

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1330**

Introduced by

Representatives Satrom, Grueneich, Ostlie

Senators Conley, Lemm

1 A BILL for an Act to create and enact a new section to chapter 21-10 of the North Dakota  
2 Century Code, relating to divestment from legacy fund investments in Chinese companies; and  
3 to amend and reenact section 21-10-07.1 and paragraph 2 of subdivision b of subsection 3 of  
4 section 21-10-11 of the North Dakota Century Code, relating to the prudent investor rule and  
5 other eligible in-state equity investments under the legacy fund.

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

7 **SECTION 1.** A new section to chapter 21-10 of the North Dakota Century Code is created  
8 and enacted as follows:

9 **Prohibition against Chinese investment.**

10 **1. As used in this section:**

- 11 a. "China" means the government of the People's Republic of China, the Chinese  
12 Communist Party, the Chinese military, or any instrumentality thereof.  
13 b. "Chinese company" means a company formed and domiciled in China.  
14 c. "Company" means a sole proprietorship, an organization, an association, a  
15 corporation, a partnership, a joint venture, a limited partnership, a limited liability  
16 partnership, a limited liability company, or any other entity or business  
17 association, including all wholly owned subsidiaries, majority-owned subsidiaries,  
18 and parent companies, or an affiliate of such entity or business associate which  
19 exists for the purpose of making a profit.

1           d. "Direct holdings" means all securities of a company which are held directly by the  
2           legacy fund or in an account or fund in which the legacy fund owns all shares or  
3           interests. The term does not include indirect holdings in actively managed  
4           investment funds, including a private equity fund, or holdings in exchange-traded  
5           funds.

6           e. "Indirect holdings" means all securities of a company which are held in a  
7           commingled fund or other collective investment, such as a mutual fund, in which  
8           the legacy fund owns shares or interests, together with other investors not  
9           subject to this chapter.

10          f. "Majority-owned" means to have ownership of more than fifty percent of the  
11          outstanding equity interests of a company.

12          2. The legacy fund investments may not consist of direct holdings in a Chinese company.

13          3. The state investment board shall:

14           a. Initiate a review of all direct holdings of legacy fund investments to determine  
15           which direct holdings, if any, include securities of a Chinese company;

16           b. Develop a divestment plan for all direct holdings in Chinese companies, which  
17           must divest at least twenty percent of the total value of Chinese investments held  
18           as of August 1, 2025, per year; and

19           c. Complete divestment from direct holdings in Chinese companies under the  
20           divestment plan pursuant to subdivision b no later than August 1, 2030.

21          **SECTION 2. AMENDMENT.** Section 21-10-07.1 of the North Dakota Century Code is  
22          amended and reenacted as follows:

23          **21-10-07.1. Prudent investor rule - Exception.**

24          Notwithstanding section 21-10-07, for purposes of investment of the legacy fund, the state  
25          investment board shall:

26           1. Shall give preference to qualified investment firms and financial institutions with a  
27           presence in the state; and

28           2. May divest from Chinese companies as defined under section 1 of this Act.

29          **SECTION 3. AMENDMENT.** Paragraph 2 of subdivision b of subsection 3 of section  
30          21-10-11 of the North Dakota Century Code is amended and reenacted as follows:

- 1                   (2) Other eligible investments under this subdivision based on guidelines  
2                   developed by the legacy and budget stabilization fund advisory board. Other  
3                   eligible investments under this paragraph must:  
4                   (a) Be managed by qualified investment firms, financial institutions, or  
5                   equity funds which have a strategy to invest in qualified companies  
6                   operating or seeking to operate in the state and which have a direct  
7                   connection to the state;  
8                   (b) Have a benchmark investment return equal to the five-year average  
9                   net return for the legacy fund, excluding in-state investments; and  
10                  (c) Be diversified unless the legacy and budget stabilization fund advisory  
11                  board approves a strategy allowing concentrated investments for  
12                  in-state infrastructure.