



LEGACY FUND EARNINGS COMMITTEE

Wednesday, December 15, 2021
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Chet Pollert, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Chet Pollert, Joshua A. Boschee, Jeff Delzer, Mike Lefor; Senators Jessica Bell, Ray Holmberg, Ronald Sorvaag, Rich Wardner

Members absent: Representative Craig Headland; Senators Joan Heckaman, Jerry Klein

Others present: See [Appendix A](#)

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, distributed a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

STUDY OF POTENTIAL USES OF LEGACY FUND EARNINGS

Mr. Mathiak presented a memorandum entitled [Legacy Fund Earnings - Background Memorandum](#) regarding the history of the legacy fund and a proposed study plan.

Mr. Mathiak presented a memorandum entitled [Legacy Fund Investments and Earnings Flowchart](#) regarding the legacy fund investment process and allocation of legacy fund earnings. He noted the allocation of legacy fund earnings by the Legislative Assembly may affect the investment goals for the legacy fund while the investment decisions may affect the earnings available for allocation.

Mr. Mathiak presented a memorandum entitled [Legacy Fund Earnings Scenario](#) regarding a scenario based on the actual earnings for the 2019-21 biennium and the percent of market value calculation in House Bill No. 1380 (2021). He noted the actual legacy fund earnings for the 2019-21 biennium were transferred to the general fund, but the scenario provides information on the allocations under House Bill No. 1380 if the provisions had been in effect at the end of the 2019-21 biennium.

LEGACY FUND STATUS

Mr. Eric Chin, Interim Chief Investment Officer, Retirement and Investment Office, presented information ([Appendix B](#)) regarding the status of the legacy fund including investment returns, investment allocations, and investment fees.

In response to a committee member question, Ms. Janyln Murtha, Executive Director, Retirement and Investment Office, noted the State Investment Board is in the process of selecting a Chief Investment Officer for the Retirement and Investment Office. She indicated the Retirement and Investment Office anticipates hiring additional staff in 2022 to fill the six new full-time equivalent (FTE) positions authorized during the November 2021 special legislative session. She noted the new staff may assist with certain aspects of managing legacy fund assets, but staff are not assigned to specific funds.

It was moved by Senator Sorvaag, seconded by Senator Holmberg, and carried on a voice vote that the committee approve the following study plan:

- 1. Receive information regarding the investments and earnings of the legacy fund, including estimated future earnings;**
- 2. Receive information regarding the current process of allocating legacy fund earnings;**

3. Receive information regarding potential uses of legacy fund earnings for tax relief, research and technological advancements, innovation, economic growth and diversification, and workforce development;
4. Receive information regarding proposals to establish a statutory committee to award grants for university research programs and workforce enrichment initiatives;
5. Receive information regarding proposals to define the use of research, innovation, and workforce enrichment funding;
6. Receive information regarding proposals to 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;
7. Receive testimony from interested persons regarding the study, including 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;
8. Develop recommendations and any bill drafts necessary to implement the recommendations; and
9. Prepare a final report for submission to the Legislative Management.

No further business appearing, Chairman Pollert adjourned the meeting at 2:20 p.m.

Adam Mathiak
Senior Fiscal Analyst

ATTACH:2