

**SENATE BILL NO. 2330**

Introduced by

Senators Klein, Hogan, Meyer

Representatives Bosch, Kreidt

1 A BILL for an Act to amend and reenact sections 21-10-11 and 21-10-12 of the North Dakota  
2 Century Code, relating to the legacy and budget stabilization fund advisory board and legacy  
3 fund definitions; and to ~~repeal section 6-09-49.1 of the North Dakota Century Code, relating to~~  
4 ~~the legacy infrastructure loan fund~~declare an emergency.

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

6 **SECTION 1. AMENDMENT.** Section 21-10-11 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **21-10-11. Legacy and budget stabilization fund advisory board.**

- 9 1. The legacy and budget stabilization fund advisory board is created to develop  
10 recommendations for the investment of funds in the legacy fund and the budget  
11 stabilization fund to present to the state investment board.
- 12 2. The goal of investment for the legacy fund is principal preservation and growth while  
13 maximizing total return for an appropriate level of risk and to provide a direct benefit to  
14 the state by investing a portion of the principal in the state. Preference must be given  
15 to qualified investment firms and financial institutions with a presence in the state for  
16 investment of the legacy fund.
- 17 3. The board shall determine the asset allocation for the investment of the principal of the  
18 legacy fund including:
- 19 a. A target allocation of ~~ten six percent~~seven hundred million dollars to fixed income  
20 investments within the state, ~~of which~~including:
- 21 (1) ~~Up to forty percent must be targeted~~one hundred fifty million dollars for  
22 infrastructure loans to political subdivisions under section 6-09-49.1. The net  
23 return to the legacy fund under this paragraph must be fixed at a target rate  
24 of one and one-half percent;

- 1                   (2) Up to sixty percent, ~~with a~~ A minimum of four hundred million dollars, ~~must~~  
2                   be ~~designated to~~ for the Bank of North Dakota's certificate of deposit match  
3                   program with an interest rate fixed at the equivalent yield of United States  
4                   treasury bonds having the same term, up to a maximum term of twenty  
5                   years; and
- 6                   (3) Any ~~with any remaining amounts~~ must be designated for other Other  
7                   qualified fixed income investments within the state based on guidelines  
8                   developed by the legacy and budget stabilization fund advisory board.
- 9                   b. A target allocation of ~~ten~~ three percent six hundred million dollars to equity  
10                  investments in the state, ~~of which~~ including:
- 11                  (1) At least ~~three~~ Three percent may be targeted for investment Investments in  
12                  one or more equity funds, venture capital funds, or alternative investment  
13                  funds with a primary strategy of investing in emerging or expanding  
14                  companies in the state. Equity investments under this paragraph must:
- 15                  (a) Be managed by qualified investment firms, financial institutions, or  
16                  equity funds which have a strategy to invest in qualified companies  
17                  operating or seeking to operate in the state and which have a direct  
18                  connection to the state; and
- 19                  (b) Have a benchmark investment return equal to the five-year average  
20                  net return for the legacy fund, excluding in-state investments; ~~and~~  
21                  (2) ~~The legacy and budget stabilization fund advisory board may develop~~  
22                  guidelines ~~Any remaining amounts may be targeted for other~~ Other eligible  
23                  investments under this subdivision based on guidelines developed by the  
24                  legacy and budget stabilization fund advisory board.
- 25                  4. The board consists of three members of the senate appointed by the senate majority  
26                  leader, three members of the house of representatives appointed by the house  
27                  majority leader, the president of the Bank of North Dakota or designee, the tax  
28                  commissioner or designee, the insurance commissioner or designee, and the state  
29                  treasurer or designee. The board shall select a member from the senate or house of  
30                  representatives to serve as chairman for no more than one consecutive year and must  
31                  meet at the call of the chairman.

- 1       5. The board shall report at least semiannually to the budget section.
- 2       6. Legislative members are entitled to receive compensation and expense
- 3       reimbursement as provided under section 54-03-20 and reimbursement for mileage as
- 4       provided by law for state officers. The legislative council shall pay the compensation
- 5       and expense reimbursement for the legislative members.
- 6       7. The legislative council shall provide staff services to the legacy and budget
- 7       stabilization fund advisory board.
- 8       8. The staff and consultants of the state retirement and investment office shall advise the
- 9       board in developing asset allocation and investment policies.
- 10      9. The board may develop a process to select a member of the board who is not a
- 11      member of the state investment board to serve on the state investment board in a
- 12      nonvoting capacity.

13       **SECTION 2. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15       **21-10-12. Legacy fund definitions.**

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

- 17      1. "Earnings" means ~~net income in accordance with generally accepted accounting~~  
18       ~~principles, excluding any unrealized gains or losses~~an amount equal to seven percent  
19       of the five-year average value of the legacy fund assets as reported by the state  
20       investment board using the value of the assets at the end of each fiscal year for the  
21       five-year period ending with the most recently completed even-numbered fiscal year.
- 22      2. "Principal" means all moneys in the legacy fund not included in earnings as defined  
23       under subsection 1.

24       ~~**SECTION 3. REPEAL.** Section 6-09-49.1 of the North Dakota Century Code is repealed.~~

25       **SECTION 3. EMERGENCY.** Section 1 of this Act is declared to be an emergency measure.