

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1380

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner
Senators Patten, Sorvaag, Wardner

1 A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter
2 6-09.4, a new section to chapter 15-20.1, and a new section to chapter 21-10, ~~and a new~~
3 ~~section to chapter 57-38~~ of the North Dakota Century Code, relating to an economic
4 diversification research fund, a legacy sinking and interest fund, a workforce development and
5 enrichment fund, and a legacy earnings fund, ~~and an income tax relief fund~~; to amend and
6 reenact subsection 1 of section 21-10-06 and section 21-10-12 of the North Dakota Century
7 Code, relating to funds invested by the state investment board and legacy fund definitions; to
8 repeal House Bill No. 1038, as approved by the sixty-seventh legislative assembly, relating to a
9 legislative management legacy fund earnings committee; to provide for a transfer; to create a
10 legislative management legacy fund earnings committee; ~~and~~ to provide a statement of
11 legislative intent; and to provide an effective date.

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

13 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created
14 and enacted as follows:

15 **Economic diversification research fund - Legislative management report.**

- 16 1. There is created in the state treasury the economic diversification research fund. The
17 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys
18 in the fund may be spent by the Bank of North Dakota pursuant to legislative
19 appropriations to provide grants to institutions under the control of the state board of
20 higher education for economic diversification research.
- 21 2. Up to ninety percent of the funding must be designated to North Dakota state
22 university and the university of North Dakota with equal amounts allocated to each
23 institution. The remaining funding must be allocated to the other institutions under the
24 control of the state board of higher education.

1 3. The purpose of the funding is to stimulate economic activity across the state through
2 innovation of new technology, concepts, and products; to promote job creation and
3 career and wage growth; to enhance health care outcomes; to address loss of
4 revenue and jobs in communities with economies that depend primarily on the fossil
5 fuel industry; and to provide experiential learning opportunities for students. Research
6 projects may be initiated by an institution under the control of the state board of higher
7 education or by the private sector. Any guidelines for the funding must include
8 consideration for research projects with matching funds and provisions for grant
9 oversight by an internal advisory committee and an external advisory committee.

10 **SECTION 2.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
11 and enacted as follows:

12 **Legacy sinking and interest fund - Debt service requirements - Public finance**
13 **authority.**

14 There is created in the state treasury the legacy sinking and interest fund. The fund consists
15 of all moneys deposited in the fund under section 36 of this Act. Moneys in the fund may be
16 spent by the public finance authority pursuant to legislative appropriations to meet the debt
17 service requirements for evidences of indebtedness issued by the authority ~~for transfer to the~~
18 Bank of North Dakota for allocations to infrastructure projects and programs. Any moneys in the
19 fund in excess of the amounts ~~necessary~~ appropriated from the fund to meet the debt service
20 requirements for a biennium, ~~may be appropriated by the legislative assembly for other~~
21 ~~purposes~~ must be transferred by the state treasurer to the public employees retirement system
22 main system plan under chapter 54-52, but only if the public employees retirement system main
23 system plan's actuarial funded ratio as reported for the most recently completed even-
24 numbered fiscal year is less than ninety percent. If the public employees retirement system
25 main system plan's actuarial funded ratio is ninety percent or more and then subsequently
26 decreases below ninety percent, the state treasurer may not resume the transfers under this
27 subdivision unless the main system plan's actuarial funded ratio is less than seventy percent.

28 **SECTION 3.** A new section to chapter 15-20.1 of the North Dakota Century Code is created
29 and enacted as follows:

Workforce development and enrichment fund.

There is created in the state treasury the workforce development and enrichment fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent pursuant to legislative appropriations to provide grants to support strategic workforce development, technical education, workforce diversification initiatives, and workforce guidance and support.

SECTION 4. AMENDMENT. Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:

- a. State bonding fund.
- b. Teachers' fund for retirement.
- c. State fire and tornado fund.
- d. Workforce safety and insurance fund.
- e. Public employees retirement system.
- f. Insurance regulatory trust fund.
- g. State risk management fund.
- h. Budget stabilization fund.
- i. Health care trust fund.
- j. Cultural endowment fund.
- k. Petroleum tank release compensation fund.
- l. Legacy fund.

m. Legacy earnings fund.

n. A fund under contract with the board pursuant to subsection 3.

SECTION 5. AMENDMENT. Section 21-10-12 of the North Dakota Century Code is amended and reenacted as follows:

21-10-12. Legacy fund –~~Earnings defined~~definitions.

For the purposes of section 26 of article X of the Constitution of North Dakota, ~~the term~~ "earnings":

1. "Earnings" means net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses.

1 2. "Principal" means all moneys in the legacy fund not included in earnings as defined
2 under subsection 1.

3 **SECTION 6.** A new section to chapter 21-10 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Legacy earnings fund - State treasurer - Transfers.**

6 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
7 moneys transferred to the fund under subsection 2 and all interest and earnings upon
8 moneys in the fund.

9 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
10 in accordance with section 26 of article X of the Constitution of North Dakota must be
11 immediately transferred by the state treasurer to the legacy earnings fund.

12 3. ~~If the amounts transferred under subsection 2 exceed the amount available for~~
13 ~~appropriation under subsection 4 the state treasurer shall transfer the excess, within~~
14 ~~thirty days, as follows:~~

15 ~~a. Forty percent to the strategic investment and improvements fund to be used in~~
16 ~~accordance with the provisions of section 15-08.1-08;~~

17 ~~b. Forty percent to the legacy fund to become part of the principal; and~~

18 ~~c. Twenty percent to the income tax relief fund under section 4 of this Act.~~

19 4. For each biennium subsequent to the biennium in which the legacy fund earnings are
20 transferred under subsection 2, the amount available for appropriation from the legacy
21 earnings fund is ~~six~~seven percent of the five-year average value of the legacy fund
22 assets as reported by the state investment board. The average value of the legacy
23 fund assets must be calculated using the value of the assets at the end of each fiscal
24 year for the five-year period ending with the most recently completed even-numbered
25 fiscal year.

26 ~~5.4.~~ On July first of each odd-numbered year, from the amount available for appropriation
27 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
28 transfer funding in the following order:

29 a. The first one hundred ~~forty~~ fifty million dollars to the legacy sinking and interest fund
30 under section ~~4~~2 of this Act;

31 b. ~~The next forty million dollars to the clean sustainable energy fund;~~

- 1 ~~c. The next forty million dollars to the infrastructure revolving loan fund under~~
2 ~~section 6-09-49, but not in an amount that would bring the balance of the~~
3 ~~infrastructure revolving loan fund to more than five hundred million dollars; and~~
- 4 ~~d. The next sixty million dollars to the highway tax distribution fund for allocations~~
5 ~~under section 54-27-19.~~
- 6 ~~c. The next fifty million dollars to the tax relief fund.~~
- 7 ~~d. The next thirty million dollars to the clean sustainable energy fund.~~
- 8 ~~e. The next thirty million dollars to research, innovation, and workforce initiatives, of~~
9 ~~which equal amounts must be distributed to the economic diversification research~~
10 ~~fund, the innovation loan fund to support technology advancement, and the~~
11 ~~workforce development and enrichment fund.~~
- 12 ~~f. Any remaining funds for other purposes as designated by the legislative~~
13 ~~assembly.~~
- 14 ~~5. If the amounts transferred under subsection 2 exceed the amount available for~~
15 ~~appropriation under subsection 3, an amount equal to any appropriations from the~~
16 ~~legacy sinking and interest fund for bond payments under section 2 of this Act must be~~
17 ~~retained in the legacy earnings fund through June 30, 2025, after which an amount~~
18 ~~equal to twice any appropriations from the legacy sinking and interest fund under~~
19 ~~section 2 of this Act for bond payments, but not more than one hundred fifty million~~
20 ~~dollars, must be retained in the legacy earnings fund. After deducting any amounts to~~
21 ~~be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty~~
22 ~~days, any remaining amounts under this subsection in the following order:~~
- 23 ~~a. The first one hundred million dollars to the legacy fund to become part of the~~
24 ~~principal.~~
- 25 ~~b. Any remaining amount to the strategic investment and improvements fund to be~~
26 ~~used in accordance with the provisions of section 15-08.1-08.~~
- 27 ~~**SECTION 4.** A new section to chapter 57-38 of the North Dakota Century Code is created~~
28 ~~and enacted as follows:~~

1 ~~Income tax relief fund.~~

2 ~~There is created in the state treasury the income tax relief fund. The fund consists of all~~
3 ~~moneys deposited in the fund under section 3 of this Act. Moneys in the fund may be spent~~
4 ~~pursuant to legislative appropriations for individual and corporate income tax relief.~~

5 **SECTION 7. REPEAL.** House Bill No. 1038, as approved by the sixty-seventh legislative
6 assembly, is repealed.

7 **SECTION 8. LEGACY FUND EARNINGS - LEGISLATIVE MANAGEMENT COMMITTEE.**

- 8 1. During the 2021-22 interim, the legacy fund earnings committee is created and is
9 composed of the following members:
- 10 a. The majority and minority leaders of the house of representatives and the senate,
11 or their legislative designees;
 - 12 b. The chairmen of the finance and taxation standing committees of the house of
13 representatives and the senate, or their legislative designees;
 - 14 c. The chairmen of the appropriations committees of the house of representatives
15 and the senate, or their legislative designees;
 - 16 d. The chairmen of the industry, business and labor standing committees of the
17 house of representatives and the senate, or their legislative designees;
 - 18 e. One member of the legacy and budget stabilization fund advisory board from the
19 house of representatives and one member of the legacy and budget stabilization
20 fund advisory board from the senate, appointed by the respective majority
21 leaders; and
 - 22 f. The chairman of the legislative management, or the chairman's legislative
23 designee.
- 24 2. The legislative management shall designate the chairman of the committee.
- 25 3. The committee shall study potential uses of legacy fund earnings, including the use of
26 earnings to provide tax relief, research and technological advancements, innovation,
27 economic growth and diversification, and workforce development. The committee may
28 consider input from representatives of economic development entities, agricultural
29 organizations, research entities, the innovation loan fund to support technology
30 advancement committee, workforce development entities, higher education

- 1 institutions, and the parks and recreation department. As part of the study, the
2 committee shall:
- 3 a. Consider the establishment of a statutory committee to award grants for
4 university research programs and workforce enrichment initiatives;
 - 5 b. Define the use of university research, innovation, and workforce enrichment
6 funding that may include efforts to stimulate economic activity across the state
7 through innovation of new technology, concepts, and products; to promote job
8 creation and career and wage growth; to enhance health care outcomes; and to
9 provide experiential learning opportunities for students; and
 - 10 c. Develop reporting requirements for entities receiving funds from the clean
11 sustainable energy fund and from grants awarded for university research,
12 innovation, and workforce enrichment initiatives.
- 13 4. The legislative management shall report its findings and recommendations, together
14 with any legislation required to implement those recommendations, to the sixty-eighth
15 legislative assembly.

16 **SECTION 9. LEGISLATIVE INTENT.** It is the intent of the sixty-seventh legislative
17 assembly that the sixty-eighth legislative assembly consider additional allocations from the
18 legacy earnings fund, including allocations to ~~the highway tax distribution fund~~, value-added
19 agricultural programs, the innovation loan fund to support technology advancement, state
20 building maintenance and improvements, and for other one-time initiatives and projects,
21 including initiatives and projects to diversify the state's economy, to improve the efficiency and
22 effectiveness of state government, and to reduce ongoing general fund appropriations of state
23 agencies.

24 **SECTION 10. EFFECTIVE DATE.** This Act becomes effective on August 1, 2021.

