

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 4.1-01, a new section to chapter
2 6-09, a new section to chapter 15-20.1, two new sections to chapter 21-10, and a new section
3 to chapter 54-27 of the North Dakota Century Code, relating to an agriculture infrastructure
4 fund, an economic diversification research fund, a workforce development and enrichment fund,
5 a legacy projects fund, a legacy projects advisory board, and a county and township bridge
6 fund; to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century
7 Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide a
8 report; to provide an appropriation; to provide a contingent appropriation; and to provide an
9 effective date.

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

11 **SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created
12 and enacted as follows:

13 **Agriculture infrastructure fund.**

- 14 1. There is created in the state treasury the agriculture infrastructure fund. Pursuant to
15 legislative appropriations, moneys in the fund are available to the commissioner for
16 grants to political subdivisions for infrastructure improvements necessary for the
17 development or enhancement of new or existing value-added agriculture businesses
18 or for grants to an individual or organization for capital improvements to develop or
19 enhance new or existing value-added agriculture businesses.
- 20 2. The commissioner shall develop policies to administer the grants, including a grant
21 application process and eligibility criteria. Grants to political subdivisions are limited to
22 two million five hundred thousand dollars per project and may not exceed eighty
23 percent of the infrastructure project cost. Grants to individuals or organizations are
24 limited to five hundred thousand dollars per project and may not exceed eighty percent

1 of the capital improvement project costs. Eligible uses of grant funding include road
2 and bridge improvements, water and sewer line improvements, and electrical and gas
3 supply improvements. Grant funding may not be used for routine maintenance or
4 operating costs. For purposes of grant eligibility, value-added agriculture businesses
5 includes the same businesses as provided under section 4.1-01.1-07.

6 **SECTION 2.** A new section to chapter 6-09 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Economic diversification research fund - Economic diversification research**
9 **committee - Legislative management report.**

- 10 1. There is created in the state treasury the economic diversification research fund. The
11 fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in
12 the fund may be spent by the Bank of North Dakota pursuant to legislative
13 appropriations to provide grants to institutions under the control of the state board of
14 higher education for economic diversification research.
- 15 2. The economic diversification research committee consists of:
- 16 a. The president of the Bank of North Dakota, as chairman;
- 17 b. Four members with experience in research, appointed by the president of the
18 Bank of North Dakota;
- 19 c. The state commissioner of higher education, or a designee; and
- 20 d. The president of North Dakota state university and the president of the university
21 of North Dakota.
- 22 3. In consultation with representatives of North Dakota state university and the university
23 of North Dakota, the committee shall award grants to institutions under the control of
24 the state board of higher education. Up to ninety percent of the funding must be
25 awarded to North Dakota state university and the university of North Dakota with equal
26 amounts awarded to each institution. The remaining funding must be awarded to the
27 other institutions under the control of the state board of higher education, as
28 determined by the committee. The committee may not award more than fifty percent of
29 the available funding during the first year of the biennium. The Bank of North Dakota
30 shall distribute the grant funding as awarded by the committee.

- 1 4. The committee shall develop guidelines for the economic diversification research
2 grants. The purpose of the grants is to stimulate economic activity across the state
3 through innovation of new technology, concepts, and products; to promote job creation
4 and career and wage growth; to enhance health care outcomes; to address loss of
5 revenue and jobs in communities with economies that depend primarily on the fossil
6 fuel industry; and to provide experiential learning opportunities for students. Research
7 projects may be initiated by an institution under the control of the state board of higher
8 education or by the private sector. The guidelines must include consideration for
9 research projects with matching funds and provisions for grant oversight by an internal
10 advisory committee and an external advisory committee.
- 11 5. The committee shall develop reporting requirements for the institutions under the
12 control of the state board of higher education. The reporting requirements must
13 include criteria for assessing performance outcomes related to the grants. The
14 committee shall compile the reports and submit a comprehensive report annually to
15 the legislative management. The comprehensive report must include information on
16 how the research efforts by each institution align with the state's priorities, how the
17 institutions collaborate when appropriate, and how the outcomes of the research meet
18 established performance expectations.

19 **SECTION 3. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
22 **finance authority.**

23 There is created in the state treasury the legacy sinking and interest fund. The fund consists
24 of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent
25 by the public finance authority pursuant to legislative appropriations to meet the debt service
26 requirements for evidences of indebtedness issued by the authority for transfer to the Bank of
27 North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in~~
28 ~~excess of the amounts appropriated from the fund to meet the debt service requirements for a~~
29 ~~biennium must be transferred by the state treasurer to the public employees retirement system~~
30 ~~main system plan under chapter 54-52, but only if the public employees retirement system main~~
31 ~~system plan's actuarial funded ratio as reported for the most recently completed even-~~

1 ~~numbered fiscal year is less than ninety percent. If the public employees retirement system-~~
2 ~~main system plan's actuarial funded ratio is ninety percent or more and then subsequently-~~
3 ~~decreases below ninety percent, the state treasurer may not resume the transfers under this-~~
4 ~~subdivision unless the main system plan's actuarial funded ratio is less than seventy percent.~~

5 **SECTION 4.** A new section to chapter 15-20.1 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Workforce development and enrichment fund.**

8 1. There is created in the state treasury the workforce development and enrichment fund.
9 The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys
10 in the fund may be spent pursuant to legislative appropriations to provide grants to
11 support:

- 12 a. Strategic workforce development;
13 b. Technical education;
14 c. Workforce diversification initiatives; and
15 d. Workforce guidance and support.

16 2. Grant funding may be awarded only for one-time projects and initiatives.

17 3. Grants awarded for capital projects must have a matching requirement.

18 4. Thirty percent of the moneys in the fund must be designated to support workforce
19 initiatives in cities located in oil-producing counties that receive five million dollars or
20 more of allocations per fiscal year under subsection 2 of section 57-51-15 with priority
21 given to cities that have:

- 22 a. The highest percent of mining, quarrying, and oil and gas extraction employment
23 relative to the total employment of all industries in the city;
24 b. The highest number of employees in the mining, quarrying, and oil and gas
25 extraction sector relative to the other cities located in oil-producing counties that
26 receive five million dollars or more of allocations per fiscal year under
27 subsection 2 of section 57-51-15; and
28 c. The highest total taxable sales and purchases relative to the total taxable sales
29 and purchases of all the cities located in oil-producing counties that receive five
30 million dollars or more of allocations per fiscal year under subsection 2 of section
31 57-51-15.

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

3 **21-10-13. Legacy earnings fund - State treasurer - Transfers.**

- 4 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
5 moneys transferred to the fund under subsection 2 and all interest and earnings upon
6 moneys in the fund.
- 7 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
8 in accordance with section 26 of article X of the Constitution of North Dakota must be
9 immediately transferred by the state treasurer to the legacy earnings fund.
- 10 3. For each biennium subsequent to the biennium in which the legacy fund earnings are
11 transferred under subsection 2, the amount available for appropriation from the legacy
12 earnings fund is seven percent of the five-year average value of the legacy fund
13 assets as reported by the state investment board. The average value of the legacy
14 fund assets must be calculated using the value of the assets at the end of each fiscal
15 year for the five-year period ending with the most recently completed even-numbered
16 fiscal year.
- 17 4. On July first of each odd-numbered year, from the amount available for appropriation
18 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
19 transfer funding in the following order:
- 20 a. The first one hundred fifty million dollars to the legacy sinking and interest fund
21 under section 6-09.4-10.1.
- 22 b. The next sixty million dollars to the highway tax distribution fund for allocations
23 under section 54-27-19.
- 24 c. ~~Any remaining funds for other purposes as designated by the legislative-~~
25 ~~assembly, including:~~
- 26 (1) ~~Up to fifty million dollars for tax relief pursuant to appropriations or transfers~~
27 ~~authorized by the legislative assembly;~~
- 28 (2) ~~Up to thirty million dollars to the clean sustainable energy fund pursuant to~~
29 ~~appropriations or transfers authorized by the legislative assembly; and~~
- 30 (3) ~~Up to thirty million dollars for university research programs, the innovation-~~
31 ~~loan fund to support technology advancement, and workforce enrichment~~

- 1 ~~initiatives pursuant to appropriations or transfers authorized by the~~
2 ~~legislative assembly~~The next two hundred million dollars for tax relief
3 ~~pursuant to appropriations or transfers authorized by the legislative~~
4 ~~assembly.~~
5 d. The next thirty million dollars to the clean sustainable energy fund under section
6 54-63.1-07.
7 e. The next ten million dollars to the economic diversification research fund under
8 section 2 of this Act.
9 f. The next ten million dollars to the innovation loan fund to support technology
10 advancement under section 6-09.18-05.
11 g. The next ten million dollars to the workforce development and enrichment fund
12 under section 4 of this Act.
13 h. The next sixteen million six hundred thousand dollars to the legacy projects fund
14 under section 7 of this Act.
15 5. If the amounts transferred under subsection 2 exceed the amount available for
16 appropriation under subsection 3, ~~an amount equal to any appropriations from the~~
17 ~~legacy sinking and interest fund for bond payments under section 6-09.4-10.1 must be~~
18 ~~retained in the legacy earnings fund through June 30, 2025, after which an amount~~
19 ~~equal to twice any appropriations from the legacy sinking and interest fund under~~
20 ~~section 6-09.4-10.1 for bond payments, but not more than one hundred fifty million~~
21 ~~dollars, must be retained in the legacy earnings fund. After deducting any amounts to~~
22 ~~be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty~~
23 ~~days, any remaining amounts under this subsection in the following order~~ the state
24 treasurer shall transfer the excess and any remaining amounts after the transfers and
25 appropriations under subsection 4, in the following order:
26 a. ~~The first one hundred million dollars to the legacy fund to become part of the~~
27 ~~principalseventy-three million four hundred thousand dollars to the legacy~~
28 ~~projects fund under section 7 of this Act.~~
29 b. The next one hundred million dollars the county and township bridge fund under
30 section 8 of this Act.

1 c. The next fifteen million dollars to the agriculture infrastructure fund under
2 section 1 of this Act.

3 d. The next fifteen million dollars to the bioscience innovation grant program under
4 section 4.1-01-20.1.

5 e. Any remaining amount to the strategic investment and improvements fund to be
6 used in accordance with the provisions of section 15-08.1-08.

7 **SECTION 6. AMENDMENT.** Section 21-10-13 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **21-10-13. Legacy earnings fund - State treasurer - Transfers.**

10 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
11 moneys transferred to the fund under subsection 2 and all interest and earnings upon
12 moneys in the fund.

13 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
14 in accordance with section 26 of article X of the Constitution of North Dakota must be
15 immediately transferred by the state treasurer to the legacy earnings fund.

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

23 4. On July first of each odd-numbered year, from the amount available for appropriation
24 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
25 transfer funding in the following order:

26 a. The first one hundred ~~fiftytwo~~ million six hundred twenty thousand four hundred
27 sixty-one dollars to the legacy sinking and interest fund under section
28 6-09.4-10.1.

29 b. The next seventy million dollars to the public employees retirement system main
30 system plan under chapter 54-52, but only if the public employees retirement
31 system main system plan's actuarial funded ratio as reported for the most

1 recently completed even-numbered fiscal year is less than ninety percent. If the
2 public employees retirement system main system plan's actuarial funded ratio is
3 ninety percent or more and subsequently decreases below ninety percent, the
4 state treasurer may not resume the transfers under this subdivision unless the
5 main system plan's actuarial funded ratio is less than seventy percent as reported
6 for the most recently completed even-numbered fiscal year.

7 c. The next sixty million dollars to the highway tax distribution fund for allocations
8 under section 54-27-19.

9 e-d. The next two hundred million dollars for tax relief pursuant to appropriations or
10 transfers authorized by the legislative assembly.

11 d-e. The next thirty million dollars to the clean sustainable energy fund under section
12 54-63.1-07.

13 e-f. The next ten million dollars to the economic diversification research fund under
14 section 2 of this Act.

15 f-g. The next ten million dollars to the innovation loan fund to support technology
16 advancement under section 6-09.18-05.

17 g-h. The next ten million dollars to the workforce development and enrichment fund
18 under section 4 of this Act.

19 h-i. The next sixteen million six hundred thousand dollars to the legacy projects fund
20 under section 7 of this Act.

21 5. If the amounts transferred under subsection 2 exceed the amount available for
22 appropriation under subsection 3 the state treasurer shall transfer the excess and any
23 remaining amounts after the transfers and appropriations under subsection 4, in the
24 following order:

25 a. The first seventy-three million four hundred thousand dollars to the legacy
26 projects fund under section 7 of this Act.

27 b. The next one hundred million dollars the county and township bridge fund under
28 section 8 of this Act.

29 c. The next fifteen million dollars to the agriculture infrastructure fund under
30 section 1 of this Act.

1 d. The next fifteen million dollars to the bioscience innovation grant program under
2 section 4.1-01-20.1.

3 e. Any remaining amount to the strategic investment and improvements fund to be
4 used in accordance with the provisions of section 15-08.1-08.

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

7 **Legacy projects fund.**

- 8 1. There is created in the state treasury the legacy projects fund. The fund consists of all
9 moneys deposited in the fund under section 21-10-13. Moneys in the fund may be
10 spent pursuant to legislative appropriations for projects and infrastructure. Funding
11 designated for projects must be used to support statewide economic diversification
12 and growth. Funding designated for infrastructure must be used to support one-time
13 infrastructure with a statewide benefit.
- 14 2. If a political subdivision receives funding from the legacy project fund, the political
15 subdivision shall provide a report to the state treasurer by May thirty-first of each
16 even-numbered year on the use of the funding. The state treasurer shall determine the
17 format of the report. The state treasurer shall make the reports available to the public
18 on the state treasurer's website.
- 19 3. The legislative assembly may appropriate up to ten thousand dollars per biennium to
20 the office of management and budget for administrative expenses related to the legacy
21 projects advisory board.

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

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

- 25 1. The legacy projects advisory board consists of:
- 26 a. The governor or the governor's designee, to serve as chairman;
- 27 b. The majority and minority leaders of the house of representatives and senate, or
28 their legislative designees;
- 29 c. The chairmen of the appropriations committees of the house of representatives
30 and the senate, or their legislative designees;

- 1 d. The chairmen of the finance and taxation standing committees of the house of
2 representatives and the senate, or their legislative designees;
3 e. One member appointed by the North Dakota petroleum council;
4 f. One member appointed by the greater North Dakota chamber of commerce;
5 g. One member appointed by the agriculture commissioner; and
6 h. Three members appointed by the governor.
7 2. The advisory board shall meet at least once per biennium. The office of management
8 and budget shall provide administrative services to the advisory board.
9 3. The advisory board shall submit a report to the legislative assembly regarding
10 recommendations for projects and infrastructure under the legacy project fund.
11 4. The advisory board may not include a recommendation in the report to the legislative
12 assembly unless the recommendation fulfills the purposes of the legacy projects fund
13 under section 7 of this Act and is approved by a majority of the members of the
14 advisory board.

15 **SECTION 9.** A new section to chapter 54-27 of the North Dakota Century Code is created
16 and enacted as follows:

17 **County and township bridge fund.**

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

23 **SECTION 10. CONTINGENT APPROPRIATION - AGRICULTURE INFRASTRUCTURE**
24 **FUND - AGRICULTURE COMMISSIONER.** Subject to the provisions of this section, there is

25 appropriated out of any moneys in the agriculture infrastructure fund in the state treasury, not
26 otherwise appropriated, the sum of \$15,000,000, or so much of the sum as may be necessary,
27 to the agriculture commissioner for the purpose of providing grants for infrastructure
28 improvements necessary for the development or enhancement of new or existing value-added
29 agriculture businesses pursuant to section 1 of this Act, for the biennium beginning July 1, 2023,
30 and ending June 30, 2025. Of the \$15,000,000, up to \$10,000,000 is available for grants to
31 political subdivisions, and any remaining moneys are available for grants to individuals or

1 organizations. The funding provided in this section is available only if the agriculture
2 infrastructure fund receives an allocation from the legacy earnings fund on July 1, 2023.

3 **SECTION 11. APPROPRIATION - ECONOMIC DIVERSIFICATION RESEARCH FUND -**

4 **BANK OF NORTH DAKOTA.** There is appropriated out of any moneys in the economic
5 diversification research fund in the state treasury, not otherwise appropriated, the sum of
6 \$10,000,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the
7 purpose of providing grants to institutions under the control of the state board of higher
8 education for economic diversification research pursuant to section 2 of this Act, for the
9 biennium beginning July 1, 2023, and ending June 30, 2025.

10 **SECTION 12. APPROPRIATION - WORKFORCE DEVELOPMENT AND ENRICHMENT**

11 **FUND - DEPARTMENT OF COMMERCE.** There is appropriated out of any moneys in the
12 workforce development and enrichment fund in the state treasury, not otherwise appropriated,
13 the sum of \$10,000,000, or so much of the sum as may be necessary, to the department of
14 commerce for the purpose of providing grants to support strategic workforce development,
15 technical education, workforce diversification initiatives, and workforce guidance and support
16 pursuant to section 4 of this Act, for the biennium beginning July 1, 2023, and ending June 30,
17 2025.

18 **SECTION 13. CONTINGENT APPROPRIATION - COUNTY AND TOWNSHIP BRIDGE**

19 **FUND - STATE TREASURER - GRANTS TO COUNTIES.** Subject to the provisions of this
20 section, there is appropriated out of any moneys in the county and township bridge fund in the
21 state treasury, not otherwise appropriated, the sum of \$100,000,000, or so much of the sum as
22 may be necessary, to the state treasurer for the purpose of providing grants to eligible counties
23 for county and township bridge repairs or replacement within the county, for the biennium
24 beginning July 1, 2023, and ending June 30, 2025. The state treasurer shall distribute the grant
25 funds based on each eligible county's percentage share of eligible county and township needs
26 for bridge repair or replacement identified in the most recent North Dakota state university
27 upper great plains transportation institute's report on county and township road and bridge
28 needs. A county with organized townships shall allocate the share of its grant applicable to
29 township bridges to the appropriate organized townships within the county. For purposes of this
30 section, an "eligible county" means a county that would receive an allocation of \$500,000 or
31 more based on \$100,000,000 being available to distribute to all counties using a formula based

1 on each county's percentage share of county and township needs for bridge repair or
2 replacement identified in the upper great plains transportation institute's report. The funding
3 provided in this section is available only if the county and township bridge fund receives an
4 allocation from the legacy earnings fund on July 1, 2023.

5 **SECTION 14. EFFECTIVE DATE.** Section 6 of this Act becomes effective July 1, 2025.