25.0166.02007 Title. Fiscal No. 3 Prepared by the Legislative Council staff for Senator Bekkedahl

March 27, 2025

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 subdivision a of subsection 3 of section 21-10-11 of the
- 3 North Dakota Century Code, relating to infrastructure loan investments under the legacy fund;
- 4 and to provide for a report.

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

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds
as may be necessary, are appropriated from special funds, to the retirement and investment

office for the purpose of defraying the expenses of the retirement and investment office, for the

biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

10			Adjustments or	
11		Base Level	<b>Enhancements</b>	<u>Appropriation</u>
12	Salaries and wages	\$8,552,467	\$3,539,528	\$12,091,995
13	New and vacant FTE pool	0	470,466	470,466
14	Operating expenses	2,731,037	1,029,096	3,760,133
15	Operating expenses	2,731,037	1,054,096	3,785,133
16	Contingencies	200,000	<u>0</u>	200,000
17	Total special funds	\$11,483,504	\$5,039,090	<del>\$16,522,594</del>
18	Total special funds	\$11,483,504	\$5,064,090	\$16,547,594
19	Full-time equivalent positions	34.00	1.00	35.00

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SECTION 2.	ONE-TIME FUNDIN	NG - EFFECT ON BA	ASE BUDGET - REPO	RT TO		
SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding						
items included in the appropriation in section 1 of this Act which are not included in the entity's						
base budget for th	ne 2027-29 bienniu	m and which the enti	ty shall report to the ap	propriations		
committees of the	seventieth legislat	ive assembly regardi	ng the use of this fund	ng:		
One-Time Funding	g Description	General Fund	Other Funds	<u>Total</u>		
Information techno	ology consulting	<u>\$0</u>	\$250,000	<u>\$250,000</u>		
Total		\$0	\$250,000	\$250,000		
SECTION 3. I	NEW AND VACAN	T FTE POOL - LIMIT	TATION - TRANSFER I	REQUEST. The		
retirement and inv	estment office may	not spend funds ap	propriated in the new a	nd vacant FTE		
pool line item in se	ection 1 of this Act,	but may request the	office of management	and budget to		
transfer funds from	n the new and vaca	ant FTE pool line iter	n to the salaries and wa	ages line item in		
accordance with the	he guidelines and r	eporting provisions i	ncluded in House Bill N	lo. 1015, as		
approved by the sixty-ninth legislative assembly.						
SECTION 4.	AMENDMENT. Sub	division a of subsect	ion 3 of section 21-10-	11 of the North		
Dakota Century Code is amended and reenacted as follows:						
a. A target allocation of seven hundred fifty million dollars to fixed income						
investments within the state, including:						
(1)	Up to one hundre	ed fiftytwo hundred m	nillion dollars for infrastr	ructure loans to		
	political subdivision	ons under section 6-	09-49.1. The net return	to the legacy		
	fund under this pa	aragraph must be fix	ed at a target rate of or	ne and one-half		
	percent;					
(2)	A minimum of fou	ır hundred million do	llars for the Bank of No	rth Dakota's		
	certificate of depo	osit match program v	vith an interest rate fixe	d at the		
	equivalent yield o	of United States treas	sury bonds having the s	same term, up		
	to a maximum ter	rm of twenty years; a	ind			
(3)	Other qualified fix	ked income investme	ents within the state bas	sed on		
	guidelines develo	pped by the legacy a	nd budget stabilization	fund advisory		
	board.					
SECTION 5. I	NTERNAL INVEST	MENT MANAGEME	ENT PLAN - REPORT.	The retirement		
and investment of	fice shall report to t	the appropriations co	mmittees of the sevent	ieth legislative		
	SEVENTIETH LE items included in the base budget for the committees of the One-Time Funding Information technology of the SECTION 3. It retirement and investigation of the secondance with the approved by the secondance with the approximation with	items included in the appropriation in base budget for the 2027-29 biennium committees of the seventieth legislate. One-Time Funding Description.  Information technology consulting. Total.  SECTION 3. NEW AND VACAN retirement and investment office may pool line item in section 1 of this Act, transfer funds from the new and vaca accordance with the guidelines and reapproved by the sixty-ninth legislative.  SECTION 4. AMENDMENT. Substitute of the sixty-ninth legislative of the sixty-ninth legi	items included in the appropriation in section 1 of this Act base budget for the 2027-29 biennium and which the enticommittees of the seventieth legislative assembly regarding the seventieth legislative assembly regarding to the seventieth legislative assembly to the section 3. NEW AND VACANT FTE POOL - LIMIT retirement and investment office may not spend funds appool line item in section 1 of this Act, but may request the transfer funds from the new and vacant FTE pool line item accordance with the guidelines and reporting provisions in approved by the sixty-ninth legislative assembly.  SECTION 4. AMENDMENT. Subdivision a of subsect Dakota Century Code is amended and reenacted as follow a. A target allocation of seven hundred fifty me investments within the state, including:  (1) Up to ene hundred fifty two hundred me political subdivisions under section 6-fund under this paragraph must be fix percent;  (2) A minimum of four hundred million do certificate of deposit match program we equivalent yield of United States treased to a maximum term of twenty years; as to a maximum term of twenty years.	items included in the appropriation in section 1 of this Act which are not included base budget for the 2027-29 biennium and which the entity shall report to the appropriate committees of the seventieth legislative assembly regarding the use of this funding One-Time Funding Description  General Fund  Other Funds  Information technology consulting  \$0 \$250,000  SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER IN Tetirement and investment office may not spend funds appropriated in the new appool line item in section 1 of this Act, but may request the office of management transfer funds from the new and vacant FTE pool line item to the salaries and we accordance with the guidelines and reporting provisions included in House Bill N approved by the sixty-ninth legislative assembly.  SECTION 4. AMENDMENT. Subdivision a of subsection 3 of section 21-10-Dakota Century Code is amended and reenacted as follows:  a. A target allocation of seven hundred fifty million dollars to fixed incomposition investments within the state, including:  (1) Up to ene hundred fifty(wo hundred million dollars for infrastrest political subdivisions under section 6-09-49.1. The net return fund under this paragraph must be fixed at a target rate of or percent;  (2) A minimum of four hundred million dollars for the Bank of No certificate of deposit match program with an interest rate fixed equivalent yield of United States treasury bonds having the sequivalent yield of United States treasury bonds having the sequivalent yield of United States treasury bonds having the sequivalent gield fixed income investments within the state base guidelines developed by the legacy and budget stabilization.		

## Sixty-ninth Legislative Assembly

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- assembly regarding the agency's plan to internally manage fifty percent of the investments
   under the control of the state investment board. The report must include information on:
  - The impact to the agency's budget to implement the plan, including the number of fulltime equivalent positions and funding for salaries and wages, operating expenses, and one-time items.
  - The estimated cost-savings from the decrease in investment expenses associated with external investment manager fees.
  - 3. The timeline to implement the plan.

#### STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1022 - Retirement and Investment Office - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$8,552,467	\$12,091,995		\$12,091,995
New and vacant FTE pool		470,466		470,466
Operating expenses	2,731,037	3,760,133	\$25,000	3,785,133
Contingencies	200,000	200,000		200,000
Total all funds	\$11,483,504	\$16,522,594	\$25,000	\$16,547,594
Less estimated income	11,483,504	16,522,594	25,000	16,547,594
General fund	\$0	\$0	\$0	\$0
FTE	34.00	35.00	0.00	35.00

# Department 190 - Retirement and Investment Office - Detail of Senate Changes

	Adds Funding for Retirement Education <sup>1</sup>	Total Senate Changes
Salaries and wages New and vacant FTE pool Operating expenses Contingencies	\$25,000	\$25,000
Total all funds Less estimated income General fund	\$25,000 25,000 \$0	\$25,000 25,000 \$0
FTE	0.00	0.00

<sup>&</sup>lt;sup>1</sup> Funding for operating expenses is increased by \$25,000 for a retirement education initiative. The House did not include this funding.

The Senate also added 2 sections to:

<sup>•</sup> Amend the legacy fund asset allocation plan to increase the investments in infrastructure loans to political subdivisions by \$50 million, from \$150 million to \$200 million.

<sup>•</sup> Provide for a report to the Appropriations Committees during the 2027 regular legislative session regarding the agency's internal investment management plan.

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