

Sixty-ninth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

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.

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.
- 20 d. "Direct holdings" means all securities of a company which are held directly by the
21 legacy fund or in an account or fund in which the legacy fund owns all shares or
22 interests. The term does not include indirect holdings in actively managed

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

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

20 **21-10-07.1. Prudent investor rule - Exception.**

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

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

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

28 The legacy fund may be invested in large-scale infrastructure projects under
29 paragraph 2 of subdivision b of subsection 3 when deemed beneficial to the state. The
30 legacy fund advisory board and state investment board shall prudently diversify the
31 investments of the legacy fund unless the boards reasonably determine that, because

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1 of special circumstances, the purposes of the state are better served without
2 diversification of the legacy fund investments.

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