

2025 HOUSE EDUCATION

HB 1163

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1163
1/15/2025

Relating to the legacy and budget stabilization fund advisory board; and to provide a continuing appropriation.

11:33 a.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Legacy Funds
- Construction Inflation
- School Infrastructure

11:33 a.m. Representative Jonas introduced the bill.

11:36 a.m. Levi Buchmeier, Business Manager, West Fargo Public Schools, testified in favor and submitted testimony. #29242, #29249.

11:59 a.m. Jeff Simon Executive Director, WDEA, testified in favor.

12:04 a.m. Scott Anderson, Chief Investment officer, MBA, testified neutrally and submitted testimony. #29070

12:08 a.m. Thomas Beadle, North Dakota State Treasurer, testified neutrally and submitted testimony. #29259

Additional written testimony:

Rachel Bachmeier, Principal, West Fargo High School, submitted testimony in favor. #29245

12:11 p.m. Chairman Heinert adjourned the meeting.

Leah Kuball, Committee Clerk



**House Bill 1163
North Dakota Retirement and Investment Office (RIO)
Testimony before House Education
Representative Pat D. Heinert, Chair**

**Jodi Smith – Interim Executive Director
Scott Anderson, CFA, MBA – Chief Investment Officer**

I. RIO Statutory Authority and Responsibilities

The Retirement and Investment Office (hereinafter “RIO”) was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of the investment program of the State Investment Board (SIB) and the retirement program of the Teachers’ Fund for Retirement (TFFR). Statutory authority for the agency is found in North Dakota Century Code chapter 54-52.5 and the programs are governed by chapters 21-10 (SIB) and 15-39.1 (TFFR).

The State Investment Board has the statutory responsibility to administer the investment program for 31 funds including the Legacy Fund, TFFR, PERS, and WSI. It also maintains contractual relationships for the investment management of multiple political subdivisions and governmental funds. Currently SIB is responsible for the investment of the Legacy Fund, seven pension funds and 23 other non-pension funds for a total of 31 separate client funds with an overall fund value of roughly \$23 billion as of October 31, 2024.

II. Neutral Testimony relating to H.B. 1163

Pursuant to NDCC Section 54-03-35, any bill which potentially affects the Legacy Fund, the advisory board shall request the state Retirement and Investment Office to arrange for the preparation and submission of a cost-benefit analysis. The investment consultancy RVK has been retained to provide business cases for this purpose.

RVK has provided an initial analysis to meet the requirements of the scheduled House Education Committee meeting. RVK’s initial analysis suggests a negative fiscal impact on the Legacy Fund of \$115.48 M in the Biennium that begins 7/1/25, followed by a negative fiscal impact of \$131.14 M in the Biennium that begins 7/1/27. Total negative fiscal impact is an expected opportunity cost to the Legacy Fund of \$246.62 M in the first 2 biennium.

Methods, Assumptions and Notes

The analysis begins by estimating what \$1B invested in the current Legacy Fund is expected to return based on the current asset allocation of the fund and RVK’s current

long-term capital market assumptions. The expected compound return for the current allocation is 6.09%. The analysis compares this output to what \$1 B would earn at 0.5% as proposed in the bill.

Additional Analysis can be completed that provides a more detailed range of potential outcomes by modeling additional variables for pace of deployment into the loan program, reasonable measures and adjustments that the Legacy Fund would have to take to manage uncertainty in the pace of deployment and utilizing stochastic analysis to capture a range of potential return outcomes for the Legacy Fund.

The proposed size of the program is significant relative to the total size of the Legacy Fund (estimated at about 9% of current Legacy Fund assets). As such the program is likely to impose a high degree of disruption on the asset allocation structure and operation of the Legacy Fund, the costs of which are likely significant and difficult to fully estimate.

III. Summary

RVK's initial analysis suggests a negative fiscal impact on the Legacy Fund of \$115.48M in the Biennium that begins 7/1/25, followed by a negative fiscal impact of \$131.14M in the Biennium that begins 7/1/27. Total negative fiscal impact is an expected opportunity cost to the Legacy Fund of \$246.62M in the first 2 biennium. The program is likely to impose a high degree of disruption on the asset allocation structure and operation of the Legacy Fund, the costs of which are likely significant and difficult to fully estimate. Additional Analysis can be completed that provides a more complete analysis but would require additional time and resources.

1 Wednesday, January 15, 2025

2 Levi Bachmeier, Business Manager, West Fargo Public Schools

3 Support for HB 1163

4 Good morning Chairman Heinert and members of the House Education
5 Committee. My name is Levi Bachmeier; I am the Business Manager at West
6 Fargo Public Schools. I am here today to speak to you in support of House Bill
7 1163.

8 House Bill 1163 represents an additional tool for school districts, modeled off of
9 legislation passed last session to invest Legacy Fund dollars in North Dakota, to
10 help address the challenges facing our state's school districts when it comes to
11 school facilities. This bill is not intended to replace BND's current school
12 construction loan fund but to complement it, recognizing the realities of limited
13 resources and escalating costs.

14 Currently, the existing school construction loan fund does an admirable job of
15 supporting districts, but the reality is that there simply isn't enough money
16 revolving annually to meet the needs of every school with voter-approved
17 projects. By creating an additional funding mechanism, House Bill 1163 ensures
18 that all districts—large and small—have access to affordable financing options to
19 address their infrastructure needs.

20 The savings for taxpayers can be profound. An analysis conducted by our
21 financial consultant, PFM, which has executed the sale of municipal bonds for
22 West Fargo in the past, revealed a \$100 million 1% Legacy Fund loan would
23 accrue interest of \$10,830,630 compared to current market interest of
24 \$49,700,438. This represents taxpayer savings of \$38,869,808 without
25 permanently spending a dollar of the Legacy Fund. For smaller schools accessing

1 a \$10 million loan, the savings could still be nearly \$4,000,000—equating to
2 almost \$18,000 per student for a median district with fewer than 1,000 students in
3 grades K-12. For a large district like West Fargo Public Schools, the savings
4 would be nearly \$4,000 per student.

5 The goal of this legislation is not to disrupt or overhaul the current system but to
6 provide additional tools to meet the demands of growing populations, needed
7 renovations, and the rising costs of construction.

8 This bill aligns and expands the Legislature's past actions to leverage Legacy
9 Fund dollars for investments within the state. Providing more low interest loan
10 options to school districts would save property taxpayers money today without
11 requiring a single dime to be permanently spent from the legacy fund's earnings.
12 It is a prudent and tested approach.

13 Additionally, this proposal is particularly timely given the passage of Measure 3.
14 Measure 3 has opened the door for Legacy Fund dollars to be invested in ways
15 that directly benefit North Dakotans while maintaining the integrity of the fund
16 itself. Investing in school construction projects achieves precisely this goal.

17 It's also important to acknowledge that inflation has significantly impacted every
18 sector, and public school construction is no exception. Higher construction costs
19 mean larger loans are needed to complete essential projects, further straining the
20 existing loan fund. By providing an additional financing option with low interest
21 costs, House Bill 1163 helps cushion the impact of these rising costs, helping
22 offset increased construction costs to reduce the burdens on taxpayers by
23 leveraging the state's balance sheet to provide another form of property tax relief.

24 Thank you for your time. I am happy to answer any questions.

WFHS Student Reflections on Cell Phone Policy

Student Letter #1:

March 29, 2023

Dear Ms. Bachmeier,

I hope your day is going well. This is seniors M and L, from West Fargo High School. We are reaching out to you today to share our thoughts on the new phone policy this year, and why we think it is important to keep this policy.

This policy is beneficial to students social health in more ways then one. It helps students to be more social with their peers and with their teachers. As well as helping them to make more relationships with those around them. This is important because, students can have a harder time in school if they feel they are alone or don't have those relationships with others or with their teachers, and this policy is allowing student to get out of their comfort zone and spend more time being socially active with those around them. When students aren't distracted by their phones it is creating a better learning environment and helping their social health.

We would like to make sure that you plan on keeping this policy in the years to come, we think it is important that student maintain good social health, and this policy is helping do that. Without a policy such as this one set in place, student are less likely to socialize with their peers and those around them, which is very important.

Thank you for taking the time to read and understand our thoughts. Please let us know if you have any questions or concerns.

Sincerely,

M and L

Student Letter #2:

March 24, 2023

We are writing to talk about how school impacts our social health. We wanted to thank you for implementing the out of sight out of use cellphone policy. Initially we did not like the policy because we were very attached to our phones. Now we really appreciate it because it has helped us stop being so reliant on our phones. The cellphone policy has impacted us in many positive ways. For example, students are not checking there phones as much throughout the day, leading to them socializing more with their peers. Some other dimensions of heath that are being influenced is students emotional and intellectual

health. Students emotional health is benefiting by taking out certain stressors in their life that involve their phone. Students intellectual health is benefiting by giving them more opportunities to open up to new ideas and the world. We would like to recognize this policy for opening up more time to socialize with peers and cut down on students screen time. A personal experience I have experienced is I made new relationships in classes, such as my Field Biology class. I've started to communicate with people I never used to talk to. As a group, we recognized students becoming more open to communication inside their classrooms. Other students and administrators should be appreciative of this policy because students grades are becoming better and not checking their phone as often. Teacher's would appreciate not seeing students being distracted while in class. In conclusion, the cellphone policy is very beneficial to a students social health.

Sincerely,

J, T, C

Student Letter #3:

Good day Ms. Bachmeier,

Today I just wanted to say that cell phone use policy is good for students. As I read in that policy cell phones must be out-of-sight and out-of-use from the first bell to the last bell of all classes, including during study halls and within flexed learning spaces that are an extension of a classroom . Some dimensions of health that are being influenced are mental health. Also that this policy or procedure affects the kids and teachers as it improves their ability to focus. The reason I wanted to recognize this policy as a thank you is because it shows students how to socialize and help improve their focal point. I think it helps me also as I use my phone a little bit too much. As with this policy it helps me stay away from social media and socialize in reality. As for other people like I said it also makes others do the same as well. Like for example I am at school lunch and I see people on their phone instead of socializing. I feel like they should appreciate this policy as it helps improve themselves with school and being social even outside of school. Like as well as if you are having dinner with parents or grandparents this policy really puts the focal point of not having a cell phone out and enjoying the moment more.

Kindest regards,

N and G

Elementary School Construction Cost Comparison
for Project Completions between 2015 and 2023

Legacy Elementary School	10,754,870.00
Architectural & Engineering Services	550,000.00
Contingency	200,000.00
Furniture & Equipment	700,000.00
Other Costs	250,000.00
Miscellaneous Expenses	9,500.00
Total	12,464,370.00
Square Footage	72,156
Cost Per Square Foot	172.74
Year Construction Completed	2015
Inflation Adjusted Sq Ft Cost (March 2014)	\$ 207.41

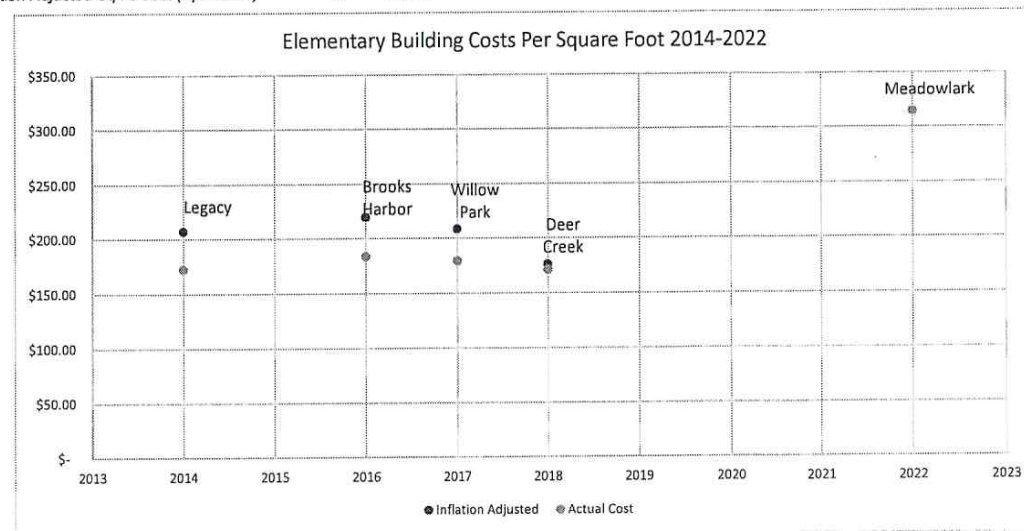
Willow Park Elementary School	11,407,435.00
Architectural & Engineering Services	807,250.00
Contingency	600,000.00
Furniture & Equipment	750,000.00
Other Costs	250,000.00
Miscellaneous Expenses	60,000.00
Total	13,874,685.00
Square Footage	77,310
Cost Per Square Foot	179.47
Year Construction Completed	2018
Inflation Adjusted Sq Ft Cost (March 2017)	\$ 208.85

Elementary School in Rocking Horse Farm	18,335,725.00
Architectural Service & Expenses	952,057.00
Contingency	239,908.00
Furniture & Equipment	1,200,000.00
Miscellaneous Expenses	25,000.00
Total	20,752,690.00
Square Footage	65,940
Cost Per Square Foot	314.72
Year Construction Completed	2023

Brooks Harbor Elementary School	9,697,500.00
Architectural & Engineering Services	702,153.70
Contingency	521,460.00
Furniture & Equipment	600,000.00
Other Costs	250,000.00
Miscellaneous Expenses	35,000.00
Total	11,806,113.70
Square Footage	64,200
Cost Per Square Foot	183.90
Year Construction Completed	2017
Inflation Adjusted Sq Ft Cost (February 2016)	\$ 220.05

Deer Creek Elementary School	11,956,181.00
Architectural & Engineering Services	739,000.00
Contingency	350,000.00
Furniture & Equipment	720,000.00
Other Costs	10,000.00
Miscellaneous Expenses	300,000.00
Total	14,075,181.00
Square Footage	82,150
Cost Per Square Foot	171.34
Year Construction Completed	2019
Inflation Adjusted Sq Ft Cost (April 2018)	\$ 176.08

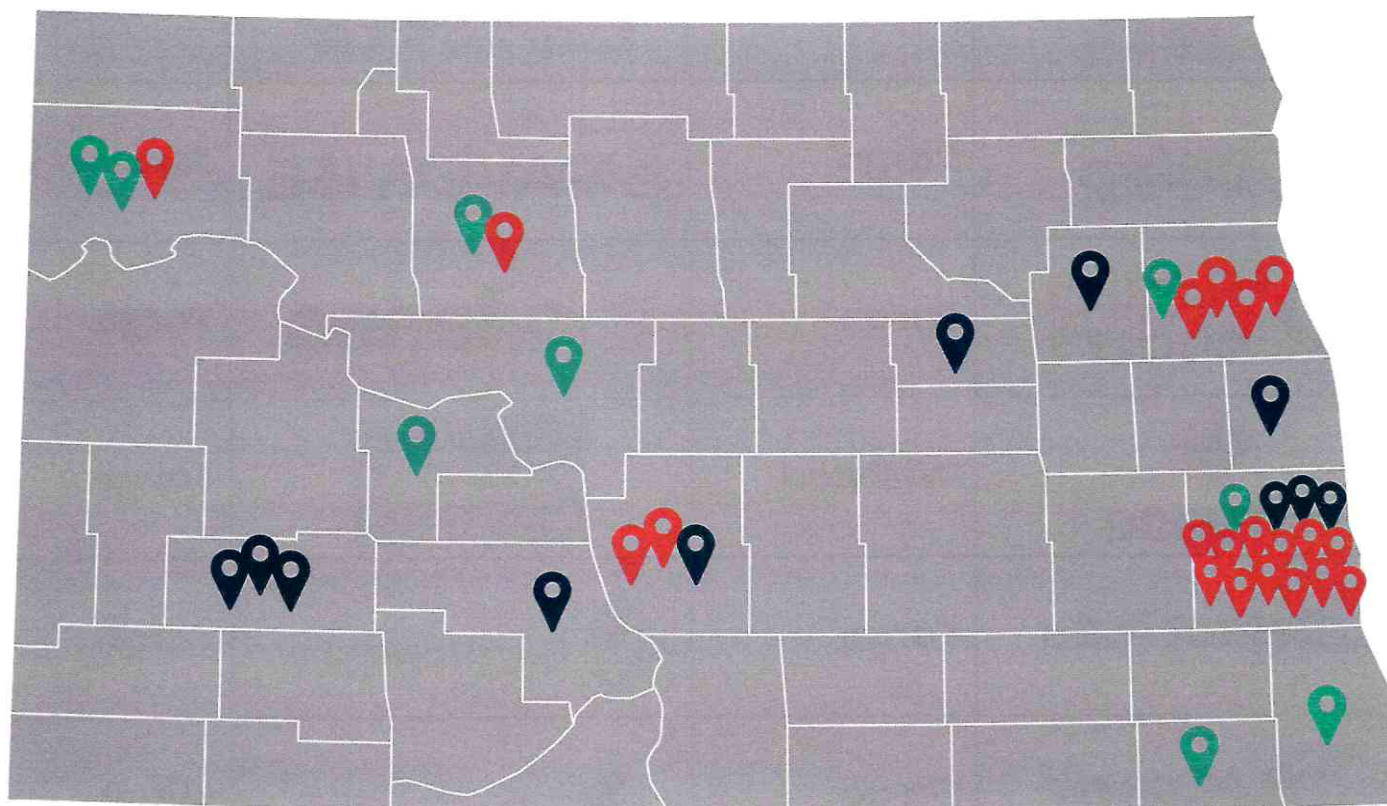
	Inflation Adjusted	Actual Cost
2014	\$ 207.41	172.74
2015		
2016	\$ 220.05	183.90
2017	\$ 208.85	179.47
2018	\$ 176.08	171.34
2019		
2020		
2021		
2022	314.72	314.72



Legacy Fund's In-state Investment Program

In 2021, state legislation established an In-state Investment program requiring a portion of Legacy Fund assets be invested in North Dakota and empowering the State Investment Board, as advised by the Legacy and Budget Stabilization Fund Advisory Board, to administer the program.

As of 06/30/2024, more than \$450 million is invested in or committed to 40 North Dakota businesses or communities.



Investment Locations



BND Match Loans

\$311,051,165 in Fixed Income.
9 Investments Statewide.



BND Infrastructure Loans

\$50,059,095 in Fixed Income.
11 Investments Statewide.



North Dakota Growth Fund

\$89,000,000 in Private Equity commitments, \$49,344,389 called.
20 Investments Statewide.

NDGF Portfolio – Underlying North Dakota Companies

As of June 30, 2024

 AETHERO	Grand Forks	 Homeland Hempcrete <small>Homes Built Better.</small>	Bismarck
 BUSHEL	Fargo	 MIDLAND GARAGE DOOR MFG CO	West Fargo
 Chipp	Fargo	 PAVEWISE	Bismarck
 COCO coders	Fargo	 release	Fargo
 Crusoe	Williston	 RxE2	Fargo
 Detect Auto	Fargo	 soiltech	Fargo
 devii	Fargo	 Snowbird	Minot
 Edgewood Healthcare	Grand Forks	 thread AUTONOMOUS INSPECTION	Grand Forks
FARMENTED FOODS	Fargo	 tugboat	Grand Forks
 generAI	Fargo	 WalkWise	Fargo

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1163
1/29/2025

Relating to the legacy and budget stabilization fund advisory board; and to provide a continuing appropriation.

10:44 a.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Committee action

10:46 a.m. Representative Jonas moved a Do Pass.

10:46 a.m. Representative Conmy seconded the motion.

10:47 a.m. Representative Jonas rescinded his motion.

10:48 a.m. Representative Jonas moved a Do Pass and rereferred to the Appropriation committee

10:48 a.m. Representative Conmy seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Roger A. Maki	Y
Representative Andrew Marschall	N
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion carried: 13-1-0

Bill carrier: Representative Jonas

House Education Committee

HB 1163

01-29-25

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10:49 a.m. Chairman Heinert closed the hearing

Leah Kuball, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1163 ([25.0573.01000](#))

Education Committee (Rep. Heinert, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 1 NAY, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1163 was rereferred to the **Appropriations Committee**.

2025 HOUSE APPROPRIATIONS

HB 1163

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1163
2/6/2025

A BILL for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to a legacy fund school construction assistance loan fund; to amend and reenact section 21-10-11, relating to the legacy and budget stabilization fund advisory board; and to provide a continuing appropriation.

9:17 a.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Schools in North Dakota
- Building Construction
- Budget Stabilization

9:18 a.m. Representative Heinert, North Dakota Legislature, introduced the Bill.

9:36 a.m. Kelvin Hullet, Chief Business Development Officer of the Bank of North Dakota, answered questions.

9:46 a.m. Chairman Vigesaa closed the meeting.

Sierra Schartz, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1163
2/6/2025

A BILL for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to a legacy fund school construction assistance loan fund; to amend and reenact section 21-10-11, relating to the legacy and budget stabilization fund advisory board; and to provide a continuing appropriation.

11:04 a.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- North Dakota Budgets
- Loan Funds

11:04 a.m. General Discussion.

11:05 a.m. Chairman Vigesaa closed the meeting.

Sierra Schartz, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1163
2/21/2025

A BILL for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota Century Code, relating to a legacy fund school construction assistance loan fund; to amend and reenact section 21-10-11, relating to the legacy and budget stabilization fund advisory board; and to provide a continuing appropriation.

4:08 p.m. Chairman Vigesaa opened the meeting.

Members Present: Chairman Vigesaa, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Stemen, Swiontek, Wagner

Members Absent: Vice Chairman Kempenich, Representatives: Mitskog, Sanford.

Discussion Topics:

- Committee Action

4:09 p.m. Representative Richter introduced amendment LC #25.0573.01001 and testimony #38336.

4:10 p.m. Kelvin Hullet, Chief Business Development Officer, Bank of North Dakota, further explained the effect of the amendment

4:36 p.m. Representative Richter moved to amend the dollar amounts further.

4:36 p.m. Representative Murphy seconded the motion.

4:37 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	N
Representative Mike Berg	Y
Representative Glen Bosch	N
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	N
Representative Lisa Meier	N
Representative Alisa Mitskog	AB
Representative David Monson	N
Representative Eric J. Murphy	Y

Representative Mike Nathe	N
Representative Jon O. Nelson	N
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	N
Representative David Richter	Y
Representative Mark Sanford	AB
Representative Gregory Stemen	N
Representative Steve Swiontek	N
Representative Scott Wagner	N

4:37 p.m. Motion failed 8-11-4.

4:38 p.m. Representative Nathe moved a Do Not Pass.

4:38 p.m. Representative Monson seconded the motion.

4:39 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glen Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative David Monson	Y
Representative Eric J. Murphy	N
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	AB
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

4:39 p.m. Motion passed 19-1-3. Representative Richter will carry.

4:39 p.m. Chairman Vigesaa closed the meeting.

Krystal Eberle for Risa Berube, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1163 ([25.0573.01000](#))

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO NOT PASS** (19 YEAS, 1 NAY, 3 ABSENT OR EXCUSED AND NOT VOTING). HB 1163 was placed on the Eleventh order on the calendar.

25.0573.01001
Title.

Prepared by the Legislative Council
staff for Representative Richter
February 11, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1163

Introduced by

Representatives Jonas, Longmuir, Murphy, Richter, Schreiber-Beck, Warrey

1 A BILL for an Act to create and enact a new section to chapter 15.1-36 of the North Dakota
2 Century Code, relating to a legacy fund school construction assistance loan fund; to amend and
3 reenact section 21-10-11, relating to the legacy and budget stabilization fund advisory board;
4 and to provide a continuing appropriation.

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

6 **SECTION 1.** A new section to chapter 15.1-36 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Legacy fund school construction assistance loan fund - Bank of North Dakota -**
9 **School construction projects - Continuing appropriation.**

- 10 1. The legacy fund school construction assistance loan fund is a special-~~loan~~ fund
11 administered by the Bank of North Dakota. Moneys in the fund are appropriated on a
12 continuing basis to the Bank of North Dakota for loan disbursements and
13 administrative costs. The fund must be audited annually pursuant to section 6-09-29,
14 and the cost of the audit must be paid from the fund.
- 15 2. The Bank of North Dakota may ~~adopt policies and establish guidelines to administer~~
16 ~~the legacy fund school construction assistance loan~~ provide loans from the fund in
17 accordance with ~~this~~ the provisions under section 15.1-36-08.
- 18 3. The Bank of North Dakota shall transfer all payments of principal and interest paid on
19 loans made from the legacy fund school construction assistance loan fund to the
20 legacy fund. The Bank may use a portion of the interest paid on the outstanding loans

1 as a servicing fee to pay for administrative costs, which may not exceed one-half of
2 one percent of the amount of the outstanding loans.

3 ~~4. To be eligible for a loan under this section, the board of a school district shall:~~

4 ~~a. Propose a new construction or remodeling project with a cost of at least~~
5 ~~one million dollars and an expected utilization of at least thirty years;~~

6 ~~b. Obtain the approval of the superintendent of public instruction for the project~~
7 ~~under section 15.1-36-01;~~

8 ~~c. (1) Publish in the official newspaper of the district the information regarding the~~
9 ~~proposed estimated additional millage and the dollar increase per~~
10 ~~one thousand dollars of taxable valuation in accordance with section~~
11 ~~21-03-13 along with the notice of the election in accordance with section~~
12 ~~21-03-12 or along with the initial resolution in accordance with subsection 7~~
13 ~~of section 21-03-07; and~~

14 ~~(2) Post the information on the school district's website before the date of the~~
15 ~~election or during the protest period in accordance with chapter 21-03;~~

16 ~~d. Receive authorization for a bond issuance in accordance with chapter 21-03; and~~

17 ~~e. Submit a completed application to the superintendent of public instruction.~~

18 ~~5. The superintendent of public instruction shall review loan applications based on a~~
19 ~~prioritization system that includes a review of all applications filed during the~~
20 ~~twelve-month period preceding April first and gives consideration to:~~

21 ~~a. Student occupancy and academic needs in the district;~~

22 ~~b. The age of existing structures to be replaced or remodeled;~~

23 ~~c. Building design proposals based on safety and vulnerability assessments;~~

24 ~~d. Community support;~~

25 ~~e. Cost; and~~

26 ~~f. Any other criteria established by the superintendent of public instruction, after~~
27 ~~consultation with an interim committee appointed by the legislative management.~~

28 ~~6. If the superintendent of public instruction approves the loan, the Bank of North Dakota~~
29 ~~shall issue a loan from the legacy fund school construction assistance loan fund. For~~
30 ~~loans made under this section;~~

- 1 ~~a. School districts may apply for loan amounts up to a maximum of ten million~~
2 ~~dollars for every one thousand students enrolled in the school district. School~~
3 ~~districts with enrollments of one thousand students or less may apply for loan~~
4 ~~amounts up to a maximum of ten million dollars. However, if a school district's~~
5 ~~unobligated general fund balance on the preceding June thirtieth exceeds the~~
6 ~~limitation under section 15.1-27-35.3, the loan amount under this section may not~~
7 ~~exceed eighty percent of the maximum loan amount;~~
8 ~~b. The term of the loan is twenty years, unless the board of the school district~~
9 ~~requests a shorter term in the written loan application;~~
10 ~~c. The interest rate of the loan may not exceed one percent per year; and~~
11 ~~d. A district with a school construction loan secured on the open bond market may~~
12 ~~apply to refinance the loan when callable with the legacy fund school construction~~
13 ~~assistance loan fund under this subsection.~~

14 **SECTION 2. AMENDMENT.** Section 21-10-11 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **21-10-11. Legacy and budget stabilization fund advisory board.**

- 17 1. The legacy and budget stabilization fund advisory board is created to develop
18 recommendations for the investment of funds in the legacy fund and the budget
19 stabilization fund to present to the state investment board.
20 2. The goal of investment for the legacy fund is principal preservation and growth while
21 maximizing total return for an appropriate level of risk and to provide a direct benefit to
22 the state by investing a portion of the principal in the state. Preference must be given
23 to qualified investment firms and financial institutions with a presence in the state for
24 investment of the legacy fund.
25 3. The board shall determine the asset allocation for the investment of the principal of the
26 legacy fund including:
27 a. A target allocation of ~~seven hundred million~~ one billion seven ~~one hundred million~~
28 dollars to fixed income investments within the state, including:
29 (1) Up to one hundred fifty million dollars for infrastructure loans to political
30 subdivisions under section 6-09-49.1. The net return to the legacy fund

- 1 under this paragraph must be fixed at a target rate of one and one-half
2 percent;
- 3 (2) Up to ~~one billion~~ four hundred million dollars for loans from the legacy fund
4 school construction assistance loan fund under section 1 of this Act. The net
5 return to the legacy fund under this paragraph must be fixed at a target rate
6 of one and one-half percent;
- 7 (2)(3) A minimum of four hundred million dollars for the Bank of North Dakota's
8 certificate of deposit match program with an interest rate fixed at the
9 equivalent yield of United States treasury bonds having the same term, up
10 to a maximum term of twenty years; and
- 11 (3)(4) Other qualified fixed income investments within the state based on
12 guidelines developed by the legacy and budget stabilization fund advisory
13 board.
- 14 b. A target allocation of six hundred million dollars to equity investments in the state,
15 including:
- 16 (1) Investments in one or more equity funds, venture capital funds, or
17 alternative investment funds with a primary strategy of investing in emerging
18 or expanding companies in the state. Equity investments under this
19 paragraph must:
- 20 (a) Be managed by qualified investment firms, financial institutions, or
21 equity funds which have a strategy to invest in qualified companies
22 operating or seeking to operate in the state and which have a direct
23 connection to the state; and
- 24 (b) Have a benchmark investment return equal to the five-year average
25 net return for the legacy fund, excluding in-state investments; and
- 26 (2) Other eligible investments under this subdivision based on guidelines
27 developed by the legacy and budget stabilization fund advisory board.
- 28 4. The board consists of three members of the senate appointed by the senate majority
29 leader, three members of the house of representatives appointed by the house
30 majority leader, the president of the Bank of North Dakota or designee, the tax
31 commissioner or designee, the director of the office of management and budget or

- 1 designee, and the state treasurer or designee. The board shall select a member from
- 2 the senate or house of representatives to serve as chairman for no more than one
- 3 consecutive year and must meet at the call of the chairman.
- 4 5. The board shall report at least semiannually to the budget section.
- 5 6. Legislative members are entitled to receive compensation and expense
- 6 reimbursement as provided under section 54-03-20 and reimbursement for mileage as
- 7 provided by law for state officers. The legislative council shall pay the compensation
- 8 and expense reimbursement for the legislative members.
- 9 7. The legislative council shall provide staff services to the legacy and budget
- 10 stabilization fund advisory board.
- 11 8. The staff and consultants of the state retirement and investment office shall advise the
- 12 board in developing asset allocation and investment policies.
- 13 9. The board may develop a process to select a member of the board who is not a
- 14 member of the state investment board to serve on the state investment board in a
- 15 nonvoting capacity.