

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED 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 6-09.4 and a new section to
2 chapter 21-10 of the North Dakota Century Code, relating to a legacy sinking and interest fund
3 and a legacy earnings fund; to amend and reenact subsection 1 of section 21-10-06 and section
4 21-10-12 of the North Dakota Century Code, relating to funds invested by the state investment
5 board and legacy fund definitions; to repeal House Bill No. 1038, as approved by the
6 sixty-seventh legislative assembly, relating to a legislative management legacy fund earnings
7 committee; to provide for a transfer; to create a legislative management legacy fund earnings
8 committee; to provide a statement of legislative intent; and to provide an effective date.

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

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

12 **Legacy sinking and interest fund - Debt service requirements - Public finance**
13 **authority.**

14 There is created in the state treasury the legacy sinking and interest fund. The fund consists
15 of all moneys deposited in the fund under section 3 of this Act. Moneys in the fund may be
16 spent by the public finance authority pursuant to legislative appropriations to meet the debt
17 service requirements for evidences of indebtedness issued by the authority for transfer to the
18 Bank of North Dakota for allocations to infrastructure projects and programs. Any moneys in the
19 fund in excess of the amounts appropriated from the fund to meet the debt service requirements
20 for a biennium must be transferred by the state treasurer to the public employees retirement
21 system main system plan under chapter 54-52, but only if the public employees retirement
22 system main system plan's actuarial funded ratio as reported for the most recently completed
23 even-numbered fiscal year is less than ninety percent. If the public employees retirement
24 system main system plan's actuarial funded ratio is ninety percent or more and then

1 subsequently decreases below ninety percent, the state treasurer may not resume the transfers
2 under this subdivision unless the main system plan's actuarial funded ratio is less than seventy
3 percent.

4 **SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century
5 Code is amended and reenacted as follows:

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

- 8 a. State bonding fund.
- 9 b. Teachers' fund for retirement.
- 10 c. State fire and tornado fund.
- 11 d. Workforce safety and insurance fund.
- 12 e. Public employees retirement system.
- 13 f. Insurance regulatory trust fund.
- 14 g. State risk management fund.
- 15 h. Budget stabilization fund.
- 16 i. Health care trust fund.
- 17 j. Cultural endowment fund.
- 18 k. Petroleum tank release compensation fund.
- 19 l. Legacy fund.
- 20 m. Legacy earnings fund.
- 21 n. A fund under contract with the board pursuant to subsection 3.

22 **SECTION 3. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **21-10-12. Legacy fund –~~Earnings defined~~definitions.**

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

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

1 **SECTION 4.** A new section to chapter 21-10 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Legacy earnings fund - State treasurer - Transfers.**

- 4 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
5 moneys transferred to the fund under subsection 2 and all interest and earnings upon
6 moneys in the fund.
- 7 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
8 in accordance with section 26 of article X of the Constitution of North Dakota must be
9 immediately transferred by the state treasurer to the legacy earnings fund.
- 10 3. For each biennium subsequent to the biennium in which the legacy fund earnings are
11 transferred under subsection 2, the amount available for appropriation from the legacy
12 earnings fund is seven percent of the five-year average value of the legacy fund
13 assets as reported by the state investment board. The average value of the legacy
14 fund assets must be calculated using the value of the assets at the end of each fiscal
15 year for the five-year period ending with the most recently completed even-numbered
16 fiscal year.
- 17 4. On July first of each odd-numbered year, from the amount available for appropriation
18 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
19 transfer funding in the following order:
- 20 a. The first one hundred fifty million dollars to the legacy sinking and interest fund
21 under section 1 of this Act.
- 22 b. The next sixty million dollars to the highway tax distribution fund for allocations
23 under section 54-27-19.
- 24 c. Any remaining funds for other purposes as designated by the legislative
25 assembly, including:
- 26 (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers
27 authorized by the legislative assembly;
- 28 (2) Up to thirty million dollars to the clean sustainable energy fund pursuant to
29 appropriations or transfers authorized by the legislative assembly; and
- 30 (3) Up to thirty million dollars for university research programs, the innovation
31 loan fund to support technology advancement, and workforce enrichment

1 initiatives pursuant to appropriations or transfers authorized by the
2 legislative assembly.

- 3 5. If the amounts transferred under subsection 2 exceed the amount available for
4 appropriation under subsection 3, an amount equal to any appropriations from the
5 legacy sinking and interest fund for bond payments under section 2 of this Act must be
6 retained in the legacy earnings fund through June 30, 2025, after which an amount
7 equal to twice any appropriations from the legacy sinking and interest fund under
8 section 2 of this Act for bond payments, but not more than one hundred fifty million
9 dollars, must be retained in the legacy earnings fund. After deducting any amounts to
10 be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty
11 days, any remaining amounts under this subsection in the following order:
- 12 a. The first one hundred million dollars to the legacy fund to become part of the
13 principal.
 - 14 b. Any remaining amount to the strategic investment and improvements fund to be
15 used in accordance with the provisions of section 15-08.1-08.

16 **SECTION 5. REPEAL.** House Bill No. 1038, as approved by the sixty-seventh legislative
17 assembly, is repealed.

18 **SECTION 6. LEGACY FUND EARNINGS - LEGISLATIVE MANAGEMENT COMMITTEE.**

- 19 1. During the 2021-22 interim, the legacy fund earnings committee is created and is
20 composed of the following members:
- 21 a. The majority and minority leaders of the house of representatives and the senate,
22 or their legislative designees;
 - 23 b. The chairmen of the finance and taxation standing committees of the house of
24 representatives and the senate, or their legislative designees;
 - 25 c. The chairmen of the appropriations committees of the house of representatives
26 and the senate, or their legislative designees;
 - 27 d. The chairmen of the industry, business and labor standing committees of the
28 house of representatives and the senate, or their legislative designees;
 - 29 e. One member of the legacy and budget stabilization fund advisory board from the
30 house of representatives and one member of the legacy and budget stabilization

- 1 fund advisory board from the senate, appointed by the respective majority
2 leaders; and
- 3 f. The chairman of the legislative management, or the chairman's legislative
4 designee.
- 5 2. The legislative management shall designate the chairman of the committee.
- 6 3. The committee shall study potential uses of legacy fund earnings, including the use of
7 earnings to provide tax relief, research and technological advancements, innovation,
8 economic growth and diversification, and workforce development. The committee may
9 consider input from representatives of economic development entities, agricultural
10 organizations, research entities, the innovation loan fund to support technology
11 advancement committee, workforce development entities, higher education
12 institutions, and the parks and recreation department. As part of the study, the
13 committee shall:
- 14 a. Consider the establishment of a statutory committee to award grants for
15 university research programs and workforce enrichment initiatives;
- 16 b. Define the use of university research, innovation, and workforce enrichment
17 funding that may include efforts to stimulate economic activity across the state
18 through innovation of new technology, concepts, and products; to promote job
19 creation and career and wage growth; to enhance health care outcomes; and to
20 provide experiential learning opportunities for students; and
- 21 c. Develop reporting requirements for entities receiving funds from the clean
22 sustainable energy fund and from grants awarded for university research,
23 innovation, and workforce enrichment initiatives.
- 24 4. The legislative management shall report its findings and recommendations, together
25 with any legislation required to implement those recommendations, to the sixty-eighth
26 legislative assembly.

27 **SECTION 7. LEGISLATIVE INTENT.** It is the intent of the sixty-seventh legislative
28 assembly that the sixty-eighth legislative assembly consider additional allocations from the
29 legacy earnings fund, including allocations to value-added agricultural programs, the innovation
30 loan fund to support technology advancement, state building maintenance and improvements,
31 and for other one-time initiatives and projects, including initiatives and projects to diversify the

- 1 state's economy, to improve the efficiency and effectiveness of state government, and to reduce
- 2 ongoing general fund appropriations of state agencies.

3 **SECTION 8. EFFECTIVE DATE.** This Act becomes effective on August 1, 2021.