

HOUSE BILL NO. 1227

Introduced by

Representative M. Nelson

1 A BILL for an Act to amend and reenact sections 15.1-07-29 and 15.1-36-06 and subsection 5
2 of section 15.1-36-08 of the North Dakota Century Code, relating to school district ending fund
3 balances and limitations on school construction loans; to repeal section 15.1-27-35.3 of the
4 North Dakota Century Code, relating to school district unobligated general fund balances; and
5 to provide a continuing appropriation.

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

7 **SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-07-29. Ending fund balance ~~Amount.~~**

- 10 4. The board of a school district may carry over moneys to the ensuing fiscal year to
11 meet the cash requirements of all funds or purposes to which the credit of the school
12 district may be legally extended.
- 13 2. ~~For taxable years beginning after December 31, 2003, and ending on December 31,~~
14 ~~2007, the amount carried over by a school district may not exceed fifty percent of the~~
15 ~~current annual budget for all purposes other than debt retirement and amounts~~
16 ~~financed from bond sources plus twenty thousand dollars.~~
- 17 3. ~~For taxable years beginning after December 31, 2007, the amount carried over by a~~
18 ~~school district may not exceed forty-five percent of the current annual budget for all~~
19 ~~purposes other than debt retirement and amounts financed from bond sources plus~~
20 ~~twenty thousand dollars.~~

21 **SECTION 2. AMENDMENT.** Section 15.1-36-06 of the North Dakota Century Code is
22 amended and reenacted as follows:

1 **15.1-36-06. School construction loans - Bank of North Dakota. (Repealed effective**
2 **July 1, 2023)**

- 3 1. In addition to any construction loans made available under section 15.1-36-02, the
4 Bank of North Dakota may provide up to two hundred fifty million dollars to eligible
5 school districts for school construction loans until June 30, 2017. After June 30, 2017,
6 no new loans may be provided under this section.
- 7 2. To be eligible for a loan under this section, the board of a school district shall:
- 8 a. Propose a new construction or remodeling project with a cost of at least
9 one million dollars and an expected utilization of at least thirty years;
- 10 b. Obtain the approval of the superintendent of public instruction for the project
11 under section 15.1-36-01;
- 12 c. (1) Request from the tax commissioner a statement of the estimated tax
13 increase, in mills and dollars, which would be applicable to a residential
14 parcel of average true and full value within the county in which the school
15 district is headquartered, if a loan under this section and any associated
16 school construction bond issue were to be authorized in accordance with
17 chapter 21-03;
- 18 (2) Request from the tax commissioner a statement of the estimated tax
19 increase, in mills and dollars, which would be applicable to an acre of
20 cropland and to an acre of noncropland, of average true and full value within
21 the county in which the school district is headquartered, if a loan under this
22 section and any associated school construction bond issue were to be
23 authorized in accordance with chapter 21-03;
- 24 (3) Publish in the official newspaper of the district the information from the
25 statements required by this subdivision with the notice of the election to
26 authorize the school construction bond issuance in accordance with section
27 21-03-12; and
- 28 (4) Post on the school district's website the information from the statements
29 preceding the date of the election to authorize the school construction bond
30 issuance in accordance with chapter 21-03;
- 31 d. Receive authorization for a bond issue in accordance with chapter 21-03; and

- 1 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 two percent, until July 1,
- 18 2025. Thereafter, the interest rate on the remainder of a loan under this section:
 - 19 a. May not exceed the Bank of North Dakota's base rate; or
 - 20 b. May be a fixed rate.
- 21 ~~6. If a school district's unobligated general fund balance on the preceding June thirtieth~~
- 22 ~~exceeds the limitation set forth under section 15.1-27-35.3, the loan amount to which~~
- 23 ~~that district is entitled under this section may not exceed eighty percent of the project's~~
- 24 ~~cost.~~
- 25 7. The maximum loan amount to which a school district is entitled under this section is
- 26 twenty million dollars.

27 **SECTION 3. AMENDMENT.** Subsection 5 of section 15.1-36-08 of the North Dakota
28 Century Code is amended and reenacted as follows:

- 29 5. If the superintendent of public instruction approves the loan, the Bank of North Dakota
- 30 shall issue a loan from the school construction assistance revolving loan fund. For a
- 31 loan made under this section:

- 1 a. The maximum loan amount for which a school district may qualify is ten million
2 dollars. ~~However, if a school district's unobligated general fund balance on the~~
3 ~~preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the~~
4 ~~loan amount under this section may not exceed eighty percent of the project's~~
5 ~~cost up to a maximum loan amount of eight million dollars;~~
- 6 b. The term of the loan is twenty years, unless the board of the school district
7 requests a shorter term in the written loan application; and
- 8 c. The interest rate of the loan may not exceed two percent per year.

9 **SECTION 4. REPEAL.** Section 15.1-27-35.3 of the North Dakota Century Code is repealed.