

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1330**

Introduced by

Representatives Satrom, Grueneich, Ostlie

Senators Conley, Lemm

1 A BILL for an Act to create and enact a new section to chapter 21-10 and a new subsection to  
2 section 21-10-11 of the North Dakota Century Code, relating to divestment from legacy fund  
3 investments in Chinese companies and the legacy and budget stabilization fund advisory board;  
4 ~~and~~ to amend and reenact section 21-10-07.1 of the North Dakota Century Code, relating to the  
5 prudent investor rule; and to provide an expiration date.

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

7 **SECTION 1.** A new section to chapter 21-10 of the North Dakota Century Code is created  
8 and enacted as follows:

9 **Prohibition against Chinese investment.**

10 1. As used in this section:

11 a. "China" means the government of the People's Republic of China, the Chinese  
12 Communist Party, the Chinese military, or any instrumentality thereof.

13 b. "Chinese company" means a company formed and domiciled in China.

14 c. "Company" means a sole proprietorship, an organization, an association, a  
15 corporation, a partnership, a joint venture, a limited partnership, a limited liability  
16 partnership, a limited liability company, or any other entity or business  
17 association, including all wholly owned subsidiaries, majority-owned subsidiaries,  
18 and parent companies, or an affiliate of such entity or business associate which  
19 exists for the purpose of making a profit.

- 1           d. "Direct holdings" means all securities of a company which are held directly by the  
2           legacy fund or in an account or fund in which the legacy fund owns all shares or  
3           interests. The term does not include indirect holdings in actively managed  
4           investment funds, including a private equity fund, or holdings in exchange-traded  
5           funds.
- 6           e. "Indirect holdings" means all securities of a company which are held in a  
7           commingled fund or other collective investment, such as a mutual fund, in which  
8           the legacy fund owns shares or interests, together with other investors not  
9           subject to this chapter.
- 10          f. "Majority-owned" means to have ownership of more than fifty percent of the  
11          outstanding equity interests of a company.
- 12          2. The legacy fund investments may not consist of direct holdings in a Chinese company.
- 13          3. The state investment board shall:
- 14           a. Initiate a review of all direct holdings of legacy fund investments to determine  
15           which direct holdings, if any, include securities of a Chinese company;
- 16           b. Develop a divestment plan for all direct holdings in Chinese companies, which  
17           must divest at least twenty percent of the total value of Chinese investments held  
18           as of August 1, 2025, per year; and
- 19           c. Complete divestment from direct holdings in Chinese companies under the  
20           divestment plan pursuant to subdivision b no later than August 1, 2030.

21           **SECTION 2. AMENDMENT.** Section 21-10-07.1 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23           **21-10-07.1. Prudent investor rule - Exception.**

24           Notwithstanding section 21-10-07, for purposes of investment of the legacy fund, the state  
25 investment board shall:

- 26           1. Shall give preference to qualified investment firms and financial institutions with a  
27           presence in the state; and
- 28           2. May divest from Chinese companies as defined under section 1 of this Act.

29           **SECTION 3.** A new subsection to section 21-10-11 of the North Dakota Century Code is  
30 created and enacted as follows:

1 The legacy fund may be invested in large-scale infrastructure projects under  
2 paragraph 2 of subdivision b of subsection 3 when deemed beneficial to the state. The  
3 legacy fund advisory board and state investment board prudently shall diversify the  
4 investments of the legacy fund unless the boards reasonably determine that, because  
5 of special circumstances, the purposes of the state are better served without  
6 diversification of the legacy fund investments.

7 **SECTION 4. EXPIRATION DATE.** This Act is effective through July 31, 2027, and after that  
8 date is ineffective.