

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2022

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and  
2 investment office; to create and enact a new subsection to section 54-44.3-20 and a new  
3 section to chapter 54-52.5 of the North Dakota Century Code, relating to exemptions from the  
4 state employee classification system and an incentive compensation program; to amend and  
5 reenact section 54-52.5-03 of the North Dakota Century Code, relating to operating costs of the  
6 retirement and investment office; and to provide an exemption.

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

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
9 as may be necessary, are appropriated out of any moneys from special funds derived from  
10 income, to the retirement and investment office for the purpose of defraying the expenses of the  
11 retirement and investment office, for the biennium beginning July 1, 2023, and ending June 30,  
12 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
13				
14				
15	Salaries and wages	\$6,785,839	\$3,764,387	\$10,550,226
16	Operating expenses	1,323,528	1,546,409	2,869,937
17	Contingencies	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
18	Total special funds	\$8,209,367	\$5,410,796	\$13,620,163
19	Full-time equivalent positions	25.00	9.00	34.00

20 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**  
21 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
22 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the  
23 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
1			
2	Pension administration software implementation	\$0	\$574,900
3	Temporary salaries	<u>0</u>	<u>50,000</u>
4	Total special funds	\$0	\$624,900

5 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget  
6 for the 2025-27 biennium. The retirement and investment office shall report to the  
7 appropriations committees of the sixty-ninth legislative assembly on the use of this one-time  
8 funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

9 **SECTION 3.** A new subsection to section 54-44.3-20 of the North Dakota Century Code is  
10 created and enacted as follows:

11 Investment positions of the state retirement and investment office.

12 **SECTION 4. AMENDMENT.** Section 54-52.5-03 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **54-52.5-03. State retirement and investment fund - Cost of operation of agency.**

15 A special fund known as the "state retirement and investment fund" is established for the  
16 purpose of defraying administrative expenses of the state retirement and investment office. The  
17 actual amount of administrative expenses incurred by the state retirement and investment office  
18 must be paid from the respective funds listed under section 21-10-06 and are hereby  
19 appropriated to the state retirement and investment fund in proportion to the services rendered  
20 for each fund as estimated by the state investment board. The amount necessary to pay all  
21 administrative expenses of the state retirement and investment office must be paid from the  
22 state retirement and investment fund in accordance with the agency's appropriation authority  
23 and earnings lawfully available for such purposes. Any interest income earned on the state  
24 retirement and investment fund must be credited to the fund.

25 **SECTION 5.** A new section to chapter 54-52.5 of the North Dakota Century Code is created  
26 and enacted as follows:

27 **Incentive compensation program.**

28 The state retirement and investment office may develop an incentive compensation  
29 program for full-time equivalent investment positions related to the internal management of the  
30 investment of funds under the control of the state investment board. The program must promote  
31 profitability, productivity, and responsible fund management. The provisions of the program

1 must be approved annually by the state investment board. The provisions must ensure that the  
2 payouts do not occur unless the risk-based performance of the investments that are internally  
3 managed exceed the risk-based performance of policy benchmarks.

4 **SECTION 6. EXEMPTION - PENSION ADMINISTRATION SYSTEM PROJECT.** The sum  
5 of \$9,000,000 appropriated in section 1 of chapter 47 of the 2019 Session Laws and continued  
6 into the 2021-23 biennium pursuant to section 3 of chapter 22 of the 2021 Session Laws for the  
7 pension administration system is not subject to the provisions of section 54-44.1-11 and any  
8 unexpended funds are available for completing the project during the biennium beginning  
9 July 1, 2023, and ending June 30, 2025.