

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1022**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and  
2 investment office; to amend and reenact section 54-52.5-04 of the North Dakota Century Code,  
3 relating to an incentive compensation plan for the state retirement and investment office; and to  
4 provide a report.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
7 as may be necessary, are appropriated from special funds, to the retirement and investment  
8 office for the purpose of defraying the expenses of the retirement and investment office, for the  
9 biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
12 <del>Salaries and wages</del>	<del>\$8,552,467</del>	<del>\$3,539,528</del>	<del>\$12,091,995</del>
13 <del>New and vacant FTE pool</del>	<del>0</del>	<del>470,466</del>	<del>470,466</del>
14 <del>Operating expenses</del>	<del>2,731,037</del>	<del>1,029,096</del>	<del>3,760,133</del>
15 <del>Contingencies</del>	<del>200,000</del>	<del>0</del>	<del>200,000</del>
16 <del>Total special funds</del>	<del>\$11,483,504</del>	<del>\$5,039,090</del>	<del>\$16,522,594</del>
17 <del>Full-time equivalent positions</del>	<del>34.00</del>	<del>1.00</del>	<del>35.00</del>
18 <u>Salaries and wages</u>	<u>\$8,552,467</u>	<u>\$3,539,528</u>	<u>\$12,091,995</u>
19 <u>New and vacant FTE pool</u>	<u>0</u>	<u>260,561</u>	<u>260,561</u>
20 <u>Operating expenses</u>	<u>2,731,037</u>	<u>836,112</u>	<u>3,567,149</u>

1	<u>Contingencies</u>	200,000	0	200,000
2	<u>Total special funds</u>	\$11,483,504	\$4,636,201	\$16,119,705
3	<u>Full-time equivalent positions</u>	34.00	0.00	34.00

4       **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**  
5 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
6 items included in the appropriation in section 1 of this Act which are not included in the entity's  
7 base budget for the 2027-29 biennium and which the entity shall report to the appropriations  
8 committees of the seventieth legislative assembly regarding the use of this funding:

9	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
10	<del>Information technology consulting</del>	<del>\$0</del>	<del>\$250,000</del>	<del>\$250,000</del>
11	<del>Total</del>	<del>\$0</del>	<del>\$250,000</del>	<del>\$250,000</del>
12	<u>Information technology consulting</u>	\$0	\$200,000	\$200,000
13	<u>Total</u>	\$0	\$200,000	\$200,000

14       **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
15 retirement and investment office may not spend funds appropriated in the new and vacant FTE  
16 pool line item in section 1 of this Act, but may request the office of management and budget to  
17 transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in  
18 accordance with the guidelines and reporting provisions included in House Bill No. 1015, as  
19 approved by the sixty-ninth legislative assembly.

20       **SECTION 4. AMENDMENT.** Section 54-52.5-04 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22       **54-52.5-04. Incentive compensation program - Report to legislative management.**

23       1. The state retirement and investment office may develop an incentive compensation  
24 program for full-time equivalent investment ~~and fiscal operations~~ positions necessary  
25 for the management of the investment of funds under the control of the state  
26 investment board. The program must promote profitability, productivity, and  
27 responsible fund management.

28       2. The provisions of the program must be approved annually by the state investment  
29 board. The provisions must ensure that the payouts do not ~~occur~~:

30       a. Occur unless the risk-based performance of the investments that are internally  
31 managed exceed the risk-based performance of policy benchmarks.

1 b. Exceed seventy-five percent of the base annual pay for each eligible full-time  
2 equivalent position.

3 3. Any amounts paid under this program must be considered compensation and not  
4 personal profit on behalf of the employee.

5 4. Each interim, the state retirement and investment office shall provide at least one  
6 report to the legislative management regarding the status of the program, including the  
7 provisions of the program; the total amount of incentives paid out to employees each  
8 year; and the minimum, maximum, and average payout per eligible full-time equivalent  
9 position.

10 5. During each regular legislative session, the state retirement and investment office  
11 shall provide a report to the appropriations committees regarding the status of the  
12 program, including the provisions of the program; the total amount of incentives paid  
13 out to employees each year; and the minimum, maximum, and average payout per  
14 eligible full-time equivalent position.

15 **SECTION 5. INTERNAL INVESTMENT MANAGEMENT PLAN - REPORT.** The retirement  
16 and investment office shall report to the appropriations committees of the seventieth legislative  
17 assembly regarding the agency's plan to internally manage fifty percent of the investments  
18 under the control of the state investment board. The report must include information on:

- 19 1. The impact to the agency's budget to implement the plan, including the number of full-  
20 time equivalent positions and funding for salaries and wages, operating expenses, and  
21 one-time items.
- 22 2. The estimated cost-savings from the decrease in investment expenses associated  
23 with external investment manager fees.
- 24 3. The timeline to implement the plan.