

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1379

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Nathe, Novak, O'Brien

Senators Bekkedahl, Hogue, Rummel, Sorvaag

1 A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter
2 15-20.1, two new sections to chapter 21-10, and a new section to chapter 54-27 of the North
3 Dakota Century Code, relating to an economic diversification research fund, a workforce
4 development and enrichment fund, a legacy projects fund, a legacy projects advisory board,
5 and a county and township bridge fund; to amend and reenact sections 6-09.4-10.1 and
6 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and
7 the legacy earnings fund; to provide a report; to provide an appropriation; to provide a
8 contingent appropriation; and to provide an effective date.

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

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

12 **Economic diversification research fund - Economic diversification research**
13 **committee - Legislative management report.**

14 1. There is created in the state treasury the economic diversification research fund. The
15 fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in
16 the fund may be spent by the Bank of North Dakota pursuant to legislative
17 appropriations to provide grants to institutions under the control of the state board of
18 higher education for economic diversification research.

19 2. The economic diversification research committee consists of:

20 a. The president of the Bank of North Dakota, as chairman;

21 b. Four members with experience in research, appointed by the president of the
22 Bank of North Dakota;

23 c. The state commissioner of higher education, or a designee; and

- 1 d. The president of North Dakota state university and the president of the university
2 of North Dakota.
- 3 3. In consultation with representatives of North Dakota state university and the university
4 of North Dakota, the committee shall award grants to institutions under the control of
5 the state board of higher education. Up to ninety percent of the funding must be
6 awarded to North Dakota state university and the university of North Dakota with equal
7 amounts awarded to each institution. The remaining funding must be awarded to the
8 other institutions under the control of the state board of higher education, as
9 determined by the committee. The committee may not award more than fifty percent of
10 the available funding during the first year of the biennium. The Bank of North Dakota
11 shall distribute the grant funding as awarded by the committee.
- 12 4. The committee shall develop guidelines for the economic diversification research
13 grants. The purpose of the grants is to stimulate economic activity across the state
14 through innovation of new technology, concepts, and products; to promote job creation
15 and career and wage growth; to enhance health care outcomes; to address loss of
16 revenue and jobs in communities with economies that depend primarily on the fossil
17 fuel industry; and to provide experiential learning opportunities for students. Research
18 projects may be initiated by an institution under the control of the state board of higher
19 education or by the private sector. The guidelines must include consideration for
20 research projects with matching funds and provisions for grant oversight by an internal
21 advisory committee and an external advisory committee.
- 22 5. The committee shall develop reporting requirements for the institutions under the
23 control of the state board of higher education. The reporting requirements must
24 include criteria for assessing performance outcomes related to the grants. The
25 committee shall compile the reports and submit a comprehensive report annually to
26 the legislative management. The comprehensive report must include information on
27 how the research efforts by each institution align with the state's priorities, how the
28 institutions collaborate when appropriate, and how the outcomes of the research meet
29 established performance expectations.

30 **SECTION 2. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
2 **finance authority.**

3 There is created in the state treasury the legacy sinking and interest fund. The fund consists
4 of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent
5 by the public finance authority pursuant to legislative appropriations to meet the debt service
6 requirements for evidences of indebtedness issued by the authority for transfer to the Bank of
7 North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in~~
8 ~~excess of the amounts appropriated from the fund to meet the debt service requirements for a~~
9 ~~biennium must be transferred by the state treasurer to the public employees retirement system~~
10 ~~main system plan under chapter 54-52, but only if the public employees retirement system main~~
11 ~~system plan's actuarial funded ratio as reported for the most recently completed even-~~
12 ~~numbered fiscal year is less than ninety percent. If the public employees retirement system~~
13 ~~main system plan's actuarial funded ratio is ninety percent or more and then subsequently~~
14 ~~decreases below ninety percent, the state treasurer may not resume the transfers under this~~
15 ~~subdivision unless the main system plan's actuarial funded ratio is less than seventy percent.~~

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

18 **Workforce development and enrichment fund.**

- 19 1. There is created in the state treasury the workforce development and enrichment fund.
20 The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys
21 in the fund may be spent pursuant to legislative appropriations to provide grants to
22 support:
- 23 a. Strategic workforce development;
 - 24 b. Technical education;
 - 25 c. Workforce diversification initiatives; and
 - 26 d. Workforce guidance and support.
- 27 2. Grant funding may be awarded only for one-time projects and initiatives.
- 28 3. Grants awarded for capital projects must have a matching requirement.
- 29 4. Thirty percent of the moneys in the fund must be designated to support workforce
30 initiatives in cities located in oil-producing counties that receive five million dollars or

1 more of allocations per fiscal year under subsection 2 of section 57-51-15 with priority
2 given to cities that have:

3 a. The highest percent of mining, quarrying, and oil and gas extraction employment
4 relative to the total employment of all industries in the city;

5 b. The highest number of employees in the mining, quarrying, and oil and gas
6 extraction sector relative to the other cities located in oil-producing counties that
7 receive five million dollars or more of allocations per fiscal year under
8 subsection 2 of section 57-51-15; and

9 c. The highest total taxable sales and purchases relative to the total taxable sales
10 and purchases of all the cities located in oil-producing counties that receive five
11 million dollars or more of allocations per fiscal year under subsection 2 of section
12 57-51-15.

13 **SECTION 4. AMENDMENT.** Section 21-10-13 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **21-10-13. Legacy earnings fund - State treasurer - Transfers.**

- 16 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
17 moneys transferred to the fund under subsection 2 and all interest and earnings upon
18 moneys in the fund.
- 19 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
20 in accordance with section 26 of article X of the Constitution of North Dakota must be
21 immediately transferred by the state treasurer to the legacy earnings fund.
- 22 3. For each biennium subsequent to the biennium in which the legacy fund earnings are
23 transferred under subsection 2, the amount available for appropriation from the legacy
24 earnings fund is seven percent of the five-year average value of the legacy fund
25 assets as reported by the state investment board. The average value of the legacy
26 fund assets must be calculated using the value of the assets at the end of each fiscal
27 year for the five-year period ending with the most recently completed even-numbered
28 fiscal year.
- 29 4. On July first of each odd-numbered year, from the amount available for appropriation
30 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
31 transfer funding in the following order:

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- 1 a. The first one hundred fifty million dollars to the legacy sinking and interest fund
2 under section 6-09.4-10.1.
- 3 b. The next sixty million dollars to the highway tax distribution fund for allocations
4 under section 54-27-19.
- 5 c. ~~Any remaining funds for other purposes as designated by the legislative~~
6 ~~assembly, including:~~
- 7 (1) ~~Up to fifty million dollars for tax relief pursuant to appropriations or transfers~~
8 ~~authorized by the legislative assembly;~~
- 9 (2) ~~Up to thirty million dollars to the clean sustainable energy fund pursuant to~~
10 ~~appropriations or transfers authorized by the legislative assembly; and~~
- 11 (3) ~~Up to thirty million dollars for university research programs, the innovation~~
12 ~~loan fund to support technology advancement, and workforce enrichment~~
13 ~~initiatives pursuant to appropriations or transfers authorized by the~~
14 ~~legislative assembly.~~The next two hundred million dollars for tax relief
15 pursuant to appropriations or transfers authorized by the legislative
16 assembly.
- 17 d. The next thirty million dollars to the clean sustainable energy fund under section
18 54-63.1-07.
- 19 e. The next ten million dollars to the economic diversification research fund under
20 section 1 of this Act.
- 21 f. The next ten million dollars to the innovation loan fund to support technology
22 advancement under section 6-09.18-05.
- 23 g. The next ten million dollars to the workforce development and enrichment fund
24 under section 3 of this Act.
- 25 h. The next sixteen million six hundred thousand dollars to the legacy projects fund
26 under section 6 of this Act.
- 27 5. If the amounts transferred under subsection 2 exceed the amount available for
28 appropriation under subsection 3, ~~an amount equal to any appropriations from the~~
29 ~~legacy sinking and interest fund for bond payments under section 6-09.4-10.1 must be~~
30 ~~retained in the legacy earnings fund through June 30, 2025, after which an amount~~
31 ~~equal to twice any appropriations from the legacy sinking and interest fund under~~

1 section 6-09.4-10.1 for bond payments, but not more than one hundred fifty million-
2 dollars, must be retained in the legacy earnings fund. After deducting any amounts to
3 be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty-
4 days, any remaining amounts under this subsection in the following order the state
5 treasurer shall transfer the excess and any remaining amounts after the transfers and
6 appropriations under subsection 4, in the following order:

- 7 a. The first one hundred million dollars to the legacy fund to become part of the
8 principal seventy-three million four hundred thousand dollars to the legacy
9 projects fund under section 6 of this Act.
- 10 b. The next one hundred million dollars the county and township bridge fund under
11 section 8 of this Act.
- 12 c. The next fifteen million dollars to the agriculture diversification and development
13 fund under section 4.1-01.1-07.
- 14 d. The next fifteen million dollars to the bioscience innovation grant program under
15 section 4.1-01-20.1.
- 16 e. An amount equal to one percent of the five-year average value of the legacy fund
17 assets as reported by the state investment board using the value of the assets at
18 the end of each fiscal year for the five-year period ending with the most recently
19 completed even-numbered fiscal year to the legacy fund to become part of the
20 principal.
- 21 f. Any remaining amount to the strategic investment and improvements fund to be
22 used in accordance with the provisions of section 15-08.1-08.

23 **SECTION 5. AMENDMENT.** Section 21-10-13 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **21-10-13. Legacy earnings fund - State treasurer - Transfers.**

- 26 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
27 moneys transferred to the fund under subsection 2 and all interest and earnings upon
28 moneys in the fund.
- 29 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
30 in accordance with section 26 of article X of the Constitution of North Dakota must be
31 immediately transferred by the state treasurer to the legacy earnings fund.

- 1 3. For each biennium subsequent to the biennium in which the legacy fund earnings are
2 transferred under subsection 2, the amount available for appropriation from the legacy
3 earnings fund is seven percent of the five-year average value of the legacy fund
4 assets as reported by the state investment board. The average value of the legacy
5 fund assets must be calculated using the value of the assets at the end of each fiscal
6 year for the five-year period ending with the most recently completed even-numbered
7 fiscal year.
- 8 4. On July first of each odd-numbered year, from the amount available for appropriation
9 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
10 transfer funding in the following order:
- 11 a. The first one hundred ~~forty~~two million ~~six hundred twenty thousand four hundred~~
12 ~~sixty-one~~sixty-one dollars to the legacy sinking and interest fund under section
13 6-09.4-10.1.
- 14 b. The next seventy million dollars to the public employees retirement system main
15 system plan under chapter 54-52, but only if the public employees retirement
16 system main system plan's actuarial funded ratio as reported for the most
17 recently completed even-numbered fiscal year is less than ninety percent. If the
18 public employees retirement system main system plan's actuarial funded ratio is
19 ninety percent or more and subsequently decreases below ninety percent, the
20 state treasurer may not resume the transfers under this subdivision unless the
21 main system plan's actuarial funded ratio is less than seventy percent as reported
22 for the most recently completed even-numbered fiscal year.
- 23 c. The next sixty million dollars to the highway tax distribution fund for allocations
24 under section 54-27-19.
- 25 ~~e.d.~~ The next two hundred million dollars for tax relief pursuant to appropriations or
26 transfers authorized by the legislative assembly.
- 27 ~~d.e.~~ The next thirty million dollars to the clean sustainable energy fund under section
28 54-63.1-07.
- 29 ~~e.f.~~ The next ten million dollars to the economic diversification research fund under
30 section 1 of this Act.

- 1 f.g. The next ten million dollars to the innovation loan fund to support technology
2 advancement under section 6-09.18-05.
- 3 g.h. The next ten million dollars to the workforce development and enrichment fund
4 under section 3 of this Act.
- 5 h.i. The next sixteen million six hundred thousand dollars to the legacy projects fund
6 under section 6 of this Act.
- 7 5. If the amounts transferred under subsection 2 exceed the amount available for
8 appropriation under subsection 3 the state treasurer shall transfer the excess and any
9 remaining amounts after the transfers and appropriations under subsection 4, in the
10 following order:
- 11 a. The first seventy-three million four hundred thousand dollars to the legacy
12 projects fund under section 6 of this Act.
- 13 b. The next one hundred million dollars the county and township bridge fund under
14 section 8 of this Act.
- 15 c. The next fifteen million dollars to the agriculture diversification and development
16 fund under section 4.1-01.1-07.
- 17 d. The next fifteen million dollars to the bioscience innovation grant program under
18 section 4.1-01-20.1.
- 19 e. An amount equal to one percent of the five-year average value of the legacy fund
20 assets as reported by the state investment board using the value of the assets at
21 the end of each fiscal year for the five-year period ending with the most recently
22 completed even-numbered fiscal year to the legacy fund to become part of the
23 principal.
- 24 f. Any remaining amount to the strategic investment and improvements fund to be
25 used in accordance with the provisions of section 15-08.1-08.

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

28 **Legacy projects fund.**

- 29 1. There is created in the state treasury the legacy projects fund. The fund consists of all
30 moneys deposited in the fund under section 21-10-13. Moneys in the fund may be
31 spent pursuant to legislative appropriations for projects and infrastructure. Funding

1 designated for projects must be used to support statewide economic diversification
2 and growth, including projects related to tourism. Funding designated for infrastructure
3 must be used to support one-time infrastructure with a statewide benefit.

4 2. If a political subdivision receives funding from the legacy project fund, the political
5 subdivision shall provide a report to the state treasurer by May thirty-first of each
6 even-numbered year on the use of the funding. The state treasurer shall determine the
7 format of the report. The state treasurer shall make the reports available to the public
8 on the state treasurer's website.

9 3. The legislative assembly may appropriate up to ten thousand dollars per biennium to
10 the office of management and budget for administrative expenses related to the legacy
11 projects advisory board.

12 **SECTION 7.** A new section to chapter 21-10 of the North Dakota Century Code is created
13 and enacted as follows:

14 **Legacy projects advisory board - Report to legislative assembly.**

- 15 1. The legacy projects advisory board consists of:
16 a. The governor or the governor's designee, to serve as chairman;
17 b. The majority and minority leaders of the house of representatives and senate, or
18 their legislative designees;
19 c. The chairmen of the appropriations committees of the house of representatives
20 and the senate, or their legislative designees;
21 d. The chairmen of the finance and taxation standing committees of the house of
22 representatives and the senate, or their legislative designees;
23 e. One member appointed by the North Dakota petroleum council;
24 f. One member appointed by the greater North Dakota chamber of commerce;
25 g. One member appointed by the agriculture commissioner; and
26 h. Three members appointed by the governor.
- 27 2. The advisory board shall meet at least once per biennium. The office of management
28 and budget shall provide administrative services to the advisory board.
- 29 3. The advisory board shall submit a report to the legislative assembly regarding
30 recommendations for projects and infrastructure under the legacy project fund.

1 4. The advisory board may not include a recommendation in the report to the legislative
2 assembly unless the recommendation fulfills the purposes of the legacy projects fund
3 under section 6 of this Act and is approved by a majority of the members of the
4 advisory board.

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

7 **County and township bridge fund.**

- 8 1. There is created in the state treasury the county and township bridge fund. The fund
9 consists of all moneys deposited in the fund under section 21-10-13.
10 2. Moneys in the fund may be spent pursuant to legislative appropriations for providing
11 grants to counties for the repair or replacement of county and township bridges within
12 the county.

13 **SECTION 9. APPROPRIATION - ECONOMIC DIVERSIFICATION RESEARCH FUND -**

14 **BANK OF NORTH DAKOTA.** There is appropriated out of any moneys in the economic
15 diversification research fund in the state treasury, not otherwise appropriated, the sum of
16 \$10,000,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the
17 purpose of providing grants to institutions under the control of the state board of higher
18 education for economic diversification research pursuant to section 1 of this Act, for the
19 biennium beginning July 1, 2023, and ending June 30, 2025.

20 **SECTION 10. APPROPRIATION - WORKFORCE DEVELOPMENT AND ENRICHMENT**

21 **FUND - DEPARTMENT OF COMMERCE.** There is appropriated out of any moneys in the
22 workforce development and enrichment fund in the state treasury, not otherwise appropriated,
23 the sum of \$10,000,000, or so much of the sum as may be necessary, to the department of
24 commerce for the purpose of providing grants to support strategic workforce development,
25 technical education, workforce diversification initiatives, and workforce guidance and support
26 pursuant to section 3 of this Act, for the biennium beginning July 1, 2023, and ending June 30,
27 2025.

28 **SECTION 11. CONTINGENT APPROPRIATION - COUNTY AND TOWNSHIP BRIDGE**

29 **FUND - STATE TREASURER - GRANTS TO COUNTIES.** Subject to the provisions of this
30 section, there is appropriated out of any moneys in the county and township bridge fund in the
31 state treasury, not otherwise appropriated, the sum of \$100,000,000, or so much of the sum as

1 may be necessary, to the state treasurer for the purpose of providing grants to eligible counties
2 for county and township bridge repairs or replacement within the county, for the biennium
3 beginning July 1, 2023, and ending June 30, 2025. The state treasurer shall distribute the grant
4 funds based on each eligible county's percentage share of eligible county and township needs
5 for bridge repair or replacement identified in the most recent North Dakota state university
6 upper great plains transportation institute's report on county and township road and bridge
7 needs. A county with organized townships shall allocate the share of its grant applicable to
8 township bridges to the appropriate organized townships within the county. For purposes of this
9 section, an "eligible county" means a county that would receive an allocation of \$500,000 or
10 more based on \$100,000,000 being available to distribute to all counties using a formula based
11 on each county's percentage share of county and township needs for bridge repair or
12 replacement identified in the upper great plains transportation institute's report. The funding
13 provided in this section is available only if the county and township bridge fund receives an
14 allocation from the legacy earnings fund on July 1, 2023.

15 **SECTION 12. EFFECTIVE DATE.** Section 5 of this Act becomes effective July 1, 2025.