

**HOUSE BILL NO. 1380**

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner  
Senators Patten, Sorvaag, Wardner

1 A BILL for an Act to create and enact ~~a new section to chapter 6-09~~, a new section to chapter  
2 6-09.4, ~~a new section to chapter 15-20.1~~, a new section to chapter 21-10, ~~a new section to~~  
3 ~~chapter 50-06~~, two new sections to chapter 54-44, and a new section to chapter 54-59, and a  
4 new section to chapter 57-38 of the North Dakota Century Code, relating to ~~an economic-~~  
5 ~~diversification research fund~~, a legacy sinking and interest fund, ~~a career and technical-~~  
6 ~~education support fund~~, a legacy earnings fund, ~~a behavioral health support fund~~, a legacy  
7 ~~infrastructure project fund~~, a state building maintenance and project fund, and an information  
8 ~~technology cybersecurity fund~~, and an income tax relief fund; to amend and reenact ~~subsection-~~  
9 ~~4 of section 21-10-06 and~~ section 21-10-12 of the North Dakota Century Code, relating to ~~funds-~~  
10 ~~invested by the state investment board and~~ legacy fund definitions; to provide for a transfer; and  
11 to provide a statement of legislative intent ~~and to provide a report.~~

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

13 ~~— **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created~~  
14 ~~and enacted as follows:~~

15 ~~— **Economic diversification research fund – Economic diversification research**~~  
16 ~~**committee – Legislative management report.**~~

17 ~~— 1. There is created in the state treasury the economic diversification research fund. The~~  
18 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys~~  
19 ~~in the fund may be spent by the Bank of North Dakota pursuant to legislative~~  
20 ~~appropriations to provide grants to institutions under the control of the state board of~~  
21 ~~higher education for economic diversification research.~~

22 ~~— 2. The economic diversification research committee consists of:~~

23 ~~— a. The president of the Bank of North Dakota, as chairman;~~

- 1 ~~\_\_\_\_\_ b. Four members with experience in research or venture capital appointed by the~~  
2 ~~president of the Bank of North Dakota;~~
- 3 ~~\_\_\_\_\_ c. The state commissioner of higher education, or a designee; and~~
- 4 ~~\_\_\_\_\_ d. The president of North Dakota state university and the president of the university~~  
5 ~~of North Dakota.~~
- 6 ~~\_\_\_\_\_ 3. In consultation with representatives of North Dakota state university and the university~~  
7 ~~of North Dakota, the committee shall award grants to institutions under the control of~~  
8 ~~the state board of higher education. Up to ninety percent of the funding must be~~  
9 ~~awarded to North Dakota state university and the university of North Dakota with equal~~  
10 ~~amounts awarded to each institution. The remaining funding must be awarded to the~~  
11 ~~other institutions under the control of the state board of higher education, as~~  
12 ~~determined by the committee. The committee may not award more than fifty percent of~~  
13 ~~the available funding during the first year of the biennium. The Bank of North Dakota~~  
14 ~~shall distribute the grant funding as awarded by the committee.~~
- 15 ~~\_\_\_\_\_ 4. The committee shall develop guidelines for the economic diversification research~~  
16 ~~grants. The purpose of the grants is to stimulate economic activity across the state~~  
17 ~~through innovation of new technology, concepts, and products; to promote job creation~~  
18 ~~and career and wage growth; to enhance health care outcomes; and to provide~~  
19 ~~experiential learning opportunities for students. Research projects may be initiated by~~  
20 ~~an institution under the control of the state board of higher education or by the private~~  
21 ~~sector. The guidelines must include consideration for research projects with matching~~  
22 ~~funds and provisions for grant oversight by an internal advisory committee and an~~  
23 ~~external advisory committee.~~
- 24 ~~\_\_\_\_\_ 5. The committee shall develop reporting requirements for the institutions under the~~  
25 ~~control of the state board of higher education. The reporting requirements must~~  
26 ~~include criteria for assessing performance outcomes related to the grants. The~~  
27 ~~committee shall compile the reports and shall submit a comprehensive report annually~~  
28 ~~to the legislative management. The comprehensive report must include information on~~  
29 ~~how the research efforts by each institution align with the state's priorities, how the~~  
30 ~~institutions collaborate when appropriate, and how the outcomes of the research meet~~  
31 ~~established performance expectations.~~

1       **SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Legacy sinking and interest fund - Debt service requirements - Public finance**  
4 **authority.**

5       There is created in the state treasury the legacy sinking and interest fund. The fund consists  
6 of all moneys deposited in the fund under section 63 of this Act. Moneys in the fund may be  
7 spent by the public finance authority pursuant to legislative appropriations to meet the debt  
8 service requirements for evidences of indebtedness issued by the authority. Any moneys in the  
9 fund in excess of the amounts necessary to meet the debt service requirements for a biennium,  
10 may be appropriated by the legislative assembly for other purposes.

11 ~~SECTION 3. A new section to chapter 15-20.1 of the North Dakota Century Code is created~~  
12 ~~and enacted as follows:~~

13 ~~**Career and technical education support fund - Department of career and technical**~~  
14 ~~**education.**~~

15 ~~There is created in the state treasury the career and technical education support fund. The~~  
16 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund~~  
17 ~~may be spent by the department of career and technical education pursuant to legislative~~  
18 ~~appropriations to support career and technical education centers and programs.~~

19 ~~**SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century~~  
20 ~~Code is amended and reenacted as follows: \_\_\_\_\_~~

21 ~~1. Subject to the provisions of section 21-10-02, the board shall invest the following~~  
22 ~~funds:~~

- 23 ~~a. State bonding fund.~~  
24 ~~b. Teachers' fund for retirement.~~  
25 ~~c. State fire and tornado fund.~~  
26 ~~d. Workforce safety and insurance fund.~~  
27 ~~e. Public employees retirement system.~~  
28 ~~f. Insurance regulatory trust fund.~~  
29 ~~g. State risk management fund.~~  
30 ~~h. Budget stabilization fund.~~  
31 ~~i. Health care trust fund.~~

- 1 ~~\_\_\_\_\_ j. Cultural endowment fund.~~
- 2 ~~\_\_\_\_\_ k. Petroleum tank release compensation fund.~~
- 3 ~~\_\_\_\_\_ l. Legacy fund.~~
- 4 ~~\_\_\_\_\_ m. Legacy earnings fund.~~
- 5 ~~\_\_\_\_\_ n. A fund under contract with the board pursuant to subsection 3.~~

6 **SECTION 2. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **21-10-12. Legacy fund ~~-Earnings defined~~definitions.**

9 For the purposes of section 26 of article X of the Constitution of North Dakota, ~~the term~~  
10 "earnings":

- 11 1. "Earnings" means net income in accordance with generally accepted accounting  
12 principles, excluding any unrealized gains or losses.
- 13 2. "Principal" means all moneys in the legacy fund not included in earnings as defined  
14 under subsection 1.

15 **SECTION 3.** A new section to chapter 21-10 of the North Dakota Century Code is created  
16 and enacted as follows:

17 **Legacy earnings fund - State treasurer - Transfers ~~-Reserve balance.~~**

- 18 1. There is created in the state treasury the legacy earnings fund. The fund consists of all  
19 moneys transferred to the fund under subsection 2 and all interest and earnings upon  
20 moneys in the fund.
- 21 2. Any legacy fund earnings transferred to the general fund at the end of each biennium  
22 in accordance with section 26 of article X of the Constitution of North Dakota must be  
23 immediately transferred by the state treasurer to the legacy earnings fund.
- 24 3. Any~~if the~~ amounts transferred under subsection 2 ~~in excess of~~ exceed the amount  
25 available for appropriation under subsection 4 ~~must be retained in the fund and~~  
26 ~~designated as a reserve balance. The reserve balance may be used only to~~  
27 ~~supplement legacy fund earnings in a biennium in which the amounts transferred~~  
28 ~~under subsection 2 are less than the amount available for appropriation under~~  
29 ~~subsection 4~~ the state treasurer shall transfer the excess, within thirty days, as follows:  
30 a. Forty percent to the strategic investment and improvements fund to be used in  
31 accordance with the provisions of section 15-08.1-08;

1 b. Forty percent to the legacy fund to become part of the principal; and

2 c. Twenty percent to the income tax relief fund under section 4 of this Act.

3 4. For each biennium subsequent to the biennium in which the legacy fund earnings are  
4 transferred under subsection 2, the amount available for appropriation from the legacy  
5 earnings fund is ~~seven~~six percent of the five-year average value of the legacy fund  
6 assets as reported by the state investment board. The average value of the legacy  
7 fund assets must be calculated using the value of the assets at the end of each fiscal  
8 year for the five-year period ending with the most recently completed even-numbered  
9 fiscal year.

10 5. On July first of each odd-numbered year, from the amount available for appropriation  
11 or transfer from the legacy earnings fund for the biennium, the state treasurer shall  
12 transfer funding ~~as follows~~in the following order:

13 ~~a. Twenty-six percent to the legacy sinking and interest fund under section 2 of this~~  
14 ~~Act;~~

15 ~~b. Fourteen percent to the highway tax distribution fund for allocations under section~~  
16 ~~54-27-19;~~

17 ~~c. Eight percent to the school construction assistance revolving loan fund under~~  
18 ~~section 15.1-36-08, but not in an amount that would bring the balance of the~~  
19 ~~school construction assistance revolving loan fund to more than five hundred~~  
20 ~~million dollars;~~

21 ~~d. Five percent to the infrastructure revolving loan fund under section 6-09-49, but~~  
22 ~~not in an amount that would bring the balance of the infrastructure revolving loan~~  
23 ~~fund to more than five hundred million dollars;~~

24 ~~e. Five percent to the innovation loan fund to support technology advancement~~  
25 ~~under section 6-09.18-05;~~

26 ~~f. Five percent to the public employees retirement system fund under section~~  
27 ~~54-52-13, only if the fund's actuarial-funded ratio as reported for the most~~  
28 ~~recently completed even-numbered fiscal year is less than ninety percent;~~

29 ~~g. Five percent to the behavioral health support fund under section 7 of this Act;~~

30 ~~h. Four percent to the career and technical education support fund under section 3-~~  
31 ~~of this Act;~~

- 1 ~~i. Four percent to the state building maintenance and project fund under section 9-~~  
2 ~~of this Act;~~
- 3 ~~j. Four percent to the clean sustainable energy fund;~~
- 4 ~~k. Four percent to the economic diversification research fund under section 1 of this-~~  
5 ~~Act;~~
- 6 ~~l. Three percent to the information technology cybersecurity fund under section 10-~~  
7 ~~of this Act;~~
- 8 ~~m. Three percent to the housing incentive fund under section 54-17-40; and~~
- 9 ~~n. Any remaining amounts to the legacy infrastructure project fund.~~
- 10 a. The first one hundred million dollars to the legacy sinking and interest fund under  
11 section 1 of this Act;
- 12 b. The next forty million dollars to the clean sustainable energy fund;
- 13 c. The next forty million dollars to the infrastructure revolving loan fund under  
14 section 6-09-49, but not in an amount that would bring the balance of the  
15 infrastructure revolving loan fund to more than five hundred million dollars; and
- 16 d. Any remaining funds for other purposes as designated by the legislative  
17 assembly.

18 ~~SECTION 7. A new section to chapter 50-06 of the North Dakota Century Code is created~~  
19 ~~and enacted as follows:~~

20 ~~**Behavioral health support fund – Department of human services.**~~

21 ~~There is created in the state treasury the behavioral health support fund. The fund consists~~  
22 ~~of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be~~  
23 ~~spent by the department of human services pursuant to legislative appropriations for behavioral~~  
24 ~~health purposes, including programs to prevent behavioral health issues and to improve access~~  
25 ~~to behavior health services, infrastructure to support behavioral health services and programs,~~  
26 ~~and programs to support behavioral health recovery in the community. The funding must be~~  
27 ~~available to programs, services, and infrastructure that benefit individuals of all ages.~~

28 ~~SECTION 8. A new section to chapter 54-44 of the North Dakota Century Code is created~~  
29 ~~and enacted as follows:~~

1 ~~— **Legacy infrastructure project fund.**~~

2 ~~— There is created in the state treasury the legacy infrastructure project fund. The fund~~  
3 ~~consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may~~  
4 ~~be spent pursuant to legislative appropriations to support one-time infrastructure projects with a~~  
5 ~~statewide benefit.~~

6 ~~— **SECTION 9.** A new section to chapter 54-44 of the North Dakota Century Code is created~~  
7 ~~and enacted as follows:~~

8 ~~— **State building maintenance and project fund.**~~

9 ~~— There is created in the state treasury the state building maintenance and project fund. The~~  
10 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund~~  
11 ~~may be spent pursuant to legislative appropriations for deferred maintenance and construction~~  
12 ~~projects associated with state lands and buildings.~~

13 ~~— **SECTION 10.** A new section to chapter 54-59 of the North Dakota Century Code is created~~  
14 ~~and enacted as follows:~~

15 ~~— **Information technology cybersecurity fund.**~~

16 ~~— There is created in the state treasury the information technology cybersecurity fund. The~~  
17 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund~~  
18 ~~may be spent pursuant to legislative appropriations to support information technology~~  
19 ~~cybersecurity initiatives.~~

20 **SECTION 4.** A new section to chapter 57-38 of the North Dakota Century Code is created  
21 and enacted as follows:

22 **Income tax relief fund.**

23 There is created in the state treasury the income tax relief fund. The fund consists of all  
24 moneys deposited in the fund under section 3 of this Act. Moneys in the fund may be spent  
25 pursuant to legislative appropriations for individual and corporate income tax relief.

26 **SECTION 5. LEGISLATIVE INTENT.** It is the intent of the sixty-seventh legislative  
27 assembly that the sixty-eighth legislative assembly consider additional allocations from the  
28 legacy earnings fund, including allocations to the highway tax distribution fund, value-added  
29 agricultural programs, the innovation loan fund to support technology advancement, state  
30 building maintenance and improvements, and for other one-time initiatives and projects,  
31 including initiatives and projects to diversify the state's economy, to improve the efficiency and

- 1 effectiveness of state government, and to reduce ongoing general fund appropriations of state
- 2 agencies.