

**SENATE BILL NO. 2291**

Introduced by

Senator Bell

1 A BILL for an Act to create and enact a new section to chapter 21-10, ~~a new section to chapter~~  
2 ~~54-44, and a new section to chapter 54-60~~ of the North Dakota Century Code, relating to social  
3 investments made by the state investment board ~~and the boycott of energy or commodities~~  
4 ~~companies~~; to provide for a department of commerce study of the implications of complete  
5 divestment of companies that boycott energy or commodities; ~~and~~ to provide for reports to  
6 legislative management; and to declare an emergency.

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

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

10 **Social investment - Prohibition.**

- 11 1. As used in this section, "social investment" means the investment, divestment, or  
12 prohibition of investment of state funds for a purpose other than maximum risk-  
13 adjusted investment return, including an ideological, environmental, political, or  
14 religious purpose, or for the purpose of state, local, or regional economic  
15 development consideration of socially responsible criteria in the investment or  
16 commitment of public funds for the purpose of obtaining an effect other than a  
17 maximized return to the state.
- 18 2. The ~~Except as otherwise provided in a state investment policy relating to the~~  
19 investment of the legacy fund and unless the state investment board may not invest  
20 state funds for the purpose of social investment can demonstrate a social investment  
21 would provide an equivalent or superior rate of return compared to a similar  
22 investment that is not a social investment and has a similar time horizon and risk, the  
23 state investment board may not invest state funds for the purpose of social  
24 investment.

1 — **SECTION 2.** A new section to chapter 54-44 of the North Dakota Century Code is created  
2 and enacted as follows:

3 — **State participation – Environmental social governance.**

4 — 1. As used in this section:

5 — a. "Environmental" means criteria used to consider performance as a steward of the  
6 environment or the beneficial use of natural resources.

7 — b. "Environmental social governance" means a set of nonspecific, quantifiable, and  
8 nonquantifiable criteria with attributing factors used for making determinations,  
9 decisions, or investments.

10 — c. "Governance" means criteria that deals with leadership, audits, internal controls,  
11 and shareholder rights, or any other determinations or de facto makeup of a  
12 company or organization.

13 — d. "Social" means criteria used to consider issues relating to the management of  
14 relationships with employees, suppliers, customers, and communities and other  
15 social interactions within society, including ideological, political, or religious  
16 purposes.

17 — 2. The office of management and budget shall encourage state agencies to avoid  
18 contracting with companies that support environmental social governance.

19 — **SECTION 3.** A new section to chapter 54-60 of the North Dakota Century Code is created  
20 and enacted as follows:

21 — **Boycott of energy or commodities – Report to legislative management.**

22 — 1. As used in this section, "boycott energy or commodities" means without any ordinary  
23 business purpose, refusing to deal with, terminating business activities with, or  
24 otherwise taking any action intended to penalize, inflict economic harm on, or limit  
25 commercial relations with a company because the company invests in or assists in the  
26 production or manufacturing of natural gas, oil, coal, petrochemicals, or agriculture  
27 commodities or a company that does business with a company that refuses to deal  
28 with, terminates business activities with, or otherwise takes any action intended to  
29 penalize, inflict economic harm on, or limit commercial relations with a company  
30 because the company invests in or assists in the production or manufacturing of  
31 natural gas, oil, coal, petrochemicals, or agriculture commodities.

1 ~~2. Before August first of each even-numbered year, the department of commerce shall~~  
2 ~~provide a report to the legislative management of all the companies in the state which~~  
3 ~~boycott energy or commodities, including a list of all investments of state funds in~~  
4 ~~companies with direct or indirect holdings in companies that boycott energy or~~  
5 ~~commodities under chapter 21-10.~~

6 **SECTION 2. DEPARTMENT OF COMMERCE STUDY OF DIVESTMENT OF COMPANIES**  
7 **THAT BOYCOTT ENERGY OR COMMODITIES - REPORT TO LEGISLATIVE**

8 **MANAGEMENT.** During the 2021-22 interim, the department of commerce shall study ~~the~~  
9 ~~implications of a complete divestment of state funds from companies that boycott energy or~~  
10 ~~commodities.~~ environmental social governance as it pertains to a set of nonspecific, quantifiable,  
11 and nonquantifiable criteria with attributing factors used for making determinations, decisions, or  
12 investments as it pertains to government and private industry in the state. The study must  
13 include an evaluation of investment policy as it relates to environmental social governance and  
14 the level of involvement the state has with companies that use environmental social governance  
15 in their ranking when making business or investment decisions. The study must also include the  
16 potential implications for the state as it relates to the boycott of energy or production agriculture  
17 commodities by companies that intend to penalize, inflict economic harm on, or limit commercial  
18 relations. All aspects of boycotts, including the transport, sale, utilization, production, or  
19 manufacturing of natural gas, oil, coal, petrochemicals, or production agricultural commodities  
20 must be evaluated. The department of commerce shall report its findings and recommendations  
21 to the legislative management by June 1, 2022.

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