

Introduced by

1 A BILL for an Act to create and enact three new sections to chapter 54-27 of the North Dakota
2 Century Code, relating to definitions for the legacy fund, the legacy fund principal balance, and
3 a transfer of legacy fund earnings; and to repeal section 21-10-12 of the North Dakota Century
4 Code, relating to a definition of legacy fund earnings.

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

6 **SECTION 1.** A new section to chapter 54-27 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Definitions for the legacy fund.**

9 For the purposes of section 26 of article X of the Constitution of North Dakota:

- 10 1. "At the end of each biennium" means after cancellation of unexpended appropriations
11 pursuant to section 54-44.1-11.
12 2. "Earnings" means net income in accordance with generally accepted accounting
13 principles, excluding any unrealized gains or losses.
14 3. "Principal" means thirty percent of total revenue derived from taxes on oil and gas
15 production and extraction deposited in the legacy fund, earnings of the fund accruing
16 prior to July 1, 2017, and any funds transferred by the legislative assembly into the
17 fund from any source.
18 4. "Total revenue derived from taxes on oil and gas production or extraction" means
19 taxes collected from oil and gas production or extraction pursuant to chapters 57-51,
20 57-51.1, and 57-51.2, excluding the amounts allocated to the Three Affiliated Tribes.

21 **SECTION 2.** A new section to chapter 54-27 of the North Dakota Century Code is created
22 and enacted as follows:

1 **Legacy fund expenditure limit determination.**

2 The director of the office of management and budget shall determine, by December first of
3 each even-numbered year and at other times as requested by the legislative management, the
4 amount equal to fifteen percent of the principal balance of the legacy fund, which may be
5 available for expenditure during a biennium in accordance with section 26 of article X of the
6 Constitution of North Dakota. The determined limit on available funds shall be included in the
7 budget data presented to the legislative assembly as provided for in section 54-44.1-07.

8 **SECTION 3.** A new section to chapter 54-27 of the North Dakota Century Code is created
9 and enacted as follows:

10 **Transfer of legacy fund earnings - Intent.**

11 Any legacy fund earnings that are transferred to the general fund in accordance with
12 section 26 of article X of the Constitution of North Dakota must be transferred immediately by
13 the state treasurer to the legacy fund to become part of the principal of the fund. It is the intent
14 of the legislative assembly that the earnings of the legacy fund continue to accumulate as part
15 of the principal of the fund until either oil and gas tax collections for a biennium decrease by at
16 least twenty-five percent from the previous biennium or the earnings of the legacy fund for a
17 biennium exceed thirty-three percent of the oil and gas tax collections for the same biennium.
18 For purposes of this section, "oil and gas tax collections" means total revenue derived from
19 taxes on oil and gas production or extraction pursuant to chapters 57-51, 57-51.1, and 57-51.2,
20 excluding the amounts allocated to the Three Affiliated Tribes.

21 **SECTION 4. REPEAL.** Section 21-10-12 of the North Dakota Century Code is repealed.