

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

SENATE BILL NO. 2330
(Senators Klein, Hogan, Meyer)
(Representatives Bosch, Kreidt)

AN ACT to amend and reenact subsection 3 of section 6-09-49 and sections 21-10-11 and 21-10-12 of the North Dakota Century Code, relating to the infrastructure revolving loan fund, the legacy and budget stabilization fund advisory board, and legacy fund definitions; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 6-09-49 of the North Dakota Century Code is amended and reenacted as follows:

3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum outstanding loan amount per qualified applicant. A qualified applicant under this section may have a maximum combined total of ~~forty~~twenty million dollars in outstanding loans under this section and section 6-09-49.1. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.

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

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

1. The legacy and budget stabilization fund advisory board is created to develop recommendations for the investment of funds in the legacy fund and the budget stabilization fund to present to the state investment board.
2. The goal of investment for the legacy fund is principal preservation and growth while maximizing total return for an appropriate level of risk and to provide a direct benefit to the state by investing a portion of the principal in the state. Preference must be given to qualified investment firms and financial institutions with a presence in the state for investment of the legacy fund.
3. The board shall determine the asset allocation for the investment of the principal of the legacy fund including:
 - a. A target allocation of ~~ten percent~~seven hundred million dollars to fixed income investments within the state, ~~of which~~including:
 - (1) ~~Up to forty percent must be targeted~~one hundred fifty million dollars for infrastructure loans to political subdivisions under section 6-09-49.1. The net return to the legacy fund under this paragraph must be fixed at a target rate of one and one-half percent;
 - (2) ~~Up to sixty percent, with a~~A minimum of four hundred million dollars, ~~must be designated to~~ for the Bank of North Dakota's certificate of deposit match program with an interest rate fixed at the equivalent yield of United States treasury bonds having the same term, up to a maximum term of twenty years; and

- (3) ~~Any remaining amounts must be designated for other~~Other qualified fixed income investments within the state based on guidelines developed by the legacy and budget stabilization fund advisory board.
- b. A target allocation of ~~ten percent~~six hundred million dollars to equity investments in the state, ~~of which~~including:

 - (1) ~~At least three percent may be targeted for investment~~Investments in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state. Equity investments under this paragraph must:

 - (a) Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state; and
 - (b) Have a benchmark investment return equal to the five-year average net return for the legacy fund, excluding in-state investments; ~~and~~
 - (2) ~~The legacy and budget stabilization fund advisory board may develop guidelines for other~~Other eligible investments under this subdivision based on guidelines developed by the legacy and budget stabilization fund advisory board.
4. The board consists of three members of the senate appointed by the senate majority leader, three members of the house of representatives appointed by the house majority leader, the president of the Bank of North Dakota or designee, the tax commissioner or designee, the insurance commissioner or designee, and the state treasurer or designee. The board shall select a member from the senate or house of representatives to serve as chairman for no more than one consecutive year and must meet at the call of the chairman.
5. The board shall report at least semiannually to the budget section.
6. Legislative members are entitled to receive compensation and expense reimbursement as provided under section 54-03-20 and reimbursement for mileage as provided by law for state officers. The legislative council shall pay the compensation and expense reimbursement for the legislative members.
7. The legislative council shall provide staff services to the legacy and budget stabilization fund advisory board.
8. The staff and consultants of the state retirement and investment office shall advise the board in developing asset allocation and investment policies.
9. The board may develop a process to select a member of the board who is not a member of the state investment board to serve on the state investment board in a nonvoting capacity.

SECTION 3. AMENDMENT. Section 21-10-12 of the North Dakota Century Code is amended and reenacted as follows:

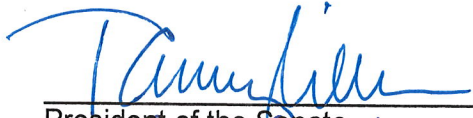
21-10-12. Legacy fund definitions.

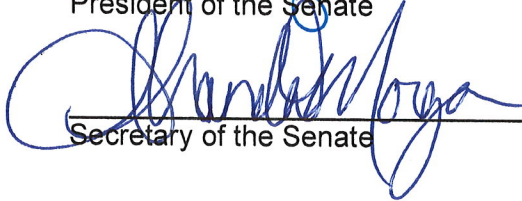
For the purposes of section 26 of article X of the Constitution of North Dakota:

1. "Earnings" means ~~net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses~~an amount equal to seven percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

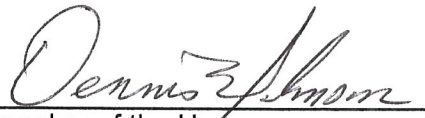
2. "Principal" means all moneys in the legacy fund not included in earnings as defined under subsection 1.

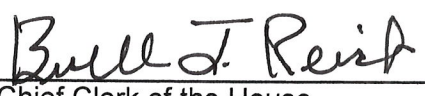
SECTION 4. EMERGENCY. This Act is declared to be an emergency measure.



President of the Senate


Secretary of the Senate



Speaker of the House


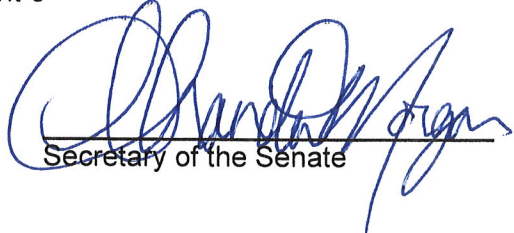
Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2330 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0



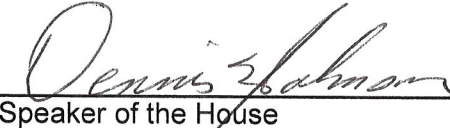
President of the Senate



Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 92 Nays 0 Absent 2



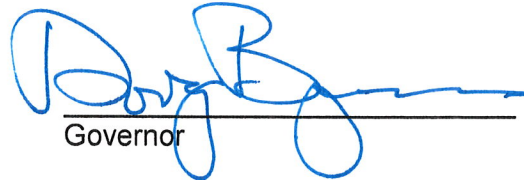
Speaker of the House



Chief Clerk of the House

Received by the Governor at 2:51 P.M. on April 27, 2023.

Approved at 4:35 P.M. on April 29, 2023.



Governor

Filed in this office this 1 day of May, 2023,

at 11:28 o'clock A M.



Secretary of State