

Sixty-seventh  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1380

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner

Senators Patten, Sorvaag, Wardner

A BILL for an Act to create and enact ~~a new section to chapter 6-09~~, a new section to chapter 6-09.4, ~~a new section to chapter 15-20.1~~, a new section to chapter 21-10, ~~a new section to chapter 50-06~~, two new sections to chapter 54-44, and a new section to chapter 54-59, and a new section to chapter 57-38 of the North Dakota Century Code, relating to ~~an economic diversification research fund~~, a legacy sinking and interest fund, ~~a career and technical education support fund~~, a legacy earnings fund, ~~a behavioral health support fund~~, a legacy infrastructure project fund, a state building maintenance and project fund, and an information technology cybersecurity fund, and an income tax relief fund; to amend and reenact ~~subsection 4 of section 21-10-06 and~~ section 21-10-12 of the North Dakota Century Code, relating to ~~funds invested by the state investment board and~~ legacy fund definitions; to provide for a transfer; and to provide a statement of legislative intent ~~and to provide a report~~.

### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

~~**Economic diversification research fund – Economic diversification research committee – Legislative management report.**~~

~~**1.** There is created in the state treasury the economic diversification research fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent by the Bank of North Dakota pursuant to legislative appropriations to provide grants to institutions under the control of the state board of higher education for economic diversification research.~~

~~**2.** The economic diversification research committee consists of:~~

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

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

**SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is created and enacted as follows:

**Legacy sinking and interest fund - Debt service requirements - Public finance authority.**

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 63 of this Act. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority. Any moneys in the fund in excess of the amounts necessary to meet the debt service requirements for a biennium, may be appropriated by the legislative assembly for other purposes.

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

~~**Career and technical education support fund - Department of career and technical education.**~~

~~There is created in the state treasury the career and technical education support fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent by the department of career and technical education pursuant to legislative appropriations to support career and technical education centers and programs.~~

~~**SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century Code is amended and reenacted as follows: ———~~

~~1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:~~

- ~~a. State bonding fund.~~
- ~~b. Teachers' fund for retirement.~~
- ~~c. State fire and tornado fund.~~
- ~~d. Workforce safety and insurance fund.~~
- ~~e. Public employees retirement system.~~
- ~~f. Insurance regulatory trust fund.~~
- ~~g. State risk management fund.~~
- ~~h. Budget stabilization fund.~~
- ~~i. Health care trust fund.~~

~~j. Cultural endowment fund.~~

~~k. Petroleum tank release compensation fund.~~

~~l. Legacy fund.~~

~~m. Legacy earnings fund.~~

~~n. A fund under contract with the board pursuant to subsection 3.~~

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

**21-10-12. Legacy fund –~~Earnings defined~~definitions.**

For the purposes of section 26 of article X of the Constitution of North Dakota, the term "earnings":

1. "Earnings" means net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses.
2. "Principal" means all moneys in the legacy fund not included in earnings as defined under subsection 1.

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

**Legacy earnings fund - State treasurer - Transfers–~~Reserve balance.~~**

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. AnyIf the amounts transferred under subsection 2 in excess ofexceed the amount available for appropriation under subsection 4 must be retained in the fund and designated as a reserve balance. The reserve balance may be used only to supplement legacy fund earnings in a biennium in which the amounts transferred under subsection 2 are less than the amount available for appropriation under subsection 4the state treasurer shall transfer the excess, within thirty days, as follows:
  - a. Forty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08;

b. Forty percent to the legacy fund to become part of the principal; and

c. Twenty percent to the income tax relief fund under section 4 of this Act.

4. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is ~~seven~~six percent of the five-year average value of the legacy fund assets as reported by the state investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

5. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding ~~as follows~~in the following order:

~~a. Twenty-six percent to the legacy sinking and interest fund under section 2 of this Act;~~

~~b. Fourteen percent to the highway tax distribution fund for allocations under section 54-27-19;~~

~~c. Eight percent to the school construction assistance revolving loan fund under section 15.1-36-08, but not in an amount that would bring the balance of the school construction assistance revolving loan fund to more than five hundred million dollars;~~

~~d. Five percent to the infrastructure revolving loan fund under section 6-09-49, but not in an amount that would bring the balance of the infrastructure revolving loan fund to more than five hundred million dollars;~~

~~e. Five percent to the innovation loan fund to support technology advancement under section 6-09.18-05;~~

~~f. Five percent to the public employees retirement system fund under section 54-52-13, only if the fund's actuarial-funded ratio as reported for the most recently completed even-numbered fiscal year is less than ninety percent;~~

~~g. Five percent to the behavioral health support fund under section 7 of this Act;~~

~~h. Four percent to the career and technical education support fund under section 3 of this Act;~~

- ~~i. Four percent to the state building maintenance and project fund under section 9 of this Act;~~
- ~~j. Four percent to the clean sustainable energy fund;~~
- ~~k. Four percent to the economic diversification research fund under section 1 of this Act;~~
- ~~l. Three percent to the information technology cybersecurity fund under section 10 of this Act;~~
- ~~m. Three percent to the housing incentive fund under section 54-17-40; and~~
- ~~n. Any remaining amounts to the legacy infrastructure project fund.~~
- a. The first one hundred million dollars to the legacy sinking and interest fund under section 1 of this Act;
- b. The next forty million dollars to the clean sustainable energy fund;
- c. The next forty million dollars to the infrastructure revolving loan fund under section 6-09-49, but not in an amount that would bring the balance of the infrastructure revolving loan fund to more than five hundred million dollars; and
- d. Any remaining funds for other purposes as designated by the legislative assembly.

~~**SECTION 7.** A new section to chapter 50-06 of the North Dakota Century Code is created and enacted as follows:~~

~~**Behavioral health support fund – Department of human services.**~~

~~There is created in the state treasury the behavioral health support fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent by the department of human services pursuant to legislative appropriations for behavioral health purposes, including programs to prevent behavioral health issues and to improve access to behavior health services, infrastructure to support behavioral health services and programs, and programs to support behavioral health recovery in the community. The funding must be available to programs, services, and infrastructure that benefit individuals of all ages.~~

~~**SECTION 8.** A new section to chapter 54-44 of the North Dakota Century Code is created and enacted as follows:~~

1 ~~— **Legacy infrastructure project fund.**~~

2 ~~— There is created in the state treasury the legacy infrastructure project fund. The fund~~  
3 ~~consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may~~  
4 ~~be spent pursuant to legislative appropriations to support one-time infrastructure projects with a~~  
5 ~~statewide benefit.~~

6 ~~— **SECTION 9.** A new section to chapter 54-44 of the North Dakota Century Code is created~~  
7 ~~and enacted as follows:~~

8 ~~— **State building maintenance and project fund.**~~

9 ~~— There is created in the state treasury the state building maintenance and project fund. The~~  
10 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund~~  
11 ~~may be spent pursuant to legislative appropriations for deferred maintenance and construction~~  
12 ~~projects associated with state lands and buildings.~~

13 ~~— **SECTION 10.** A new section to chapter 54-59 of the North Dakota Century Code is created~~  
14 ~~and enacted as follows:~~

15 ~~— **Information technology cybersecurity fund.**~~

16 ~~— There is created in the state treasury the information technology cybersecurity fund. The~~  
17 ~~fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund~~  
18 ~~may be spent pursuant to legislative appropriations to support information technology~~  
19 ~~cybersecurity initiatives.~~

20 **SECTION 4.** A new section to chapter 57-38 of the North Dakota Century Code is created  
21 and enacted as follows:

22 **Income tax relief fund.**

23 There is created in the state treasury the income tax relief fund. The fund consists of all  
24 moneys deposited in the fund under section 3 of this Act. Moneys in the fund may be spent  
25 pursuant to legislative appropriations for individual and corporate income tax relief.

26 **SECTION 5. LEGISLATIVE INTENT.** It is the intent of the sixty-seventh legislative  
27 assembly that the sixty-eighth legislative assembly consider additional allocations from the  
28 legacy earnings fund, including allocations to the highway tax distribution fund, value-added  
29 agricultural programs, the innovation loan fund to support technology advancement, state  
30 building maintenance and improvements, and for other one-time initiatives and projects,  
31 including initiatives and projects to diversify the state's economy, to improve the efficiency and

- 1 effectiveness of state government, and to reduce ongoing general fund appropriations of state
- 2 agencies.