

**HOUSE BILL NO. 1512**

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 subsection 3 of section 21-10-11 of the North Dakota  
2 Century Code, relating to the asset allocation plan of the legacy fund; and to provide an  
3 effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 21-10-11 of the North Dakota Century  
6 Code is amended and reenacted as follows:

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

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

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

15 (2) Up to sixty percent, with a minimum of four hundred million dollars, must be  
16 designated to the Bank of North Dakota's certificate of deposit match  
17 program with an interest rate fixed at the equivalent yield of United States  
18 treasury bonds having the same term, up to a maximum term of twenty  
19 years; and

20 (3) Any remaining amounts must be designated for other qualified fixed income  
21 investments within the state.

22 b. A target allocation of ten percent to equity investments in the state, of which at:

23 (1) At least three percent may be targeted for investment in one or more equity  
24 funds, venture capital funds, or alternative investment funds with a primary

1 strategy of investing in emerging or expanding companies in the state.

2 Equity investments under this ~~subdivision~~paragraph must:

3 ~~(1)~~(a) Be managed by qualified investment firms, financial institutions, or  
4 equity funds which have a strategy to invest in qualified companies  
5 operating or seeking to operate in the state and which have a direct  
6 connection to the state; and

7 ~~(2)~~(b) Have a benchmark investment return equal to the five-year average  
8 net return for the legacy fund, excluding in-state investments.

9 (2) Up to seven percent may be targeted for investment as recommended by  
10 the in-state impact investment committee. The in-state impact investment  
11 committee consists of the governor or the governor's designee, the state  
12 treasurer or the state treasurer's designee, and the insurance commissioner  
13 or the insurance commissioner's designee. The committee shall develop  
14 guidelines for eligible investments under this paragraph. The committee  
15 shall receive and review proposals for eligible investments under this  
16 paragraph, and the committee may consult with industry representatives,  
17 financial professionals, or other technical advisors to review the proposed  
18 investments. The committee shall submit recommendations for investments  
19 under this paragraph to the state investment board. The retirement and  
20 investment office shall provide or arrange for administrative services to  
21 assist the committee.

22 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective on December 1, 2021.