

HOUSE CONCURRENT RESOLUTION NO. 3055

Introduced by

Representatives Mock, Boe, Boschee, Delzer, Kempenich, Kreidt, Nathe, J. Nelson

Senators Heckaman, Klein, Unruh, Wardner

1 A concurrent resolution ~~to amend and reenact section 26 of article X of the Constitution of North~~
2 ~~Dakota, relating to the transfer of earnings of the legacy fund.~~directing the Legislative
3 Management to consider studying the potential uses of legacy fund earnings, including the use
4 of earnings to provide tax relief, provide for reinvestment of legacy fund earnings, fund research
5 and technological advancements, promote economic growth and diversification, and promote
6 workforce development and career and technical education.

STATEMENT OF INTENT

8 ~~This measure requires a vote of at least two-thirds of the members of each house of the~~
9 ~~legislative assembly to expend the principal and earnings of the legacy fund.~~

10 **~~BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE~~**
11 **~~SENATE CONCURRING THEREIN:~~**

12 ~~— That the following proposed amendment to section 26 of article X of the Constitution of~~
13 ~~North Dakota is agreed to and must be submitted to the qualified electors of North Dakota at the~~
14 ~~general election held in 2020, in accordance with section 16 of article IV of the Constitution of~~
15 ~~North Dakota.~~

16 ~~— **SECTION 1. AMENDMENT.** Section 26 of article X of the Constitution of North Dakota is~~
17 ~~amended and reenacted as follows:-~~

18 ~~— **Section 26.**~~

19 ~~— 1. Thirty percent of total revenue derived from taxes on oil and gas production or~~
20 ~~extraction must be transferred by the state treasurer to a special fund in the state~~
21 ~~treasury known as the legacy fund. The legislative assembly may transfer funds from~~
22 ~~any source into the legacy fund and such transfers become part of the principal of the~~
23 ~~legacy fund.~~

24 ~~— 2. The principal and earnings of the legacy fund may not be expended until after~~
25 ~~June 30, 2017, and an expenditure of principal and earnings after that date requires a~~

1 ~~vote of at least two-thirds of the members elected to each house of the legislative~~
2 ~~assembly. Not more than fifteen percent of the principal of the legacy fund may be~~
3 ~~expended during a biennium.~~

4 ~~3. Statutory programs, in existence as a result of legislation enacted through 2009,~~
5 ~~providing for impact grants, direct revenue allocations to political subdivisions, and~~
6 ~~deposits in the oil and gas research fund must remain in effect but the legislative~~
7 ~~assembly may adjust statutory allocations for those purposes.~~

8 ~~4. The state investment board shall invest the principal of the North Dakota legacy fund.~~
9 ~~The state treasurer shall transfer earnings of the North Dakota legacy fund accruing~~
10 ~~after June 30, 2017, to the state general principal of the legacy fund at the end of each~~
11 ~~biennium.~~

12 WHEREAS, the legacy fund was created with the understanding that oil and gas resources
13 are finite and tax revenues related to oil and gas production eventually will decline; and

14 WHEREAS, investments to diversify and expand the state's tax base as a means to offset
15 the eventual decline of oil and gas tax revenues is a prudent use of legacy fund earnings to
16 provide long-term revenue stability for future generations; and

17 WHEREAS, investments in research and technological advancements in energy and
18 agriculture, workforce development and recruitment, career and technical education, and
19 business growth initiatives are key to expanding the state's economic potential; and

20 WHEREAS, the use of legacy fund earnings to reduce the tax burden on taxpayers and
21 reduce taxpayer liability to fund government services, without creating an expansion of
22 government, could have a positive impact on economic growth; and

23 WHEREAS, taking a balanced approach to spending and reinvesting legacy fund earnings
24 could lead to growth in the state's economy and growth in the principal of the legacy fund, as
25 evidenced by the operation of Norway's sovereign wealth fund; and

26 WHEREAS, the people of North Dakota created the legacy fund through a public vote and
27 the public should be allowed to engage in discussion and recommend ideas for policies and
28 directives related to the use of legacy fund earnings, including recommendations to fund unique
29 projects that leave a legacy for future generations; and

30 WHEREAS, varied and competing interests exist regarding the best use of legacy fund
31 earnings;

1 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF**
2 **NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

3 That the Legislative Management consider studying the potential uses of legacy fund
4 earnings, including the use of earnings to provide tax relief, provide for reinvestment of legacy
5 fund earnings, fund research and technological advancements, promote economic growth and
6 diversification, and promote workforce development and career and technical education; and

7 **BE IT FURTHER RESOLVED**, that in conducting the study, the Legislative Management
8 consider forming an interim committee consisting of the Majority and Minority Leaders of the
9 House of Representatives and the Senate, or their designee; the Chairmen of the standing
10 Finance and Taxation Committees of the House of Representatives and the Senate, or their
11 designee; the Chairmen of the Appropriations Committees of the House of Representatives and
12 the Senate, or their designee; two members of the Legacy and Budget Stabilization Fund
13 Advisory Board, appointed by their respective Majority Leaders; and the Chairman of the
14 Legislative Management, or the Chairman's designee; and

15 **BE IT FURTHER RESOLVED**, that the Legislative Management report its findings and
16 recommendations, together with any legislation required to implement the recommendations, to
17 the Sixty-seventh Legislative Assembly.