

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Senate Amendments**

ENGROSSED HOUSE BILL NO. 1022

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and
2 investment office; to amend and reenact subdivision a of subsection 3 of section 21-10-11 of the
3 North Dakota Century Code, relating to infrastructure loan investments under the legacy fund;
4 and to provide for a report.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
7 as may be necessary, are appropriated from special funds, to the retirement and investment
8 office for the purpose of defraying the expenses of the retirement and investment office, for the
9 biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12 Salaries and wages	\$8,552,467	\$3,539,528	\$12,091,995
13 New and vacant FTE pool	0	470,466	470,466
14 Operating expenses	2,731,037	1,054,096	3,785,133
15 Contingencies	<u>200,000</u>	<u>0</u>	<u>200,000</u>
16 Total special funds	\$11,483,504	\$5,064,090	\$16,547,594
17 Full-time equivalent positions	34.00	1.00	35.00

18 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

19 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
20 items included in the appropriation in section 1 of this Act which are not included in the entity's
21 base budget for the 2027-29 biennium and which the entity shall report to the appropriations
22 committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Information technology consulting	\$0	\$250,000	\$250,000
Total	\$0	\$250,000	\$250,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The retirement and investment office may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. AMENDMENT. Subdivision a of subsection 3 of section 21-10-11 of the North Dakota Century Code is amended and reenacted as follows:

- a. A target allocation of ~~seven hundred million~~seven hundred fifty million dollars to fixed income investments within the state, including:
 - (1) Up to ~~one hundred fifty million~~two hundred million dollars for infrastructure loans to political subdivisions under section 6-09-49.1. The net return to the legacy fund under this paragraph must be fixed at a target rate of one and one-half percent;
 - (2) A minimum of four hundred million dollars for the Bank of North Dakota's certificate of deposit match program with an interest rate fixed at the equivalent yield of United States treasury bonds having the same term, up to a maximum term of twenty years; and
 - (3) Other qualified fixed income investments within the state based on guidelines developed by the legacy and budget stabilization fund advisory board.

SECTION 5. INTERNAL INVESTMENT MANAGEMENT PLAN - REPORT. The retirement and investment office shall report to the appropriations committees of the seventieth legislative assembly regarding the agency's plan to internally manage fifty percent of the investments under the control of the state investment board. The report must include information on:

1. The impact to the agency's budget to implement the plan, including the number of full-time equivalent positions and funding for salaries and wages, operating expenses, and one-time items;

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- 1 2. The estimated cost-savings from the decrease in investment expenses associated
- 2 with external investment manager fees; and
- 3 3. The timeline to implement the plan.