

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.

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:

	Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<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 <u>Operating expenses</u>	<u>2,731,037</u>	<u>1,054,096</u>	<u>3,785,133</u>
16 Contingencies	<u>200,000</u>	<u>0</u>	<u>200,000</u>
17 Total special funds	\$11,483,504	\$5,039,090	\$16,522,594
18 <u>Total special funds</u>	<u>\$11,483,504</u>	<u>\$5,064,090</u>	<u>\$16,547,594</u>
19 Full-time equivalent positions	34.00	1.00	35.00

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

2 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
3 items included in the appropriation in section 1 of this Act which are not included in the entity's
4 base budget for the 2027-29 biennium and which the entity shall report to the appropriations
5 committees of the seventieth legislative assembly regarding the use of this funding:

6 <u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
7 Information technology consulting	\$0	\$250,000	\$250,000
8 Total	\$0	\$250,000	\$250,000

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

15 **SECTION 4. AMENDMENT.** Subdivision a of subsection 3 of section 21-10-11 of the North
16 Dakota Century Code is amended and reenacted as follows:

- 17 a. A target allocation of seven hundred fifty million dollars to fixed income
18 investments within the state, including:
- 19 (1) Up to ~~one hundred fifty~~ two hundred million dollars for infrastructure loans to
20 political subdivisions under section 6-09-49.1. The net return to the legacy
21 fund under this paragraph must be fixed at a target rate of one and one-half
22 percent;
- 23 (2) A minimum of four hundred million dollars for the Bank of North Dakota's
24 certificate of deposit match program with an interest rate fixed at the
25 equivalent yield of United States treasury bonds having the same term, up
26 to a maximum term of twenty years; and
- 27 (3) Other qualified fixed income investments within the state based on
28 guidelines developed by the legacy and budget stabilization fund advisory
29 board.

30 **SECTION 5. INTERNAL INVESTMENT MANAGEMENT PLAN - REPORT.** The retirement
31 and investment office shall report to the appropriations committees of the seventieth legislative

- 1 assembly regarding the agency's plan to internally manage fifty percent of the investments
- 2 under the control of the state investment board. The report must include information on:
- 3 1. The impact to the agency's budget to implement the plan, including the number of full-
- 4 time equivalent positions and funding for salaries and wages, operating expenses, and
- 5 one-time items.
- 6 2. The estimated cost-savings from the decrease in investment expenses associated
- 7 with external investment manager fees.
- 8 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 Education¹	Total Senate Changes
Salaries and wages		
New and vacant FTE pool		
Operating expenses	\$25,000	\$25,000
Contingencies		
Total all funds	\$25,000	\$25,000
Less estimated income	25,000	25,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ 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:

- 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.
- Provide for a report to the Appropriations Committees during the 2027 regular legislative session regarding the agency's internal investment management plan.

