

HOUSE BILL NO. 1275

Introduced by

Representatives Boschee, P. Anderson, Buffalo, Dobervich, Ista, Mitskog

Senators Heckaman, Hogan, Mathern, Oban

1 A BILL for an Act to create and enact a new section to chapter 6-09.4, a new section to chapter
2 15-10, a new section to chapter 15-20.1, a new section to chapter 15.1-02, a new section to
3 chapter 21-10, a new section to chapter 54-27, and a new section to chapter 54-34.3 of the
4 North Dakota Century Code, relating to an infrastructure bonding repayment fund, a research
5 and innovation fund, a workforce development and lifelong education fund, a student meal and
6 support services fund, a legacy earnings fund, a human services and public health stabilization
7 fund, and a regional economic development infrastructure fund; to amend and reenact
8 subsection 1 of section 21-10-06, section 21-10-12, and sections 54-54-08.1 and 54-54-08.2 of
9 the North Dakota Century Code, relating to funds invested by the state investment board,
10 legacy fund definitions, and an arts and culture endowment fund; to provide a continuing
11 appropriation; and to provide a transfer.

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

13 **SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
14 and enacted as follows:

15 **Infrastructure bonding repayment fund - Debt service requirements - Public finance**
16 **authority.**

17 There is created in the state treasury the infrastructure bonding repayment fund. The fund
18 consists of all moneys deposited in the fund under section 7 of this Act. Moneys in the fund may
19 be spent by the public finance authority pursuant to legislative appropriations to meet the debt
20 service requirements for evidences of indebtedness issued by the authority to support
21 infrastructure bonding. Each biennium, the authority shall request from the legislative assembly
22 an appropriation from the infrastructure bonding repayment fund or other sources to meet the
23 debt service requirements.

1 **SECTION 2.** A new section to chapter 15-10 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Research and innovation fund.**

4 There is created in the state treasury the research and innovation fund. The fund consists of
5 all moneys deposited in the fund under section 7 of this Act. Moneys in the fund may be spent
6 by the state board of higher education pursuant to legislative appropriations to provide research
7 grant funding to institutions under the control of the board and tribally controlled community
8 colleges. The board shall develop guidelines for the grants, including eligibility criteria and
9 reporting requirements. The grant funding must be used for research projects to improve quality
10 of life for North Dakota residents, for research projects to diversify the state's economy, and for
11 collaborative curriculum development to support the growth of established and new industries.
12 The grant funding must be available to all institutions under the control of the board and tribally
13 controlled community colleges.

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

16 **Workforce development and lifelong education fund.**

17 There is created in the state treasury the workforce development and lifelong education
18 fund. The fund consists of all moneys deposited in the fund under section 7 of this Act. Moneys
19 in the fund may be spent pursuant to legislative appropriations to provide grants to support the
20 following:

- 21 1. Statewide infrastructure for North Dakota's workforce, including child care programs,
22 early childhood education, and after school programs;
- 23 2. The development and operation of a paid family leave program;
- 24 3. Skills development and job retraining programs;
- 25 4. The development or enhancement of certificate, associate degree, and bachelor's
26 degree programs delivered through elementary, secondary, and postsecondary
27 education for occupations in high demand, for adult education programs, and for
28 instructional programs related to English language learners; and
- 29 5. The development of collaborative systems shared by state agencies to increase
30 retention and the completion of high school diplomas, certificate programs, associate

1 degrees, and bachelor's degrees in alignment with strategic plans developed by the
2 superintendent of public instruction and the state board of higher education.

3 **SECTION 4.** A new section to chapter 15.1-02 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Student meal and support services fund.**

6 There is created in the state treasury the student meal and support services fund. The fund
7 consists of all moneys deposited in the fund under section 7 of this Act. Moneys in the fund may
8 be spent by the superintendent of public instruction pursuant to legislative appropriations to
9 provide grant assistance for student meal programs and student support services. The
10 superintendent shall develop guidelines for the grants, including eligibility criteria and reporting
11 requirements. The grant funding must be used to pay for costs associated with student meal
12 programs, to reimburse school districts for unpaid student lunch debt, and to provide funding for
13 student support services, including programs for students who have individualized education
14 plans, programs related to English language learners, and behavioral health services. The grant
15 funding provided for student meal programs and reimbursements for unpaid student lunch debt
16 must be prioritized for students eligible for free and reduced lunch programs.

17 **SECTION 5. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century
18 Code is amended and reenacted as follows:

- 19 1. Subject to the provisions of section 21-10-02, the board shall invest the following
20 funds:
- 21 a. State bonding fund.
 - 22 b. Teachers' fund for retirement.
 - 23 c. State fire and tornado fund.
 - 24 d. Workforce safety and insurance fund.
 - 25 e. Public employees retirement system.
 - 26 f. Insurance regulatory trust fund.
 - 27 g. State risk management fund.
 - 28 h. Budget stabilization fund.
 - 29 i. Human services and public health stabilization fund.
 - 30 j. Health care trust fund.
 - 31 j- ~~Cultural~~

- 1 k. Arts and culture endowment fund.
- 2 k-l. Petroleum tank release compensation fund.
- 3 l-m. Legacy fund.
- 4 m-n. Legacy earnings fund.
- 5 o. A fund under contract with the board pursuant to subsection 3.

6 **SECTION 6. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **21-10-12. Legacy fund - Earnings defined.**

9 For the purposes of section 26 of article X of the Constitution of North Dakota, ~~the term~~
10 "earnings"

- 11 1. "Earnings" means net income in accordance with generally accepted accounting
12 principles, excluding any unrealized gains or losses.
- 13 2. "Principal" means all moneys in the legacy fund not included in earnings defined under
14 subsection 1.

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

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

- 18 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
19 moneys transferred to the fund under subsection 2 and all interest and earnings upon
20 moneys in the fund.
- 21 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
22 in accordance with section 26 of article X of the Constitution of North Dakota must be
23 immediately transferred by the state treasurer to the legacy earnings fund.
- 24 3. Any amounts transferred under subsection 2 in excess of the amount available for
25 appropriation under subsection 4 must be retained in the fund and designated as a
26 reserve balance. The reserve balance may be used only to supplement legacy fund
27 earnings in a biennium in which the amounts transferred under subsection 2 are less
28 than the amount available for appropriation under subsection 4.
- 29 4. For each biennium subsequent to the biennium in which the legacy fund earnings are
30 transferred under subsection 2, the amount available for appropriation or transfer from
31 the legacy earnings fund is seven percent of the five-year average value of the legacy

1 fund assets as reported by the state investment board. The average value of the
2 legacy fund assets must be calculated using the value of the assets at the end of each
3 fiscal year for the five-year period ending with the most recently completed even-
4 numbered fiscal year.

5 5. On July first of each odd-numbered year, from the amount available for appropriation
6 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
7 transfer funding as follows:

8 a. Twenty-five percent to the infrastructure bonding repayment fund under section 1
9 of this Act;

10 b. Fifteen percent to the research and innovation fund under section 2 of this Act;

11 c. Fifteen percent to the human services and public health stabilization fund under
12 section 8 of this Act, but not in an amount that would bring the balance in the fund
13 to more than the limit under section 8 of this Act;

14 d. Fifteen percent to the regional economic development infrastructure fund under
15 section 9 of this Act;

16 e. Ten percent to the workforce development and lifelong education fund under
17 section 3 of this Act;

18 f. Ten percent to the arts and culture endowment fund under section 54-54-08.1,
19 but not in an amount that would bring the balance of the fund to more than
20 two hundred million dollars; and

21 g. Ten percent to the student meal and support services fund under section 4 of this
22 Act.

23 **SECTION 8.** A new section to chapter 54-27 of the North Dakota Century Code is created
24 and enacted as follows:

25 **Human services and public health stabilization fund - Deposits - Continuing**
26 **appropriation.**

27 There is created in the state treasury the human services and public health stabilization
28 fund. The fund consists of all moneys deposited in the fund under section 7 of this Act and all
29 interest and earnings upon moneys in the fund. The state investment board shall supervise
30 investment of the fund in accordance with chapter 21-10. Upon order of the governor, moneys
31 in the fund are appropriated to and may be spent by the department of human services and

1 state department of health only to offset general fund budget allotments made during a
2 biennium under section 54-44.1-12 due to a revenue shortfall. Whenever the balance of the
3 fund exceeds fifteen percent of the combined general fund appropriations for the department of
4 human services and the state department of health for the most recently completed biennium,
5 as determined by the office of management and budget, the legislative assembly may
6 appropriate or transfer any excess amounts for human services-related and health-related
7 purposes.

8 **SECTION 9.** A new section to chapter 54-34.3 of the North Dakota Century Code is created
9 and enacted as follows:

10 **Regional economic development infrastructure fund - Revolving loans - Bank of**
11 **North Dakota - Continuing appropriation.**

- 12 1. There is created in the state treasury the regional economic development
13 infrastructure fund. The fund consists of all moneys deposited in the fund under
14 section 7 of this Act. Moneys in the fund may be spent by the department of commerce
15 pursuant to legislative appropriations to provide grants or loans to support the
16 following:
- 17 a. The development of broadband internet delivery to every community in the state;
 - 18 b. The development of infrastructure to deliver energy to communities for the
19 purpose of economic and community expansion and diversification;
 - 20 c. The development of value-added agriculture projects, products, and services;
21 and
 - 22 d. Local and regional tourism infrastructure projects.
- 23 2. The department of commerce shall develop guidelines for the grants, including
24 eligibility criteria and reporting requirements. The department of commerce may
25 designate moneys in the fund for loans under this section. At least fifty percent of the
26 funding deposited in the fund must be available for rural communities and
27 communities located within the exterior boundaries of an Indian reservation.
- 28 3. Moneys in the fund designated for loans are appropriated to the Bank of North Dakota
29 on a continuing basis for the purpose of loan disbursements and administrative costs.
30 The Bank shall develop policies for the loans in consultation with the department of
31 commerce. The Bank shall review loan applications. To be eligible for a loan under this

1 section, an entity shall agree to provide the Bank with information as requested. The
2 Bank may develop policies for loan participation with local financial institutions. The
3 Bank shall deposit in the fund all principal and interest paid on the loans made from
4 the fund. The Bank may use a portion of the interest paid on the outstanding loans as
5 a servicing fee to pay for administrative costs. The Bank shall contract with a certified
6 public accounting firm to audit the fund if the fund has any outstanding loans. The cost
7 of the audit must be paid from the fund.

8 **SECTION 10. AMENDMENT.** Section 54-54-08.1 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **54-54-08.1. Cultural Arts and culture endowment fund - Purposes.**

11 The North Dakota ~~cultural~~arts and culture endowment fund is hereby established to improve
12 the intrinsic quality of the lives of the state's citizens now and in the future through programs
13 approved by the council on the arts. Such programs must:

- 14 1. Increase cultural awareness by the state's citizens through programs in arts, crafts,
15 theater, ethnic and folk arts, literature, journalism, public media, historic preservation
16 and interpretation, visual arts, and architecture.
- 17 2. Make the items named in subsection 1 more available to the state's citizens.
- 18 3. Encourage the development of talent in the areas named in subsection 1 within the
19 state.
- 20 4. Preserve and increase understanding of North Dakota's heritage and future.

21 **SECTION 11. AMENDMENT.** Section 54-54-08.2 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **54-54-08.2. Cultural endowments - Limitations.**

24 Investment of the ~~cultural~~arts and culture endowment fund must be under the supervision of
25 the state investment board in accordance with chapter 21-10. ~~Funds will be expended from the~~
26 ~~cultural endowment fund only to the limits of accrued interest on state general fund~~
27 ~~appropriations and other public and private funds received. The expenditure of endowment~~
28 ~~funds must occur at the direction of~~Interest and earnings upon moneys in the fund may be
29 spent by the North Dakota council on the arts pursuant to legislative appropriations to provide
30 grants to support the delivery of arts programing, cultural education and exploration, and the
31 purposes under section 54-08.1. The North Dakota council on the arts shall award the grants in

1 consultation with prairie public broadcasting, the North Dakota humanities council, the Indian
2 affairs commission, the state historical society, and the North Dakota studies program. The
3 council may seek the counsel and assistance of a group or groups of private citizens of the
4 council's choosing to aid it in arriving at expenditure decisions when private funds are involved.
5 Section 54-54-06 applies to private donations to the cultural endowment fund; provided, that
6 gifts, donations, and bequests can be dedicated as principal of the fund in perpetuity or for a
7 term of years, in which case only the income earned as a result of investment of those funds
8 can be expended pursuant to section 54-54-08.1 and this section.