

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1453

Introduced by

Representatives Hauck, Fisher, Hagert, Morton, Novak, Dressler

Senators Gerhardt, Kessel, Luick, Thomas

1 A BILL for an Act to create and enact a new section to chapter 21-06 of the North Dakota
2 Century Code, relating to prohibiting natural asset companies; and to provide a penalty.

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

4 **SECTION 1.** A new section to chapter 21-06 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Natural asset companies prohibited - Penalty.**

- 7 1. As used in this section, "natural asset company" means a corporation that holds the
8 rights to the ecological performance produced by natural or working areas and has the
9 authority to manage the areas for conservation, restoration, or sustainable
10 management with a primary purpose to actively manage, maintain, restore, grow, and
11 monetize the value of natural assets and the production of ecosystem services. The
12 term includes a company affiliated with a natural asset company, controlled by a
13 natural asset company, or under common control with a natural asset company.
- 14 2. This state or a political subdivision may not:
- 15 a. Sell, lease, license, grant a lien, or otherwise encumber land or resources owned,
16 leased, or controlled by the state, or the rights to the land or resources, including
17 land, resources, or the rights to the land or resources owned by a state
18 retirement system, to a natural asset company; or
- 19 b. Otherwise conduct business directly or indirectly with a natural asset company
20 granting a natural asset company a direct or indirect interest in or right to the land
21 or resources.

- 1 3. The investment of public funds in a natural asset company is prohibited. Public funds
2 may not be invested in:
 - 3 a. Securities or other interests in natural asset companies;
 - 4 b. Mutual funds or other funds invested in natural asset companies or the securities
5 of natural asset funds; or
 - 6 c. Private placements, partnerships, or other public or private investments in natural
7 asset companies.
- 8 4. This state or a political subdivision may not issue, approve, sponsor, guarantee, or
9 otherwise engage with any bond offering involving a natural asset company or any
10 project in which a natural asset company holds an interest or may exercise control.
11 State or political subdivision assets, land, and other interests, including easements,
12 liens, and other encumbrances, may not be used for the benefit of, transferred or
13 promised to, or created for later transfer to or use by, a natural asset company.
- 14 5. A natural asset company may not acquire land or any rights to land or the
15 encumbrance of land owned by the state or a political subdivision. Any acquisition by a
16 natural asset company acquiring land owned by the state or a political subdivision is
17 void.
- 18 6. The governor, the attorney general, a state agency, a member of the legislative
19 assembly, a political subdivision, or a private citizen who is adversely affected by a
20 violation of this section, may file an action in the district court in the district in which the
21 land affected by the violation is located. If the court finds a violation has occurred, the
22 ownership of the land affected by the violation must revert to the previous owner, and
23 the court may award attorney's fees and costs to the plaintiff.
- 24 7. A natural asset company may not operate, conduct business, or acquire assets,
25 easements, or other asset interests in the state. The secretary of state may not:
 - 26 a. Accept for filing any corporate charter or articles of incorporation by, or grant
27 authority to transact business in this state to, any natural asset company; or
 - 28 b. Accept amendments of any existing company's corporate charter or articles of
29 incorporation to convert any existing company into a natural asset company.
- 30 8. A contract entered between a natural asset company and the state, a political
31 subdivision, or a person, in violation of this section is void.

- 1 9. An investment manager or government official overseeing management or bonding
- 2 violating this section shall arrange immediately for the disposition of any prohibited
- 3 investment or funds.