

HOUSE BILL NO. 1143

Introduced by

Representatives Kempenich, Kreidt

Senators Klein, Dotzenrod

1 A BILL for an Act to amend and reenact section 21-10-02.1, subsection 1 of section 21-10-06,
2 and sections 21-10-11 and 54-27.2-01 of the North Dakota Century Code, relating to investment
3 of the legacy and budget stabilization funds.

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

5 **SECTION 1. AMENDMENT.** Section 21-10-02.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **21-10-02.1. Board - Policies on investment goals and objectives and asset allocation.**

- 8 1. The governing body of each fund enumerated in section 21-10-06 and the legacy and
9 budget stabilization fund board shall establish policies on investment goals and
10 objectives and asset allocation for each respective fund. The policies must provide for:
11 a. The definition and assignment of duties and responsibilities to advisory services
12 and persons employed by the board.
13 b. Acceptable rates of return, liquidity, and levels of risk.
14 c. Long-range asset allocation goals.
15 d. Guidelines for the selection and redemption of investments.
16 e. Investment diversification, investment quality, qualification of advisory services,
17 and amounts to be invested by advisory services.
18 f. The type of reports and procedures to be used in evaluating performance.
19 2. The asset allocation for each fund enumerated in section 21-10-06, to be effective,
20 must be approved by the governing body of that fund and the state investment board
21 by January first of each year. If the asset allocation is not approved, the previous asset
22 allocation remains effective. The governing body of each fund shall use the staff and
23 consultants of the retirement and investment office in developing asset allocation and
24 investment policies.

1 **SECTION 2. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota
2 Century Code is amended and reenacted as follows:

- 3 1. ~~Subject to the provisions of section 21-10-01, the~~The board is charged with the
4 investment of the following funds:
5 a. State bonding fund.
6 b. Teachers' fund for retirement.
7 c. State fire and tornado fund.
8 d. Workforce safety and insurance fund.
9 e. National guard tuition trust fund.
10 f. Public employees retirement system.
11 g. Insurance regulatory trust fund.
12 h. State risk management fund.
13 i. ~~Budget stabilization fund.~~
14 j. Health care trust fund.
15 k-j. Cultural endowment fund.
16 l-k. Petroleum tank release compensation fund.
17 m. ~~Legacy fund.~~

18 **SECTION 3. AMENDMENT.** Section 21-10-11 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **21-10-11. Legacy and budget stabilization fund advisory board.**

21 The legacy and budget stabilization fund ~~advisory~~ board is created to ~~develop~~
22 ~~recommendations for~~direct the investment of funds in the legacy fund and the budget
23 stabilization fund ~~to present to the state investment board.~~ The board shall approve general
24 types of securities for investment by the state investment board and the investment director
25 consistent with the goal of investment for the legacy fund isachieving principal preservation
26 while maximizing total return for the funds. The board consists of two members of the senate
27 appointed by the senate majority leader, two members of the house of representatives
28 appointed by the house majority leader, the director of the office of management and budget or
29 designee, the president of the Bank of North Dakota or designee, and the tax commissioner or
30 designee. The board shall select a chairman and must meet at the call of the chairman. The
31 board shall report at least semiannually to the budget section. Legislative members are entitled

1 to receive compensation and expense reimbursement as provided under section 54-03-20 and
2 reimbursement for mileage as provided by law for state officers. The legislative council shall pay
3 the compensation and expense reimbursement for the legislative members. The legislative
4 council shall provide staff services to the legacy and budget stabilization fund advisory board.
5 The staff and consultants of the state retirement and investment office shall advise the board in
6 developing asset allocation and investment policies.

7 **SECTION 4. AMENDMENT.** Section 54-27.2-01 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-27.2-01. Budget stabilization fund.**

10 The budget stabilization fund is a special fund in the state treasury. The state-
11 ~~investment~~legacy and budget stabilization fund board shall supervise investment of the budget
12 stabilization fund in accordance with ~~chapter 21-10~~section 21-10-11. Any interest or other
13 budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law
14 for deposit in the fund and any interest or earnings of the fund which would bring the balance in
15 the fund to an amount greater than nine and one-half percent of the current biennial state
16 general fund budget, as finally approved by the most recently adjourned special or regular
17 session of the legislative assembly, may not be deposited or retained in the fund but must be
18 deposited instead in the state general fund.