

**FIRST ENGROSSMENT
with Conference Committee Amendments****ENGROSSED SENATE BILL NO. 2013**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of
2 university and school lands; to provide for a coal development impact loan to Oliver County;
3 and to amend and reenact section 15-03-04 of the North Dakota Century Code, relating to
4 investments by the board of university and school lands.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the
7 funds as may be necessary, are hereby appropriated from special funds derived from the state
8 lands maintenance fund and the lands and minerals trust fund in the state treasury, not
9 otherwise appropriated, and from other income to the commissioner of university and school
10 lands for the purpose of defraying the expenses of the commissioner of university and school
11 lands, for the biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

12 Assets management	\$2,463,790
13 Energy development impact office	<u>5,000,000</u>
14 Total special funds	\$7,463,790

15 **SECTION 2. OIL AND GAS IMPACT GRANT FUND.** The amount of \$5,000,000, or
16 so much of the amount as may be necessary, included in the total special funds appropriated in
17 section 1 of this Act may be spent from the oil and gas impact grant fund by the commissioner
18 of university and school lands for the purpose of providing oil and gas development impact
19 grants and the administration of the oil and gas development impact grant program for the
20 biennium beginning July 1, 1997, and ending June 30, 1999.

21 **SECTION 3. GRANTS.** Section 54-44.1-11 does not apply to appropriations made for
22 oil impact grants in section 1 of this Act nor to the appropriation for coal impact grants in
23 chapter 733 of the 1989 Session Laws.

1 **SECTION 4. LINE ITEM TRANSFERS.** Upon approval of the emergency commission,
2 the commissioner of university and school lands may transfer between various line items in
3 section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for
4 changing circumstances in meeting established performance measures. Any further transfers
5 must be approved by the budget section.

6 **SECTION 5. COAL DEVELOPMENT IMPACT LOAN TO OLIVER COUNTY.** During
7 the 1997-99 biennium, the board of university and school lands shall make a loan, pursuant to
8 section 57-62-03, of up to \$300,000 at an annual interest rate of two percent, to Oliver County
9 for the purpose of providing funding for road improvements on the public road from state
10 highway 25 to the Baukol-Noonan, Incorporated, facility.

11 **SECTION 6. AMENDMENT.** Section 15-03-04 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **15-03-04. Legal investments.** Subject to the provisions of section 15-03-05, the board
14 of university and school lands shall apply the prudent investor rule in investing the permanent
15 funds under its control. The "prudent investor rule" means that in making investments the
16 board shall exercise the same judgment and care, under the circumstances then prevailing and
17 limitations of North Dakota and federal law, that an institutional investor of ordinary prudence,
18 discretion, and intelligence exercises in the management of large investments entrusted to it,
19 not in regard to speculation but in regard to the permanent disposition of funds, considering
20 probable safety of capital as well as probable income. Notwithstanding any investments made
21 before to July 1, 1997, the board may not use any funds entrusted to it to purchase, as sole
22 owner, commercial or residential real property in North Dakota without prior approval of the
23 legislative assembly or the budget section of the legislative council.