zubke:** The source would be something outside of the general fund?

Chairman Schaible: I think there are avenues to do this. This bill has gone through several stages to continue the revolving school loan fund. Understanding that there is no money left

to do it, we've looked at plan B which was getting money to supplement the buy down from the Bank of North Dakota. There were also avenues of money coming out of the student loan trust fund. At the time of that discussion, there was over \$30M in there. I know they are saying even though we make it contingent on the other bills, it is still perceived as an ongoing, continuing appropriation. This is a good idea and a contingent on our initiated measure. There are some avenues to work with this.

Representative Zubke: No one had anything negative to say about the bill. It was the fiscal note that caused issues. We did discuss about funding through the student loan trust fund, but my understanding is that money had been committed to something else.

Chairman Schaible: I did check on that, and no one knew of that commitment.

Representative Kelsh: We had a scholarship that came out of that fund which got killed.

Chairman Schaible: That was also one of my bills.

Representative Kelsh: The House didn't think that was a sustainable amount of money because it is not being replenished. The Bank of North Dakota made the commitment that they would continue to do it, but it still didn't cut any ice as far as the scholarship programs.

Senator Schaible: It depends on whose idea it is and which priority you are looking at. This is a good priority for everyone.

Representative Zubke: To be clear it wasn't just the sustainability for the scholarship fund. Some were concerned about the structure as well. However we are willing to continue to work on this bill.

Chairman Schaible adjourns the subcommittee meeting on SB 2178.

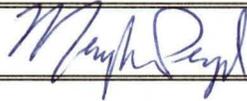
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/13/2015
Job # 26047(3:46)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE WORK

Minutes:

No Attachments

Chairman Schaible called the committee to order at 9:00am with all conference committee members present: Senator Rust, Senator Marcellais, Representative Zubke, Representative Looyesen and Representative Kelsh.

Chairman Schaible: I have amendments that are being drafted. We are trying to reestablish the funding through the student loan trust fund to make it an interest buy down. It would be a buy down to 1%, but only be buying down 2%. If this continues in the future and interest rates increase, we are not stuck with buy downs we can't afford. We will buy 2% down to 1%. We would make this contingent for this biennium only with the hope that initiated measure would help.

Representative Kelsh: It would be a 2 year program. If the initiated measure passes, how would this work?

Chairman Schaible: The Bank of North Dakota would have assets available to borrow up to \$250M. The school would make a loan through the Bank of North Dakota. This appropriation would be to pay the Bank of North Dakota to buy that interest down to 1%. In the future if we have a foundation stabilization fund, we would tap into that with the initiated measure. Therefore we can buy off the Bank of North Dakota and turn that money into a revolving loan fund similar to what we already have set up from the last biennium. The goal is to have that money coming back into a fund and become self-sufficient in the future to provide low interest school loans.

Representative Kelsh: We would buy the loan from the Bank of North Dakota?

Chairman Schaible: Yes that is my interpretation. This is just an interest buy down plan. The Bank of North Dakota would own the loan. We would have to buy the loan from them at some point.

Senator Rust: if the initiated measure passes?

Chairman Schaible: Correct, we would need the money to do it or the economy would have to change enough. Both houses would have to determine that as the priority. We've had a school revolving loan for the last two years. The initiated measure language has that back in there again, so that is the avenue we are looking at as a state.

Chairman Schaible adjourns the meeting on SB 2178.

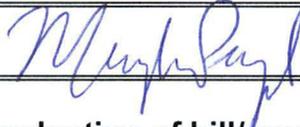
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/15/2015
Job # 26141(26:01)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Introducing an amendment

Minutes:

3 Attachments

Chairman Schaible called the committee to order at 2:30pm with all conference committee members present: Senator Rust, Senator Marcellais, Representative Zubke, Representative Looyen and Representative Kelsh.

(see attachment #1 & #2- 4008 amendments)

Senator Schaible: There is still some work to do on this so I won't ask to adopt this; it's just to start some discussion. The money is the same at \$250M and it comes from current earnings and undivided profits. This language is coming from some conversations I have had with concerned people, language that will turn up in SB 2039. We have 3 different school construction accounts- this bill, SB 2039 and SB 2031. We need to mold them into one and adopt language that we can agree on.

Representative Zubke: Page 2 you have inserted a "c" that says "in case of a school district having fewer than two hundred students..." What is the thought behind the difference between a school district with fewer than 200 students and one with more than 200 students?

Senator Schaible: I have some amendments for SB 2039. It says "demonstrates the student population has been stable or increased during the preceding five years and expected to be stable during the next five years". They were looking at including that into whatever revolving loan school fund we had. That language means that if you had a declining enrollment, you would not be eligible for these programs. After talking to the authors of those amendments, their intent is that language does not mean they can't apply, it simply means the Department of Public Instruction would have a say in whether they can build or not. What is the number for a viable school? I used 15 kids per student with a 5 kid leeway which would give you 200 kids. If the declining enrollment language is only a criterion for public instruction to review, we don't need this at all. I agree with that

Representative Zubke: I understand the philosophy. I have seen this language about stable increasing, but school districts that may be declining still have the need for buildings and their building may wear out. That shouldn't necessarily be a criterion. Are we saying that schools with less than 200 students are likelihood to be merged into some other school district?

Senator Schaible: Most of the language is coming from the House. I am trying to look at the solutions to combine these bills because I am on all three of them. Certainly I am not in favor of that, but I'm trying to get some language going. I think we will have language that if it's a criterion for who gets these loans, it will more than likely match whatever is in the other one. We should be consistent in the way we are thinking. This is a starting point that is open to discussion as to what thoughts I am having and moving forward.

Representative Zubke: Originally SB 2178 appeared to be a bridge for 2 years until we got to where that initiated measure might be passed and that is when SB 2039 takes effect. Are we still trying to do that?

Senator Schaible: We are still doing that, but the language to bridge them will have to be in SB 2039 because that is where the money would come from to do that. Whatever percentage of monies is going to be used to be for school construction, a portion of that would be to buy these loans back and push this into the revolving loan fund. There would also be money that would create it for additional revolving loan school funds so that at some point, the returns would make that fund self-sufficient and they would no longer need a state infusion.

Representative Zubke: On the bottom of page 2, the \$250M has been struck out and then substituted for language that says "shall authorize the use of and administer moneys in the North Dakota school district construction fund, which is a revolving fund". It is my understanding that the North Dakota school district construction fund hardly has any dollars in it.

Senator Schaible: Correct, but in section 4 it claims the money would not be into that fund but coming out of the Bank of North Dakota as far as loans. This language was a combination of three things that we brought together. It would still be \$250M and an interest buy-down. The language of 2% compared to a 1% is in SB 2039 also. The intent is to remain \$250M with a buy-down whether it is 1 or 2%, but the fiscal note of the %10M plus is based on a 1% loan.

Representative Zubke: On section 4 I did see that language, but I think that should be cleaned up. It could be misinterpreted that the only sum that is necessary to be transferred is just the amount of the interest buy-down. It doesn't specifically say that dollars are transferred also for the loan principle.

Senator Schaible: You are right; it needs work.

Senator Schaible: From there on under 2c 1-4 on page 3, that is the language that comes out of SB 2039 as a proposed amendment.

Representative Zubke: Being in the lending business and talking about the \$20M maximum loan, I am assuming that if those school districts are building a \$50M building, they can get \$20M here and then go out and bond for the other \$30M and we don't have problems with repayment issues or the source of funding? Does this specifically say that if

you are building a \$50M school, you will have to figure out some other method for getting that financed?

Senator Schaible: Correct. Our current fund we have in this biennium says \$10M. Say Fargo has a project for a \$100M building; it is only for that amount that the program is good for and they're on their own after that whether it's bonded or something else.

Representative Zubke: As far as pledging the tax levy dollars, the bonding and this loan program can share in that?

Senator Schaible: I'm not sure how that works. This would not be bond because you would be borrowing the money from the Bank, but there is language in there that still requires a 60% vote and obligations of the sort.

(12:10) **Representative Kelsh:** I thought this was an interest buy-down bill, but a lot of the language is about the loan for school construction. If the construction project is approved by the Department of Public Instruction, I am concerned there is a lot of documentation and requests for further information to the Bank of North Dakota. Why would they have to go through two approvals? Is this a first come first serve basis or would they select who they feel would be the most responsible?

Senator Schaible: The intent is that the Department of Public Instruction does the overview and classification to determine if the district qualifies for the Bank of North Dakota. Secondly you are right that this is an interest buy-down. The money is coming out from the funds of the Bank of North Dakota. The appropriation is for what is presumed would be the interest cost. The fiscal note of \$10M plus is based on when the schools borrow the money and that it's buying down from what their best rate is now, which is about 4% for the 2 years. This is only the interest buy-down for 2 years at those rates. Originally SB 2178 said that whatever the amount of money that was available, say \$250M, we divide that by 2 and at April 1st of each year, they go from that. That is why it says they can only spend that in one year- it creates two pools. This biennium we had \$200M and within 6-8 months, all of the money was gone, so the second year of the program, even though we had people waiting, there was no money left. The idea is that we create a pool based on criteria first and they get it if there is enough money.

Representative Kelsh: If there is double the requests, can the Bank of North Dakota choose or would it be a first come first serve basis?

Senator Schaible: The Superintendent of Public Instruction and the Department of Public Instruction would use the criteria to determine which one has the need. That is based on a pool of half the amount of money per year. That is the intent and we will work on the wording.

(17) **Bob Marthaller** with the Department of Public Instruction was called to the podium

Senator Schaible: With the existing loan fund we have, is it \$10M they can take out of that plan currently?

Marthaller: The 15.1-3602 has the criteria that school districts are eligible for under the current system. I believe \$10M is the maximum.

Senator Schaible: If a project is bigger than that and they have to find more funds, how does the meshing of the two loans work?

Marthaller: They would bond as much as they would need to for their particular project beyond the school construction loan.

Senator Schaible: That has never been an issue?

Marthaller: not to my knowledge.

Senator Schaible: The language about the enrollment 5 years back and 5 years forward and saying that the Department of Public Instruction would have the say on whether the school builds or not, is that something the department would be comfortable with?

Marthaller: It would help us make that decision. Currently we have to determine stable or increasing enrollment for new construction projects. The stable enrollment is difficult for us to determine, so a 5 year reflection makes sense. However we have to be careful when we run those numbers. Even though there are smaller declining schools, some have obvious need for construction projects such as additions and major renovations.

Senator Schaible: Say you have a viable school with 200 that has been declining for a while and the projections aren't good. What accounts would you take for recommendation?

Marthaller: We would look at the age of the building, projected enrollment, safety issues, needs of the district in terms of adding curriculum or career tech courses, etc. There are a number of things we can look at as we do now.

Senator Schaible: Do you have an example of one you would decline?

Marthaller: Perhaps an elementary district with very small numbers. Their building is in need of major renovation including foundation having to be redone and repaired, accessibility requirements, and they are near another school district. We may look at declining those projects.

Senator Rust: How many school districts are below 200 students?

Marthaller: quite a few, maybe 80.

Senator Schaible: I have that information from Jerry Coleman (*see attachment #3*)

Representative Kelsh: Do you have the power to stop a district in a construction project if you figured that it was foolish funding?

Marthaller: We don't have the authority to go to a district school board and decline their project. The only thing we have in law to decline a project would be for a school district that would be less than stable enrollment. We've not denied any project in the 7 years I've been here. If local communities have a desire and wherewithal to do a project, certainly they should be able to have the primary and final say in that. If the department does not approve the project, it can be taken to the state board of public school education as an appeal as well; there is some protection there.

Senator Schaible: I will further draft this amendment.

Senator Schaible adjourns the conference committee on SB 2178.

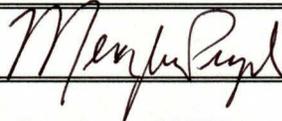
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/17/2015
Job # 26197 (9:26)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Discuss amendment; discussion

Minutes:

3 Attachments

Chairman Schaible called the committee to order at 9:30am with all conference committee members present: Senator Rust, Senator Marcellais, Representative Zubke and Representative Kelsh. Representative D. Johnson is replacing Representative Looyen for this meeting.

(see attachment #1 & #2- 4009 amendment)

Chairman Schaible: This reverts back to the language I had in SB 2178 as it went over to the House with the loan. Instead of the money coming from the student loan trust fund, it will coming out of the profits of the Bank of North Dakota. It is still an interest buy-down program. Page 2 line 17 replaces 30 with 20 so the maximum amount a school can take advantage of is \$20M. That is the language we are looking at for the other legislation, so I am trying to make it consistent. We talked about other language in SB 2039 when we met in conference yesterday. However to move this conference committee forward, we could work off of this and revise language depending on what happens to that bill.

Senator Rust motions for the adoption of amendment.

Senator Marcellais seconds the motion.

Representative Zubke: We would like time to consider this.

Chairman Schaible: Are we moving in the right direction?

Representative Zubke: I believe so. This has potential of being accepted by the House.

Representative Zubke: On page 2 line 11 it says "the interest rate on a loan under this section may not exceed one percent until July1, 2025."

Chairman Schaible: That has always been in SB 2178. The language in SB 2039 is at 2% currently. We need to parallel that language at some point. Going to 2% would be a good idea if we are to be consistent in our language. The one we currently have is at 1%. It would also reduce the fiscal note by about 25%.

Representative Zubke: This is a 2 year bill, a bridge to try and get us to that measure. I know we have the Bank of North Dakota funding the \$10.5M for the buy-down, but how do we fund the portion of it after 2017 if the initiated measure fails and somehow this is locked in by this legislation? Is the Bank of North Dakota going to fund that?

Chairman Schaible: No, right now it is basically over after the 2 years. To have this SB 2178 language continue, appropriations or some other funding mechanism would be needed. My hope is that the language in SB 2039 would include some avenue to buy these loans out and have these become part of the revolving loan fund. Right now it is an unknown. If we propose these to our school districts, two years of interest buy-down is better than none. We should make it clear that continuation of this is uncertain and it would have to be addressed. The plan is that it is still available.

(5:20) **Representative Kelsh:** You can only spend about half of the \$10.5M the first year. Would that limit the amount of money the Bank would loan on school construction?

Chairman Schaible: Yes.

Representative Kelsh: They couldn't make more loans without the interest buy-down?

Chairman Schaible: Yes. We are doing so much per year. If the state would appropriate this money, it would go into a fund. If the school is not ready, they don't have to borrow that money; there could be some savings.

Senator Rust: Approximately how many dollars would that \$5.25M of buy-down allow to be borrowed out?

Chairman Schaible: I suppose half, \$125M for one year. That is what the note was based on.

Representative Kelsh: On the 4008 amendment version (*see attachment #3*), you have 5 pages with a lot of it dealing with reports to the Bank of North Dakota to receive the loan. On this new 4009 version, it is not in there. I am trying to see how the amendments reflect what we took out about 2 pages.

Chairman Schaible: All of that language about reporting to the paper and the treasurer's department is in the language that is in SB 2039. For clarity until that is figured out, we may want to add that into this. As of now, it is an unknown. To keep it clear, it is better to leave that out. I have to give this language to the conference committee in SB 2039.

Senator Rust retracts his motion to adopt the amendment.

Senator Marcellais retracts his second.

Chairman Schaible: Any other change is not possible until Monday because Anita Thomas is gone for the weekend for work. I don't mind meeting later today or this weekend to get work done. Unless there is information to bring forward later today, I will not be scheduling a meeting until Monday.

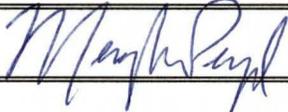
Chairman Schaible adjourns the conference meeting on SB 2178.

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/20/2015
Job # 26250 (6:20)

- Subcommittee
 Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

Propose Amendment; discussion

Minutes:

1 Attachment

Chairman Schaible called the committee to order at 9:30am with all conference committee members present: Senator Rust, Senator Marcellais, Representative Zubke and Representative Kelsh. Representative D. Johnson is replacing Representative Looyen for this meeting.

(see attachment #1- amendment)

Chairman Schaible: This was drafted by the Bank of North Dakota. The \$125M per year divides the money in half so that it is available per year rather than all at once. The Bank of North Dakota can only lock in a 10 year fixed rate. The added language proposed for page 2 line 12 makes it clear that the schools that are taking this loan would still get an interest buy-down. They will be based on the basis points of what the bank does. Say the interest rates would go to 8%. The language without this would say that we would buy down to 2% and the bank would be responsible for the other 6%. That is not the intention of this. We are trying to give the schools a break, but we are not trying to adversely affect the banks and government. Page 3 line 8 replaces language for the difference between the interest rate of 1% to 2%. The \$5.2M would be the interest rates for using half that money for that one year.

Representative Kelsh: For \$2M we could go to the 1%.

Chairman Schaible: The reason I suggest this is because that is what SB 2039 will end up being. We need to be consistent going into the future so that we don't have three different plans. I would like to go to 1%, but that will make more expense for the bank and quite a bit of gap difference after the 10 years.

Representative Kelsh: What is the relation to SB 2039?

Chairman Schaible: That is the language that enacts the constitution measure of receiving money from the foundation aid stabilization fund.

Senator Rust: Is another reason for going from 1 to 2% to try to grow that revolving fund so that we can continue to loan out money for school constructions?

Chairman Schaible: That would be for SB 2039. It has no effect on this one because it is not a revolving loan fund. This money does not come back; it goes back into the Bank of North Dakota, but it would ease their concerns and lower the fiscal note.

Representative Zubke: I appreciate these amendments. It clears up the 4009 amendments. House leadership is having discussions for combining SB 2039 and SB 2178 together into one bill with reference to SCR 4003. That all has potential and there is acceptance for what we have proposed here in SB 2178.

Chairman Schaible: We have to wait on some of this before we finalize this then?

Representative Zubke: Correct. I don't think it will be long. We are meeting soon after this meeting. Tomorrow afternoon would be prudent to meet next.

Chairman Schaible adjourns the conference committee on SB 2178.

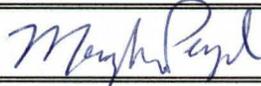
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2178
4/22/2015
Job # 26352 (25:31)

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

ACTION

Minutes:

3 Attachments

Chairman Schaible called the committee to order at 11:30am with all committee members present: Senator Rust, Senator Marcellais, Representative Zubke, Representative D. Johnson and Representative Kelsh.

(see attachment #1- 4012 amendment)

Representative Zubke: This amendment changes the wording a little bit. There is a cooling off period when we have a bond issue vote and it has failed twice. More importantly what it does is before they can put that on the ballot for a third subsequent time, it has to go back to the Department of Public Instruction for an approval.

Chairman Schaible: 1 and 2a are existing law now and already in effect so this just adds that an application that has been approved would have to be reapproved after two votes?

Representative Zubke: That is my understanding.

Representative Zubke motions for the adoption of the amendment.

Representative D. Johnson seconds the motion.

A vote was taken. The motion passes: 3-0, 3-0

(see attachment #2 & #3)

Representative Zubke: It would be the House intention that we would recede from our amendments and put the school construction back into this bill. We've added wording that has to do with the student population being stable or increasing during the preceding 5 school years. This creates a look back over 5 years to substantiate the fact that they do need to construct this building. Item 2 deals with the issue we had discussed in a previous meeting that there are school districts with declining enrollment that still need to build. It adds the language that by demonstrating clear and convincing evidence, that despite a declining student population, there are no feasible alternatives to the proposed projects. It creates language in which they will still be able to build.

Chairman Schaible: They must demonstrate clear and convincing evidence yet that is subjective to what the Department of Public Instruction believes. They would still have the say on whether they build or not.

Representative Zubke: That is my understanding.

Representative Zubke: Section 2 adds the \$250M worth of loans and it creates the caveat that only half of those can be extended in the first year of the biennium. Page 3 line 6 is language brought over from SB 2039 to make it clearer to the voters as to how much the dollars equate to when they do a building project.

Senator Rust: We have seen that language before I believe?

Chairman Schaible: This language has been in SB 2039. The only new language is on page 2 lines 4-6.

Representative Zubke: Page 4 line 14 is where we change the interest rate from 1 to 2. There is added language to make it clear that after the first 10 years, the rate cannot exceed the bank's base rate, which is a variable rate. That encourages this to refinance loan into the revolving loan program that is in SCR 4003. Line 22 is dropping it from 30 to 20M. Page 5 is the transfer for the loss of income for the bank and how it would actually come out of their earnings and undivided profits for a two-year period.

(7:50) **Eric Hardmeyer with the Bank of North Dakota was called to the podium**

Chairman Schaible: How will page 4 lines 14-16 work with the districts?

Hardmeyer: This will provide some understanding for the school district going forward after 10 years in what happens to their interest rate. I would make one change to what has been said. This is different language than what I had proposed to you. We would like to leave the option to make it variable or we could fix it at that time. That was the language that I had given to you. We want the school district to have that option. If rates are low, we can fix again for another 10-year period. This language is more prohibitive. I suggest we go back to what we proposed which gives the opportunity to go fixed or variable at that point.

Chairman Schaible: If the school district is trying to sell the idea of building the school, how do they explain that to the public? I know the land owners and mill levies will be the ones that are hooked for that affect, but what do they say to the public on how this will work?

Hardmeyer: That will be the challenge. You have a fixed rate certain for 10 years and then an unpredictable rate change.

Chairman Schaible: The positive side is that it will be substantially less than they can get anywhere else by at least 2%.

Hardmeyer: Most of these are done as tax exempt. Our base rate does not reflect the tax exempt rate. It is the same as wall street journal prime and all of the other prime rates. That is why it is uncertain for the school districts. We would have to reevaluate in 10 years. We have a mission and are different than other banks. That is the reason why I wanted to leave the option there to do fixed or variable.

Representative Kelsh: Line 16 we added "or a fixed rate determined by the Bank of North Dakota." Would that alleviate your concern?

Hardmeyer: I would suggest we go to the rate I had proposed. This is rate that we have in effect on other statutory programs. That is The Bank of North Dakota's base rate as in effect from time to time "and may float." That tells you that it can be fixed or variable. That language is consistent and is already in statute.

Representative Zubke: I provided that language to Legislative Council, and this is the language that was put in. I don't know if this actually prohibits a fixed rate. It says "thereafter the interest rate on the remainder of the loan may not exceed the Bank of North Dakota's base rate", which is a variable rate.

Hardmeyer: Correct.

Representative Zubke: so it doesn't specifically prohibit it from being a fixed rate either. From a legal standpoint, this would not prevent a fixed rate loan.

Hardmeyer: Those who are there in 10 years who are arguing this can go back and look at our legislative intent.

Chairman Schaible: Anita Thomas is on her way to discuss this matter.

Representative Kelsh: A fixed rate after 10 years is easier to sell to the voters. Variable rates are unpredictable.

Representative Zubke: We want to accomplish the bridging for two years and then ensure we have a mechanism that encourages those school districts to move to that revolving fund. I don't want to lose sight of that.

Chairman Schaible: Yes, this is contingency language. The goal is to move these loans into the revolving loan trust fund, but at some point legislation would have to appropriate money to buy those loans out to do so. That takes \$250M off the table of what everybody else wants at that time. I am making sure that the bank is not stuck with an excess of interest rates.

Senator Marcellais: What happens if a school is burned down?

Chairman Schaible: It would be covered by the state fire and tornado insurance fund.

Senator Marcellais: They wouldn't have to worry about loans or bonds?

Chairman Schaible: They would still be committed to the terms of the agreement. Mostly it would be the property tax owners that would be committed.

(18:10) **Anita Thomas with Legislative Council was called to the podium.**

Chairman Schaible: We were discussing the interest rates on page 4 lines 15-16. There is some different language for consideration. The Bank of North Dakota was assuming it would be available as a fixed and variable rate. The understanding with this is that it is only a variable rate. Why is one more prevalent than the other?

Thomas: We can work with the phrased fixed and variable rate; that is not a problem. Our only issue was with the reference to a "floating rate" because that is more colloquial than what we want to be in the code.

Chairman Schaible: I believe it is already in code in several places?

Thomas: It probably is, but it shouldn't be. This is a simple fix.

Chairman Schaible: We can do a friendly amendment now and vote on this?

Thomas: That would be encouraged.

Chairman Schaible: What would this amendment look like?

Thomas: Referring to item 5 page 4 in the 4011 marked up version, Mr. Hardmeyer and I propose the language to be "Thereafter, the interest rate on the remainder of a loan under this section: a. may not exceed the Bank of North Dakota's base rate or b. may be a fixed rate."

Representative Zubke: Is it detrimental to leave the words "which is a variable rate"? That came from the House side because we wanted to make sure that that school district understood that.

Thomas: That is a phrase that is not necessary. It will not harm anything.

(All members agreed to take it out)

Representative Kelsh: When it came to the point of determining what the fixed rate would be, would that be negotiable?

Hardmeyer: We would negotiate and perhaps involve the legislature. You can be ensured with our mission that it would be an acceptable rate.

Chairman Schaible: You can also guarantee a 10 year rate, and that is why we are going 10 years. At that point you can also guarantee another 10 year rate if we wanted to.

Hardmeyer: Correct.

Representative Zubke moves that the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be further amended with amendment number 04011 including the changes we just clarified in testimony.

Representative D. Johnson seconds the motion.

A vote was taken. The motion passes: 3-0, 3-0.

Chairman Schaible and Representative Zubke will carry the bill.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 3, after the semicolon insert "to amend and reenact section 16.1-01-11 of the North Dakota Century Code, relating to bond elections;"

Page 2, after line 17, insert:

"SECTION 2. AMENDMENT. Section 16.1-01-11 of the North Dakota Century Code is amended and reenacted as follows:

16.1-01-11. Certain questions not to be voted upon for three months.

1. Whenever at any election a bond issue or mill levy question has failed to receive the required number of votes for approval by the electors, the matter may not again be submitted to a vote until a period of at least three months has expired, ~~and in no event may more.~~
2.
 - a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
 - b. If the matter to be placed before the electors for a third or subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01."

Page 3, line 5, replace "2" with "3"

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 2, remove the second "the"

Page 1, line 2, remove "district"

Page 1, line 3, replace "fund" with "loans"

Page 1, line 3, after the semicolon insert "to amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to the approval of school construction projects;"

Page 1, line 4, replace "an appropriation" with "for a transfer"

Page 1, after line 5, insert:

"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 student population~~
 - (1) Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or to increase during the ensuing five school years; or
 - (2) Demonstrates by clear and convincing evidence that, despite a declining student population, there are no feasible alternatives to the proposed project; 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."

Page 1, line 11, after "loans" insert ", except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection"

Page 1, after line 16, insert:

- "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 preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03."

Page 1, line 17, replace "c." with "d."

Page 1, line 18, replace "d." with "e."

Page 2, line 10, replace "one" with "two"

Page 2, line 11, after the underscored period insert "Thereafter, the interest rate on the remainder of a loan under this section may not exceed the Bank of North Dakota's base rate, which is a variable rate."

Page 2, line 17, replace "thirty" with "twenty"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 4 with:

"SECTION 4. TRANSFER. There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 3, line 5, replace "2" with "3"

Renumber accordingly

1 of 3
TV
4/22/15

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 2, remove the second "the"

Page 1, line 2, remove "district"

Page 1, line 3, replace "fund" with "loans"

Page 1, line 3, after the semicolon insert "to amend and reenact sections 15.1-36-01 and 16.1-01-11 and of the North Dakota Century Code, relating to the approval of school construction projects and to bond elections;"

Page 1, line 4, replace "an appropriation" with "for a transfer"

Page 1, after line 5, insert:

"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 student population~~
 - (1) Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or to increase during the ensuing five school years; or
 - (2) Demonstrates by clear and convincing evidence that, despite a declining student population, there are no feasible alternatives to the proposed project; 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."

Page 1, line 11, after "loans" insert "except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection"

Page 1, after line 16, insert:

- "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 preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03;

Page 1, line 17, replace "c." with "d."

Page 1, line 18, replace "d." with "e."

Page 2, line 10, replace "one" with "two"

Page 2, line 11, after the underscored period insert "Thereafter, the interest rate on the remainder of a loan under this section:

- a. May not exceed the Bank of North Dakota's base rate; or
- b. May be a fixed rate."

Page 2, line 17, replace "thirty" with "twenty"

Page 2, after line 17, insert:

"SECTION 3. AMENDMENT. Section 16.1-01-11 of the North Dakota Century Code is amended and reenacted as follows:

16-01-11. Certain questions not to be voted upon for three months.

- 1. Whenever at any election a bond issue or mil levy question has failed to receive the required number of votes for approval by the electors, the matter may not again be submitted to a vote until a period of at least three months has expired, ~~and in no event may more.~~
- 2. a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
- b. If the matter to be placed before the electors for a third subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01."

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 4 with:

"SECTION 4. TRANSFER. There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 3, line 5, replace "2" with "4"

Re-number accordingly

Date: [Click here to enter a date.](#)
 Roll Call Vote #: "Enter Vote #"

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

SB 2178 as re-engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows

 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Senators	4/10	4/13	4/15	Yes	No	Representatives	4/10	4/13	4/15	Yes	No
Chairman Schaible	X	X	X			Representative Zubke	X	X	X		
Senator Rust	X	X	X			Representative Looyen	X	X	X		
Senator Marcellais	X	X	X			Representative Kelsh	X	X	X		
Total Senate Vote						Total Rep. Vote					

Vote Count Yes: _____ No: _____ Absent: _____

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

SB 2178 as re-engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Zubke Seconded by: Representative D. Johnson

Senators	4/17	4/20	4/22	Yes	No	Representatives	4/17	4/20	4/22	Yes	No
Chairman Schaible	X	X	X	X		Representative Zubke	X	X	X	X	
Senator Rust	X	X	X	X		Representative D. Johnson	X	X	X	X	
Senator Marcellais	X	X	X	X		Representative Kelsh	X	X	X	X	
Total Senate Vote				3		Total Rep. Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Schaible House Carrier Representative Zubke

LC Number 15.0482.04013 . 06000 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2178, as reengrossed: Your conference committee (Sens. Schaible, Rust, Marcellais and Reps. Zubke, D. Johnson, Kelsh) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1091, adopt amendments as follows, and place SB 2178 on the Seventh order:

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 2, remove the second "the"

Page 1, line 2, remove "district"

Page 1, line 3, replace "fund" with "loans"

Page 1, line 3, after the semicolon insert "to amend and reenact sections 15.1-36-01 and 16.1-01-11 and of the North Dakota Century Code, relating to the approval of school construction projects and to bond elections;"

Page 1, line 4, replace "an appropriation" with "for a transfer"

Page 1, after line 5, insert:

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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.
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 - c. Demonstrates the capacity to pay for the project under rules adopted by the superintendent of public instruction pursuant to chapter 28-32.

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 - (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."

Page 1, line 11, after "loans" insert "except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection"

Page 1, after line 16, insert:

- "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 preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03;"

Page 1, line 17, replace "c." with "d."

Page 1, line 18, replace "d." with "e."

Page 2, line 10, replace "one" with "two"

Page 2, line 11, after the underscored period insert "Thereafter, the interest rate on the remainder of a loan under this section:

- a. May not exceed the Bank of North Dakota's base rate; or
- b. May be a fixed rate."

Page 2, line 17, replace "thirty" with "twenty"

Page 2, after line 17, insert:

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2. a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
b. If the matter to be placed before the electors for a third subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01."

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 4 with:

"SECTION 4. TRANSFER. There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 3, line 5, replace "2" with "4"

Renumber accordingly

Reengrossed SB 2178 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2178

#1

1/19/2015

Chairman Flakoll and Senate Education Committee, for the record I am Senator Don Schaible, District 31. I am here to introduce SB 2178 which creates a revolving construction fund and operates very similar to the construction loan fund we was use in the current biennium.

That construction fund appropriated \$200 million with the only criteria to prioritize the schools was the order that the applications came into the office. What we ran into was that this fund was fully spoken for within a few months even though some of the schools were not yet ready for construction. Later when others schools completed their planning process there was no money to draw from.

I feel a better system was needed to prioritize schools application. Hopefully we would like to make sure adequate money was available to help schools in their construction plans. But if there is not enough money available for all of the applications, the schools with the most need should be prioritized first.

These criteria should include looking at rapid enrollment, safety and obsolescence of our school buildings to ensure that the schools with the greater need are funded first. I would consider rapid enrollment to be at least 3.5% average growth for 3 years or more. Obsolescence would any building older than 40 years for that is the time when ADA compliance came into effect. Safety concerns could be evaluated by an insurance safety audit or by the safety council inspection.

Conversations I have had with the DPI suggest that some guide lines in prioritization would also be appreciated when they address schools on construction loans. There may need to be more discussion on this and more guidance written into this bill.

The second concern that was recognized was that all of the allotted money was spoken for within a few months of the biennium. This gave schools that were working on a construction plan in the second year of the biennium, little chance of receiving the low interest loan. With that in mind, this bill would provide a new priority list every year as of July 1st of that year. This would then divide the biennium money in half, and as of July 1st, the schools that have applied would be

prioritized and in that order the money would be allocated. If there is not enough money in that year to cover all on the list, the remaining schools would remain on the list and would be re-prioritized for the next year. The July 1st date may be too late in the year and could be adjusted.

The emergency clause in this bill is to get this money available for the schools that are shovel ready this year.

An amendment may be needed to include a .5% interest maintenance fee for the Bank of North Dakota for I believe that is what is required for them to manage the account without losing money.

I would be happy to answer questions.

#2
1/19/2015

SB 2178 Testimony:

Mr. Chairman and Members of the Senate Education Committee.

For the record I am David Rust, Senator from District 2 in NW ND.

I rise in support of SB 2178 calling a transfer of \$125 million from the SIIF to a revolving ND School District Construction Fund.

It is important to highlight the following:

- 1) This is low-interest not to exceed 1% loan program. The principal will be repaid. The state will lose some interest.
- 2) 60% of the qualified voters of the school district must approve of the construction, not just a board.
- 3) This is for the construction of new buildings or additions or the remodeling of aging facilities.
- 4) The loans must be for at least \$1 million dollars.
- 5) The expected utilization of the facilities is at least 30 years.
- 6) The DPI must approve the project.
- 7) The term of the loan is 20 years.
- 8) AND, this program is open to ALL school districts, BUT does set up a prioritization so that the neediest schools are at the "head of the line."

- 9) This fund will eventually sustain itself through the repayment of loans to the fund.
- 10) The loans will administered through the Bank of ND.

This will amount to true property tax relief for North Dakotans. Taxpayers will save more than a million dollars a year on a \$50 million project over 20 years at 1% versus approximately 4.5% on the bond market. Their Sinking and Interest Levy will be less.

It seems to me the most basic wants and needs of a community are--good schools and access to medical facilities. This bill helps to accomplish the first.

I urge you to give SB 2178 a "Do Pass" and will try to answer any questions you may have.

Thank you.

3
1/19/2015

SB 2178 – School District Construction Emergency Fund

For the record, my name is Dr. Aimee Copas. I serve as the Executive Director for the ND Council of Educational Leaders. I stand before you today in support of SB 2178. Our state has seen wonderful growth over the past years for a number of reason. It has impacted all corners of our state. As our Governor Dalrymple mentioned, we've worked for years to make ND Economically vibrant. We wanted to find a way to make our state more appealing. We've done our job....and sometimes we get what we ask for.

With the growth has brought to our states infrastructure needs. One critical one being our schools. Many of our schools are bursting at the seams. In others, they refer to their "new" school as the one that was built in 1965, still has its original boiler, windows, and sometimes roof, and is in tremendous need of deferred maintenance repair and update.

Our organization has sent out numerous surveys to understand the building needs. Again and again the number that comes before us is a need to borrow statewide around \$300M for school construction.

Our schools aren't asking for a handout. They are asking for assistance to make this happen. In reality, the low interest construction loan rate is a tax savings for each community and should be communicated as such. Loans provided to schools that are paid back – that are below market rate – provide to our citizens a great tax savings and makes good sense.

We recommend a DO Pass of SB 2178. Thank you for your time.

#4
1/19/2015

Good Morning,

My name is Kevin Roth. I am a Mott/Regent School Board Member. Our elementary school is 105 years old. The oldest operating elementary school in the state. Part of our high school is 85 years old and the high school addition is 50 years old. We are on the border of the oil industry counties in western North Dakota. The district has a stable to slightly increasing enrollment.

The school district had a bond issue vote last spring to build a new school that failed. Most opposing the bond issue felt the total cost of the new school with interest was too high.

We are currently interviewing architects and engineers in an effort to remodel, build new or a mix of each.

We feel the school district construction fund would help the next bond issue pass with its low interest rate.

School infrastructure in most North Dakota small towns are in need of updates and would benefit from the passing of this bill.

Please pass the School district Loan Fund for all counties in North Dakota.

Thank you

Any Questions?

1/1

#5

1/19/2015

SB 2178
Senate Education Committee
January 19th, 2015

Good Morning Chairman Flakoll and members of the Senate Education Committee. For the record, my name is Steve Holen and I am the current superintendent of schools for the McKenzie County Public School District #1 in Watford City. My testimony today is in support of SB 2178 to provide additional allocations involving school construction loans to school districts at low interest rates.

The McKenzie County Public School District #1 has entered into two major construction projects to address its 145% increase in student population from the spring of 2010 to present (538 students in 2010 to 1,318 students at present). The district completed a \$11.5 million addition to its elementary school to add 175 student capacity to that facility in 2013. In March, 2014 the school district voted and approved at 90% a \$27 million bond referendum to support the construction of a \$50 million high school. The school district will leverage over \$60 million in debt to address school infrastructure with a current debt limit of \$35 million. Access to the school construction loan program and its potential potential freedom from school district debt limits with use of oil and gas gross production tax revenue is an essential element in finding ways to finance school construction for school districts with limited debt capacity and taxable valuations that are outpaced by the infrastructure needs.

Despite its rapid student enrollment growth, the MCPSD #1 was not awarded a school construction loan following the 2013 legislative session due to the allocation of funds provided by HB 1013 did not meet the needs of all submitted applications to DPI. HB 1013 also did not provide any criteria for which the loans would be provided based on need or aspects of growth. Access to the school construction loan program is of great importance to school districts in western ND facing rapid enrollment growth and allocations of this fund must be sufficient to allow all schools in ND the opportunity to use these funds; especially those faced with construction due to rapid enrollment growth.

Investments in school infrastructure with expansion of the school construction loan is a logical use of state funds and the Bank of North Dakota in providing true property tax relief to ND citizens. Despite the lowering of mills with new legislation and mill levy maximums; school construction is providing property tax increases to the local taxpayers due to the necessary expansions needed to address student enrollment growth. Additional funds in the school construction loan program would correlate directly to property tax relief by ensuring a interest rate at one percent or less and provide another financial options for school districts with limited capacity to generate funds for school construction with already stressed or maximized debt capacity. I ask for your support of SB 2178 and the investment in quality education facilities across the entire state and the property tax relief to patrons.

#6
1/19

SB 2178 – Testimony by Dustin Gawrylow (Lobbyist #244) N.D. Watchdog Network

Stance: As with SCR 4003 and SB 2039: supportive of the overall concept of creating more state lending capabilities to schools and local governments in order to minimize costs of interest payments.

As of today there are multiple bills related to the concept of creating state lending capacity for school districts.

The overall theme with these this session will be: the state has the funds to borrow, and there is no reason for any local government to pay market rates to out of state bond investors.

Since all these bills on this subject will likely be rolled into one bill, our input is to add taxpayer protections that will apply to the whole concept.

Suggested Improvements

- Add explicit taxpayer protections and restrictions into these various funds:
 - Loans shall not exceed current available bonding capability (debt limit).
 - Payments of loans shall not exceed the dollar value equivalent of the revenue generated from 10 mills based on the political subdivisions' 2014 property valuations. (10 mills is just an example level)
 - Clarify the state's role in guaranteeing the loans, and repercussions for default.

Conclusion

Protections should be in place to prevent the repayment of the loans from becoming a burden on taxpayers. These loans much go to truly needed infrastructure projects, at the lowest cost to taxpayers possible.

1/1

North Dakota Department of Public Instruction
 Management Information Systems
 School Year 2013-14

The information in this file is subject to change at any time.
 2/17/2014

School District Facility Replacement Cost

StateIssuedID	LEA Name	School Name	SiteCost	BuildingCost	EquipmentCost	TotalCost
01-013-3599	Hettinger 13	Hettinger Public School	120,000	13,088,667	6,500,000	19,708,667
02-002-4601	Valley City 2	Jefferson Elem School	120,000	5,836,407	1,438,337	7,394,744
02-002-8954	Valley City 2	Valley City Jr-Sr High School	120,000	23,898,640	4,868,526	28,887,166
02-002-9241	Valley City 2	Washington Elem School	120,000	4,597,229	1,154,067	5,871,296
02-007-9463	Barnes County North 7	Barnes County North Public School	4,532	2,427,773	733,000	3,165,305
02-046-5298	Litchville-Marion 46	Litchville-Marion Elem School	22,700	4,603,318	1,273,119	5,899,137
02-046-5483	Litchville-Marion 46	Litchville-Marion High School	66,955	3,821,277	1,162,261	5,050,493
03-005-5741	Minnewaukan 5	Minnewaukan Public School	56,000	9,777,357	1,500,000	11,333,357
03-006-5184	Leeds 6	Leeds Public School	100,500	5,919,849	1,021,892	7,042,241
03-009-0902	Maddock 9	Maddock Public School	190,800	9,138,154	1,850,391	11,179,345
03-016-6226	Oberon 16	Oberon Elem School	44,404	2,164,299	405,600	2,614,303
03-029-9219	Warwick 29	Warwick Public School	-	3,800,000	600,000	4,400,000
03-030-2910	Ft Totten 30	Four Winds Comm High School	-	-	937,434	937,434
04-001-1780	Billings Co 1	DeMores Elem School	-	1,600,000	540,000	2,140,000
04-001-7172	Billings Co 1	Prairie Elem School	500	2,810,000	272,000	3,082,500
05-001-1033	Bottineau 1	Bottineau Jr-Sr High School	695,324	20,791,021	3,057,021	24,543,366
05-001-1035	Bottineau 1	Bottineau Elem School	85,270	3,004,804	628,361	3,718,435
05-017-9325	Westhope 17	Westhope Public School	6,955	2,495,500	400,000	2,902,455
05-054-6043	Newburg-United 54	Newburg-United Public School	162,035	3,622,025	1,128,044	4,912,104
06-001-1043	Bowman Co 1	Bowman Co Public School	235,000	19,847,778	3,700,000	23,782,778
06-001-7421	Bowman Co 1	Rhame Elem School	33,000	4,000,000	600,000	4,633,000
06-033-7785	Scranton 33	Scranton Public School	305,000	4,074,298	625,000	5,004,298
07-014-1037	Bowbells 14	Bowbells Public School	12,000	5,674,193	1,066,893	6,753,086
07-027-7156	Powers Lake 27	Powers Lake Elem School	50,000	866,000	62,000	978,000
07-027-7158	Powers Lake 27	Powers Lake High School	55,000	1,481,087	174,000	1,710,087
07-036-5262	Burke Central 36	Burke Central Public School	25,000	3,905,342	983,320	4,913,662
08-001-0970	Bismarck 1	Bismarck High School	1,218,180	34,724,026	10,197,591	46,139,797
08-001-1348	Bismarck 1	Centennial Elem School	342,441	8,804,329	1,262,558	10,409,328
08-001-1365	Bismarck 1	Century High School	227,550	27,228,039	4,337,472	31,793,061
08-001-1897	Bismarck 1	Dorothy Moses Elem School	18,840	8,510,164	1,456,800	9,985,804
08-001-3282	Bismarck 1	Grimsrud Elem School	21,710	3,963,513	747,822	4,733,045
08-001-3612	Bismarck 1	Highland Acres Elem School	7,500	2,337,471	485,600	2,830,571
08-001-3795	Bismarck 1	Horizon Middle School	455,085	23,432,522	2,774,854	26,662,461
08-001-4580	Bismarck 1	Jeannette Myhre Elem School	23,750	5,761,367	1,165,440	6,950,557

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 # 7

08-001-5199	Bismarck 1	Legacy High School	1	1	1	3
08-001-5255	Bismarck 1	Liberty Elem School	1	1	1	3
08-001-5276	Bismarck 1	Prairie Rose Elem School	34,891	2,623,659	475,601	3,134,151
08-001-5286	Bismarck 1	Lincoln Elem School	1	1	1	3
08-001-6129	Bismarck 1	Robert Place Miller Elem School	59,000	8,539,256	1,670,462	10,268,718
08-001-6132	Bismarck 1	Northridge Elem School	10,000	7,512,190	1,456,800	8,978,990
08-001-7090	Bismarck 1	Pioneer Elem School	18,000	4,405,667	874,079	5,297,746
08-001-7472	Bismarck 1	Rita Murphy Elem School	22,600	11,254,009	1,945,410	13,222,019
08-001-7561	Bismarck 1	Roosevelt Elem School	3,869	3,007,113	582,718	3,593,700
08-001-7719	Bismarck 1	Saxvik Elem School	17,300	4,734,987	874,079	5,626,366
08-001-7900	Bismarck 1	Simle Middle School	50,775	18,450,259	2,525,118	21,026,152
08-001-8038	Bismarck 1	Victor Solheim Elem School	281,965	9,049,329	1,262,558	10,593,852
08-001-8050	Bismarck 1	South Central Alt High School	1,000	3,080,033	3,663,751	6,744,784
08-001-8263	Bismarck 1	Sunrise Elem School	173,941	10,306,458	1,249,248	11,729,647
08-001-9160	Bismarck 1	BECEP Center	9,095	6,298,368	1,000,335	7,307,798
08-001-9163	Bismarck 1	Wachter Middle School	15,000	19,076,244	2,991,862	22,083,106
08-001-9414	Bismarck 1	Will-Moore Elem School	5,280	7,542,762	1,510,126	9,058,168
08-025-5985	Naughton 25	Naughton School	500	120,000	60,000	180,500
08-028-9470	Wing 28	Wing Public School	11,000	4,860,348	1,046,771	5,918,119
08-033-5666	Menoken 33	Menoken Elem School	27,000	135,000	6,490	168,490
08-035-8236	Sterling 35	Sterling Elem School	12,000	725,210	300,700	1,037,910
08-039-0486	Apple Creek 39	Apple Creek School	-	10,390	272,606	282,996
08-045-5466	Manning 45	Manning School	3,000	60,636	40,000	103,636
09-001-0713	Fargo 1	Ben Franklin Middle School	408,245	24,683,165	2,828,680	27,920,090
09-001-0898	Fargo 1	Bennett Elem School	2,360,695	10,603,510	1,137,332	14,101,537
09-001-1292	Fargo 1	Carl Ben Eielson Middle School	1,635,000	20,784,625	1,460,946	23,880,571
09-001-1418	Fargo 1	Clara Barton Hawthorne Elem School	154,500	11,258,450	836,007	12,248,957
09-001-1740	Fargo 1	Fargo Davies High School	1,140,800	42,017,160	2,841,779	45,999,739
09-001-1855	Fargo 1	Discovery Middle School	945,944	24,321,310	1,771,596	27,038,850
09-001-2744	Fargo 1	South High School	2,349,492	47,254,935	4,459,482	54,063,909
09-001-2789	Fargo 1	Centennial Elem School	567,906	9,367,105	1,354,786	11,289,797
09-001-3733	Fargo 1	Horace Mann Roosevelt Elem School	162,237	11,272,460	1,071,936	12,506,633
09-001-4598	Fargo 1	Jefferson Elem School	75,000	7,599,235	897,717	8,571,952
09-001-4883	Fargo 1	Kennedy Elem School	50,000	11,560,380	1,126,389	12,736,769
09-001-4932	Fargo 1	Eagles Education Center	319,868	3,353,895	264,648	3,938,411
09-001-5222	Fargo 1	Lewis and Clark Elem School	74,703	9,307,795	1,025,123	10,407,621
09-001-5277	Fargo 1	Lincoln Elem School	85,408	9,312,070	851,862	10,249,340
09-001-5324	Fargo 1	Longfellow Elem School	137,303	9,003,915	848,985	9,990,203
09-001-5435	Fargo 1	Madison Elem School	88,323	5,466,500	686,593	6,241,416
09-001-5625	Fargo 1	McKinley Elem School	75,889	4,919,895	602,435	5,598,219
09-001-6125	Fargo 1	North High School	2,219,156	38,949,430	4,217,088	45,385,674
09-001-9243	Fargo 1	Washington Elem School	41,183	8,924,610	614,070	9,579,863
09-001-9516	Fargo 1	Woodrow Wilson Alt High School	8,500	211,255	95,541	315,296

09-002-4933	Kindred 2	Kindred Elem School	1,200,000	12,819,587	2,959,492	16,979,079
09-002-4934	Kindred 2	Kindred High School	235,000	15,342,514	2,506,837	18,084,351
09-004-1148	Maple Valley 4	Maple Valley High School	-	3,105,258	530,871	3,636,129
09-004-6641	Maple Valley 4	Oriska Elem School	2,000	2,417,407	400,150	2,819,557
09-004-9310	Maple Valley 4	West Elem School	-	1,749,486	353,221	2,102,707
09-004-9360	Maple Valley 4	Wheatland Colony School	-	-	-	-
09-006-0545	West Fargo 6	Aurora Elem School	250,000	8,844,146	1,814,400	10,908,546
09-006-2100	West Fargo 6	Clayton A Lodoen Kindergarten Center	76,500	7,681,722	914,160	8,672,382
09-006-2752	West Fargo 6	Eastwood Elem School	143,500	82,957,872	1,636,570	84,737,942
09-006-2896	West Fargo 6	Freedom Elem School	360,000	6,623,153	1,750,000	8,733,153
09-006-3500	West Fargo 6	Harwood Elem School	98,000	2,443,657	485,485	3,027,142
09-006-3738	West Fargo 6	Horace Elem School	104,000	5,142,459	887,198	6,133,657
09-006-5071	West Fargo 6	L E Berger Elem School	136,000	12,838,167	2,012,096	14,986,263
09-006-5090	West Fargo 6	Cheney Middle School	956,000	27,196,770	5,442,554	33,595,324
09-006-5258	West Fargo 6	Liberty Middle School	5,000,000	20,648,931	1,627,466	27,276,397
09-006-7865	West Fargo 6	West Fargo Sheyenne High School	1,088,000	81,121,323	3,561,272	85,770,595
09-006-8054	West Fargo 6	South Elem School	64,000	7,146,799	1,441,388	8,652,187
09-006-8061	West Fargo 6	Osgood Kindergarten Center	35,000	5,936,949	600,000	6,571,949
09-006-9315	West Fargo 6	West Fargo High School	495,000	34,625,209	6,218,000	41,338,209
09-006-9316	West Fargo 6	Independence Elem School	5,000,000	-	-	5,000,000
09-006-9350	West Fargo 6	Westside Elem School	113,000	9,081,490	1,788,748	10,983,238
09-007-5479	Mapleton 7	Mapleton Elem School	4,438	2,750,376	818,550	3,573,364
09-017-1354	Central Cass 17	Central Cass Public School	250,000	24,081,409	9,711,991	34,043,400
09-080-6882	Page 80	Page Elem School	3,000	1,500,000	400,000	1,903,000
09-097-6121	Northern Cass 97	Northern Cass Public School	548,302	15,926,369	3,633,228	20,107,899
10-019-5895	Munich 19	Munich Public School	5,000	1,350,000	385,000	1,740,000
10-023-5153	Langdon Area 23	Langdon Area High School	500,000	9,412,282	1,825,746	11,738,028
10-023-5154	Langdon Area 23	Langdon Area Elem School	150,000	5,667,339	1,254,330	7,071,669
11-040-2333	Ellendale 40	Ellendale Public School	65,000	14,846,055	2,224,131	17,135,186
11-040-5481	Ellendale 40	Maple River Elem School	-	-	15,000	15,000
11-041-3308	Oakes 41	Oakes Elem School	50,000	1,925,000	900,000	2,875,000
11-041-6215	Oakes 41	Oakes High School	50,000	5,500,000	2,655,000	8,205,000
12-001-1860	Divide County 1	Divide County Elem School	78,703	8,055,467	2,330,878	10,465,048
12-001-1866	Divide County 1	Divide County High School	75,000	13,637,631	1,586,425	15,299,056
13-016-4927	Killdeer 16	Killdeer Public School	50,000	16,781,513	2,467,115	19,298,628
13-019-3390	Halliday 19	Halliday Public School	10,000	7,138,634	1,661,771	8,810,405
13-037-8582	Twin Buttes 37	Twin Buttes Elem School	12,000	8,900,000	292,500	9,204,500
14-002-5971	New Rockford-Sheyenne 2	New Rockford-Sheyenne Public School	98,000	8,500,000	2,000,000	10,598,000
15-006-3525	Hazelton-Moffit-Braddock 6	Hazelton-Mof-Brad Public School	29,000	4,340,000	1,540,000	5,909,000
15-010-0772	Bakker 10	Bakker Elem School	-	726,362	68,796	795,158
15-015-8247	Strasburg 15	Strasburg Elem School	28,000	3,138,184	488,153	3,654,337
15-015-8248	Strasburg 15	Strasburg High School	40,000	3,502,784	834,236	4,377,020
15-036-5288	Linton 36	Linton Public School	133,741	5,925,991	1,102,392	7,162,124

16-049-1303	Carrington 49	Carrington Elem School	75,000	6,524,075	1,049,681	7,648,756
16-049-1304	Carrington 49	Carrington High School	100,000	7,832,703	3,033,519	10,966,222
17-003-0850	Beach 3	Beach High School	2,984,504	7,630,478	502,572	11,117,554
17-003-5278	Beach 3	Lincoln Elem School	1,472,912	4,631,044	131,587	6,235,543
17-006-3191	Lone Tree 6	Golva Elem School	50,000	400,000	100,000	550,000
18-001-0892	Grand Forks 1	Phoenix Elem School	25,000	7,875,000	257,463	8,157,463
18-001-0896	Grand Forks 1	Ben Franklin Elem School	60,500	999,523	199,444	1,259,467
18-001-1290	Grand Forks 1	Carl Ben Eielson Elem School	-	1,151,844	287,182	1,439,026
18-001-1364	Grand Forks 1	Century Elem School	-	6,397,838	300,580	6,698,418
18-001-1530	Grand Forks 1	Community Alt High School	100,000	68,200	24,000	192,200
18-001-3239	Grand Forks 1	Central High School	310,000	48,264,806	1,142,239	49,717,045
18-001-4499	Grand Forks 1	J Nelson Kelly Elem School	60,000	2,545,525	290,454	2,895,979
18-001-5125	Grand Forks 1	Lake Agassiz Elem School	55,400	3,283,000	182,717	3,521,117
18-001-5225	Grand Forks 1	Lewis and Clark Elem School	31,800	2,345,000	165,583	2,542,383
18-001-5983	Grand Forks 1	Nathan Twining Elem-Middle School	-	8,879,739	479,712	9,359,451
18-001-7360	Grand Forks 1	Red River High School	850,000	22,491,890	2,890,812	26,232,702
18-001-7771	Grand Forks 1	Schroeder Middle School	162,500	4,326,491	455,000	4,943,991
18-001-8062	Grand Forks 1	South Middle School	300,000	19,209,323	299,993	19,809,316
18-001-8975	Grand Forks 1	Valley Middle School	124,600	1,615,669	482,226	2,222,495
18-001-9034	Grand Forks 1	Viking Elem School	59,200	500,916	162,097	722,213
18-001-9313	Grand Forks 1	West Elem School	50,500	306,787	194,286	551,573
18-001-9406	Grand Forks 1	Wilder Elem School	35,200	1,183,893	102,779	1,321,872
18-001-9475	Grand Forks 1	Winship Elem School	41,400	683,772	148,152	873,324
18-044-5163	Larimore 44	Larimore Elem School	76,160	4,623,478	849,014	5,548,652
18-044-5169	Larimore 44	Larimore High School	87,465	11,221,179	2,013,798	13,322,442
18-061-8416	Thompson 61	Thompson Public School	48,389	12,911,664	2,869,954	15,830,007
18-125-5473	Manvel 125	Manvel Elem School	54,000	3,294,502	878,548	4,227,050
18-127-2362	Emerado 127	Emerado Elem School	38,679	2,464,585	600,387	3,103,651
18-128-5707	Midway 128	Midway Public School	26,500	4,539,000	867,000	5,432,500
18-129-6134	Northwood 129	Northwood Public School	117,600	13,600,000	3,278,202	16,995,802
19-018-1306	Roosevelt 18	Roosevelt Elem School	114,875	5,935,960	1,438,012	7,488,847
19-049-2328	Elgin-New Leipzig 49	Elgin-New Leipzig Public School	152,492	9,882,849	2,531,271	12,566,612
20-007-0958	Midkota 7	Midkota Elem School	20,300	1,832,050	354,000	2,206,350
20-007-3172	Midkota 7	Midkota High School	1,500	375,000	60,000	436,500
20-018-1555	Griggs County Central 18	Griggs County Central Public School	94,833	9,631,132	2,246,027	11,971,992
21-001-5858	Mott-Regent 1	Mott-Regent Public School	275,000	7,362,101	1,500,000	9,137,101
21-009-6026	New England 9	New England Public School	57,000	2,150,000	700,000	2,907,000
22-001-8232	Kidder County 1	Steele-Dawson Public School	435,217	9,536,458	2,269,533	12,241,208
22-001-8318	Kidder County 1	Tappen Public School	48,408	4,686,321	1,034,886	5,769,615
22-014-7487	Robinson 14	Robinson Elem School	1,000	768,000	110,000	879,000
23-003-2106	Edgeley 3	Willow Bank Colony School	-	-	35,000	35,000
23-003-2107	Edgeley 3	Edgeley Public School	10,000	9,848,954	1,974,404	11,833,358
23-007-5068	Kulm 7	Kulm High School	141	2,566,097	634,876	3,201,114

23-007-5072	Kulm 7	Kulm Elem School	7,357	1,973,067	571,224	2,551,648
23-008-5144	LaMoure 8	LaMoure Colony School	-	-	10,000	10,000
23-008-5145	LaMoure 8	LaMoure Public School	130,000	4,050,000	1,100,000	5,280,000
24-002-5977	Napoleon 2	Napoleon Public School	60,257	4,157,000	2,739,685	6,956,942
24-056-3013	Gackle-Streeter 56	Gackle-Streeter Public School	40,000	5,618,183	1,477,886	7,136,069
25-001-9003	Velva 1	Velva Public School	72,000	8,648,913	2,530,000	11,250,913
25-014-0389	Anamoose 14	Anamoose Elem School	12,000	4,092,449	900,000	5,004,449
25-057-1925	Drake 57	Drake High School	10,000	8,355,982	1,618,790	9,984,772
25-060-3253	TGU 60	TGU Granville Public School	998,000	5,130,859	1,362,594	7,491,453
25-060-6046	TGU 60	TGU Towner Public School	1,810,000	9,521,081	1,703,089	13,034,170
26-004-9849	Zeeland 4	Zeeland Public School	-	4,606,328	1,290,706	5,897,034
26-009-0539	Ashley 9	Ashley Public School	25,000	5,432,500	1,176,500	6,634,000
26-019-9477	Wishek 19	Wishek Public School	30,000	10,643,509	1,671,710	12,345,219
27-001-5606	McKenzie Co 1	Watford City High School	1,049,146	18,795,247	2,534,996	22,379,389
27-001-5607	McKenzie Co 1	Watford City Elem School	830,101	6,450,218	1,575,000	8,855,319
27-002-0315	Alexander 2	Alexander Public School	45,000	2,030,354	448,639	2,523,993
27-014-2741	Yellowstone 14	East Fairview Elem School	-	650,322	225,000	875,322
27-018-8106	Earl 18	Squaw Gap School	-	1,220,971	218,572	1,439,543
27-032-3741	Horse Creek 32	Horse Creek School	1,000	100,000	50,000	151,000
27-036-5459	Mandaree 36	Mandaree Public School	735,000	4,800,000	500,000	6,035,000
28-001-9451	Wilton 1	Wilton Public School	155,600	6,305,622	1,353,321	7,814,543
28-004-9239	Washburn 4	Washburn Public School	374,610	13,811,425	3,297,149	17,483,184
28-008-8806	Underwood 8	Underwood Public School	455,083	8,532,574	1,858,949	10,846,606
28-050-5519	Max 50	Max Public School	164,152	5,954,621	1,778,590	7,897,363
28-051-0990	Garrison 51	Bob Callies Elem School	-	3,338,646	1,587,332	4,925,978
28-051-3052	Garrison 51	Garrison High School	-	3,332,805	1,580,898	4,913,703
28-072-8562	Turtle Lake-Mercer 72	Turtle Lake-Mercer Public School	172,612	7,073,778	1,302,737	8,549,127
28-085-9363	White Shield 85	White Shield Public School	-	5,000,000	2,800,000	7,800,000
29-003-3528	Hazen 3	Hazen Elem School	50,000	10,166,609	2,398,237	12,614,846
29-003-3529	Hazen 3	Hazen High School	50,000	11,115,334	2,666,074	13,831,408
29-003-3530	Hazen 3	Hazen Middle School	50,000	3,639,919	735,374	4,425,293
29-027-0924	Beulah 27	Beulah High School	-	7,633,070	1,735,870	9,368,940
29-027-0926	Beulah 27	Beulah Middle School	-	4,522,820	998,445	5,521,265
29-027-0928	Beulah 27	Beulah Elem School	-	3,941,440	966,415	4,907,855
30-001-1057	Mandan 1	Brave Center Academy	100,000	15,277,676	520,000	15,897,676
30-001-1656	Mandan 1	Custer Elem School	50,000	1,986,588	289,863	2,326,451
30-001-2925	Mandan 1	Ft Lincoln Elem School	40,000	7,260,549	804,368	8,104,917
30-001-5228	Mandan 1	Lewis and Clark Elem School	120,000	4,477,485	662,047	5,259,532
30-001-5453	Mandan 1	Mandan High School	255,200	18,266,282	2,828,985	21,350,467
30-001-5457	Mandan 1	Mandan Middle School	1,435,467	11,437,695	868,219	13,741,381
30-001-7569	Mandan 1	Roosevelt Elem School	150,000	3,873,323	594,218	4,617,541
30-001-8286	Mandan 1	Mary Stark Elem School	70,000	3,256,224	501,631	3,827,855
30-004-8123	Little Heart 4	Little Heart Elem School	-	197,216	65,000	262,216

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30-013-3537	Hebron 13	Hebron Public School	-	7,991,870	3,010,587	11,002,457
30-017-8274	Sweet Briar 17	Sweet Briar School	20,000	216,069	51,878	287,947
30-039-2854	Flasher 39	Flasher Public School	140,544	7,435,509	1,182,993	8,759,046
30-048-3165	Glen Ullin 48	Glen Ullin Public School	7,800	6,880,618	2,061,837	8,950,255
30-049-6033	New Salem-Almont 49	New Salem-Almont High School	60,000	5,213,383	2,000,000	7,273,383
30-049-7176	New Salem-Almont 49	Prairie View Elem School	40,500	2,435,145	450,000	2,925,645
31-001-6036	New Town 1	Edwin Loe Elem School	155,300	12,693,618	653,583	13,502,501
31-001-6039	New Town 1	New Town High School	324,665	15,308,294	2,808,683	18,441,642
31-002-8217	Stanley 2	Stanley Elem School	5,000	8,210,966	1,255,419	9,471,385
31-002-8218	Stanley 2	Stanley High School	5,000	8,725,131	2,721,335	11,451,466
31-003-6923	Parshall 3	Parshall Elem School	-	2,194,000	340,000	2,534,000
31-003-6925	Parshall 3	Parshall High School	2,500,000	4,290,000	895,000	7,685,000
32-001-5641	Dakota Prairie 1	Dakota Prairie Elem School	5,000	5,200,976	1,045,773	6,251,749
32-001-8826	Dakota Prairie 1	Dakota Prairie High School	3,000	3,484,934	1,011,276	4,499,210
32-066-5136	Lakota 66	Lakota High School	15,000	6,864,270	1,200,250	8,079,520
32-066-5137	Lakota 66	Lakota Elem School	10,000	3,192,366	454,863	3,657,229
33-001-1350	Center-Stanton 1	Center-Stanton Public School	58,000	5,630,815	1,989,050	7,677,865
34-006-1323	Cavalier 6	Cavalier Public School	100,000	12,055,912	5,000,000	17,155,912
34-019-1928	Drayton 19	Drayton Public School	160,000	8,914,634	1,600,000	10,674,634
34-043-8212	St Thomas 43	St Thomas Public School	7,500	1,000,000	250,000	1,257,500
34-100-5999	North Border 100	North Border-Neche Elem School	33,500	4,103,408	746,884	4,883,792
34-100-6982	North Border 100	North Border-Pembina Public School	175,000	5,736,502	1,152,056	7,063,558
34-100-9186	North Border 100	North Border-Walhalla Public School	50,000	8,730,939	1,642,744	10,423,683
34-118-1626	Valley-Edinburg 118	Valley-Edinburg Elem School-Crystal	45,000	2,766,866	1,228,503	4,040,369
34-118-2109	Valley-Edinburg 118	Valley-Edinburg High School	27,000	3,807,620	566,515	4,401,135
34-118-3721	Valley-Edinburg 118	Valley-Edinburg Elem School-Hoople	30,000	2,773,497	505,489	3,308,986
35-001-9508	Wolford 1	Wolford Public School	20,000	550,000	175,000	745,000
35-005-7614	Rugby 5	Rugby High School	-	14,505,717	2,956,562	17,462,279
35-005-7616	Rugby 5	Rugby Ely Elem School	-	5,233,363	1,393,436	6,626,799
36-001-1829	Devils Lake 1	Devils Lake High School	500,000	13,850,000	3,200,000	17,550,000
36-001-1833	Devils Lake 1	Central Middle School	85,000	13,850,000	2,800,000	16,735,000
36-001-5743	Devils Lake 1	Minnie H Elem School	77,818	4,000,000	700,000	4,777,818
36-001-7178	Devils Lake 1	Prairie View Elem School	75,000	8,000,000	1,000,000	9,075,000
36-001-8280	Devils Lake 1	Sweetwater Elem School	50,600	7,172,000	1,500,000	8,722,600
36-002-2113	Edmore 2	Edmore Public School	-	6,174,670	1,689,450	7,864,120
36-044-8230	Starkweather 44	Starkweather Public School	-	2,000,000	539,500	2,539,500
37-006-2898	Ft Ransom 6	Ft Ransom Elem School	4,000	96,000	90,000	190,000
37-019-5290	Lisbon 19	Lisbon Elem School	10,000	3,500,000	1,300,000	4,810,000
37-019-5293	Lisbon 19	Lisbon Middle School	10,000	4,100,700	1,100,000	5,210,700
37-019-5296	Lisbon 19	Lisbon High School	43,000	4,900,000	1,978,000	6,921,000
37-024-2387	Enderlin Area 24	Enderlin Area Public School	66,500	12,110,471	4,873,788	17,050,759
38-001-5778	Mohall-Lansford-Sherwood 1	MLS-Mohall Public School	285,581	12,511,323	2,323,594	15,120,498
38-001-7858	Mohall-Lansford-Sherwood 1	MLS-Sherwood Elem School	122,991	6,796,868	865,748	7,785,607

38-026-3169	Glenburn 26	Glenburn Public School	50,000	5,000,000	1,100,000	6,150,000
39-008-3432	Hankinson 8	Hankinson Public School	187,196	10,593,918	1,876,571	12,657,685
39-018-2739	Fairmount 18	Fairmount Public School	8,465	5,985,070	1,184,030	7,177,565
39-028-5260	Lidgerwood 28	Lidgerwood Public School	-	8,267,312	1,386,192	9,653,504
39-037-1362	Wahpeton 37	Central Elem School	180,000	8,737,946	2,960,198	11,878,144
39-037-1363	Wahpeton 37	Wahpeton Middle School	250,000	7,400,037	963,949	8,613,986
39-037-9170	Wahpeton 37	Wahpeton High School	250,000	11,972,994	1,369,117	13,592,111
39-037-9887	Wahpeton 37	Zimmerman Elem School	20,000	2,732,662	438,772	3,191,434
39-042-9627	Wyndmere 42	Wyndmere Public School	185,682	8,142,653	1,772,404	10,100,739
39-044-2031	Richland 44	Richland Elem School	95,000	4,173,490	1,000,000	5,268,490
39-044-6120	Richland 44	Richland Jr-Sr High School	125,000	5,455,336	1,125,000	6,705,336
40-001-1966	Dunseith 1	Dunseith High School	30,000	8,711,825	2,250,969	10,992,794
40-001-1968	Dunseith 1	Dunseith Elem School	20,000	7,347,712	1,456,800	8,824,512
40-003-8152	St John 3	St John Public School	359,156	10,383,445	2,346,212	13,088,813
40-004-5055	Mt Pleasant 4	Mt Pleasant Public School	15,109,694	12,595,431	3,017,108	30,722,233
40-007-8461	Belcourt 7	Tiny Turtles Preschool	-	-	30,000	30,000
40-007-8565	Belcourt 7	Turtle Mountain Community Elem School	220,000	-	734,000	954,000
40-007-8566	Belcourt 7	Turtle Mountain Community Middle School	-	-	600,000	600,000
40-007-8567	Belcourt 7	Turtle Mountain Community High School	-	1,147,495	3,300,000	4,447,495
40-029-7555	Rolette 29	Rolette Public School	1	6,942,704	1,462,533	8,405,238
41-002-5719	Milnor 2	Milnor Public School	-	6,989,670	1,192,750	8,182,420
41-002-7757	Milnor 2	Sundale Colony School	-	-	97,700	97,700
41-003-6130	North Sargent 3	North Sargent Public School	138,020	5,176,341	2,489,731	7,804,092
41-006-7709	Sargent Central 6	Sargent Central Public School	20,000	10,055,398	1,517,709	11,593,107
42-016-3199	Goodrich 16	Goodrich Public School	2,000	3,623,601	4,671,716	8,297,317
42-019-5320	McClusky 19	McClusky Elem School	13,350	567,000	153,360	733,710
42-019-5532	McClusky 19	McClusky High School	13,350	946,000	213,360	1,172,710
43-003-1278	Solen 3	Cannon Ball Elem School	149,221	2,363,279	225,000	2,737,500
43-003-8036	Solen 3	Solen High School	331,603	5,380,877	255,824	5,968,304
43-004-2921	Ft Yates 4	Ft Yates Middle School	204,805	13,941,715	336,165	14,482,685
43-008-7804	Selfridge 8	Selfridge Public School	28,500	2,894,749	511,295	3,434,544
44-012-5486	Marmarth 12	Marmarth Elem School	10,000	338,000	56,000	404,000
44-032-0373	Central Elem 32	Amidon Elem School	-	130,000	75,000	205,000
45-001-0010	Dickinson 1	A L Hagen Junior High School	250,000	9,657,956	3,134,445	13,042,401
45-001-1356	Dickinson 1	P S Berg Elem School	175,000	7,965,865	1,254,139	9,395,004
45-001-1844	Dickinson 1	Southwest Community High School	65,000	558,390	40,720	664,110
45-001-1845	Dickinson 1	Dickinson High School	1,000,000	28,068,595	4,978,678	34,047,273
45-001-2099	Dickinson 1	Early Childhood Center	-	-	25,280	25,280
45-001-3160	Dickinson 1	Heart River Elem School	350,000	6,609,622	2,292,883	9,252,505
45-001-4600	Dickinson 1	Jefferson Elem School	200,000	7,646,541	2,046,891	9,893,432
45-001-5282	Dickinson 1	Lincoln Elem School	200,000	7,419,481	1,584,665	9,204,146
45-001-7173	Dickinson 1	Prairie Rose Elem School	1,000,000	10,660,935	1,501,752	13,162,687
45-001-7574	Dickinson 1	Roosevelt Elem School	150,000	5,916,307	1,487,311	7,553,618

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45-009-8060	South Heart 9	South Heart Public School	65,000	9,579,480	2,553,372	12,197,852
45-013-0884	Belfield 13	Belfield Public School	44,589	7,565,424	1,415,358	9,025,371
45-034-7433	Richardton-Taylor 34	Richardton-Taylor High School	267,012	6,424,002	4,143,462	10,834,476
45-034-8335	Richardton-Taylor 34	Taylor-Richardton Elem School	15,888	3,717,096	825,333	4,558,317
46-010-3729	Hope 10	Hope High School	200,000	1,500,000	250,000	1,950,000
46-019-2827	Finley-Sharon 19	Finley-Sharon Public School	144,788	7,761,430	2,130,075	10,036,293
47-001-4570	Jamestown 1	Jamestown High School	500,000	30,417,887	4,021,166	34,939,053
47-001-4573	Jamestown 1	Jamestown Middle School	500,000	21,392,106	2,887,201	24,779,307
47-001-4604	Jamestown 1	William S Gussner Elem School	250,000	5,668,685	870,616	6,789,301
47-001-5284	Jamestown 1	Lincoln Elem School	250,000	6,188,887	1,090,029	7,528,916
47-001-5330	Jamestown 1	Louis L'Amour Elem School	250,000	3,268,105	478,876	3,996,981
47-001-7571	Jamestown 1	Roosevelt Elem School	250,000	6,188,887	1,090,029	7,528,916
47-001-9247	Jamestown 1	Washington Elem School	250,000	4,931,000	641,000	5,822,000
47-003-5657	Medina 3	Medina Public School	20,000	6,000,000	1,500,000	7,520,000
47-010-1144	Pingree-Buchanan 10	Pingree-Buchanan Elem School	9,000	2,189,969	921,741	3,120,710
47-010-7087	Pingree-Buchanan 10	Pingree-Buchanan High School	4,160	2,660,296	897,473	3,561,929
47-014-5794	Montpelier 14	Montpelier Public School	25,000	5,238,288	1,071,035	6,334,323
47-019-4892	Kensal 19	Kensal Public School	28,500	1,959,300	741,509	2,729,309
48-010-1277	North Star 10	North Star Public School	264,183	10,415,006	2,632,331	13,311,520
49-003-1369	Central Valley 3	Central Valley Public School	141,038	10,328,205	2,845,314	13,314,557
49-007-3504	Hatton Eielson 7	Hatton Eielson Public School	45,000	2,571,000	750,000	3,366,000
49-009-3630	Hillsboro 9	Hillsboro High School	23,500	4,536,962	730,937	5,291,399
49-009-3633	Hillsboro 9	Hillsboro Elem School	23,500	4,536,962	730,937	5,291,399
49-014-5526	May-Port CG 14	May-Port CG Middle-High School	55,000	7,716,033	705,200	8,476,233
49-014-7145	May-Port CG 14	Peter Boe Jr Elem School	15,000	5,187,976	250,000	5,452,976
50-003-1366	Grafton 3	Century Elem School	-	5,059,710	3,306,143	8,365,853
50-003-3231	Grafton 3	Grafton High School	-	4,020,618	9,572,561	13,593,179
50-003-3235	Grafton 3	Grafton Central Middle School	250,000	3,000,000	2,330,075	5,580,075
50-005-2891	Fordville-Lankin 5	Fordville-Lankin Public School	22,000	3,604,010	938,068	4,564,078
50-008-9208	Park River Area 8	Park River Area Public School	25,000	14,786,073	3,783,009	18,594,082
50-020-5759	Minto 20	Minto Public School	4,120	6,435,545	1,143,700	7,583,365
51-001-0869	Minot 1	Belair Elem School	33,935	2,053,372	1,144,000	3,231,307
51-001-0886	Minot 1	Bell Elem School	75,000	1,500,000	613,000	2,188,000
51-001-1715	Minot 1	Dakota Elem School	84,768	4,130,000	1,800,000	6,014,768
51-001-2111	Minot 1	Edison Elem School	52,100	2,670,100	1,218,000	3,940,200
51-001-2480	Minot 1	Erik Ramstad Middle School	1,500,000	34,112,382	8,000,000	43,612,382
51-001-4645	Minot 1	Jim Hill Middle School	160,083	6,942,300	3,510,000	10,612,383
51-001-5326	Minot 1	Longfellow Elem School	47,735	21,100,000	1,552,500	22,700,235
51-001-5610	Minot 1	McKinley Elem School	28,021	1,499,100	601,500	2,128,621
51-001-5660	Minot 1	Memorial Middle School	70,475	3,691,300	2,500,000	6,261,775
51-001-5746	Minot 1	North Plains Elem School	84,064	4,623,430	1,305,000	6,012,494
51-001-5750	Minot 1	Central Campus School	262,728	23,335,500	7,532,790	31,131,018
51-001-5752	Minot 1	Magic City Campus High School	469,968	20,489,520	9,906,000	30,865,488

51-001-6126	Minot 1	Lewis and Clark Elem School	74,385	3,268,600	1,351,000	4,693,985
51-001-6990	Minot 1	Perkett Elem School	35,907	2,023,700	806,000	2,865,607
51-001-7577	Minot 1	Roosevelt Elem School	53,508	2,702,200	719,000	3,474,708
51-001-8047	Minot 1	Souris River Campus Alt High School	-	-	358,000	358,000
51-001-8264	Minot 1	Sunnyside Elem School	46,186	2,194,800	787,000	3,027,986
51-001-9249	Minot 1	Washington Elem School	40,553	1,935,200	1,077,810	3,053,563
51-004-6005	Nedrose 4	Nedrose Elem School	2,000,000	14,000,000	3,500,000	19,500,000
51-007-8819	United 7	Burlington-Des Lacs Elem School	38,000	10,988,394	1,125,450	12,151,844
51-007-8823	United 7	Des Lacs-Burlington High School	35,000	71,106,736	1,701,807	72,843,543
51-016-7717	Sawyer 16	Sawyer Public School	40,000	6,872,984	1,252,087	8,165,071
51-028-4878	Kenmare 28	Kenmare Elem School	10,000	2,400,000	665,000	3,075,000
51-028-4882	Kenmare 28	Kenmare High School	10,000	10,000,000	2,500,000	12,510,000
51-041-8266	Surrey 41	Surrey Public School	98,536	9,258,667	260,000	9,617,203
51-070-8068	South Prairie 70	South Prairie Elem School	20,000	6,580,961	1,156,971	7,757,932
51-161-0916	Lewis and Clark 161	Berthold Public School	25,000	6,554,428	1,747,361	8,326,789
51-161-5446	Lewis and Clark 161	North Shore High School	25,000	3,912,636	537,943	4,475,579
51-161-7108	Lewis and Clark 161	Plaza Elem School	-	4,878,069	1,428,782	6,306,851
52-025-2792	Fessenden-Bowdon 25	Fessenden-Bowdon Public School	123,032	7,325,046	1,564,748	9,012,826
52-038-3478	Harvey 38	B M Hanson Elem School	39,000	8,307,485	1,044,964	9,391,449
52-038-3479	Harvey 38	Harvey High School	13,246	7,428,146	1,596,297	9,037,689
53-001-1775	Williston 1	Del Easton Alt High School	-	-	55,600	55,600
53-001-3370	Williston 1	Hagan Elem School	942,971	6,464,494	443,000	7,850,465
53-001-5231	Williston 1	Lewis and Clark Elem School	140,000	4,539,470	217,000	4,896,470
53-001-5629	Williston 1	McVay Elem School	250,000	4,170,000	477,600	4,897,600
53-001-7445	Williston 1	Rickard Elem School	2,500,000	4,169,183	162,500	6,831,683
53-001-9412	Williston 1	Wilkinson Elem School	100,000	4,093,604	166,000	4,359,604
53-001-9416	Williston 1	Williston High School	200,000	9,357,705	2,123,879	11,681,584
53-001-9418	Williston 1	Williston Middle School	2,457,540	14,301,313	496,000	17,254,853
53-002-7352	Nesson 2	Ray Public School	642,420	4,493,750	1,076,000	6,212,170
53-006-2270	Eight Mile 6	Eight Mile Public School	600,000	9,508,023	852,783	10,960,806
53-008-3045	New 8	Garden Valley Elem School	158,360	2,128,564	230,209	2,517,133
53-008-7600	New 8	Round Prairie Elem School	158,989	1,596,525	456,598	2,212,112
53-008-8246	New 8	Stony Creek Elem School	75,000	1,250,139	471,475	1,796,614
53-015-1360	Tioga 15	Central Elem School	75,000	3,500,000	940,686	4,515,686
53-015-8463	Tioga 15	Tioga High School	150,000	9,000,000	2,275,000	11,425,000
53-099-3281	Grenora 99	Grenora Public School	21,700	5,999,744	533,500	6,554,944
		Totals	99,024,076	2,909,369,213	539,974,783	3,548,368,072

7

#1.
1/20/2015

PROPOSED AMENDMENTS TO SB 2178

Page 1, line 23 replace "July" with "April"

Page 2, after line 12 Insert:

"6. If a school district's ending fund balance as established under section 57-15-14.2 is more than fifteen percent or five hundred thousand dollars, whichever is greater, up to eighty percent will be funded.

7. The Bank is entitled to reimbursement, from the North Dakota school district construction fund for administrative fees, including audit costs but not to exceed one half percent."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to the school district construction fund; to provide an appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

School construction loans - Bank of North Dakota.

1. In addition to any construction loans made available under section 15.1-36-02, the Bank of North Dakota may provide up to two hundred and fifty million dollars to eligible school districts for school construction loans.
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. Receive authorization for a bond issue in accordance with chapter 21-03; and
 - d. Submit a completed application to the Bank of North Dakota.
3. With the advice and consent of the superintendent of public instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system that gives consideration to:
 - 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; 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 one percent, until July 1, 2025.
6. If a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which that district is entitled under this section may not exceed eighty percent of the project's cost.
7. The maximum loan amount to which a school district is entitled under this section is thirty million dollars.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program, for the biennium beginning July 1, 2015, and ending June 30, 2017.

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

Renumber accordingly

Tracking Construction Loans V2					ND Department of Public Instruction				
1/29/2014									
Internal Tracking Document - Not for Duplication									
Ordered Waiting List	Application Received	Application Approved	Expiration of Funds	Estimated Project Cost	****Amount Eligible/Requested	Construction Loan Obligated	Enrollment		
							2013	2014	2015
Nedrose	1/15/2014			\$18,000,000	\$ 10,000,000.00		254	289	342
Williston	1/21/2014			\$56,500,000	\$ 20,000,000.00		2842	3183	3371
Fargo	2/26/2014			\$13,800,000	\$ 11,040,000.00		10903	10995	11145
Kulm	3/19/2014			\$5,500,000	\$ 3,850,000.00		116	124	124
Grenora	3/26/2014			\$9,950,000	\$ 6,965,000.00		138	168	167
Mott	4/22/2014	1st Vote Failed 5-20-14		\$14,980,000	\$ 10,000,000.00		239	244	237
Mapleton	6/1/2014			\$4,696,500	\$ 3,287,550.00		86	82	79
Dickinson	9/11/2014			\$65,000,000	\$ 10,000,000.00		2823	3146	3401
Alexander	9/15/2014			\$17,463,629	\$ 10,000,000.00		122	149	174
Hillsboro	9/26/2014			\$2,700,000	\$ 1,890,000.00		428	432	460
Park River	10/3/2014			\$8,987,620	\$ 8,088,858.00		409	424	434
Minto	10/8/2014			\$5,800,000	\$ 5,222,000.00		229	212	229
Edmore	10/20/2014			\$1,750,000	\$ 1,225,000.00		54	69	65
Maple Valley	10/28/2014			\$10,134,917	\$ 7,094,442.00		235	239	223
Max	12/5/2014			\$7,975,000	\$ 5,582,500.00		212	196	196
Hillsboro	12/18/2014			\$1,716,605	\$ 1,201,624.00		428	432	460
Flasher	1/5/2015			\$3,500,000	\$ 3,150,000.00		198	222	224
Fargo (additional)	1/6/2015			\$1,819,543	\$ 1,637,589.00		10903	10995	11145
Kulm (additional)	1/29/2015			\$910,000	\$ 637,000.00		116	124	124
Total					\$ 120,871,563.00	\$ -			

#2
 1/27/15
 SB 2178

11

15.0482.03002
Title.

Prepared by the Legislative Council staff for
Senator Schaible

February 9, 2015

/

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 19, after "that" insert "is based on a review of all applications filed during the twelve month period preceding April first and"

Page 2, line 20, after the period insert "The Bank of North Dakota may not expend more than \$9,848,786 of the appropriations for this program during the first year of the biennium."

Renumber accordingly

February 10, 2015

#2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 1, after "15.1-36" insert "and a new section to chapter 26.1-22"

Page 1, line 2, after "fund" insert "and insurance coverage for real property and improvements leased by a school district"

Page 1, line 2, after the second semicolon insert "to provide an expiration date;"

Page 2, after line 15, insert:

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

School district - Leased property - Insurability.

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

Page 2, after line 20, insert:

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

Renumber accordingly

#1
2-20-15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2178

Page 1, line 1, after "15.1-36" insert "and a new section to chapter 26.1-22"

Page 1, line 2, after "fund" insert "and insurance coverage for real property and improvements leased by a school district"

Page 1, line 2, after the semicolon insert "to provide an expiration date;"

Page 1, line 19, after "that" insert "is based on a review of all applications filed during the twelve month period preceding April first and"

Page 2, after line 15, insert:

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

School district - Leased property - Insurability.

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

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a school construction interest rate buydown program, for the biennium beginning July 1, 2015, and ending June 30, 2017. The Bank of North Dakota may not expend more than \$9,848,786 of the appropriations for this program during the first year of the biennium.

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

Renumber accordingly

1.1

#1
SB 2178
3/17/15

SB 2178 Senator Don Schaible District 31, Mott ND

SB 2178 is a school construction interest buy down program to help schools in remodeling or new construction projects.

A school district that would apply for a loan for new construction or remodeling project with a cost of at least \$1 million, receive approval from the Superintendent of Public Instruction, follow the same bonding requirement with a 60% voting needed and to submit an application to the Bank of ND. There is also a \$30 million limit per school district per biennium. This loan buy down would only be available for \$250 million of school construction for 2015-16 biennium.

If a school district is over the threshold for ending fund balances that is in state law then that district would only be able to take advantage of the interest buy down for 80% of the project cost.

In this current biennium, there was \$250 million in a revolving loan funds that was based on first come-first serve. The total allocation was used up within a few months. School that were not shovel ready applied and the money was reserved for them while schools with immediate needs miss the opportunity. What is somewhat different with this bill is that the Department of Public Instruction would create criteria that would classify the schools that apply and would allow the Superintendent of Public Instruction to prioritize the applications to make sure the schools with the greatest need would receive the loans first.

These criteria could include rapid enrollment, safety, obsolescence, cost and the support of the community. Of the total amount that would be appropriated, half of the money would be available for 2015 and the other half for 2016. Each year after April 1st, the Department of Public Instruction would prioritize all of the school projects that have applied. They would award the interest buy down loans until the money is gone. Hopefully there is enough money for all the schools that have applied, but if not, then the schools with the most need would be award the interests buy down programs first. If some schools don't get the interested buy down for the loans, they may apply next year.

The terms of the loans required to receive authorization for a bond issue which would require a vote of the people of at least 60%. The terms would be twenty years maximum with a limit of \$30 million per school district.

Section 2 is a situation that was brought to our attention late in the first half of session and the Senate Education was asked to amend a bill to offer a solution. SB 2178 was one of only a few choices to attach it to.

Section 2 addresses a need that came up in the Devils Lake School District. A school foundation leases land from the Devils Lake school district and has buildings on this land. The school district leases the building from the foundation and by the conditions of the lease contract, the school district is to provide insurance coverage.

School districts are permitted to seek insurance from the North Dakota State Fire and Tornado fund. However that coverage extends only to "public buildings, fixtures and permanent contents therein belonging to the state". This school district was told in January that coverage was denied because they did not own the building. The language in Section 2 would provide an exception in the ownership rule and would provide insurance for the two year period for the buildings on the leased land through the State Fire and Tornado Fund. This would give the Devils Lake school district two years to purchase the buildings or find other insurance options. Section 4 provides the expiration date of June 30th, 2017 for section 2.

This interest buy down would cost the state \$19,700,000 for the next biennium and would commit us to pay for the interest buy down for the life of the loan.

The emergency clause is to help the schools that are shovel ready this construction season and would allow for money to be allocated as soon as this bill was signed into law.

2
SB 2178
3/17/15

SB 2178 – Testimony by Dustin Gawrylow (Lobbyist #244) N.D. Watchdog Network

This session, we have seen many bills related to revolving loans to local government for capital infrastructure projects.

The theme of these has been: between the existence of the Bank of North Dakota and the until-recently, windfall of oil tax revenue, no local government entity should have to pay market rate interest to out of state bond investors. The money should stay in-state and in-house.

Suggested Improvements

- Add explicit taxpayer protections and restrictions into these various funds:
 - Mill levy impact cap or maximum dollar impact cap
 - Clarify the state's role in guaranteeing the loans, and repercussions for default.

Conclusion

Protections should be in place to prevent the repayment of the loans from becoming a burden on taxpayers. These loans much go to truly needed infrastructure projects, at the lowest cost to taxpayers possible.

April 14, 2015

|
4/15/15

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

Page 1, line 3, after the semicolon insert "to amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to school construction approval;"

Page 1, after line 5, insert:

"**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 student population; and~~
 - e.b. Demonstrates the capacity to pay for the project under rules adopted by the superintendent of public instruction pursuant to chapter 28-32; and
 - c. In the case of a school district having fewer than two hundred students in average daily membership, 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.
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."

Page 1, line 10, remove "may provide up to two hundred fifty million dollars to eligible"

Page 1, replace line 11 with "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 made from the fund."

Page 1, after line 16, insert:

- "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;"

Page 1, line 17, replace "c." with "d."

Page 1, line 17, replace "issue" with "issuance"

Page 1, line 18, replace "d." with "e."

Page 2, line 10, replace "one" with "two"

Page 2, line 17, replace "thirty" with "twenty"

Page 2, line 30, replace "**APPROPRIATION**" with "**TRANSFER**"

Page 2, line 30, remove "appropriated out of any moneys in the general"

Page 2, line 31, replace "fund in the state treasury, not otherwise appropriated," with
"transferred from the Bank of North Dakota's current earnings and undivided profits"

Page 2, line 31, replace "\$19,697,572" with "\$10,500,000"

Page 3, line 1, remove "Bank of"

Page 3, line 1, after "Dakota" insert "school district construction fund"

Page 3, line 3, replace "\$9,848,786" with "\$5,250,000"

Page 3, line 5, replace "2" with "3"

Renumber accordingly

#2

Sixty-fourth
Legislative Assembly
of North Dakota

4/15/15

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 amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to school
 5 construction approval; to provide an appropriation; to provide an expiration date; and to declare
 6 an emergency.

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

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

10 **15.1-36-01. School construction projects - Approval.**

- 11 1. Notwithstanding the powers and duties of school boards provided by law, the
 12 superintendent of public instruction shall approve the construction, purchase, repair,
 13 improvement, modernization, or renovation of any public school building or facility
 14 before commencement of the project if the cost of the project, as estimated by the
 15 school board, is in excess of one hundred thousand dollars.
- 16 2. The superintendent of public instruction may not approve a project unless the school
 17 district proposing the project:
- 18 a. Demonstrates the need for the project and the educational utility of the project or
 19 demonstrates potential utilization of the project by a future reorganized school
 20 district;
- 21 ~~b. In the case of new construction or a renovation affecting more than fifty percent~~
 22 ~~of an existing structure's square footage, demonstrates that circumstances within~~
 23 ~~the district are likely to result in a stable or increasing student population; and~~

1 ~~e.b.~~ Demonstrates the capacity to pay for the project under rules adopted by the
2 superintendent of public instruction pursuant to chapter 28-32; and

3 c. In the case of a school district having fewer than two hundred students in
4 average daily membership, demonstrates that the student population has been
5 stable or has increased during the preceding five school years and is expected to
6 be stable or increase during the ensuing five school years.

7 3. a. If the superintendent of public instruction denies the project, the school board
8 may appeal the superintendent's decision to the state board of public school
9 education. In considering the appeal, the state board shall review:

- 10 (1) The need for the project;
11 (2) The educational utility of the project;
12 (3) The potential use of the project by a future reorganized school district;
13 (4) The capacity of the district to pay for the project; and
14 (5) Any other objective factors relative to the appeal.

15 b. The decision of the state board is final.

16 4. This section is applicable to any construction, purchase, repair, improvement,
17 renovation, or modernization, even if the school board pays for the project in whole or
18 in part with moneys received on account of the leasing of lands acquired by the United
19 States for flood control, navigation, and allied purposes in accordance with 33 U.S.C.
20 701c-3 or in accordance with moneys received under the American Recovery and
21 Reinvestment Act of 2009.

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

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

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

28 1. In addition to any construction loans made available under section 15.1-36-02, the
29 Bank of North Dakota ~~may provide up to two hundred fifty million dollars to eligible~~
30 school districts for school construction loans shall authorize the use of and administer

1 moneys in the North Dakota school district construction fund, which is a revolving
2 fund. The fund consists of:

3 a. Amounts transferred into the fund by legislative action; and

4 b. Repayments of loans made from the fund.

5 2. To be eligible for a loan under this section, the board of a school district shall:

6 a. Propose a new construction or remodeling project with a cost of at least
7 one million dollars and an expected utilization of at least thirty years;

8 b. Obtain the approval of the superintendent of public instruction for the project
9 under section 15.1-36-01;

10 c. (1) Request from the tax commissioner a statement of the estimated tax
11 increase, in mills and dollars, which would be applicable to a residential
12 parcel of average true and full value within the county in which the school
13 district is headquartered, if a loan under this section and any associated
14 school construction bond issue were to be authorized in accordance with
15 chapter 21-03;

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

22 (3) Publish in the official newspaper of the district the information from the
23 statements required by this subdivision with the notice of the election to
24 authorize the school construction bond issuance in accordance with section
25 21-03-12; and

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

30 e.d. Receive authorization for a bond ~~issue~~issuance in accordance with chapter
31 21-03; and

- 1 d.e. Submit a completed application to the Bank of North Dakota.
- 2 3. With the advice and consent of the superintendent of public instruction, the Bank of
- 3 North Dakota shall award the loans in accordance with a prioritization system that is
- 4 based on a review of all applications filed during the twelve-month period preceding
- 5 April first and gives consideration to:
- 6 a. Student occupancy and academic needs in the district;
- 7 b. The age of existing structures to be replaced or remodeled;
- 8 c. Building design proposals that are based on safety and vulnerability
- 9 assessments;
- 10 d. Community support;
- 11 e. Cost; and
- 12 f. Any other criteria established in rule by the superintendent of public instruction,
- 13 after consultation with an interim committee appointed by the legislative
- 14 management.
- 15 4. The term of a loan under this section is twenty years, unless a shorter term is
- 16 requested by the board of a school district in its application.
- 17 5. The interest rate on a loan under this section may not exceed ~~one~~two percent, until
- 18 July 1, 2025.
- 19 6. If a school district's unobligated general fund balance on the preceding June thirtieth
- 20 exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which
- 21 that district is entitled under this section may not exceed eighty percent of the project's
- 22 cost.
- 23 7. The maximum loan amount to which a school district is entitled under this section is
- 24 ~~thirty~~twenty million dollars.

25 **SECTION 3.** A new section to chapter 26.1-22 of the North Dakota Century Code is created
26 and enacted as follows:

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

- 28 1. Notwithstanding any other provision of law, if the board of a school district entered a
- 29 contract with a nonprofit corporation in this state during the period beginning
- 30 November 1, 2013, and ending December 31, 2013, and if in accordance with the
- 31 terms of that contract the nonprofit corporation acquired and constructed a school

1 facility that the nonprofit corporation in turn leases back to the district for use in the
2 provision of educational services, that facility is designated as a public facility owned
3 by the school district for purposes of insurability under this chapter.

4 2. For purposes of this section, "school facility" means the real property referenced in the
5 contract and all buildings, improvements, and fixtures on the real property.

6 **SECTION 4. APPROPRIATION TRANSFER.** There is ~~appropriated out of any moneys in~~
7 ~~the general fund in the state treasury, not otherwise appropriated,~~ transferred from the Bank of
8 North Dakota's current earnings and undivided profits the sum of ~~\$19,697,572~~ \$10,500,000, or
9 so much of the sum as may be necessary, to the ~~Bank of~~ North Dakota school district
10 construction fund for the purpose of providing a school construction interest rate buydown
11 program, for the biennium beginning July 1, 2015, and ending June 30, 2017. The Bank of
12 North Dakota may not expend more than ~~\$9,848,786~~ \$5,250,000 of the appropriations for this
13 program during the first year of the biennium.

14 **SECTION 5. EXPIRATION DATE.** Section ~~23~~ of this Act is effective through June 30, 2017,
15 and after that date is ineffective.

16 **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.

ND Public School Districts
 2014-15 School Year
 September 10th unduplicated fall enrollment count

#3
 4/15/15
 SB 2178

County/ District Number	School District Name	School District Type	Enroll. Enroll. Kinder.	Enroll. Grades 1 - 6	Enroll. Grades 7 - 8	Enroll. Grades 9 - 12	Enroll. Grades K - 12
Codist	Dname	DTYPE	DENK	DEN16	DEN78	DEN912	DENK12
08-001	Bismarck 1	1	989	5786	1749	3465	11989
09-001	Fargo 1	1	910	5241	1619	3375	11145
09-006	West Fargo 6	1	889	4435	1283	2363	8970
51-001	Minot 1	1	749	3712	1058	2204	7723
18-001	Grand Forks 1	1	642	3383	979	2202	7206
30-001	Mandan 1	1	305	1630	499	1044	3478
45-001	Dickinson 1	1	332	1666	499	904	3401
53-001	Williston 1	1	259	1585	506	1021	3371
47-001	Jamestown 1	1	164	987	338	667	2156
40-007	Belcourt 7	1	130	793	245	511	1679
36-001	Devils Lake 1	1	154	742	245	482	1623
27-001	McKenzie Co 1	1	135	682	185	323	1325
39-037	Wahpeton 37	1	80	572	179	386	1217
02-002	Valley City 2	1	76	489	173	352	1090
50-003	Grafton 3	1	53	418	124	260	855
31-001	New Town 1	1	84	396	122	196	798
09-017	Central Cass 17	1	70	397	116	213	796
29-027	Beulah 27	1	59	311	115	208	693
09-002	Kindred 2	1	68	323	106	193	690
31-002	Stanley 2	1	61	330	110	174	675
05-001	Bottineau 1	1	65	315	85	189	654
37-019	Lisbon 19	1	39	275	92	210	616
51-007	United 7	1	54	291	83	163	591
29-003	Hazen 3	1	47	269	97	176	589
09-097	Northern Cass 97	1	47	280	84	163	574
35-005	Rugby 5	1	59	236	83	186	564
16-049	Carrington 49	1	26	239	85	170	520
53-015	Tioga 15	1	62	241	65	122	490
11-041	Oakes 41	1	44	239	68	137	488
49-014	May-Port CG 14	1	45	221	67	154	487
06-001	Bowman Co 1	1	42	231	69	128	470
18-061	Thompson 61	1	40	219	74	128	461
49-009	Hillsboro 9	1	44	210	74	132	460
13-016	Killdeer 16	1	33	205	62	143	443
50-008	Park River Area 8	1	37	183	71	143	434
25-001	Velva 1	1	42	222	59	107	430
40-001	Dunseith 1	1	36	175	61	144	416
51-041	Surrey 41	1	40	201	39	135	415
18-044	Larimore 44	1	44	155	53	157	409
52-038	Harvey 38	1	37	173	69	129	408
34-006	Cavalier 6	1	34	188	63	115	400
40-003	St John 3	1	35	179	65	112	391
51-161	Lewis and Clark 161	1	29	184	53	119	385
28-051	Garrison 51	1	32	161	50	127	370
12-001	Divide County 1	1	28	194	45	89	356
10-023	Langdon Area 23	1	27	141	50	136	354
22-001	Kidder County 1	1	21	157	57	115	350

ND Public School Districts
 2014-15 School Year
 September 10th unduplicated fall enrollment count

County/ District Number	School District Name	School District Type	Enroll. Enroll. Kinder.	Enroll. Grades 1 - 6	Enroll. Grades 7 - 8	Enroll. Grades 9 - 12	Enroll. Grades K - 12
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Codist	Dname	DTYPE	DENK	DEN16	DEN78	DEN912	DENK12
53-008	New 8	2	41	254	53	0	348
51-004	Nedrose 4	2	46	228	68	0	342
25-060	TGU 60	1	25	159	49	101	334
11-040	Ellendale 40	1	24	151	55	96	326
34-100	North Border 100	1	19	138	56	113	326
37-024	Enderlin Area 24	1	28	139	50	109	326
30-049	New Salem-Almont 49	1	19	154	48	96	317
38-001	Mohall-Lansford-Sherwood 1	1	29	146	57	85	317
51-028	Kenmare 28	1	29	152	45	89	315
31-003	Parshall 3	1	32	153	46	83	314
14-002	New Rockford-Sheyenne 2	1	26	139	51	96	312
23-008	LaMoure 8	1	23	147	58	74	302
45-034	Richardton-Taylor 34	1	20	149	43	83	295
53-002	Nesson 2	1	23	153	37	81	294
38-026	Glenburn 26	1	28	131	43	88	290
17-003	Beach 3	1	22	109	49	109	289
28-004	Washburn 4	1	26	144	40	78	288
15-036	Linton 36	1	21	134	39	90	284
03-005	Minnewaukan 5	1	25	160	41	53	279
02-007	Barnes County North 7	1	19	136	42	80	277
45-009	South Heart 9	1	28	124	38	85	275
48-010	North Star 10	1	25	131	29	84	269
01-013	Hettinger 13	1	24	128	35	79	266
39-044	Richland 44	1	21	104	48	91	264
39-008	Hankinson 8	1	14	124	41	80	259
32-001	Dakota Prairie 1	1	15	122	53	66	256
18-129	Northwood 129	1	21	124	33	73	251
51-070	South Prairie 70	2	27	167	53	0	247
24-002	Napoleon 2	1	15	109	38	84	246
53-006	Eight Mile 6	1	25	125	42	51	243
20-018	Griggs County Central 18	1	24	113	24	80	241
03-029	Warwick 29	1	18	116	48	56	238
45-013	Belfield 13	1	16	104	37	81	238
21-001	Mott-Regent 1	1	19	109	32	77	237
40-004	Mt Pleasant 4	1	28	106	31	70	235
50-020	Minto 20	1	21	107	32	69	229
41-003	North Sargent 3	1	23	100	35	70	228
30-039	Flasher 39	1	22	93	27	82	224
09-004	Maple Valley 4	1	14	87	38	84	223
28-001	Wilton 1	1	18	101	29	75	223
41-002	Milnor 2	1	15	98	34	73	220
23-003	Edgeley 3	1	18	109	40	50	217
26-019	Wishek 19	1	21	100	28	66	215
21-009	New England 9	1	16	98	31	69	214
39-042	Wyndmere 42	1	13	107	29	63	212
49-003	Central Valley 3	1	14	89	27	81	211
33-001	Center-Stanton 1	1	25	99	26	58	208

ND Public School Districts
 2014-15 School Year
 September 10th unduplicated fall enrollment count

County/ District Number	School District Name	School District Type	Enroll. Enroll. Kinder.	Enroll. Grades 1 - 6	Enroll. Grades 7 - 8	Enroll. Grades 9 - 12	Enroll. Grades K - 12
Codist	Dname	DTYPE	DENK	DEN16	DEN78	DEN912	DENK12
28-008	Underwood 8	1	9	97	30	69	205
34-118	Valley-Edinburg 118	1	10	88	40	65	203
28-050	Max 50	1	16	94	20	66	196
43-004	Ft Yates 4	1	0	77	116	0	193
32-066	Lakota 66	1	9	77	26	71	183
18-128	Midway 128	1	14	73	33	61	181
27-036	Mandaree 36	1	5	100	32	44	181
39-028	Lidgerwood 28	1	17	80	29	51	177
30-048	Glen Ullin 48	1	16	87	25	47	175
27-002	Alexander 2	1	19	83	29	43	174
28-072	Turtle Lake-Mercer 72	1	11	81	26	55	173
30-013	Hebron 13	1	11	88	22	52	173
49-007	Hatton Eielson 7	1	15	83	23	50	171
41-006	Sargent Central 6	1	5	69	34	59	167
53-099	Grenora 99	1	15	82	21	49	167
07-027	Powers Lake 27	1	20	91	19	35	165
40-029	Rolette 29	1	13	71	26	50	160
03-030	Ft Totten 30	1	0	0	0	157	157
34-019	Drayton 19	1	15	76	22	39	152
47-003	Medina 3	1	10	65	20	56	151
43-003	Solen 3	1	7	84	20	39	150
03-009	Maddock 9	1	9	67	20	53	149
28-085	White Shield 85	1	14	46	34	51	145
05-017	Westhope 17	1	13	66	17	41	137
03-006	Leeds 6	1	8	54	28	46	136
18-125	Manvel 125	2	19	95	21	0	135
20-007	Midkota 7	1	11	70	24	30	135
52-025	Fessenden-Bowdon 25	1	10	85	10	30	135
47-010	Pingree-Buchanan 10	1	11	57	20	43	131
15-015	Strasburg 15	1	6	56	17	49	128
19-049	Elgin-New Leipzig 49	1	16	50	0	62	128
07-036	Burke Central 36	1	10	58	24	35	127
23-007	Kulm 7	1	11	65	18	30	124
06-033	Scranton 33	1	8	53	23	39	123
26-009	Ashley 9	1	6	59	19	33	117
02-046	Litchville-Marion 46	1	7	47	14	40	108
08-028	Wing 28	1	12	47	15	34	108
47-014	Montpelier 14	1	9	44	16	38	107
15-006	Hazleton-Moffit-Braddock 6	1	8	53	18	26	105
25-014	Anamoose 14	2	15	90	0	0	105
39-018	Fairmount 18	1	9	49	18	29	105
46-019	Finley-Sharon 19	1	10	31	13	50	104
51-016	Sawyer 16	1	3	42	16	40	101
27-014	Yellowstone 14	2	9	73	17	0	99
24-056	Gackle-Streeter 56	1	16	39	10	31	96
43-008	Selfridge 8	1	7	42	19	27	95
09-080	Page 80	2	16	69	0	0	85

ND Public School Districts
 2014-15 School Year
 September 10th unduplicated fall enrollment count

County/ District Number	School District Name	School District Type	Enroll. Enroll. Kinder.	Enroll. Grades 1 - 6	Enroll. Grades 7 - 8	Enroll. Grades 9 - 12	Enroll. Grades K - 12
Codist	Dname	DTYPE	DENK	DEN16	DEN78	DEN912	DENK12
10-019	Munich 19	1	6	40	17	21	84
19-018	Roosevelt 18	2	6	46	32	0	84
25-057	Drake 57	1	0	0	22	62	84
46-010	Hope 10	1	0	0	29	53	82
42-019	McClusky 19	1	4	33	17	26	80
09-007	Mapleton 7	2	16	63	0	0	79
18-127	Emerado 127	2	8	56	13	0	77
04-001	Billings Co 1	2	8	54	11	0	73
07-014	Bowbells 14	1	12	30	7	22	71
05-054	Newburg-United 54	1	9	30	11	20	70
34-043	St Thomas 43	1	1	28	11	26	66
03-016	Oberon 16	2	9	56	0	0	65
36-002	Edmore 2	1	4	21	10	30	65
36-044	Starkweather 44	1	7	32	7	14	60
08-039	Apple Creek 39	2	10	48	0	0	58
13-019	Halliday 19	1	9	27	7	10	53
47-019	Kensal 19	1	10	17	5	14	46
26-004	Zeeland 4	1	3	19	3	17	42
08-033	Menoken 33	2	1	32	8	0	41
35-001	Wolford 1	1	3	19	8	10	40
50-005	Fordville-Lankin 5	1	2	15	6	17	40
17-006	Lone Tree 6	2	4	23	5	0	32
13-037	Twin Buttes 37	2	5	22	4	0	31
08-035	Sterling 35	2	3	18	3	0	24
42-016	Goodrich 16	1	2	11	6	5	24
37-006	Ft Ransom 6	2	4	17	0	0	21
30-004	Little Heart 4	2	5	9	3	0	17
08-045	Manning 45	3	1	11	4	0	16
30-017	Sweet Briar 17	3	2	11	1	0	14
44-012	Marmarth 12	2	3	9	2	0	14
15-010	Bakker 10	2	1	10	0	0	11
08-025	Naughton 25	3	2	6	0	0	8
44-032	Central Elem 32	2	0	7	1	0	8
27-032	Horse Creek 32	3	0	3	1	0	4
22-014	Robinson 14	2	0	3	0	0	3
18-140	Grand Forks AFB 140	4	0	0	0	0	0
27-018	Earl 18	3	0	0	0	0	0
51-160	Minot AFB 160	4	0	0	0	0	0
52-035	Pleasant Valley 35	4	0	0	0	0	0
	Total		9033	49711	15299	30235	104278

April 16, 2015

#1
4/17

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 4, replace "an appropriation" with "for a transfer"

Page 2, line 17, replace "thirty" with "twenty"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 4 with:

"SECTION 3. TRANSFER. There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$10,500,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 1 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017. The Bank of North Dakota may not expend more than \$5,250,000 of the total for this purpose during the first year of the biennium."

Renumber accordingly

#2
4/17

Sixty-fourth
Legislative Assembly
of North Dakota

REENGROSSED 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~~ for a transfer; to provide an expiration date; and to declare an
5 emergency.

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

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

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

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

Sixty-fourth
Legislative Assembly

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

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

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

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

1 ~~SECTION 3. APPROPRIATION.~~ There is appropriated out of any moneys in the general
2 fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of
3 the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a
4 school construction interest rate buydown program, for the biennium beginning July 1, 2015,
5 and ending June 30, 2017. The Bank of North Dakota may not expend more than \$9,848,786 of
6 the appropriations for this program during the first year of the biennium.

7 SECTION 3. TRANSFER. There is transferred from the Bank of North Dakota's current
8 earnings and undivided profits the sum of \$10,500,000, or so much of the sum as may be
9 necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on
10 construction loans awarded to school districts under section 1 of this Act, for the biennium
11 beginning July 1, 2015, and ending June 30, 2017. The Bank of North Dakota may not expend
12 more than \$5,250,000 of the total for this purpose during the first year of the biennium.

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

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

Sixty-fourth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2178

4/17/15

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 amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to school
5 construction approval; to provide an appropriation; to provide an expiration date; and to declare
6 an emergency.

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

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

10 **15.1-36-01. School construction projects - Approval.**

- 11 1. Notwithstanding the powers and duties of school boards provided by law, the
12 superintendent of public instruction shall approve the construction, purchase, repair,
13 improvement, modernization, or renovation of any public school building or facility
14 before commencement of the project if the cost of the project, as estimated by the
15 school board, is in excess of one hundred thousand dollars.
- 16 2. The superintendent of public instruction may not approve a project unless the school
17 district proposing the project:
- 18 a. Demonstrates the need for the project and the educational utility of the project or
19 demonstrates potential utilization of the project by a future reorganized school
20 district;
- 21 b. ~~In the case of new construction or a renovation affecting more than fifty percent~~
22 ~~of an existing structure's square footage, demonstrates that circumstances within~~
23 ~~the district are likely to result in a stable or increasing student population; and~~

1 e-b. Demonstrates the capacity to pay for the project under rules adopted by the
2 superintendent of public instruction pursuant to chapter 28-32; and

3 c. In the case of a school district having fewer than two hundred students in
4 average daily membership, demonstrates that the student population has been
5 stable or has increased during the preceding five school years and is expected to
6 be stable or increase during the ensuing five school years.

7 3. a. If the superintendent of public instruction denies the project, the school board
8 may appeal the superintendent's decision to the state board of public school
9 education. In considering the appeal, the state board shall review:

- 10 (1) The need for the project;
11 (2) The educational utility of the project;
12 (3) The potential use of the project by a future reorganized school district;
13 (4) The capacity of the district to pay for the project; and
14 (5) Any other objective factors relative to the appeal.

15 b. The decision of the state board is final.

16 4. This section is applicable to any construction, purchase, repair, improvement,
17 renovation, or modernization, even if the school board pays for the project in whole or
18 in part with moneys received on account of the leasing of lands acquired by the United
19 States for flood control, navigation, and allied purposes in accordance with 33 U.S.C.
20 701c-3 or in accordance with moneys received under the American Recovery and
21 Reinvestment Act of 2009.

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

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

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

28 1. In addition to any construction loans made available under section 15.1-36-02, the
29 Bank of North Dakota may provide up to two hundred fifty million dollars to eligible
30 school districts for school construction loans shall authorize the use of and administer

1 moneys in the North Dakota school district construction fund, which is a revolving
2 fund. The fund consists of:

3 a. Amounts transferred into the fund by legislative action; and

4 b. Repayments of loans made from the fund.

5 2. To be eligible for a loan under this section, the board of a school district shall:

6 a. Propose a new construction or remodeling project with a cost of at least

7 one million dollars and an expected utilization of at least thirty years;

8 b. Obtain the approval of the superintendent of public instruction for the project

9 under section 15.1-36-01;

10 c. (1) Request from the tax commissioner a statement of the estimated tax

11 increase, in mills and dollars, which would be applicable to a residential

12 parcel of average true and full value within the county in which the school

13 district is headquartered, if a loan under this section and any associated

14 school construction bond issue were to be authorized in accordance with

15 chapter 21-03;

16 (2) Request from the tax commissioner a statement of the estimated tax

17 increase, in mills and dollars, which would be applicable to an acre of

18 cropland and to an acre of noncropland, of average true and full value within

19 the county in which the school district is headquartered, if a loan under this

20 section and any associated school construction bond issue were to be

21 authorized in accordance with chapter 21-03;

22 (3) Publish in the official newspaper of the district the information from the

23 statements required by this subdivision with the notice of the election to

24 authorize the school construction bond issuance in accordance with section

25 21-03-12; and

26 (4) Post on the school district's website the information from the statements

27 required by this subdivision for at least the thirty-day period immediately

28 preceding the date of the election to authorize the school construction bond

29 issuance in accordance with chapter 21-03;

30 e.d. Receive authorization for a bond issueissuance in accordance with chapter

31 21-03; and

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

2 3. With the advice and consent of the superintendent of public instruction, the Bank of
3 North Dakota shall award the loans in accordance with a prioritization system that is
4 based on a review of all applications filed during the twelve-month period preceding
5 April first and gives consideration to:

6 a. Student occupancy and academic needs in the district;

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

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

10 d. Community support;

11 e. Cost; and

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

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

17 5. The interest rate on a loan under this section may not exceed ~~one~~two percent, until
18 July 1, 2025.

19 6. If a school district's unobligated general fund balance on the preceding June thirtieth
20 exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which
21 that district is entitled under this section may not exceed eighty percent of the project's
22 cost.

23 7. The maximum loan amount to which a school district is entitled under this section is
24 ~~thirty~~twenty million dollars.

25 **SECTION 3.** A new section to chapter 26.1-22 of the North Dakota Century Code is created
26 and enacted as follows:

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

28 1. Notwithstanding any other provision of law, if the board of a school district entered a
29 contract with a nonprofit corporation in this state during the period beginning
30 November 1, 2013, and ending December 31, 2013, and if in accordance with the
31 terms of that contract the nonprofit corporation acquired and constructed a school

1 facility that the nonprofit corporation in turn leases back to the district for use in the
2 provision of educational services, that facility is designated as a public facility owned
3 by the school district for purposes of insurability under this chapter.

4 2. For purposes of this section, "school facility" means the real property referenced in the
5 contract and all buildings, improvements, and fixtures on the real property.

6 **SECTION 4. APPROPRIATION TRANSFER.** There is appropriated out of any moneys in
7 ~~the general fund in the state treasury, not otherwise appropriated, transferred from the Bank of~~
8 ~~North Dakota's current earnings and undivided profits~~ the sum of ~~\$19,697,572~~ \$10,500,000, or
9 so much of the sum as may be necessary, to the Bank of North Dakota school district
10 construction fund for the purpose of providing a school construction interest rate buydown
11 program, for the biennium beginning July 1, 2015, and ending June 30, 2017. The Bank of
12 North Dakota may not expend more than ~~\$9,848,786~~ \$5,250,000 of the appropriations for this
13 program during the first year of the biennium.

14 **SECTION 5. EXPIRATION DATE.** Section 23 of this Act is effective through June 30, 2017,
15 and after that date is ineffective.

16 **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

#1
4/20/15

Page 1, line 12, after "loans" insert "with no more than \$125,000,000 expended in the first year"

Page 2, line 11, replace "one" with "two"

Page 2, line 12, after "2025." insert "After that date, the interest rate on the remainder of the loan may not exceed the Bank of North Dakota base rate as in effect from time to time and may float."

Page 3, line 8, replace "\$10,500,000" with "\$7,875,000"

Page 3, line 11, after "2017" remove "The Bank of North Dakota may not expend more than \$5,250,000 of the total for this purpose during the first year of the biennium."

Renumber accordingly

1/1

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 3, after the semicolon insert "to amend and reenact section 16.1-01-11 of the North Dakota Century Code, relating to bond elections;"

Page 2, after line 17, insert:

"SECTION 2. AMENDMENT. Section 16.1-01-11 of the North Dakota Century Code is amended and reenacted as follows:

16.1-01-11. Certain questions not to be voted upon for three months.

1. Whenever at any election a bond issue or mill levy question has failed to receive the required number of votes for approval by the electors, the matter may not again be submitted to a vote until a period of at least three months has expired, ~~and in no event may more.~~
2.
 - a. More than two elections on the same general matter may not be held within twelve consecutive calendar months.
 - b. If the matter to be placed before the electors for a third or subsequent time involves authorization for a school construction bond issuance in accordance with chapter 21-03, the board of the school district shall resubmit its school construction proposal to the superintendent of public instruction for the purpose of obtaining the superintendent's approval, in the same manner as required for an initial approval in accordance with section 15.1-36-01."

Page 3, line 5, replace "2" with "3"

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2178

That the House recede from its amendments as printed on page 1091 of the Senate Journal and page 1261 of the House Journal and that Reengrossed Senate Bill No. 2178 be amended as follows:

Page 1, line 2, remove the second "the"

Page 1, line 2, remove "district"

Page 1, line 3, replace "fund" with "loans"

Page 1, line 3, after the semicolon insert "to amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to the approval of school construction projects;"

Page 1, line 4, replace "an appropriation" with "for a transfer"

Page 1, after line 5, insert:

"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 student population~~
 - (1) Demonstrates that the student population has been stable or has increased during the preceding five school years and is expected to be stable or to increase during the ensuing five school years; or
 - (2) Demonstrates by clear and convincing evidence that, despite a declining student population, there are no feasible alternatives to the proposed project; 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."

Page 1, line 11, after "loans" insert "except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection"

Page 1, after line 16, insert:

- "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 preceding the date of the election to authorize the school construction bond issuance in accordance with chapter 21-03."

Page 1, line 17, replace "c." with "d."

Page 1, line 18, replace "d." with "e."

Page 2, line 10, replace "one" with "two"

Page 2, line 11, after the underscored period insert "Thereafter, the interest rate on the remainder of a loan under this section may not exceed the Bank of North Dakota's base rate, which is a variable rate."

Page 2, line 17, replace "thirty" with "twenty"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 4 with:

"SECTION 4. TRANSFER. There is transferred from the Bank of North Dakota's current earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 3, line 5, replace "2" with "3"

Renumber accordingly

Sixty-fourth
Legislative Assembly
of North Dakota

REENGROSSED 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 ~~fundloans~~ and insurance coverage for real property and improvements leased by a school
4 district; to amend and reenact section 15.1-36-01 of the North Dakota Century Code, relating to
5 the approval of school construction projects; to provide ~~an appropriation for a transfer~~; to provide
6 an expiration date; and to declare an emergency.

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

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

10 **15.1-36-01. School construction projects - Approval.**

- 11 1. Notwithstanding the powers and duties of school boards provided by law, the
12 superintendent of public instruction shall approve the construction, purchase, repair,
13 improvement, modernization, or renovation of any public school building or facility
14 before commencement of the project if the cost of the project, as estimated by the
15 school board, is in excess of one hundred thousand dollars.
- 16 2. The superintendent of public instruction may not approve a project unless the school
17 district proposing the project:
- 18 a. Demonstrates the need for the project and the educational utility of the project or
19 demonstrates potential utilization of the project by a future reorganized school
20 district;
- 21 b. ~~In the case of new construction or a renovation affecting more than fifty percent~~
22 ~~of an existing structure's square footage, demonstrates that circumstances within~~
23 ~~the district are likely to result in a stable or increasing student population~~

- 1 (1) Demonstrates that the student population has been stable or has increased
- 2 during the preceding five school years and is expected to be stable or to
- 3 increase during the ensuing five school years; or
- 4 (2) Demonstrates by clear and convincing evidence that, despite a declining
- 5 student population, there are no feasible alternatives to the proposed
- 6 project; and
- 7 c. Demonstrates the capacity to pay for the project under rules adopted by the
- 8 superintendent of public instruction pursuant to chapter 28-32.
- 9 3. a. If the superintendent of public instruction denies the project, the school board
- 10 may appeal the superintendent's decision to the state board of public school
- 11 education. In considering the appeal, the state board shall review:
- 12 (1) The need for the project;
- 13 (2) The educational utility of the project;
- 14 (3) The potential use of the project by a future reorganized school district;
- 15 (4) The capacity of the district to pay for the project; and
- 16 (5) Any other objective factors relative to the appeal.
- 17 b. The decision of the state board is final.
- 18 4. This section is applicable to any construction, purchase, repair, improvement,
- 19 renovation, or modernization, even if the school board pays for the project in whole or
- 20 in part with moneys received on account of the leasing of lands acquired by the United
- 21 States for flood control, navigation, and allied purposes in accordance with 33 U.S.C.
- 22 701c-3 or in accordance with moneys received under the American Recovery and
- 23 Reinvestment Act of 2009.
- 24 5. For purposes of this chapter, "facility" includes a public school parking lot, public
- 25 school athletic complex, or any other improvement to real property owned by the
- 26 school district.

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

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

- 30 1. In addition to any construction loans made available under section 15.1-36-02, the
- 31 Bank of North Dakota may provide up to two hundred fifty million dollars to eligible

1 school districts for school construction loans, except that the total of all loans provided
2 under this section during the first year of the 2015-17 biennium may not exceed fifty
3 percent of the total amount authorized under this subsection.

4 2. To be eligible for a loan under this section, the board of a school district shall:

5 a. Propose a new construction or remodeling project with a cost of at least
6 one million dollars and an expected utilization of at least thirty years;

7 b. Obtain the approval of the superintendent of public instruction for the project
8 under section 15.1-36-01;

9 c. (1) Request from the tax commissioner a statement of the estimated tax

10 increase, in mills and dollars, which would be applicable to a residential
11 parcel of average true and full value within the county in which the school
12 district is headquartered, if a loan under this section and any associated
13 school construction bond issue were to be authorized in accordance with
14 chapter 21-03;

15 (2) Request from the tax commissioner a statement of the estimated tax

16 increase, in mills and dollars, which would be applicable to an acre of
17 cropland and to an acre of noncropland, of average true and full value within
18 the county in which the school district is headquartered, if a loan under this
19 section and any associated school construction bond issue were to be
20 authorized in accordance with chapter 21-03;

21 (3) Publish in the official newspaper of the district the information from the

22 statements required by this subdivision with the notice of the election to
23 authorize the school construction bond issuance in accordance with section
24 21-03-12; and

25 (4) Post on the school district's website the information from the statements

26 preceding the date of the election to authorize the school construction bond
27 issuance in accordance with chapter 21-03;

28 ~~e.~~d. Receive authorization for a bond issue in accordance with chapter 21-03; and

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

30 3. With the advice and consent of the superintendent of public instruction, the Bank of

31 North Dakota shall award the loans in accordance with a prioritization system that is

- 1 based on a review of all applications filed during the twelve-month period preceding
2 April first and gives consideration to:
- 3 a. Student occupancy and academic needs in the district;
 - 4 b. The age of existing structures to be replaced or remodeled;
 - 5 c. Building design proposals that are based on safety and vulnerability
6 assessments;
 - 7 d. Community support;
 - 8 e. Cost; and
 - 9 f. Any other criteria established in rule by the superintendent of public instruction,
10 after consultation with an interim committee appointed by the legislative
11 management.
- 12 4. The term of a loan under this section is twenty years, unless a shorter term is
13 requested by the board of a school district in its application.
- 14 5. The interest rate on a loan under this section may not exceed ~~one~~two percent, until
15 July 1, 2025. Thereafter, the interest rate on the remainder of a loan under this section
16 may not exceed the Bank of North Dakota's base rate, which is a variable rate.
- 17 6. If a school district's unobligated general fund balance on the preceding June thirtieth
18 exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which
19 that district is entitled under this section may not exceed eighty percent of the project's
20 cost.
- 21 7. The maximum loan amount to which a school district is entitled under this section is
22 ~~thirty~~twenty million dollars.

23 **SECTION 3.** A new section to chapter 26.1-22 of the North Dakota Century Code is created
24 and enacted as follows:

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

- 26 1. Notwithstanding any other provision of law, if the board of a school district entered a
27 contract with a nonprofit corporation in this state during the period beginning
28 November 1, 2013, and ending December 31, 2013, and if in accordance with the
29 terms of that contract the nonprofit corporation acquired and constructed a school
30 facility that the nonprofit corporation in turn leases back to the district for use in the

1 provision of educational services, that facility is designated as a public facility owned
2 by the school district for purposes of insurability under this chapter.

3 2. For purposes of this section, "school facility" means the real property referenced in the
4 contract and all buildings, improvements, and fixtures on the real property.

5 ~~SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general~~
6 ~~fund in the state treasury, not otherwise appropriated, the sum of \$19,697,572, or so much of~~
7 ~~the sum as may be necessary, to the Bank of North Dakota for the purpose of providing a~~
8 ~~school construction interest rate buydown program, for the biennium beginning July 1, 2015,~~
9 ~~and ending June 30, 2017. The Bank of North Dakota may not expend more than \$9,848,786 of~~
10 ~~the appropriations for this program during the first year of the biennium.~~

11 **SECTION 4. TRANSFER.** There is transferred from the Bank of North Dakota's current
12 earnings and undivided profits the sum of \$7,875,000, or so much of the sum as may be
13 necessary, to the Bank of North Dakota for the purpose of providing interest rate buydowns on
14 construction loans awarded to school districts under section 2 of this Act, for the biennium
15 beginning July 1, 2015, and ending June 30, 2017.

16 **SECTION 5. EXPIRATION DATE.** Section ~~23~~ of this Act is effective through June 30, 2017,
17 and after that date is ineffective.

18 **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.