

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1429

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subdivision to subsection 7 of section 26.1-04-03 and a new section to chapter 54-06 of the North Dakota Century Code, relating to unfair discrimination in the business of insurance and the investment and management of public funds; to amend and reenact section 21-10-08.1 of the North Dakota Century Code, relating to the prohibition on social investments; and to provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 21-10-08.1 of the North Dakota Century Code is amended and reenacted as follows:

21-10-08.1. Social investment - Prohibition.

1. As used in this section, "social investment" means the consideration of socially responsible criteria and environmental, social, and governance impact criteria in the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state.
2. Except as otherwise provided in a state investment policy relating to the investment of the legacy fund and unless the state investment board can demonstrate a social investment would provide an equivalent or superior rate of return compared to a similar investment that is not a social investment and has a similar time horizon and risk, the state investment board may not invest state funds for the purpose of social investment.

SECTION 2. A new subdivision to subsection 7 of section 26.1-04-03 of the North Dakota Century Code is created and enacted as follows:

Unless the refusal is the result of the application of sound underwriting and actuarial principles related to actual or reasonably anticipated loss experience, refusing to insure solely in consideration of the risk's environmental, social, and governance criteria; diversity, equity, and inclusion policies; or political and ideological factors.

SECTION 3. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Proxy voting.

1. Proxy votes made on behalf of state funds or the funds of political subdivisions which receive investment management services from the state must be made in accordance with the requirements provided in section 21-10-08.1.

2. A state entity may not adopt a practice of following the recommendations of a proxy advisory firm or other service provider unless the proxy advisory firm's or the service provider's voting guidelines comply with the requirements of section 21-10-08.1.

SECTION 4. LEGISLATIVE MANAGEMENT STUDY - DIVESTMENT OF COMPANIES THAT BOYCOTT ENERGY OR COMMODITIES. During the 2023-24 interim, the legislative management shall study environmental social governance as it pertains to a set of nonspecific, quantifiable, and nonquantifiable criteria with attributing factors used for making determinations, decisions, or investments as it pertains to government and private industry in the state. The study must include an evaluation of investment policy as it relates to environmental social governance and the level of involvement the state has with companies that use environmental social governance in their ranking when making business or investment decisions. The study also must include the potential implications for the state as it relates to the boycott of energy or production agriculture commodities by companies that intend to penalize, inflict economic harm on, or limit commercial relations. All aspects of boycotts, including the transport, sale, utilization, production, or manufacturing of natural gas, oil, coal, petrochemicals, or production agricultural commodities must be evaluated. The legislative management shall report its findings and recommendations, together with any legislation required to implement its recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly