

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1380

Introduced by

Representatives Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner
Senators Patten, Sorvaag, Wardner

1 A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter
2 6-09.4, a new section to chapter 15-20.1, ~~a~~four new ~~section~~sections to chapter 21-10, and a
3 new section to chapter ~~57-38~~54-60 of the North Dakota Century Code, relating to an economic
4 diversification research fund, a legacy sinking and interest fund, a workforce development and
5 enrichment fund, a legacy earnings fund, a legacy infrastructure fund, a legacy project fund, a
6 legacy project advisory board, and an ~~income tax relief~~innovative research and economic
7 development fund; to amend and reenact section 21-10-12 of the North Dakota Century Code,
8 relating to legacy fund definitions; to provide for a transfer; and to provide a statement of
9 legislative intent.

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

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

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

15 1. There is created in the state treasury the economic diversification research fund. The
16 fund consists of all moneys deposited in the fund under section 5 of this Act. Moneys
17 in the fund may be spent by the Bank of North Dakota pursuant to legislative
18 appropriations to provide grants to institutions under the control of the state board of
19 higher education for economic diversification research.

20 2. The economic diversification research committee consists of:

21 a. The president of the Bank of North Dakota, as chairman;

22 b. Four members with experience in research or venture capital appointed by the
23 president of the Bank of North Dakota;

24 c. The state commissioner of higher education, or a designee; and

1 d. The president of North Dakota state university and the president of the university
2 of North Dakota.

3 3. In consultation with representatives of North Dakota state university and the university
4 of North Dakota, the committee shall award grants to institutions under the control of
5 the state board of higher education. Up to ninety percent of the funding must be
6 awarded to North Dakota state university and the university of North Dakota with equal
7 amounts awarded to each institution. The remaining funding must be awarded to the
8 other institutions under the control of the state board of higher education, as
9 determined by the committee. The committee may not award more than fifty percent of
10 the available funding during the first year of the biennium. The Bank of North Dakota
11 shall distribute the grant funding as awarded by the committee.

12 4. The committee shall develop guidelines for the economic diversification research
13 grants. The purpose of the grants is to stimulate economic activity across the state
14 through innovation of new technology, concepts, and products; to promote job creation
15 and career and wage growth; to enhance health care outcomes; and to provide
16 experiential learning opportunities for students. Research projects may be initiated by
17 an institution under the control of the state board of higher education or by the private
18 sector. The guidelines must include consideration for research projects with matching
19 funds and provisions for grant oversight by an internal advisory committee and an
20 external advisory committee.

21 5. The committee shall develop reporting requirements for the institutions under the
22 control of the state board of higher education. The reporting requirements must
23 include criteria for assessing performance outcomes related to the grants. The
24 committee shall compile the reports and shall submit a comprehensive report annually
25 to the legislative management. The comprehensive report must include information on
26 how the research efforts by each institution align with the state's priorities, how the
27 institutions collaborate when appropriate, and how the outcomes of the research meet
28 established performance expectations.

29 **SECTION 2.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
30 and enacted as follows:

1 **Legacy sinking and interest fund - Debt service requirements - Public finance**
2 **authority.**

3 There is created in the state treasury the legacy sinking and interest fund. The fund consists
4 of all moneys deposited in the fund under section 35 of this Act. Moneys in the fund may be
5 spent by the public finance authority pursuant to legislative appropriations to meet the debt
6 service requirements for evidences of indebtedness issued by the authority. Any moneys in the
7 fund in excess of the amounts necessary to meet the debt service requirements for a biennium.
8 may be appropriated by the legislative assembly for other purposes.

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

11 **Workforce development and enrichment fund.**

12 1. There is created in the state treasury the workforce development and enrichment fund.

13 The fund consists of all moneys deposited in the fund under section 5 of this Act.

14 Moneys in the fund may be spent pursuant to legislative appropriations to provide
15 grants to support:

16 a. Strategic workforce development;

17 b. Technical education;

18 c. Workforce diversification initiatives; and

19 d. Workforce guidance and support.

20 2. Grant funding may be awarded only for one-time projects and initiatives.

21 3. Grants awarded for capital projects must have a matching requirement.

22 **SECTION 4. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **21-10-12. Legacy fund –Earnings defineddefinitions.**

25 For the purposes of section 26 of article X of the Constitution of North Dakota, the term
26 "earnings":

27 1. "Earnings" means net income in accordance with generally accepted accounting
28 principles, excluding any unrealized gains or losses.

29 2. "Principal" means all moneys in the legacy fund not included in earnings as defined
30 under subsection 1.

1 **SECTION 5.** A new section to chapter 21-10 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Legacy earnings fund - State treasurer - Transfers.**

4 1. There is created in the state treasury the legacy earnings fund. The fund consists of all
5 moneys transferred to the fund under subsection 2 and all interest and earnings upon
6 moneys in the fund.

7 2. Any legacy fund earnings transferred to the general fund at the end of each biennium
8 in accordance with section 26 of article X of the Constitution of North Dakota must be
9 immediately transferred by the state treasurer to the legacy earnings fund.

10 3. ~~If the amounts transferred under subsection 2 exceed the amount available for~~
11 ~~appropriation under subsection 4 the state treasurer shall transfer the excess, within~~
12 ~~thirty days, as follows:~~

13 ~~a. Forty percent to the strategic investment and improvements fund to be used in~~
14 ~~accordance with the provisions of section 15-08.1-08;~~

15 ~~b. Forty percent to the legacy fund to become part of the principal; and~~

16 ~~c. Twenty percent to the income tax relief fund under section 4 of this Act.~~

17 ~~4.~~ For each biennium subsequent to the biennium in which the legacy fund earnings are
18 transferred under subsection 2, the amount available for appropriation from the legacy
19 earnings fund is **six** percent of the five-year average value of the legacy fund
20 assets as reported by the state investment board. The average value of the legacy
21 fund assets must be calculated using the value of the assets at the end of each fiscal
22 year for the five-year period ending with the most recently completed even-numbered
23 fiscal year.

24 ~~5.4.~~ On July first of each odd-numbered year, from the amount available for appropriation
25 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
26 transfer funding in the following order:

27 ~~a. The first one hundred million dollars to the legacy sinking and interest fund under~~
28 ~~section 1 of this Act;~~

29 ~~b. The next forty million dollars to the clean sustainable energy fund;~~

- 1 ~~c. The next forty million dollars to the infrastructure revolving loan fund under~~
2 ~~section 6-09-49, but not in an amount that would bring the balance of the~~
3 ~~infrastructure revolving loan fund to more than five hundred million dollars; and~~
4 ~~d. Any remaining funds for other purposes as designated by the legislative~~
5 ~~assembly.~~

6 **SECTION 6.** A new section to chapter 57-38 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Income tax relief fund.**

9 ~~There is created in the state treasury the income tax relief fund. The fund consists of all~~
10 ~~moneys deposited in the fund under section 3 of this Act. Moneys in the fund may be spent~~
11 ~~pursuant to legislative appropriations for individual and corporate income tax relief.~~

12 a. Thirty percent, with a minimum of one hundred fifty million dollars, to a sinking
13 and interest fund and a retirement system fund, of which:

14 (1) An amount equal to one hundred twenty percent of any bond payments
15 appropriated by the most recently adjourned special or regular session of
16 the legislative assembly from the legacy sinking and interest fund, with a
17 minimum of one hundred million dollars, must be transferred to the legacy
18 sinking and interest fund under section 2 of this Act;

19 (2) Up to fifty million dollars must be transferred to the public employees
20 retirement system main system plan under chapter 54-52, but only if the
21 public employees retirement system main system plan's actuarial-funded
22 ratio as reported for the most recently completed even-numbered fiscal year
23 is less than ninety percent; and

24 (3) Any remaining amounts under this subdivision are available for other
25 purposes designated by the legislative assembly;

26 b. Twenty-five percent to infrastructure funds, of which:

27 (1) Forty-five percent must be transferred to the highway tax distribution fund
28 for allocations under section 54-27-19;

29 (2) Five percent to the state park fund under section 55-08-07 for state park
30 construction and improvement projects and other state park initiatives
31 designated by the legislative assembly; and

1 (3) The remaining amount to the legacy infrastructure fund under section 6 of
2 this Act;

3 c. Twenty-five percent to research and economic development funds, of which:

4 (1) Forty percent must be transferred to the clean sustainable energy fund;

5 (2) Twenty-seven percent must be transferred to the economic diversification
6 research fund under section 1 of this Act;

7 (3) Twenty-five percent must be transferred to the innovation loan fund to
8 support technology advancement under section 6-09.18-05; and

9 (4) The remaining amount must be transferred to the innovative research and
10 economic development fund;

11 d. Ten percent to the legacy project fund under section 7 of this Act;

12 e. Five percent to the workforce development and enrichment fund under section 3
13 of this Act; and

14 f. The remaining amount for other purposes designated by the legislative assembly.

15 **SECTION 6.** A new section to chapter 21-10 of the North Dakota Century Code is created
16 and enacted as follows:

17 **Legacy infrastructure fund.**

18 1. There is created in the state treasury the legacy infrastructure fund. The fund consists
19 of all moneys deposited in the fund under section 5 of this Act. Moneys in the fund
20 may be spent pursuant to legislative appropriations to support one-time infrastructure
21 projects, including road and bridge projects, airport projects, and water projects.

22 2. If a political subdivision receives funding from the legacy project fund, the political
23 subdivision shall provide a report to the state treasurer by May thirtieth of each
24 even-numbered year on the use of the funding. The state treasurer shall determine the
25 format of the report. The state treasurer shall make the reports available to the public
26 on the state treasurer's website.

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

29 **Legacy project fund.**

30 1. There is created in the state treasury the legacy project fund. The fund consists of all
31 moneys deposited in the fund under section 5 of this Act. Moneys in the fund may be

1 spent pursuant to legislative appropriations for projects and infrastructure. Funding
2 designated for projects must be used to support statewide economic diversification
3 and growth. Funding designated for infrastructure must be used to support one-time
4 infrastructure with a statewide benefit.

5 2. If a political subdivision receives funding from the legacy project fund, the political
6 subdivision shall provide a report to the state treasurer by May thirtieth of each
7 even-numbered year on the use of the funding. The state treasurer shall determine the
8 format of the report. The state treasurer shall make the reports available to the public
9 on the state treasurer's website.

10 3. Up to one hundred thousand dollars per biennium may be appropriated to the office of
11 management and budget for administrative expenses related to the legacy project
12 advisory board.

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

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

16 1. The legacy project advisory board consists of:

17 a. The governor or the the governor's designee, to serve as chairman;

18 b. The majority and minority leaders of the house of representatives and senate, or
19 their legislative designees;

20 c. The chairmen of the appropriations committees of the house of representatives
21 and the senate, or their legislative designees;

22 d. The chairmen of the finance and taxation standing committees of the house of
23 representatives and the senate, or their legislative designees;

24 e. One member appointed by the North Dakota petroleum council;

25 f. One member appointed by the greater North Dakota chamber of commerce;

26 g. One member appointed by the agriculture commissioner; and

27 h. Three members appointed by the governor.

28 2. The advisory board shall meet at least once per biennium. The office of management
29 and budget shall provide administrative services to the advisory board.

30 3. The advisory board shall submit a report to the legislative assembly regarding
31 recommendations for projects and infrastructure under the legacy project fund.

1 4. The advisory board may not include a recommendation in the report to the legislative
2 assembly unless the recommendation fulfills the purposes of the legacy project fund
3 under section 7 of this Act and is approved by a majority of the members of the
4 advisory board.

5 **SECTION 9.** A new section to chapter 54-60 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Innovative research and economic diversification fund.**

8 There is created in the state treasury the innovative research and economic diversification
9 fund. The fund consists of all moneys deposited in the fund under section 5 of this Act. Moneys
10 in the fund may be spent pursuant to legislative appropriations with sixty-five and one-half
11 percent designated for the lignite research council, the oil and gas research council, and other
12 research councils and thirty-seven and one-half percent designated for tourism initiatives.

13 **SECTION 10. LEGISLATIVE INTENT.** It is the intent of the sixty-seventh legislative
14 assembly that the sixty-eighth legislative assembly consider additional allocations from the
15 legacy earnings fund, including allocations to ~~the highway tax distribution fund,~~ value-added
16 agricultural programs, ~~the innovation loan fund to support technology advancement,~~ state
17 building maintenance and improvements, and for other one-time initiatives and projects,
18 including initiatives and projects to diversify the state's economy, and to improve the efficiency
19 and effectiveness of state government, ~~and to reduce ongoing general fund appropriations of~~
20 ~~state agencies.~~