

February 4, 2021

House Agriculture Committee

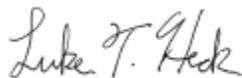
**Re: Written Testimony in Support of H.B. 1475.**

Dear Members of the House Agriculture Committee:

My name is Luke Heck, and I am a resident of Fargo, ND. I submit this written testimony in support of H.B. 1475. In short, H.B. 1475 seeks to further invest within our state, for the benefit of North Dakotans. This proposal further affirms our state's commitments to our in-state agricultural industry. More importantly, however, H.B.1475 reaffirms our commitment to farmers across this state by ensuring we invest appropriate resources in the industry. Moreover, H.B. 1475 commits a specific portion of our legacy fund earnings back into our farming economy. As our legacy fund principal continues to grow, its earnings will follow. As a result, H.B. 1475 would not only be a short term infusion into our farming communities, but it would also allow for continued, sustainable long-term growth of the industry as well.

Finally, H.B. 1475 further accomplishes the desires of our state's residents. While not necessarily dispositive to legacy fund earnings, an October 2020 survey conducted by the Jamestown/Stutsman County Economic Development Corporation (JSDC), submitted herewith, found that North Dakotans want our legacy fund resources invested within the state. JDSC's survey found that, by a 10-to-1 margin, North Dakotans want a specific and greater portion of the legacy fund to be invested within North Dakota. Additionally, 72% of those surveyed support the legacy fund portfolio taking on additional risk in order to accomplish in-state investing. Simply put, regardless of whether it is legacy fund earnings or principal, H.B. 1475 affirms the will of the people of the State of North Dakota by affirming their desire to invest within the state. Because of this, I respectfully request that you send H.B. 1475 to the House floor with a "Do Pass" recommendation.

Very truly yours,



Luke T. Heck

LTH  
Attachment



For Immediate Release  
October 19, 2020

Contact: Ms. Connie Ova, Chief Executive Officer  
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## **ND Voters Support Major Changes to Legacy Fund**

### **Ground-Breaking Research Conducted For Economic Development in North Dakota**

The people of North Dakota overwhelmingly support investing the Legacy Fund within the state, according to a new statewide survey of likely voters conducted by WPA Intelligence.

By a margin of 10-1 (79%-8%), voters want “a specific and greater portion” of the fund to be invested within North Dakota.

Overall, the survey calls for a major shift from the current policies governing the fund. Almost two in three voters want the legacy fund to be “more concerned about economic development projects and less concerned about getting a return on investment in things like stocks and bonds.”

Moreover, by a 72%-12% margin, voters support the legacy fund “taking on additional risk” if it means “investing in North Dakota companies, opportunities and North Dakota economic development.”

“This ground-breaking research is clear. The people of North Dakota want the legacy fund invested in economic development projects in our own state. They want to see the fund used to grow and diversify our economy. They are less interested in traditional investments such as stocks and bonds. And they disagree strongly with the questionable investments being made outside our country,” said Connie Ova, chief executive officer of the Jamestown Stutsman County Development Corporation, a member of the Economic Development Association of North Dakota (EDND). “The State Investment Board should heed these results and adjust their policies accordingly.”



“We brought in a highly respected national public opinion research firm with significant experience in North Dakota, WPA Intelligence, to help us design and conduct this important research,” Ova said. We will be sharing these findings with all the members of EDND and with anyone willing to listen to what our citizens want the Legacy Fund to do in the future.”

The survey includes many other key findings including:

- By a nearly 8-1 margin (76% to 11%), voters say North Dakota investment advisors are more qualified than advisors outside the state to make decisions on behalf of the Legacy Fund. (Currently, the fund uses a San Francisco based consultant and over 20 Wall Street money managers who decide how to invest the fund. Voters overwhelmingly want that policy to change).
- By a 4-1 margin, voters want the Legacy Fund to “take on additional risk” with its investments if it means keeping the money in North Dakota for economic development opportunities.
- By a 78% to 10% margin, the voters support the recent proposal to invest a fixed 10% of the Legacy Fund principal in North Dakota. However, 4 in 10 voters are willing to allocate over 60% of the fund to be invested in the state.
- 63% of voters disapprove of even a small portion (20%) of the Legacy Fund being invested internationally. Nearly half of all voters strongly disapprove of these international investments.
- Most voters rank certificates of deposit (CDs) low on the scale of how they would allocate investments of the Legacy Fund.

“The people of North Dakota believe that investing in the state means more than purchasing CDs at the Bank of North Dakota. Actually, the voters clearly rank CDs low on the investment scale. They want the Legacy Fund invested in North Dakota economic development projects over stocks, bonds or CDs. And they certainly don’t want the money going out of state,” said Chris Wilson, CEO of WPA Intelligence, who conducted the survey following recent reports about Legacy Fund investment proposals.

“It’s not a close call. The voters want dramatic changes made to the policies of the State Investment Board when it comes to investing the principal of the Legacy Fund. The people want the fund invested to grow and diversify our own economy, not the economies of other states or countries,” Ova said.

According to Chris Wilson, this survey could also lay the groundwork for a statewide ballot initiative in 2022 when the voters could add the words “within the state” to clarify the current constitutional language. That simple change would require the State Investment Board to invest 100% of the Legacy Fund within North Dakota.



About the Legacy Fund: North Dakota voters approved a constitutional amendment in 2010 to establish the Legacy Fund. While there is no stated purpose in the Constitution for how the fund is to be spent or invested, many believe it was going to be used to directly benefit North Dakota's economy and build "lasting legacies in our local communities." The legacy fund is not a pension fund. It has no retiree obligations against it. One thing that is clear in the constitutional language, however, is that the State Investment Board (SIB) "shall invest the principal of the Legacy Fund." How and where to invest the funds are decisions made by the 11 member SIB.

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