

March 28, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

### ENGROSSED HOUSE BILL NO. 1022

Introduced by

Appropriations Committee

*In place of the amendments (25.0166.02007) adopted by the Senate, House Bill No. 1022 is amended by amendment (25.0166.02008) as follows:*

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and  
2 investment office; to amend and reenact subdivision a of subsection 3 of section 21-10-11 and  
3 section 54-52.5-04 of the North Dakota Century Code, relating to infrastructure loan  
4 investments under the legacy fund and an incentive compensation plan for the state retirement  
5 and investment office; and to provide for a report.

### 6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
8 as may be necessary, are appropriated from special funds, to the retirement and investment  
9 office for the purpose of defraying the expenses of the retirement and investment office, for the  
10 biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13 Salaries and wages	\$8,552,467	\$3,539,528	\$12,091,995
14 New and vacant FTE pool	0	470,466	470,466
15 <del>Operating expenses</del>	<del>2,731,037</del>	<del>1,029,096</del>	<del>3,760,133</del>
16 <u>Operating expenses</u>	<u>2,731,037</u>	<u>1,054,096</u>	<u>3,785,133</u>
17 Contingencies	<u>200,000</u>	<u>0</u>	<u>200,000</u>
18 <del>Total special funds</del>	<del>\$11,483,504</del>	<del>\$5,039,090</del>	<del>\$16,522,594</del>

1	<u>Total special funds</u>	<u>\$11,483,504</u>	<u>\$5,064,090</u>	<u>\$16,547,594</u>
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2	Full-time equivalent positions	34.00	1.00	35.00
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3       **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

4       **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
5 items included in the appropriation in section 1 of this Act which are not included in the entity's  
6 base budget for the 2027-29 biennium and which the entity shall report to the appropriations  
7 committees of the seventieth legislative assembly regarding the use of this funding:

8	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
9	Information technology consulting	\$0	\$250,000	\$250,000
10	Total	\$0	\$250,000	\$250,000

11       **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
12 retirement and investment office may not spend funds appropriated in the new and vacant FTE  
13 pool line item in section 1 of this Act, but may request the office of management and budget to  
14 transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in  
15 accordance with the guidelines and reporting provisions included in House Bill No. 1015, as  
16 approved by the sixty-ninth legislative assembly.

17       **SECTION 4. AMENDMENT.** Subdivision a of subsection 3 of section 21-10-11 of the North  
18 Dakota Century Code is amended and reenacted as follows:

- 19       a. A target allocation of ~~seven hundred million~~ seven hundred fifty million dollars to  
20 fixed income investments within the state, including:
- 21       (1) Up to ~~one hundred fifty million~~ two hundred million dollars for infrastructure  
22 loans to political subdivisions under section 6-09-49.1. The net return to the  
23 legacy fund under this paragraph must be fixed at a target rate of one and  
24 one-half percent;
- 25       (2) A minimum of four hundred million dollars for the Bank of North Dakota's  
26 certificate of deposit match program with an interest rate fixed at the  
27 equivalent yield of United States treasury bonds having the same term, up  
28 to a maximum term of twenty years; and
- 29       (3) Other qualified fixed income investments within the state based on  
30 guidelines developed by the legacy and budget stabilization fund advisory  
31 board.

**SECTION 5. AMENDMENT.** Section 54-52.5-04 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.5-04. Incentive compensation program - Report to legislative management.**

1. The state retirement and investment office may develop an incentive compensation program for full-time equivalent investment ~~and fiscal operations~~ positions necessary for the management of the investment of funds under the control of the state investment board. The program must promote profitability, productivity, and responsible fund management.

2. The provisions of the program must be approved annually by the state investment board. The provisions must ensure that the payouts do not occur unless the risk-based performance of the investments that are internally managed exceed the risk-based performance of policy benchmarks.

3. Any amounts paid under this program must be considered compensation and not personal profit on behalf of the employee. ~~Each interim, the~~

4. ~~The~~ state retirement and investment office shall provide at least one report to the legislative management during each interim and a report to the appropriations committees during each regular legislative session regarding the status of the program, including the provisions of the program; the total amount of incentives paid out to employees each year; and the minimum, maximum, and average payout per eligible full-time equivalent position.

**SECTION 6. INTERNAL INVESTMENT MANAGEMENT PLAN - REPORT.** The retirement and investment office shall report to the appropriations committees of the seventieth legislative assembly regarding the agency's plan to internally manage fifty percent of the investments under the control of the state investment board. The report must include information on:

1. The impact to the agency's budget to implement the plan, including the number of full-time equivalent positions and funding for salaries and wages, operating expenses, and one-time items;
2. The estimated cost-savings from the decrease in investment expenses associated with external investment manager fees; and
3. The timeline to implement the plan.