

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1380

That the Senate recede from its amendments as printed on pages 1689-1695 of the House Journal and pages 1404-1410 of the Senate Journal and that Engrossed House Bill No. 1380 be amended as follows:

Page 1, line 1, replace the comma with "and"

Page 1, line 2, remove ", and a new section to chapter 57-38"

Page 1, line 3, replace the first comma with "and"

Page 1, line 3, remove ", and an income tax relief fund"

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, after "definitions" insert "; to repeal House Bill No. 1038, as approved by the sixty-seventh legislative assembly, relating to a legislative management legacy fund earnings committee"

Page 1, line 5, after "transfer" insert "; to create a legislative management legacy fund earnings committee"

Page 1, line 5, remove "and"

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

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

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

Page 1, line 15, remove the underscored comma

Page 1, line 16 replace "may be appropriated by the legislative assembly for other purposes" with "must be transferred by the state treasurer to the public employees retirement system main system plan under chapter 54-52, but only if the public employees retirement system main system plan's actuarial funded ratio as reported for the most recently completed even-numbered fiscal year is less than ninety percent. If the public employees retirement system main system plan's actuarial funded ratio is ninety percent or more and then subsequently decreases below ninety percent, the state treasurer may not resume the transfers under this subdivision unless the main system plan's actuarial funded ratio is less than seventy percent"

Page 1, after line 16, insert:

"SECTION 2. 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 "seven"

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

Page 2, line 28, after "hundred" insert "fifty"

Page 2, line 29, replace the underscored semicolon with an underscored period

Page 2, line 30, remove "The next forty million dollars to the clean sustainable energy fund:"

Page 3, remove lines 1 through 3

Page 3, line 4, replace "d." with "The next sixty million dollars to the highway tax distribution fund for allocations under section 54-27-19."

c."

Page 3, line 5, after "assembly" insert ", including:"

- (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly;
- (2) Up to thirty million dollars to the clean sustainable energy fund pursuant to appropriations or transfers authorized by the legislative assembly; and
- (3) Up to thirty million dollars for university research programs, the innovation loan fund to support technology advancement, and

workforce enrichment initiatives pursuant to appropriations or transfers authorized by the legislative assembly.

5. If the amounts transferred under subsection 2 exceed the amount available for appropriation under subsection 3, an amount equal to any appropriations from the legacy sinking and interest fund for bond payments under section 2 of this Act must be retained in the legacy earnings fund through June 30, 2025, after which an amount equal to twice any appropriations from the legacy sinking and interest fund under section 2 of this Act for bond payments, but not more than one hundred fifty million dollars, must be retained in the legacy earnings fund. After deducting any amounts to be retained in the legacy earnings fund, the state treasurer shall transfer, within thirty days, any remaining amounts under this subsection in the following order:
 - a. The first one hundred million dollars to the legacy fund to become part of the principal.
 - b. Any remaining amount to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08"

Page 3 replace lines 6 through 11 with:

"SECTION 5. REPEAL. House Bill No. 1038, as approved by the sixty-seventh legislative assembly, is repealed.

SECTION 6. LEGACY FUND EARNINGS - LEGISLATIVE MANAGEMENT COMMITTEE.

1. During the 2021-22 interim, the legacy fund earnings committee is created and is composed of the following members:
 - a. The majority and minority leaders of the house of representatives and the senate, or their legislative designees;
 - b. The chairmen of the finance and taxation standing committees of the house of representatives and the 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 industry, business and labor standing committees of the house of representatives and the senate, or their legislative designees;
 - e. One member of the legacy and budget stabilization fund advisory board from the house of representatives and one member of the legacy and budget stabilization fund advisory board from the senate, appointed by the respective majority leaders; and
 - f. The chairman of the legislative management, or the chairman's legislative designee.
2. The legislative management shall designate the chairman of the committee.

3. The committee shall study potential uses of legacy fund earnings, including the use of earnings to provide tax relief, research and technological advancements, innovation, economic growth and diversification, and workforce development. The committee may consider input from representatives of economic development entities, agricultural organizations, research entities, the innovation loan fund to support technology advancement committee, workforce development entities, higher education institutions, and the parks and recreation department. As part of the study, the committee shall:
 - a. Consider the establishment of a statutory committee to award grants for university research programs and workforce enrichment initiatives;
 - b. Define the use of university research, innovation, and workforce enrichment funding that may include efforts 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; and to provide experiential learning opportunities for students; and
 - c. Develop reporting requirements for entities receiving funds from the clean sustainable energy fund and from grants awarded for university research, innovation, and workforce enrichment initiatives.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement those recommendations, to the sixty-eighth legislative assembly."

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

Page 3, after line 19, insert:

"SECTION 8. EFFECTIVE DATE. This Act becomes effective on August 1, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Version	Senate Version	Proposed Amendment
Legacy fund definitions <ul style="list-style-type: none"> • Clarifies the definitions for the legacy fund 	Legacy fund definitions <ul style="list-style-type: none"> • Same as the House version 	Legacy fund definitions <ul style="list-style-type: none"> • Same as the House and Senate versions
Legacy fund earnings transfer <ul style="list-style-type: none"> • Transfers legacy fund earnings at the end of each biennium to a legacy earnings fund 	Legacy fund earnings transfer <ul style="list-style-type: none"> • Same as the House version 	Legacy fund earnings transfer <ul style="list-style-type: none"> • Same as the House and Senate versions
Percent of market value method <ul style="list-style-type: none"> • Determines the amount available for spending from the legacy earnings fund based on a percent of market value calculation method 	Percent of market value method <ul style="list-style-type: none"> • Same as the House version 	Percent of market value method <ul style="list-style-type: none"> • Same as the House and Senate versions
<ul style="list-style-type: none"> • Uses 6 percent of the 5-year average value of legacy fund assets for the percent of market 	<ul style="list-style-type: none"> • Uses 8 percent of the 5-year average value of legacy fund assets for the percent of market 	<ul style="list-style-type: none"> • Uses 7 percent of the 5-year average value of legacy fund assets for the percent of market

<p>value</p> <p>Allocations from the legacy earnings fund</p> <ul style="list-style-type: none"> Allocates the amount available for spending as follows: <ul style="list-style-type: none"> \$100 million to a legacy sinking and interest fund designated for bond repayments and other legislative purposes; \$40 million to a clean sustainable energy fund; \$40 million to the infrastructure revolving loan fund; and Any remaining amounts for other purposes designated by the Legislative Assembly. <p>Excess earnings</p> <ul style="list-style-type: none"> Allocates any amounts exceeding the amount available for spending as follows: <ul style="list-style-type: none"> 40 percent to the strategic investment and improvements fund; 40 percent to the legacy fund to become part of the principal; and 20 percent to an income tax relief fund. <p>Legislative intent</p> <ul style="list-style-type: none"> Provides intent for the Legislative Assembly to consider 	<p>value</p> <p>Allocations from the legacy earnings fund</p> <ul style="list-style-type: none"> Allocates the amount available for spending as follows: <ul style="list-style-type: none"> 20 percent with a minimum of \$100 million to a legacy sinking and interest fund designated for bond repayments and other legislative purposes; 25 percent to infrastructure funds, of which 45 percent must be designated for the highway tax distribution fund, 5 percent must be designated for the state park fund, and any remaining amounts must be designated for a legacy infrastructure fund; 25 percent to research and economic development funds, of which 30 percent must be designated for a clean sustainable energy fund, 30 percent must be designated for an economic diversification research fund, 30 percent must be designated for the innovation loan fund to support technology advancement, and any remaining amounts must be designated for an innovative research and economic diversification fund; 10 percent to a legacy project fund; 8 percent to a workforce development and enrichment fund; and Any remaining amounts for other purposes designated by the Legislative Assembly. <p>Excess earnings</p> <ul style="list-style-type: none"> Any amounts exceeding the amount available for spending would remain in the legacy earnings fund and would be invested by the State Investment Board <p>Legislative intent</p> <ul style="list-style-type: none"> Provides intent for the Legislative Assembly to consider 	<p>value</p> <p>Allocations from the legacy earnings fund</p> <ul style="list-style-type: none"> Allocates the amount available for spending as follows: <ul style="list-style-type: none"> \$150 million to a legacy sinking and interest fund for bond payments with any excess amounts transferred to the Public Employees Retirement System main system plan; \$60 million to the highway tax distribution fund; and Any remaining amounts for other purposes designated by the Legislative Assembly, including up to \$50 million for tax relief; up to \$30 million to the clean sustainable energy fund; and up to \$30 million for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives. <p>Excess earnings</p> <ul style="list-style-type: none"> From any amounts exceeding the amount available for spending, a portion would be retained in the legacy earnings fund and would be invested by the State Investment Board with any remaining amounts transferred as follows: <ul style="list-style-type: none"> \$100 million to the legacy fund to become part of the principal; and Any remaining amounts to the strategic investment and improvements fund. <p>Legislative intent</p> <ul style="list-style-type: none"> Provides intent for the Legislative Assembly to consider
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additional allocations from the legacy earnings fund for the highway tax distribution fund, value-added agriculture programs, the innovation loan fund to support technology advancement, state building maintenance and improvements, and other one-time initiatives and projects

Other sections

- Creates a legacy sinking and interest fund
- Creates an income tax relief fund

additional allocations from the legacy earnings fund for value-added agriculture programs, state building maintenance and improvements, and other one-time initiatives and projects

Other sections

- Same as the House version
- The Senate version did not include an income tax relief fund
- Creates an economic diversification research fund to grant up to 90 percent of the money in the fund to the research universities and the remaining amounts to other institutions under the control of the State Board of Higher Education
- Creates a workforce development and enrichment fund for grants to support technical education and workforce diversification with 30 percent of the money in the fund designated for cities located in oil-and-gas-producing counties
- Creates a legacy infrastructure fund to support one-time infrastructure projects, including road and bridge projects, airport projects, and water projects, and requires political subdivisions to provide a report on the use of any funding received from the legacy infrastructure fund
- Creates a legacy project fund to support projects for statewide economic diversification and growth and to support infrastructure with a statewide benefit and requires political subdivisions to provide a report on the use of any funding received from the legacy infrastructure fund
- Establishes a legacy project advisory board to recommend projects and infrastructure initiatives under the legacy project fund

additional allocations from the legacy earnings fund for value-added agriculture programs, the innovation loan fund to support technology advancement, state building maintenance and improvements, and other one-time initiatives and projects

Other sections

- Same as the House and Senate versions

	<ul style="list-style-type: none">• Creates an innovative research and economic diversification fund and designates 70 percent of the money in the fund to support the Lignite Research Council, the Oil and Gas Research Council, and other research councils, and 30 percent for tourism initiatives• Provides an effective date for the bill	<ul style="list-style-type: none">• Provides an effective date for the bill• Repeals House Bill No 1038 relating to a Legislative Management legacy earnings fund committee• Creates a committee to study selected potential uses of legacy fund earnings
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