

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1278

Page 1, line 1, remove "create and enact a new subsection to section 21-10-02.1 of the North"

Page 1, line 2, remove "Dakota Century Code, relating to the prudent investor rule; and to"

Page 1, line 2, replace "section" with "sections"

Page 1, line 3, after "21-10-02" insert ", 21-10-06.1"

Page 1, line 3, remove "subsection 1 of section"

Page 1, line 3, replace "2" with "10"

Page 1, line 3, replace "21-10-11" with "54-44.4-02"

Page 1, line 4, after the first "the" insert "powers and duties of the"

Page 1, line 4, replace "and the legacy fund" with ", restrictions on perpetual contracts, required reports, and the prohibition on social investments; and to provide for a legislative management study"

Page 1, line 15, remove "Any designated agent acting as a"

Page 1, remove lines 16 through 21

Page 2, line 3, remove "After five years of offering advisory services, the board shall"

Page 2, remove line 4

Page 2, line 5, remove "request for proposal to interested bidders."

Page 2, line 11, after "state" insert ".

6. The board may use the services of external investment managers and establish policies and procedures for internal investment management of client funds under section 21-10-06"

Page 2, remove lines 12 through 31

Page 3, replace lines 1 and 2 with:

"**SECTION 2. AMENDMENT.** Section 21 10 06.1 of the North Dakota Century Code is amended and reenacted as follows:

21-10-06.1. Board - Investment reports - Report to legislative audit and fiscal review committee.

1. The board shall annually shall prepare reports on the investment performance of each fund under its control. The reports must be uniform and must include:
 - 1- a. A list of the advisory services managing investments for the board.
 - 2- b. A list of investments at market value, compared to previous reporting period, of each fund managed by each advisory service.

- 3. c. Earnings, percentage earned, and change in market value of each fund's investments.
- 4. d. Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.
- e. A list of countries in which the funds are invested.
- 2. On an annual basis, or if requested, the board shall provide investment reports to the legislative audit and fiscal review committee.
- 3. On an annual basis, or if requested, the board shall provide investment reports on the investment performance of the in-state investment program under section 21-10-11 to the legacy and budget stabilization fund advisory board.

SECTION 3. AMENDMENT. Section 21-10-08.1 of the North Dakota Century Code is amended and reenacted as follows:

21-10-08.1. Social investment - Prohibition.

- 1. As used in this section, "social investment" means the consideration of socially responsible criteria and environmental, social, and governance impact criteria in the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state.
- 2. Except as otherwise provided in a state investment policy relating to the investment of the legacy fund and unless the state investment board, or any other state entity investing public funds, can demonstrate a social investment would provide an equivalent or superior rate of return compared to a similar investment that is not a social investment and environmental, social, and governance impact investment and has a similar time horizon and risk, the state investment board, or any state entity, may not invest state funds for the purpose of social investment.

SECTION 4. AMENDMENT. Subsection 10 of section 54-44.4-02 of the North Dakota Century Code is amended and reenacted as follows:

- 10. Employee benefit services, trust-related services, and investment management services obtained by an agency with a fiduciary responsibility regarding those services. Nothing in this subsection may be construed to allow an agency to create or renew a contract perpetually and without limitation.

SECTION 5. LEGISLATIVE MANAGEMENT STUDY - ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE. During the 2023-24 interim, the legislative management shall study current environmental, social, and corporate governance trends, issues, policies, and impacts to citizens, businesses, and industries of this state. The study must include input from representatives from state government with industry-specific expertise in the areas of investment, insurance, economic development, and finance. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly