

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

HOUSE BILL NO. 1429

(Representatives Novak, Koppelman, Louser, J. Olson, S. Olson, Porter, M. Ruby, Thomas)
(Senators Elkin, Magrum, Rummel)

AN ACT to create and enact a new subdivision to subsection 7 of section 26.1-04-03 and a new section to chapter 54-06 of the North Dakota Century Code, relating to unfair discrimination in the business of insurance and the investment and management of public funds; to amend and reenact section 21-10-08.1 and subsection 10 of section 54-44.4-02 of the North Dakota Century Code, relating to the prohibition on social investments and restrictions on perpetual contracts; and to provide for a legislative management report.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 21-10-08.1 of the North Dakota Century Code is amended and reenacted as follows:

21-10-08.1. Social investment - Prohibition.

1. As used in this section, "social investment" means the consideration of socially responsible criteria and environmental, social, and governance impact criteria in the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state.
2. Except as otherwise provided in a state investment policy relating to the investment of the legacy fund and unless the state investment board, or any other state entity investing public funds, can demonstrate a social investment would provide an equivalent or superior rate of return compared to a similar investment that is not a social investment and has a similar time horizon and risk, the state investment board, or other state entity, may not invest state funds for the purpose of social investment.

SECTION 2. A new subdivision to subsection 7 of section 26.1-04-03 of the North Dakota Century Code is created and enacted as follows:

Refusing to insure or charging a different rate solely in consideration of the risk's environmental, social, and governance criteria; diversity, equity, and inclusion policies; or political and ideological factors, unless the refusal or different rate is the result of the application of sound underwriting and actuarial principles related to actual or reasonably anticipated loss experience.

SECTION 3. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Proxy voting.

1. Proxy votes made on behalf of state funds or the funds of political subdivisions which receive investment management services from the state must be made in accordance with the requirements provided in section 21-10-08.1.
2. A state entity may not adopt a practice of following the recommendations of a proxy advisory firm or other service provider unless the proxy advisory firm's or the service provider's voting guidelines comply with the requirements of section 21-10-08.1.

SECTION 4. AMENDMENT. Subsection 10 of section 54-44.4-02 of the North Dakota Century Code is amended and reenacted as follows:

10. Employee benefit services, trust-related services, and investment management services obtained by an agency with a fiduciary responsibility regarding those services. Nothing in this subsection may be construed to allow an agency to create or renew a contract perpetually and without limitation.

SECTION 5. BANK OF NORTH DAKOTA STUDY - ENVIRONMENTAL, SOCIAL, AND GOVERNANCE TRENDS - REPORT TO LEGISLATIVE MANAGEMENT.

1. During the 2023-24 interim, the Bank of North Dakota shall study environmental, social, and governance trends, laws, and policies that impact businesses and industries of this state. The study must include input from representatives from state government and industry with expertise in the areas of energy, agriculture, investment, insurance, economic development, finance, procurement, and contracting, and laws related to these areas.
2. The study must identify laws and regulations enacted by the federal government and other state governments related to environmental, social, and governance policies and trends which impact the state's energy and production agriculture industries. The study also must examine corporate environmental, social, and governance policies and trends impacting the state's energy and production agriculture industries, including finance, lending, insurance, and boycotts of energy or production agriculture commodities.
3. The study must identify a strategy to make the delivery of investment reports relating to state funds available and readily consumable to the public.
4. The study may identify industry-specific public policy strategies for immediate and long-term implementation to help the state continue to be a global leader in energy and agriculture. Strategies may include marketing and advocacy for state industries, exploration of emerging technology and practices, and examination of investment policy.
5. Before June 1, 2024, the Bank of North Dakota shall provide a report of its findings and recommendations to the legislative management, together with any legislation and appropriation requests required to implement the recommendations.

Dennis Johnson
Speaker of the House

Tammy Miller
President of the Senate

Bull J. Reut
Chief Clerk of the House

Manda Mogan
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1429.

House Vote: Yeas 89 Nays 1 Absent 4

Senate Vote: Yeas 44 Nays 3 Absent 0

Bull J. Reut
Chief Clerk of the House

Received by the Governor at 10:30AM on April 25, 2023.

Approved at 12:52 PM on April 26, 2023.

Dora Beyer
Governor

Filed in this office this 27 day of April, 2023,

at 12:03 o'clock P M.

Michael Howe
Secretary of State