

April 9, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1380

In lieu of the amendments adopted by the Senate as printed on pages 1033 through 1037 of the Senate Journal, Engrossed House Bill No. 1380 is amended as follows:

Page 1, line 1, after "enact" insert "a new section to chapter 6-09,"

Page 1, line 1, after "6-09.4" insert ", a new section to chapter 15-20.1"

Page 1, line 1, replace the second "a" with "four"

Page 1, line 1, replace the second "section" with "sections"

Page 1, line 2, replace "57-38" with "54-60"

Page 1, line 2, after the second "to" insert "an economic diversification research fund,"

Page 1, line 3, after the first "fund" insert ", a workforce development and enrichment fund"

Page 1, line 3, after the second "fund" insert ", a legacy infrastructure fund, a legacy project fund, a legacy project advisory board"

Page 1, line 3, replace "income tax relief" with "innovative research and economic development"

Page 1, line 4, after "reenact" insert "subsection 1 of section 21-10-06 and"

Page 1, line 4, after "to" insert "funds invested by the state investment board and"

Page 1, line 5, remove "and"

Page 1, line 5, after "intent" insert "; and to provide an effective date"

Page 1, after line 6, insert:

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

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

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

- c. The state commissioner of higher education, or a designee; and
  - d. The president of North Dakota state university and the president of the university of North Dakota.
3. In consultation with representatives of North Dakota state university and the university of North Dakota, the committee shall award grants to institutions under the control of the state board of higher education. Up to ninety percent of the funding must be awarded to North Dakota state university and the university of North Dakota with equal amounts awarded to each institution. The remaining funding must be awarded to the other institutions under the control of the state board of higher education, as determined by the committee. The committee may not award more than fifty percent of the available funding during the first year of the biennium. The Bank of North Dakota shall distribute the grant funding as awarded by the committee.
  4. The committee shall develop guidelines for the economic diversification research grants. The purpose of the grants is to stimulate economic activity across the state through innovation of new technology, concepts, and products; to promote job creation and career and wage growth; to enhance health care outcomes; to address loss of revenue and jobs in communities with economies that depend primarily on the fossil fuel industry; and to provide experiential learning opportunities for students. Research projects may be initiated by an institution under the control of the state board of higher education or by the private sector. The guidelines must include consideration for research projects with matching funds and provisions for grant oversight by an internal advisory committee and an external advisory committee.
  5. The committee shall develop reporting requirements for the institutions under the control of the state board of higher education. The reporting requirements must include criteria for assessing performance outcomes related to the grants. The committee shall compile the reports and shall submit a comprehensive report annually to the legislative management. The comprehensive report must include information on how the research efforts by each institution align with the state's priorities, how the institutions collaborate when appropriate, and how the outcomes of the research meet established performance expectations."

Page 1, line 12, replace "3" with "6"

Page 1, line 14, after "authority" insert "for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs and the clean sustainable energy fund"

Page 1, line 15 replace "necessary" with "appropriated from the fund"

Page 1, line 15, remove the underscored comma

Page 1, after line 16, insert:

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

### **Workforce development and enrichment fund.**

1. There is created in the state treasury the workforce development and enrichment fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent pursuant to legislative appropriations to provide grants to support:
  - a. Strategic workforce development;
  - b. Technical education;
  - c. Workforce diversification initiatives; and
  - d. Workforce guidance and support.
2. Grant funding may be awarded only for one-time projects and initiatives.
3. Grants awarded for capital projects must have a matching requirement.
4. Thirty percent of the moneys in the fund must be designated to support workforce initiatives in cities located in oil-producing counties that receive five million dollars or more of allocations per fiscal year under subsection 2 of section 57-51-15 with priority given to cities that have:
  - a. The highest percent of mining, quarrying, and oil and gas extraction employment relative to the total employment of all industries in the city;
  - b. The highest number of employees in the mining, quarrying, and oil and gas extraction sector relative to the other cities located in oil-producing counties that receive five million dollars or more of allocations per fiscal year under subsection 2 of section 57-51-15; and
  - c. The highest total taxable sales and purchases relative to the total taxable sales and purchases of all the cities located in oil-producing counties that receive five million dollars or more of allocations per fiscal year under subsection 2 of section 57-51-15.

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

1. Subject to the provisions of section 21-10-02, the board shall invest the following funds:
  - a. State bonding fund.
  - b. Teachers' fund for retirement.
  - c. State fire and tornado fund.
  - d. Workforce safety and insurance fund.
  - e. Public employees retirement system.
  - f. Insurance regulatory trust fund.
  - g. State risk management fund.
  - h. Budget stabilization fund.

- i. Health care trust fund.
- j. Cultural endowment fund.
- k. Petroleum tank release compensation fund.
- l. Legacy fund.
- m. Legacy earnings fund.
- n. A fund under contract with the board pursuant to subsection 3."

Page 2, line 12, remove "If the amounts transferred under subsection 2 exceed the amount available for"

Page 2, remove lines 13 through 18

Page 2, line 19, remove "4."

Page 2, line 21, replace "six" with "eight"

Page 2, line 25, replace "5." with "4."

Page 2, remove lines 28 through 30

Page 3, replace lines 1 through 11 with:

- "a. Twenty percent, with a minimum of one hundred million dollars, to a sinking and interest fund, of which:
  - (1) An amount equal to any bond payments appropriated by the most recently adjourned special or regular session of the legislative assembly from the legacy sinking and interest fund, with a minimum of one hundred million dollars, must be transferred to the legacy sinking and interest fund under section 2 of this Act; and
  - (2) Any remaining amounts under this subdivision are available for other purposes designated by the legislative assembly;
- b. Twenty-five percent to infrastructure funds, of which:
  - (1) Forty-five percent must be transferred to the highway tax distribution fund for allocations under section 54-27-19;
  - (2) Five percent to the state park fund under section 55-08-07 for state park construction and improvement projects and other state park initiatives designated by the legislative assembly; and
  - (3) The remaining amount to the legacy infrastructure fund under section 7 of this Act;
- c. Twenty-five percent to research and economic development funds, of which:
  - (1) Thirty percent must be transferred to the clean sustainable energy fund;
  - (2) Thirty percent must be transferred to the economic diversification research fund under section 1 of this Act;

- (3) Thirty percent must be transferred to the innovation loan fund to support technology advancement under section 6-09.18-05; and
- (4) The remaining amount must be transferred to the innovative research and economic diversification fund;
- d. Ten percent to the legacy project fund under section 8 of this Act;
- e. Eight percent to the workforce development and enrichment fund under section 3 of this Act; and
- f. The remaining amount for other purposes designated by the legislative assembly.

**SECTION 7.** A new section to chapter 21-10 of the North Dakota Century Code is created and enacted as follows:

**Legacy infrastructure fund.**

- 1. There is created in the state treasury the legacy infrastructure fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent pursuant to legislative appropriations to support one-time infrastructure projects, including road and bridge projects, airport projects, and water projects.
- 2. If a political subdivision receives funding from the legacy project fund, the political subdivision shall provide a report to the state treasurer by May thirtieth of each even-numbered year on the use of the funding. The state treasurer shall determine the format of the report. The state treasurer shall make the reports available to the public on the state treasurer's website.

**SECTION 8.** A new section to chapter 21-10 of the North Dakota Century Code is created and enacted as follows:

**Legacy project fund.**

- 1. There is created in the state treasury the legacy project fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent pursuant to legislative appropriations for projects and infrastructure. Funding designated for projects must be used to support statewide economic diversification and growth. Funding designated for infrastructure must be used to support one-time infrastructure with a statewide benefit.
- 2. If a political subdivision receives funding from the legacy project fund, the political subdivision shall provide a report to the state treasurer by May thirtieth of each even-numbered year on the use of the funding. The state treasurer shall determine the format of the report. The state treasurer shall make the reports available to the public on the state treasurer's website.
- 3. Up to one hundred thousand dollars per biennium may be appropriated to the office of management and budget for administrative expenses related to the legacy project advisory board.

**SECTION 9.** A new section to chapter 21-10 of the North Dakota Century Code is created and enacted as follows:

**Legacy project advisory board - Report to legislative assembly.**

1. The legacy project advisory board consists of:
  - a. The governor or the the governor's designee, to serve as chairman;
  - b. The majority and minority leaders of the house of representatives and senate, or their legislative designees;
  - c. The chairmen of the appropriations committees of the house of representatives and the senate, or their legislative designees;
  - d. The chairmen of the finance and taxation standing committees of the house of representatives and the senate, or their legislative designees;
  - e. One member appointed by the North Dakota petroleum council;
  - f. One member appointed by the greater North Dakota chamber of commerce;
  - g. One member appointed by the agriculture commissioner; and
  - h. Three members appointed by the governor.
2. The advisory board shall meet at least once per biennium. The office of management and budget shall provide administrative services to the advisory board.
3. The advisory board shall submit a report to the legislative assembly regarding recommendations for projects and infrastructure under the legacy project fund.
4. The advisory board may not include a recommendation in the report to the legislative assembly unless the recommendation fulfills the purposes of the legacy project fund under section 8 of this Act and is approved by a majority of the members of the advisory board.

**SECTION 10.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

**Innovative research and economic diversification fund.**

There is created in the state treasury the innovative research and economic diversification fund. The fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be spent pursuant to legislative appropriations with seventy percent designated for the lignite research council, the oil and gas research council, and other research councils and thirty percent designated for tourism initiatives."

Page 3, line 14, remove "the highway tax distribution fund,"

Page 3, line 15, remove "the innovation loan fund to support technology advancement,"

Page 3, line 17, after the comma insert "and"

Page 3, line 18, remove ", and to reduce ongoing general fund appropriations of state"

Page 3, line 19, remove "agencies"

Page 3, after line 19, insert:

**"SECTION 12. EFFECTIVE DATE.** This section becomes effective on August 1, 2021."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

Compared to the previous amendment adopted by the Senate, this amendment:

- Clarifies the bond payments designated for repayment from a newly created legacy sinking and interest fund;
- Designates 30 percent from a newly created workforce development and enrichment fund to cities with economies that depend primarily on the oil and gas industry;
- Authorizes the State Investment Board to invest money in the newly created legacy earnings fund;
- Decreases the allocation to a legacy sinking and interest fund by 10 percent, from 30 to 20 percent;
- Removes an allocation to the Public Employee Retirement System main system plan;
- Designates, from an allocation for research and economic development, 30 percent to a clean sustainable energy fund, 30 percent to an economic diversification research fund, and 30 percent to the innovation loan fund to support technology advancement;
- Increases the allocation to a workforce development and enrichment fund by 3 percent, from 5 to 8 percent; and
- Designates, from an innovative research and economic diversification fund, 70 percent for research councils and 30 percent for tourism initiatives.