

Introduced by

Representatives Nathe, D. Anderson, Bosch, Headland, Lefor, Martinson

Senators Bell, Hogue, Meyer

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to amend and reenact section 21-10-11 of the North Dakota Century Code,  
2 relating to the legacy and budget stabilization fund advisory board; to provide for the selection  
3 of a chairman; and to provide for an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 21-10-11 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **21-10-11. Legacy and budget stabilization fund advisory board.**

8 1. The legacy and budget stabilization fund advisory board is created to develop  
9 recommendations for the investment of funds in the legacy fund and the budget  
10 stabilization fund to present to the state investment board.

11 2. The goal of investment for the legacy fund is principal preservation while maximizing  
12 total return and to provide a direct benefit to the state by investing a portion of the  
13 principal in the state. Preference must be given to qualified investment firms and  
14 financial institutions with a presence in the state for investment of the legacy fund.

15 3. The board shall determine the asset allocation for the investment of the principal of the  
16 legacy fund including:

17 a. A target allocation of ten percent to fixed income investments within the state, of  
18 which:

19 (1) Up to forty percent must be targeted for infrastructure loans to political  
20 subdivisions under section 6-09-49.1. The net return to the legacy fund  
21 under this paragraph must be fixed at a target rate of one and one-half  
22 percent;

23 (2) Up to sixty percent, with a minimum of four hundred million dollars, must be  
24 designated to the Bank of North Dakota's certificate of deposit match

- 1 program with an interest rate fixed at the equivalent yield of United States  
2 treasury bonds having the same term, up to a maximum term of twenty  
3 years; and
- 4 (3) Any remaining amounts must be designated for other qualified fixed income  
5 investments within the state.
- 6 b. A target allocation of ten percent to equity investments in the state, of which at:
- 7 (1) At least three percent may be targeted for investment in one or more equity  
8 funds, venture capital funds, or alternative investment funds with a primary  
9 strategy of investing in emerging or expanding companies in the state.  
10 Equity investments under this subdivision paragraph must:
- 11 ~~(1)~~(a) Be managed by qualified investment firms, financial institutions, or  
12 equity funds which have a strategy to invest in qualified companies  
13 operating or seeking to operate in the state and which have a direct  
14 connection to the state; and
- 15 ~~(2)~~(b) Have a benchmark investment return equal to the five-year average  
16 net return for the legacy fund, excluding in-state investments.
- 17 (2) The legacy and budget stabilization fund advisory board shall develop  
18 guidelines for eligible investments under this paragraph. The advisory board  
19 shall receive and review proposals for eligible investments under this  
20 paragraph, and the advisory board shall consult with industry  
21 representatives, financial professionals, or other technical advisors to review  
22 the proposed investments. The advisory board shall submit  
23 recommendations for investments under this paragraph to the state  
24 investment board.
- 25 4. The board consists of ~~two~~three members of the senate appointed by the senate  
26 majority leader, ~~two~~three members of the house of representatives appointed by the  
27 house majority leader, ~~the director of the office of management and budget or~~  
28 ~~designee~~, the president of the Bank of North Dakota or designee, and the tax  
29 commissioner or designee, the insurance commissioner or designee, and the state  
30 treasurer or designee. The board shall select a member from the senate or house of

1           representatives to serve as chairman for no more than one consecutive year and must  
2           meet at the call of the chairman.

3           5. The board shall report at least semiannually to the budget section.

4           6. Legislative members are entitled to receive compensation and expense  
5           reimbursement as provided under section 54-03-20 and reimbursement for mileage as  
6           provided by law for state officers. The legislative council shall pay the compensation  
7           and expense reimbursement for the legislative members.

8           7. The legislative council shall provide staff services to the legacy and budget  
9           stabilization fund advisory board.

10          8. The staff and consultants of the state retirement and investment office shall advise the  
11          board in developing asset allocation and investment policies.

12          9. The board ~~shall~~may develop a process to select a member of the board who is not a  
13          member of the state investment board to serve on the state investment board in a  
14          nonvoting capacity.

15           **SECTION 2. LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD -**

16   **SELECTION OF CHAIRMAN.** Pursuant to the requirement for the legacy and budget  
17   stabilization fund advisory board to select a chairman under subsection 4 of section 21-10-11,  
18   the advisory board shall select a new chairman during its first meeting after the effective date of  
19   this Act.

20           **SECTION 3. EFFECTIVE DATE.** This Act becomes effective on December 1, 2021.