

**HOUSE BILL NO. 1380**

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner  
Senators Patten, Sorvaag, Wardner

1 A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter  
2 6-09.4, a new section to chapter 15-20.1, a new section to chapter 21-10, a new section to  
3 chapter 50-06, two new sections to chapter 54-44, and a new section to chapter 54-59 of the  
4 North Dakota Century Code, relating to an economic diversification research fund, a legacy  
5 sinking and interest fund, a career and technical education support fund, a legacy earnings  
6 fund, a behavioral health support fund, a legacy infrastructure project fund, a state building  
7 maintenance and project fund, and an information technology cybersecurity fund; to amend and  
8 reenact subsection 1 of section 21-10-06 and section 21-10-12 of the North Dakota Century  
9 Code, relating to funds invested by the state investment board and legacy fund definitions; to  
10 provide for a transfer; and to provide a report.

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

12 **SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created  
13 and enacted as follows:

14 **Economic diversification research fund - Economic diversification research**  
15 **committee - Legislative management report.**

- 16 1. There is created in the state treasury the economic diversification research fund. The  
17 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys  
18 in the fund may be spent by the Bank of North Dakota pursuant to legislative  
19 appropriations to provide grants to institutions under the control of the state board of  
20 higher education for economic diversification research.
- 21 2. The economic diversification research committee consists of:
- 22 a. The president of the Bank of North Dakota, as chairman;
- 23 b. Four members with experience in research or venture capital appointed by the  
24 president of the Bank of North Dakota;

- 1           c. The state commissioner of higher education, or a designee; and  
2           d. The president of North Dakota state university and the president of the university  
3           of North Dakota.
- 4        3. In consultation with representatives of North Dakota state university and the university  
5        of North Dakota, the committee shall award grants to institutions under the control of  
6        the state board of higher education. Up to ninety percent of the funding must be  
7        awarded to North Dakota state university and the university of North Dakota with equal  
8        amounts awarded to each institution. The remaining funding must be awarded to the  
9        other institutions under the control of the state board of higher education, as  
10       determined by the committee. The committee may not award more than fifty percent of  
11       the available funding during the first year of the biennium. The Bank of North Dakota  
12       shall distribute the grant funding as awarded by the committee.
- 13       4. The committee shall develop guidelines for the economic diversification research  
14       grants. The purpose of the grants is to stimulate economic activity across the state  
15       through innovation of new technology, concepts, and products; to promote job creation  
16       and career and wage growth; to enhance health care outcomes; and to provide  
17       experiential learning opportunities for students. Research projects may be initiated by  
18       an institution under the control of the state board of higher education or by the private  
19       sector. The guidelines must include consideration for research projects with matching  
20       funds and provisions for grant oversight by an internal advisory committee and an  
21       external advisory committee.
- 22       5. The committee shall develop reporting requirements for the institutions under the  
23       control of the state board of higher education. The reporting requirements must  
24       include criteria for assessing performance outcomes related to the grants. The  
25       committee shall compile the reports and shall submit a comprehensive report annually  
26       to the legislative management. The comprehensive report must include information on  
27       how the research efforts by each institution align with the state's priorities, how the  
28       institutions collaborate when appropriate, and how the outcomes of the research meet  
29       established performance expectations.

30       **SECTION 2.** A new section to chapter 6-09.4 of the North Dakota Century Code is created  
31 and enacted as follows:

1        **Legacy sinking and interest fund - Debt service requirements - Public finance**  
2 **authority.**

3        There is created in the state treasury the legacy sinking and interest fund. The fund consists  
4 of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be  
5 spent by the public finance authority pursuant to legislative appropriations to meet the debt  
6 service requirements for evidences of indebtedness issued by the authority.

7        **SECTION 3.** A new section to chapter 15-20.1 of the North Dakota Century Code is created  
8 and enacted as follows:

9        **Career and technical education support fund - Department of career and technical**  
10 **education.**

11        There is created in the state treasury the career and technical education support fund. The  
12 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund  
13 may be spent by the department of career and technical education pursuant to legislative  
14 appropriations to support career and technical education centers and programs.

15        **SECTION 4. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century  
16 Code is amended and reenacted as follows:

- 17        1. Subject to the provisions of section 21-10-02, the board shall invest the following  
18 funds:
- 19        a. State bonding fund.
  - 20        b. Teachers' fund for retirement.
  - 21        c. State fire and tornado fund.
  - 22        d. Workforce safety and insurance fund.
  - 23        e. Public employees retirement system.
  - 24        f. Insurance regulatory trust fund.
  - 25        g. State risk management fund.
  - 26        h. Budget stabilization fund.
  - 27        i. Health care trust fund.
  - 28        j. Cultural endowment fund.
  - 29        k. Petroleum tank release compensation fund.
  - 30        l. Legacy fund.
  - 31        m. Legacy earnings fund.

1           n. A fund under contract with the board pursuant to subsection 3.

2           **SECTION 5. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is  
3 amended and reenacted as follows:

4           **21-10-12. Legacy fund –~~Earnings defined~~definitions.**

5           For the purposes of section 26 of article X of the Constitution of North Dakota, ~~the term-~~  
6 "earnings":

7           1. "Earnings" means net income in accordance with generally accepted accounting  
8 principles, excluding any unrealized gains or losses.

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

11          **SECTION 6.** A new section to chapter 21-10 of the North Dakota Century Code is created  
12 and enacted as follows:

13          **Legacy earnings fund - State treasurer - Transfers - Reserve balance.**

14          1. There is created in the state treasury the legacy earnings fund. The fund consists of all  
15 moneys transferred to the fund under subsection 2 and all interest and earnings upon  
16 moneys in the fund.

17          2. Any legacy fund earnings transferred to the general fund at the end of each biennium  
18 in accordance with section 26 of article X of the Constitution of North Dakota must be  
19 immediately transferred by the state treasurer to the legacy earnings fund.

20          3. Any amounts transferred under subsection 2 in excess of the amount available for  
21 appropriation under subsection 4 must be retained in the fund and designated as a  
22 reserve balance. The reserve balance may be used only to supplement legacy fund  
23 earnings in a biennium in which the amounts transferred under subsection 2 are less  
24 than the amount available for appropriation under subsection 4.

25          4. For each biennium subsequent to the biennium in which the legacy fund earnings are  
26 transferred under subsection 2, the amount available for appropriation from the legacy  
27 earnings fund is seven percent of the five-year average value of the legacy fund  
28 assets as reported by the state investment board. The average value of the legacy  
29 fund assets must be calculated using the value of the assets at the end of each fiscal  
30 year for the five-year period ending with the most recently completed even-numbered  
31 fiscal year.

- 1       5. On July first of each odd-numbered year, from the amount available for appropriation  
2       or transfer from the legacy earnings fund for the biennium, the state treasurer shall  
3       transfer funding as follows:
- 4       a. Twenty-six percent to the legacy sinking and interest fund under section 2 of this  
5       Act;
- 6       b. Fourteen percent to the highway tax distribution fund for allocations under section  
7       54-27-19;
- 8       c. Eight percent to the school construction assistance revolving loan fund under  
9       section 15.1-36-08, but not in an amount that would bring the balance of the  
10      school construction assistance revolving loan fund to more than five hundred  
11      million dollars;
- 12      d. Five percent to the infrastructure revolving loan fund under section 6-09-49, but  
13      not in an amount that would bring the balance of the infrastructure revolving loan  
14      fund to more than five hundred million dollars;
- 15      e. Five percent to the innovation loan fund to support technology advancement  
16      under section 6-09.18-05;
- 17      f. Five percent to the public employees retirement system fund under section  
18      54-52-13, only if the fund's actuarial-funded ratio as reported for the most  
19      recently completed even-numbered fiscal year is less than ninety percent;
- 20      g. Five percent to the behavioral health support fund under section 7 of this Act;
- 21      h. Four percent to the career and technical education support fund under section 3  
22      of this Act;
- 23      i. Four percent to the state building maintenance and project fund under section 9  
24      of this Act;
- 25      j. Four percent to the clean sustainable energy fund;
- 26      k. Four percent to the economic diversification research fund under section 1 of this  
27      Act;
- 28      l. Three percent to the information technology cybersecurity fund under section 10  
29      of this Act;
- 30      m. Three percent to the housing incentive fund under section 54-17-40; and
- 31      n. Any remaining amounts to the legacy infrastructure project fund.

1       **SECTION 7.** A new section to chapter 50-06 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **Behavioral health support fund - Department of human services.**

4       There is created in the state treasury the behavioral health support fund. The fund consists  
5 of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be  
6 spent by the department of human services pursuant to legislative appropriations for behavioral  
7 health purposes, including programs to prevent behavioral health issues and to improve access  
8 to behavior health services, infrastructure to support behavioral health services and programs,  
9 and programs to support behavioral health recovery in the community. The funding must be  
10 available to programs, services, and infrastructure that benefit individuals of all ages.

11       **SECTION 8.** A new section to chapter 54-44 of the North Dakota Century Code is created  
12 and enacted as follows:

13       **Legacy infrastructure project fund.**

14       There is created in the state treasury the legacy infrastructure project fund. The fund  
15 consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may  
16 be spent pursuant to legislative appropriations to support one-time infrastructure projects with a  
17 statewide benefit.

18       **SECTION 9.** A new section to chapter 54-44 of the North Dakota Century Code is created  
19 and enacted as follows:

20       **State building maintenance and project fund.**

21       There is created in the state treasury the state building maintenance and project fund. The  
22 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund  
23 may be spent pursuant to legislative appropriations for deferred maintenance and construction  
24 projects associated with state lands and buildings.

25       **SECTION 10.** A new section to chapter 54-59 of the North Dakota Century Code is created  
26 and enacted as follows:

27       **Information technology cybersecurity fund.**

28       There is created in the state treasury the information technology cybersecurity fund. The  
29 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund  
30 may be spent pursuant to legislative appropriations to support information technology  
31 cybersecurity initiatives.