

2023 HOUSE APPROPRIATIONS

HB 1379

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

HB 1379
2/8/2023

Relating to an agriculture infrastructure fund, an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund. Relating to the legacy sinking and interest fund and the legacy earnings fund.

9:02 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

ALL Members present: Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- Economic Diversification through Research Grant Program
- Workforce Development
- Enrichment Fund

Majority Leader Representative Lefor- Introduces the bill (Testimony #19760 and #19766)

Representative Thomas-District 6- In Support, oral testimony

Senator Sorvaag-District 45- In Support (Testimony #19658)

Andrew Armacost- President University of ND- In Support (Testimony #19741)

Steve Shirley- President Minot State University- In Support (Testimony #19736)

Colleen Fitzgerald, VP for Research & Creativity Activity at NDSU- In support (Testimony #19710)

Mark Hagerott- University system, Chancellor- In support, oral testimony

Holly Anderson- Owner & CEO of Elinor Coatings, Research and Development- In Support, oral testimony

Dan Wogsland, ND Grain Growers- In support (Testimony #19705)

Larry Syverson- ND Township Officers Association -In Support (Testimony #19747)

House Appropriations Committee

HB 1379

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Additional written testimony- Matt Perdue, ND Farmers Union #19738, **Delore Zimmerman**, Valley Prosperity partnership #19726, **Seth Lumley**, NDSU Student Government #19723 **Andrew Beck**, Huff Hills Ski Area Operations Manager #19681,

Chairman Vigesaa Closed the meeting for HB 1379 at 10:50 AM

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1379
2/20/2023

Relating to an agriculture infrastructure fund, an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund. Relating to the legacy sinking and interest fund and the legacy earnings fund.

5:46 PM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members Present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Meier and Representative Bellew

Discussion Topics:

- Streams Bill
- Amendment

Chairman Vigesaa – Opens discussion for HB 1379 and refers to previous testimony from legislative council (Testimony #19766)

Representative Kempenich- Offers amendment 23.0695.01003 (Testimony #21190)

6:11 PM Chairman Vigesaa Closed the meeting for HB 1379

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1379
2/21/2023

Relating to an agriculture infrastructure fund, an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund. Relating to the legacy sinking and interest fund and the legacy earnings fund.

8:48 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

ALL Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- **Amendment**

Chairman Vigesaa- Give a little explanation on the bill while committee waits for amendments. Same language as in HB 1148.

Representative J. Nelson- Discussed possibility of amendment language, giving increased flexibility. Page 2 line 25 & 26- use less rigid language in the case that there is a project that needed more options than what is there. One option could be that equal amounts over a 5-year period so that it evens out overtime. It should be fair amounts, but doesn't necessarily have to be exactly equal.

8:52 AM Chairman Vigesaa Closes the meeting for HB 1379.

Risa Berube Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1379
2/21/2023

Relating to an agriculture infrastructure fund, an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund. Relating to the legacy sinking and interest fund and the legacy earnings fund.

9:30 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

ALL Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- **Amendments**

Chairman Vigesaa- Introduces the first amendment 23.0695.01004 (Testimony #21210)

Representative Brandenburg- Move to adopt the amendment 23.0695.01004

Representative Pyle – Seconds the motion.

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 23-0-0

Chairman Vigesaa Introduces the seconds amendment 23.0695.01005 (Testimony #21193)

Representative Mitskog- Move to adopt the amendment 23.0695.01005

Representative Nathe -Seconds the motion.

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative Corey Mock	N
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	N
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 18 -5 -0

Representative Kempenich- Introduces the last amendment 23.0695.01003 (Testimony #21190)

Representative Kempenich -Move to adopt the amendment 23.0695.01003

Representative Mock Seconds the motion.

Committee discussion -Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	N
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 22-1-0

Representative O'Brien Move a Do Pass as Amended

Representative Nathe Seconds the motion.

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N

Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21 -2 -0 Representative Nathe will carry the bill.

9:56 AM Chairman Vigesaa Closed the meeting for HB 1379

Risa Berube, Committee Clerk

AG
2-21-23
(1-2)

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1379

Page 1, line 1, remove "a new section to chapter 4.1-01,"

Page 1, line 3, remove "an agriculture infrastructure"

Page 1, line 4, remove the first "fund,"

Page 1, remove lines 11 through 24

Page 2, remove lines 1 through 5

Page 6, line 8, replace "2" with "1"

Page 6, line 12, replace "4" with "3"

Page 6, line 14, replace "7" with "6"

Page 6, line 28, replace "7" with "6"

Page 7, line 1, remove "agriculture infrastructure fund under"

Page 7, line 2, replace "section 1 of this Act" with "agriculture diversification and development fund under section 4.1-01.1-07"

Page 7, line 5, after "e." insert "An amount equal to one percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year to the legacy fund to become part of the principal."

f."

Page 8, line 14, replace "2" with "1"

Page 8, line 18, replace "4" with "3"

Page 8, line 20, replace "7" with "6"

Page 8, line 26, replace "7" with "6"

Page 8, line 29, remove "agriculture infrastructure fund under"

Page 8, line 30, replace "section 1 of this Act" with "agriculture diversification and development fund under section 4.1-01.1-07"

Page 9, line 3, after "e." insert "An amount equal to one percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year to the legacy fund to become part of the principal."

f."

Page 9, line 12, after "growth" insert ", including projects related to tourism"

Page 10, line 13, replace "7" with "6"

Page 10, remove lines 23 through 31

Page 11, remove lines 1 and 2

Page 11, line 8, replace "2" with "1"

Page 11, line 16, replace "4" with "3"

Page 12, line 5, replace "6" with "5"

Renumber accordingly

Alt
2-21-23
(2-2)

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a newly created agriculture infrastructure fund and a related contingent appropriation.
- Changes a legacy earnings fund allocation from a newly created agriculture infrastructure fund to the agriculture diversification and development fund.
- Adds tourism projects as eligible projects from the legacy projects fund.
- Allocates a portion of the funding exceeding the percent of market value to the legacy fund to become part of the principal.

REPORT OF STANDING COMMITTEE

HB 1379: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1379 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "a new section to chapter 4.1-01,"

Page 1, line 3, remove "an agriculture infrastructure"

Page 1, line 4, remove the first "fund,"

Page 1, remove lines 11 through 24

Page 2, remove lines 1 through 5

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a newly created agriculture infrastructure fund and a related contingent appropriation.
- Changes a legacy earnings fund allocation from a newly created agriculture infrastructure fund to the agriculture diversification and development fund.
- Adds tourism projects as eligible projects from the legacy projects fund.
- Allocates a portion of the funding exceeding the percent of market value to the legacy fund to become part of the principal.

2023 SENATE APPROPRIATIONS

HB 1379

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1379
3/22/2023

A BILL for an Act relating to an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund; relating to the legacy sinking and interest fund and the legacy earnings fund; to provide a report; to provide an appropriation; to provide a contingent appropriation; and to provide an effective date.

8:04 AM Chairman Bekkedahl opened the hearing on HB 1379.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Dever, Dwyer, Erbele, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Members absent: Senators Davison and Kreun

Discussion Topics:

- Economic Diversification Research Fund
- Legacy streams
- Legacy funds earnings
- Legacy projects
- County and township bridge fund
- Bridge infrastructure
- Bridge inspections
- State involvement
- Research grant programs
- Workforce development
- North Dakota university support
-

8:06 AM Representative Mike Lefor, introduced the bill, testified in favor, testimony #26306, 26321 and # 26480

8:22 AM Senator Ron Sorvaag, testified in favor, testimony # 26315

8:26 AM Representative Paul Thomas, testified in favor, testimony # 26045, 26055, and #26322

8:44 AM Andrew Armacost, President University of North Dakota, testified in favor, testimony # 26141

8:49 AM Steve Shirley, President Minot State University, testified in favor, testimony # 26253

8:54 AM David Cook, President North Dakota State University, testified in favor, testimony # 26153

9:02 AM Jace Beehler, Governor's office, testified in favor, proposed possible amendments, testimony # 26479

9:12 AM Arron Burst, North Dakota Association of Counties, testified in favor, no written testimony

9:12 AM Brian Johnson, Valley Prosperity, testified in favor, testimony # 26284

Additional written testimony:

- **Nick West, testimony # 26003**
- **Richard Walsh, testimony # 26081**
- **Jason Benson, testimony # 26164**
- **Jason Fincel, testimony # 26271**
- **Chad Peterson, testimony # 26274**
- **Matt Perdue, testimony # 26278**
- **Drew Courtney, testimony # 26283**
- **Samantha Vangsness, testimony # 26285**

9:13 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1379
4/4/2023

A BILL for an Act relating to an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund; relating to the legacy sinking and interest fund and the legacy earnings fund; to provide a report; to provide an appropriation; to provide a contingent appropriation; and to provide an effective date.

3:17 PM Chairman Bekkedahl opened the hearing on HB 1379.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Discussion Topics:

- Economic diversification research fund
- Legacy earning fund
- State treasurer
- Transfers
- Buckets

3:19 PM Senator Hogue introduced amendment LC 23.0695.02003, testimony # 27283, testimony # 27284, and testimony # 27285.

3:36 PM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1379
4/10/2023

A BILL for an Act relating to an economic diversification research fund, a workforce development and enrichment fund, a legacy projects fund, a legacy projects advisory board, and a county and township bridge fund relating to the legacy sinking and interest fund and the legacy earnings fund; to provide a report; to provide an appropriation; to provide a contingent appropriation; and to provide an effective date.

2:10 PM Chairman Bekkedahl opened the meeting on HB 1379.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Wanzek, Rust, and Mathern.

Members absent: Senator Vedaa

Discussion Topics:

- Legacy Fund earnings
- Flowchart revision
- Proposed amendments
- Committee action

2:11 AM Senator Bekkedahl, introduced amendment LC 23.0695.02006, testimony # 27402 and # 27405.

2:20 AM Adam Mathiak, Legislative Council, answered questions from the committee, no written testimony.

2:19 AM Senator Bekkedahl moved to adopt AMENDMENT 23.0695.02006.
Senator Mathern seconded the motion

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

Motion passed 15-0-1.

2:38 AM Senator Wanzek moved to further amend by removing Section 3 of amendment 23.0695.02006.

Senator Dwyer seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

The motion passed 15-0-1.

2:41 AM Senator Wanzek moved DO PASS AS AMENDED.
Senator Davison seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

The motion passed 15-0-1.

Senator Bekkedahl will carry the bill.

2:43 PM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1379

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state

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(2-7)

investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred ~~fiftytwo~~ million ~~six hundred twenty thousand four hundred sixty-one~~ dollars to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.
 - c. The next ~~sixtyone~~ hundred million dollars to the legacy earnings highway tax distribution fund for allocations under section 54-27-1954-27-19.3.
 - e.d. ~~Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection as follows:~~
 - (1) ~~Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly; Fifty percent to the general fund.~~
 - (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~~The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.
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 6-09.4-10.1 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 6-09.4-10.1 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~~the state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, as follows:

- a. ~~The first one hundred million dollars to the legacy fund to become part of the principal~~Fifty percent to the general fund.
- b. ~~Any remaining amount to the~~The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.

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SECTION 3. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

AG
4-11-23
(4-7)

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by the House for allocations to counties for county and township bridge repairs, is removed.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under current law, the House version, and this amendment.

Atk
4-11-23
(5-7)

Current Law	Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02007]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Any remaining amounts for other legislative purposes including: <ul style="list-style-type: none"> • Up to \$50 million for tax relief pursuant to appropriations or transfers. • Up to \$30 million to the clean sustainable energy fund pursuant to appropriations or transfers. • Up to \$30 million for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives pursuant to appropriations or transfers. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • An amount equal to any appropriations from the legacy sinking and interest fund for bond payments to be retained in the legacy earnings fund. • First \$100 million to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.

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4-11-23
(6-7)

	Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations
	<ul style="list-style-type: none"> • Creates an economic diversification fund to provide grants to institutions of higher education for research projects. • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. • Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. • Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	<ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Provides an effective date of July 1, 2023, and an emergency clause for the bill.

House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Economic diversification research		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

Alx
4-11-23
(7-7)

	Removes Funding for Economic Research ¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment ¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed.

REPORT OF STANDING COMMITTEE

HB 1379, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1379 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred fiftytwo million six hundred twenty thousand four hundred sixty-one dollars to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.
 - c. The next sixtyone hundred million dollars to the legacy earnings highway tax distribution fund for allocations under section 54-27-1954-27-19.3.
 - e.d. Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection as follows:
 - (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly; Fifty percent to the general fund.
 - (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. The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.
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 6-09.4-10.1 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 6-09.4-10.1 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: the state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, as follows:
 - a. The first one hundred million dollars to the legacy fund to become part of the principal. Fifty percent to the general fund.
 - b. Any remaining amount to the The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.

SECTION 3. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by the House for allocations to counties for county and township bridge repairs, is removed.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under current law, the House version, and this amendment.

Current Law	Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02007]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Any remaining amounts for other legislative purposes including: <ul style="list-style-type: none"> • Up to \$50 million for tax relief pursuant to appropriations or transfers. • Up to \$30 million to the clean sustainable energy fund pursuant to appropriations or transfers. • Up to \$30 million for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives pursuant to appropriations or transfers. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • An amount equal to any appropriations from the legacy sinking and interest fund for bond payments to be retained in the legacy earnings fund. • First \$100 million to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
	<p>Other sections in bill, excluding appropriations</p> <ul style="list-style-type: none"> • Creates an economic diversification fund to provide grants to institutions of higher education for research projects. • Amends the legacy 	<p>Other sections in bill, excluding appropriations</p> <ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Provides an effective

	sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan effective July 1, 2025. <ul style="list-style-type: none"> • Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. • Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. • Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	date of July 1, 2023, and an emergency clause for the bill.
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House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Economic diversification research	\$0	\$10,000,000	(\$10,000,000)	\$0
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Removes Funding for Economic Research ¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives	\$0	\$10,000,000	(\$10,000,000)	\$0
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment ¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed.

2023 CONFERENCE COMMITTEE

HB 1379

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

HB 1379
4/20/2023
Conference Committee

Relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency
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10:33 AM Chairman Bosch- Calls the meeting to order and roll call is taken;

Members Present- Chairman Bosch, Representative Vigesaa, and Lefor; Senators Chairman Bekkedahl, Hogue and Klein

Discussion Topics:

- Legacy Flow Charts
- Senate Changes

Chairman Bosch- Opens discussion on the bill

Senator Hogue- Explains handout (Testimony #27743)

Committee Discussion

10:55 AM Chairman Bosch- Closes the meeting for HB 1379

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

HB 1379
4/21/2023
Conference Committee

relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

2:34 PM Chairman Bosch Opened the meeting for HB 1379

Members Present- Representative Bosch, (Chairman) Representative Lefor and Representative Vigesaa. Senator Bekkedahl (Chairman) Senator Hogue and Senator Klein

Discussion Topics:

- Amendment

Chairman Bosch- Opened discussion

Representative Vigesaa- Explains the handout (Testimony #27802). Change the number slightly for the bond payment. 102 million 624 thousand would be the highest amount it would be.

Senator Bekkedahl- Move to adopt amendment by changing the number slightly for the bond payment. 102 million 624 thousand would be the highest amount it would be.

Senator Klein- Second the motion

Voice Vote Motion Carries

Senator Klein- Move for the Senate to recede from Senate amendments and further amend as follows by changing the number for the bond payment to the highest amount 102 million 624 thousand.

Representative Vigessaa- Seconds the Motion

Committee Discussion- Roll call vote

Motion Carries 6-0-0

Representative Bosch and Senator Bekkedahl will carry the bill

2:41 PM Chairman Bosch- Closed the meeting for HB 1379

Risa Berube, Committee Clerk

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1379

That the Senate recede from its amendments as printed on pages 1902-1907 of the House Journal and pages 1591-1596 of the Senate Journal and that Engrossed House Bill No. 1379 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.

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3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred fiftytwo million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.
 - c. The next sixtyone hundred million dollars to the legacy earnings highway tax distribution fund for allocations under section 54-27-1954-27-19.3.
 - e.d. Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection as follows:
 - (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly; Fifty percent to the general fund.
 - (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. The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.
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 6-09.4-10.1 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 6-09.4-10.1 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: the state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, as follows:

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- a. ~~The first one hundred million dollars to the legacy fund to become part of the principal~~ Fifty percent to the general fund.
- b. ~~Any remaining amount to the~~ The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.

SECTION 3. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

AR
487
4-21-23

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by the House for allocations to counties for county and township bridge repairs, is removed. The Senate also removed this funding.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under the House version, the Senate version, and this amendment.

DR
5 of 7
4-21-23

Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 - Senate Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02008]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million or the amount needed for the bond payments, whichever is less, to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.

AR
687
4-21-23

Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations
<ul style="list-style-type: none"> Creates an economic diversification fund to provide grants to institutions of higher education for research projects. Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan effective July 1, 2025. Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	<ul style="list-style-type: none"> Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. Provides an effective date of July 1, 2023, and an emergency clause for the bill. 	<ul style="list-style-type: none"> Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. Provides an effective date of July 1, 2023, and an emergency clause for the bill.

House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Economic diversification research		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Removes Funding for Economic Research ¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

AR
7/7
4-21-23

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed. The Senate also removed this funding.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment ¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed. The Senate also removed this funding.

**2023 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

HB 1379 as engrossed

House Full Appropriations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Klein Seconded by: Representative Vigesaa

Representatives	4/19	4/21		Yes	No		Senators	4/19	4/21		Yes	No
Representative Bosch	X	X					Senator Bekkedahl	X	X			
Representative Lefor	X	X					Senator Hogue	X	X			
Representative Vigesaa	X	X					Senator Klein	X	X			
Total Rep. Vote				3			Total Senate Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Bosch Senate Carrier Senator Bekkedahl

LC Number 23.0695 . 02008 of amendment

LC Number 23.0695 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1379, as engrossed: Your conference committee (Sens. Bekkedahl, Hogue, Klein and Reps. Bosch, Lefor, Vigesaa) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1902-1907, adopt amendments as follows, and place HB 1379 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1902-1907 of the House Journal and pages 1591-1596 of the Senate Journal and that Engrossed House Bill No. 1379 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state investment board. The average value of the legacy fund assets

- must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. ~~The first one hundred fiftytwo million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.~~
 - b. ~~The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.~~
 - c. ~~The next sixtyone hundred million dollars to the legacy earnings highway tax distribution fund for allocations under section 54-27-1954-27-19.3.~~
 - e.d. ~~Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection as follows:~~
 - (1) ~~Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly; Fifty percent to the general fund.~~
 - (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. The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.~~
 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 6-09.4-10.1 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 6-09.4-10.1 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: the state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, as follows:~~
 - a. ~~The first one hundred million dollars to the legacy fund to become part of the principal. Fifty percent to the general fund.~~

- b. ~~Any remaining amount to the~~ The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.

SECTION 3. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by

**Insert LC: 23.0695.02008
House Carrier: Bosch
Senate Carrier: Bekkedahl**

the House for allocations to counties for county and township bridge repairs, is removed.
The Senate also removed this funding.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under the House version, the Senate version, and this amendment.

Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 - Senate Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02008]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million or the amount needed for the bond payments, whichever is less, to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.

Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations
<ul style="list-style-type: none"> • Creates an economic diversification fund to provide grants to institutions of higher education for research projects. • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees 	<ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Provides an effective date of July 1, 2023, and an emergency 	<ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Provides an effective date of July 1, 2023, and an emergency clause for the bill.

Retirement System main system plan effective July 1, 2025. <ul style="list-style-type: none"> • Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. • Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. • Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	clause for the bill.	
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House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Economic diversification research		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Removes Funding for Economic Research ¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed. The Senate also removed this funding.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment ¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed. The Senate also removed this funding.

Engrossed HB 1379 was placed on the Seventh order of business on the calendar.

TESTIMONY

HB 1379



North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Ronald Sorvaag

District 45
3402 Birdie Street North
Fargo, ND 58102-1201
rsorvaag@ndlegis.gov

COMMITTEES:

Appropriations - Education and Environment Division, Chairman

Feb. 9, 2023

HB1379, Section 2: Economic Diversification through Research Grant Program

Chairman Vigessa and members of the House Appropriations Committee,

Today, I am pleased to present testimony on the Research Section of House Bill 1379, I see this as a landmark investment in the future of North Dakota's economy.

I believe research is a worthy cause for the state to support in efforts to diversity North Dakota's economy, which will ease the burdens of volatility in energy and agriculture that affect all areas of the state.

This section of this bill creates a research grant program and advisory committee for the purpose of stimulating economic activity across the state – through the innovation of new technologies, businesses, and products in North Dakota's critical industries of value-added energy and agriculture, but also developing sectors from autonomous vehicles and UAS technologies to advanced data and healthcare.

The legislation specifies that \$10 million of Legacy Fund earnings would be transferred to the economic diversification research grant fund and 90% awarded equally between our state's two research universities, the University of North Dakota (UND) and North Dakota State University (NDSU), and the remaining 10% between the other institutions controlled by the state board of higher education.

Making a significant and predictable investment in research will:

- sustain and boost our competitive advantages in agriculture and energy, and
- produce discoveries and innovations in emerging sectors that translate into
 - new 21st century economic opportunities,
 - a more skilled workforce, and
 - higher-paying jobs for North Dakotans.

Section 4: Workforce development and enrichment fund.

This section of this bill creates a Workforce development and enrichment fund. These dollars would be appropriated in grants for the following areas. Strategic workforce development, Technical education, Workforce diversification initiatives and Workforce guidance and support.

Grants would be for one-time projects and initiatives. Grants for Capital projects must have a matching requirement.

Thirty percent of the moneys would be designated to support workforce initiatives in cities located in oil-producing counties.

Having a trained and available workforce is critical to the future growth of North Dakota and all our communities.

Would ask your support in both these sections and the programs in them. They are important to our future as a state.

Sen. Ronald Sorvaag
District 45



Testimony in Support of HB 1379

Chairman Vigesaa and members of the committee,

I am submitting testimony supporting HB 1379, specifically related to its impact on legacy projects in the tourism sector.

Tourism businesses occupy a unique and integral part of the North Dakota business landscape by providing for quality of life for residents, supporting workforce development, and increasing visitation to our towns and cities across the state.

Many of these businesses are seasonal and weather dependent. This can make it challenging to have a reliable source of capital in place for significant projects. By providing funds toward legacy projects that impact tourism attractions, improvements and expansions can be made at the proper times to grow options for activities further and coordinate with other developments and tourism efforts in the region and across the state.

Without this additional support, many times, projects wait for the “perfect year” of weather and visitor numbers that so many factors can impact out of our control. By providing funds toward these projects, projects can be jumpstarted, and our tourism business can offer additional reasons for people to visit, stay or relocate to ND.

I ask that you support the efforts to grow our tourism and outdoor recreation options within the state by supporting HB 1379.

Thank you,

Andrew Beck
Huff Hills Ski Area, Inc.
(701) 471-3384



**North Dakota Grain Growers Association
Testimony in Support of
HB 1379
House Appropriations Committee
February 8, 2023**

Chairman Vigessa, members of the House Appropriations Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1379.

HB 1379, as you are all aware, is a comprehensive appropriations measure designed to address some of the very pressing issues faced by North Dakota. These issues include agriculture infrastructure, economic diversification research, workforce development, county and township bridges as well as legacy projects the funding for which will be a huge investment in North Dakota and its people both now and in the future.

Value-added projects are a key component for the agricultural industry in this state. HB 1379 provides political subdivisions the funds to properly supply the infrastructure needs for new or existing value-added ag businesses. You cannot have value-added ag enterprises if the location of the business isn't supported by the infrastructure needed for success.

Economic diversification research grants are essential for North Dakota to continue its economic success. Grants contained in HB 1379 will spur economic activity across the state through innovation, new technology, concepts, and products which will promote job creation as well as career and wage growth. The grants will enhance health care outcomes which will positively impact every citizen of the state.

"You Raise; We Represent"

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Economic diversification grants can also address the loss of revenue and jobs in communities with economies that depend primarily on the fossil fuel industry as well as provide experiential learning opportunities for students.

Workforce is always an issue in North Dakota no matter what the business. Enhancing workforce training and development will serve to further expand and enhance North Dakota's economy.

The funding for county and township bridge improvements is a much-needed upgrade for rural North Dakota infrastructure. In the agricultural world, for example, if there isn't the bridge funding necessary to transport machinery to a field for seeding as well as from the field for harvest economic opportunity is lost. One of the major competitive advantages North Dakota agriculture enjoys is our infrastructure. To remain competitive on the global state it is vital that our infrastructure be maintained.

With this mind the North Dakota Grain Growers Association urges the House Appropriations Committee give HB 1379 a Do Pass recommendation and would urge the full House to concur.

**Testimony of Colleen Fitzgerald
Vice President for Research and Creative Activity at NDSU
House Appropriations Committee Hearing
9:00 a.m. February 8, 2023 in Bismarck, ND**

WELCOME

Chairman Vigessaa and members of the House Appropriations Committee, thank you for inviting me to give testimony. My name is Colleen Fitzgerald and I'm the Vice President for Research and Creative Activity at North Dakota State University. I'm here today to speak in favor of House Bill 1379 and the establishment of the Economic Diversification Research Fund.

NDSU'S RESEARCH AND COMMERCIALIZATION FRAMEWORK

I believe we have the elements of a framework for success, that we are poised to capitalize on with additional investment from Bill 1379.

FRAMEWORK (6 ELEMENTS)

- **RESEARCH 1 (R1) DESIGNATION**
- **RESEARCH SUCCESS IN KEY AREAS**
- **INNOVATION AND THE NDSU RESEARCH FOUNDATION**
- **ENTREPRENEURSHIP**
- **THE NDSU RESEARCH & TECHNOLOGY PARK**
- **NDSU'S LAND GRANT MISSION**

At a high-level: there are 4 areas are where we continue to invest strategically, and all represent areas where NDSU has historically been successful and provide use cases for how we will bring this framework to realization:

1. **Food, Energy and Water Security (FEWS)**
2. **Cybersecurity, Computer Science and Software Engineering**
3. **Life Sciences**
4. **Entrepreneurship and Innovation**

FRAMEWORK PIECE #1: RESEARCH 1 (R1) DESIGNATION

NDSU has utilized these investments and leveraged them with federal programs to become a regional research leader, having been recently designated as one of only 146 Research 1 institutions in the U.S. by the Carnegie Classification of Institutions of Higher Education. Being R1 is a big deal – it puts NDSU competing head-to-head with the likes of University of Minnesota or University of Nebraska.

Why is an R1 designation important?

Federal and state investments in research coupled with the hard work of faculty and researchers took us to R1. The investment dollars directly provide increased opportunities for students to work on real-world problems, positioning them for success

in their future endeavors, whether in the workforce or in launching a venture of their own. These investments also lead to increased opportunities to translate ideas into new technologies, services, and startups – which in turn leads to increased tech-based economic development in the state. Finally, this designation opens the door for the expansion of high-tech industry and innovation in the region.

FRAMEWORK PIECE #2: RESEARCH SUCCESS IN KEY AREAS

From a federal perspective, NDSU leads all North Dakota higher education institutions in research funding from the U.S. Departments of Defense, Transportation, Agriculture, and the National Science Foundation. Some recent research successes include:

- **\$7.4 million** from two NSF awards to support Artificial Intelligence to safeguard energy infrastructure and healthcare technology
- **\$9.7 million** from the National Institutes of Health for early detection and therapeutic protocols for controlling pancreatic cancer.
- **\$2.9 million to build a STEM workforce** from recently graduated undergraduates; **\$4.8 million total since July 2022** for STEM education research (NSF)
- **\$6.4 million since 2016 for NDSU-Sanford Health collaboration on obesity-related research** funded by the NIH.
- **Nearly \$8 million** in multiple awards in cybersecurity to strengthen protections for sensitive systems such as protecting computer systems from online attacks (DOD, NSF, others).
- **\$2.4 million** of state appropriated funds have been invested in precision agriculture projects at NDSU Since 2015 in subjects including soils and natural resources, agronomics, plant breeding, crop and animal protection, livestock management, and economics of precision agriculture
- **A five year \$4.4 million** USDA-ARS research on impacts in soil fertility and health, breeding for phenotyping and varietal trait selection, and crop protection for site-specific and autonomous weed control has facilitated industry-university collaborations on soil health and autonomous data systems at the Grand Farm.

The projects identified here represent some of the work in those 4 identified areas of NDSU's past, present and future strengths:

5. **Food, Energy and Water Security (FEWS)**
6. **Cybersecurity, Computer Science and Software Engineering**
7. **Life Sciences**
8. **Entrepreneurship and Innovation**

FRAMEWORK PIECE #3: INNOVATION AND THE NDSU RESEARCH FOUNDATION

Bill 1379 looks for economic diversification from research. “Tech transfer and commercialization” – it is all about how technologies make it from the university into the hands of industry and eventually consumers.

NDSU has notable successes in new patents and plant variety protections. NDSU issued 92 patents and earned \$3.1 million in intellectual property licensing revenue in FY21 and FY22. Heartland Forward ranks NDSU at #117 in tech transfer, thanks to our NDSU Research Foundation.

FRAMEWORK PIECE #4: ENTREPRENEURSHIP

NDSU has a long-standing commitment to technology transfer coupled with entrepreneurship training. This has been recently strengthened by the **NDSU-led NSF Great Plains I-Corps Hub**, a program that directly supports entrepreneurship at NDSU and 7 universities, including our partner UND. Teams with new ideas gain access to entrepreneurship training, mentoring, and customer discovery initiatives.

FRAMEWORK PIECE #5: THE NDSU RESEARCH & TECHNOLOGY PARK

A key component of our future is the NDSU-supported private-public partnership NDSU Research and Technology Park. The Technology Incubator opened in 2007 with 7 clients and since that time there have been over 70 companies located in the facility.

- Two recent success stories got their start in the Incubator:
 - Be More Colorful - virtual reality platform, including their CareerViewXR product, a tenant in the Incubator whose growth has benefitted from support services in the Incubator as well as support from the state, including new LIFT funding from the state - \$725,000.
 - Elinor Coatings (Co-Founder Holly Anderson is here and offered testimony) – anticorrosion coatings and materials especially for defense application

FRAMEWORK PIECE #6: NDSU'S LAND GRANT MISSION

NDSU's impact reaches into every county in the state – extension offices in 53 counties and 7 Research Extension Centers – offering a testing ground for prototypes and a platform to serve and support citizens and a way for them to reach back to NDSU.

FUTURE RESEARCH GROWTH

This framework provides the underpinnings for us to serve North Dakota's needs through House Bill 1379. Thanks to your efforts to create a business-friendly environment in North Dakota, our state attracts new companies, and we can expect even more with investments from House Bill 1379.

STATE NEEDS & ECONOMIC OPPORTUNITIES

Focused on the needs of our state, these areas will couple with existing economic drivers to create new economic opportunity. In more detail, NDSU's select key investment areas include:

- Water distribution (like drought and flood risk mitigation)
- Distribution of electricity in the grid
- Digital technologies for Agriculture and Smart Greenhouses
- Robotics and Drones

- Transportation
- Advanced materials (biofuels, biomaterials, bioplastics, biopolymers, nanomaterials, and materials that fight corrosion)
- Construction
- Manufacturing
- Smart Health
- Medical devices
- Cybersecurity

Each of these represent areas of our strength where we are poised to carry out research with the potential to move technologies into market. However, they also share aspects in common: they all have digital or cyber dimensions to how they operate.

Consider what those systems have in common, the way they are carried out in today's world, they all function in part due to the following areas we have also identified for growth:

- Software – Cyber (software engineering)
- Hardware – Physical (electrical engineering, computer engineering, computer science)
- Connected to the Internet
- Sensors and other similar components (like actuators)
- Generating data that is then stored, accessed, and processed (and that data has value)
- Automated tasks which happen when certain circumstances trigger it (like when a sensor detects soil is dry, that triggers irrigation to the area)

CYBERSECURITY OF CRITICAL IMPORTANCE

All of these growth areas are vulnerable to cyberattack. It is imperative that investments are made in cyber initiatives. NDSU's new **Cyber-Physical Systems Initiative** will advance what we are already doing with cybersecurity by developing tools to simulate how new technologies fare in the real world.

In addition, the **CyberFEWS Initiative** involves ensuring cyber safety for North Dakota's Food-Energy-Water-Security (FEWS). NDSU will use, process, and store the state's heavy data sets to support Food-Energy-Water industries like our Big Data Pipeline for Plant Breeding. These are crucial industries that must be protected to ensure the ongoing health and livelihood of North Dakotans.

THE FUTURE

In the next years, NDSU envisions building on these foundational investments and growing existing strengths in areas as I have laid out.

In an intentional way, as evidenced by our research and commercialization framework, we are strategically positioned to leverage new investments from the state.

CLOSING

In closing, let me summarize what we need to take that success to the next level for the state.

Speaking broadly, we want to increase investment in these 4 key strengths, along with the **Cyber-Physical Systems Initiative** and **Cyber-FEWS Initiative**:

1. **Food, Energy and Water Security (FEWS)**
2. **Cybersecurity, Computer Science and Software Engineering**
3. **Life Sciences**
4. **Entrepreneurship and Innovation**

We have the pieces and have demonstrated success. We have identified gaps and areas where we can do better, and we are doing that work. **We need your support** for the establishment of the Economic Diversification Research Fund within House Bill 1379 to build upon this framework and take it to the next level, make it pop.

Thank you for your time today and I would be happy to answer questions from the Committee.

**HB 1379**

February 8, 2023

Seth Lumley, NDSU Student Government

seth.lumley@ndus.edu – (507) 481-5510

Chair Vigesaa and Members of the Committee: My name is Seth Lumley, and I am the Executive Commissioner of Legislative Affairs for North Dakota State University's Student Government. I would like to provide testimony in support of HB 1379 and to present the perspective of NDSU students on HB 1379.

NDSU Student Government is an organization of students at NDSU elected and appointed to represent the interests of the NDSU student body both externally at places like the capitol and internally through our student senate. We are comprised of members from all academic colleges at North Dakota State University, ensuring students from all majors and backgrounds have a voice. Our mission is to leave the university better than we arrived through ensuring that student voices are heard both on campus and at the legislature.

As an R1 research institution, research plays a central role in the success of NDSU and its students. For many of our students, especially graduate students, research presents an opportunity to actively participate in and learn about the most important sectors of our economy. As recently as last year, one of these research projects led to a new potato variety developed by a NDSU faculty being approved for McDonald's French fries. These opportunities ensure our students are better prepared to enter their careers following graduation, leading to better economic outcomes for all. In short, I urge you to support HB 1379 to continue driving economic growth while providing opportunities for our future leaders.



Testimony

House Appropriations Committee

HOUSE BILL NO. 1379

January 8, 2023

Chairman Vigesaa and members of the House Appropriations Committee. The Valley Prosperity Partnership (VPP) is a membership organization led by business executives – joined by economic development, chamber of commerce, and higher education leaders – to advance and advocate for shared strategic economic development opportunities for the Red River Valley region and for North Dakota.

The business executives who lead companies across the state of North Dakota that comprise the VPP desire to strengthen and diversify our economy. They feel that investing in research and development is critical to insuring a robust and prosperous future for all North Dakotans.

North Dakota's universities and colleges are important economic drivers, whose research and development capabilities sustain our competitive advantages in agriculture and energy and translate innovations into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

HB1379's provisions relating to an economic diversification research fund are right on target. We need to find ways to build a more innovation-driven economy, whether it is to build upon our existing economic base or by attracting new talent and ideas that are outside of ag & energy. HB1379 can be a strong start and an example to accomplish both of these.

Thank you for your consideration of these important investments in research and development that will lead to new innovations and enable the expansion of opportunity and prosperity in North Dakota.

Valley Prosperity Partnership Steering Committee

Brian Johnson, CEO, Choice Bank,
Co-Chair Valley Prosperity Partnership*

Judd Graham, Market President
Dacotah Bank - Fargo
Co-Chair Valley Prosperity
Partnership*

Jonathan Holth, JLG Architects
Vice Co-Chair*

Marshal Albright, President & CEO
Cass County Electric Cooperative,

Andrew Armacost, President
University of North Dakota

Steve Burian, President & CEO
Burian & Associates

Dan Conrad, President & CEO
Blue Cross Blue Shield North Dakota

David Cook, President
North Dakota State University

Tim Curoe, CEO
RD Offutt Company

Mylo Einarson, President & CEO
Nodak Electric Cooperative

Chad Flanagan, Partner
Eide Bailly

Rod Flanigan, President
North Dakota State College of Science

Todd Forkel, CEO
Altru Health System

Shannon Full, President/CEO
Fargo Moorhead West Fargo
Chamber of Commerce*

Shawn Gaddie, Director of Infrastructure
Management Services, AE2S
AE2S

Jim Galloway, Principal
JLG Architects

Kevin Hanson, President & CEO
Gate City Bank

Tiffany Lawrence, CEO & President
Sanford Fargo

Keith Lund, President & CEO
Grand Forks Region EDC*

William C. Marcil, Sr. Chairman
Forum Communications Company

Pat McAdaragh, President & CEO
Midco

Jeff Melgaard, Vice President
Construction Engineers

Tammy Peterson, Grand Forks Region
President & Ag Banking Director
Bremer Bank

Joe Raso, President & CEO
Greater Fargo Moorhead EDC*

Jim Roers, President & CEO
Roers Construction & Development

Richard Solberg, Chairman & CEO
Bell State Bank & Trust

David White, President
Border States Electric

Barry Wilfahrt, President & CEO
The Chamber Grand Forks/East Grand
Forks*

Chris Wolf, North Valley Market President
Alerus Financial

Delore Zimmerman, Executive Director*

* Member Executive Committee

Economic Diversification Research Fund



North Dakota's universities and colleges are important economic drivers, whose research and development capabilities sustain our competitive advantages in agriculture and energy and translate innovations into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

A broad-based business coalition led by the **Valley Prosperity Partnership** supports the Economic Diversification Research Fund, which will stimulate economic activity across the state through innovation of new technology, concepts, and products.

NEED for R&D

- **BEYOND OIL & SOIL:** North Dakota's economic trajectory is directly linked to the strength of the agriculture and energy sectors.
- **STRENGTHEN & DIVERSIFY:** Business leaders support strengthening and diversifying our economy to meet the unique needs of the State.
- **ADVANTAGE:** North Dakota does not have a stream of funding that supports basic and applied research and development at research universities.

GOALS for INVESTMENT

- Promote job creation and career and wage growth,
- Enhance health care outcomes,
- Address loss of revenue and jobs in communities with economies that depend primarily on the fossil fuel industry, and
- Provide experiential learning opportunities for students.

FUNDING PROPOSAL

- \$ **15.0% OF LEGACY FUND EARNINGS** or other comparable State funds allocated annually for use by UND, NDSU, the 9 other public universities, and the private sector.
- \$ **10.0% of RESEARCH FUNDING to ND's NON-RESEARCH UNIVERSITIES:** At minimum, 10% of the State-awarded amount is to be made available to fund research proposals at any of the 9 non-research university entities within the purview of the State Board of Higher Education.
- \$ **LEVERAGE FUNDING:** Leverage federal, private, and additional sources of funding.

GUIDELINES for USE OF FUNDS

- \$ **LEVERAGE FUNDING:** Basic or applied university research, with the expectation it will leverage funding from federal, corporate, or other sources
- \$ **PARTNERSHIPS:** University-originated research partnerships with industry, and
- \$ **INDUSTRY SUPPORT:** Research that is originated by a business, public or private university or non-profit organization that is conducted in partnership with a NDUS university or college.

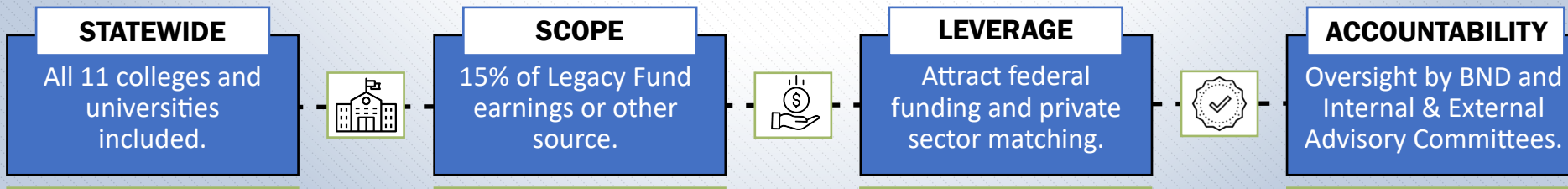
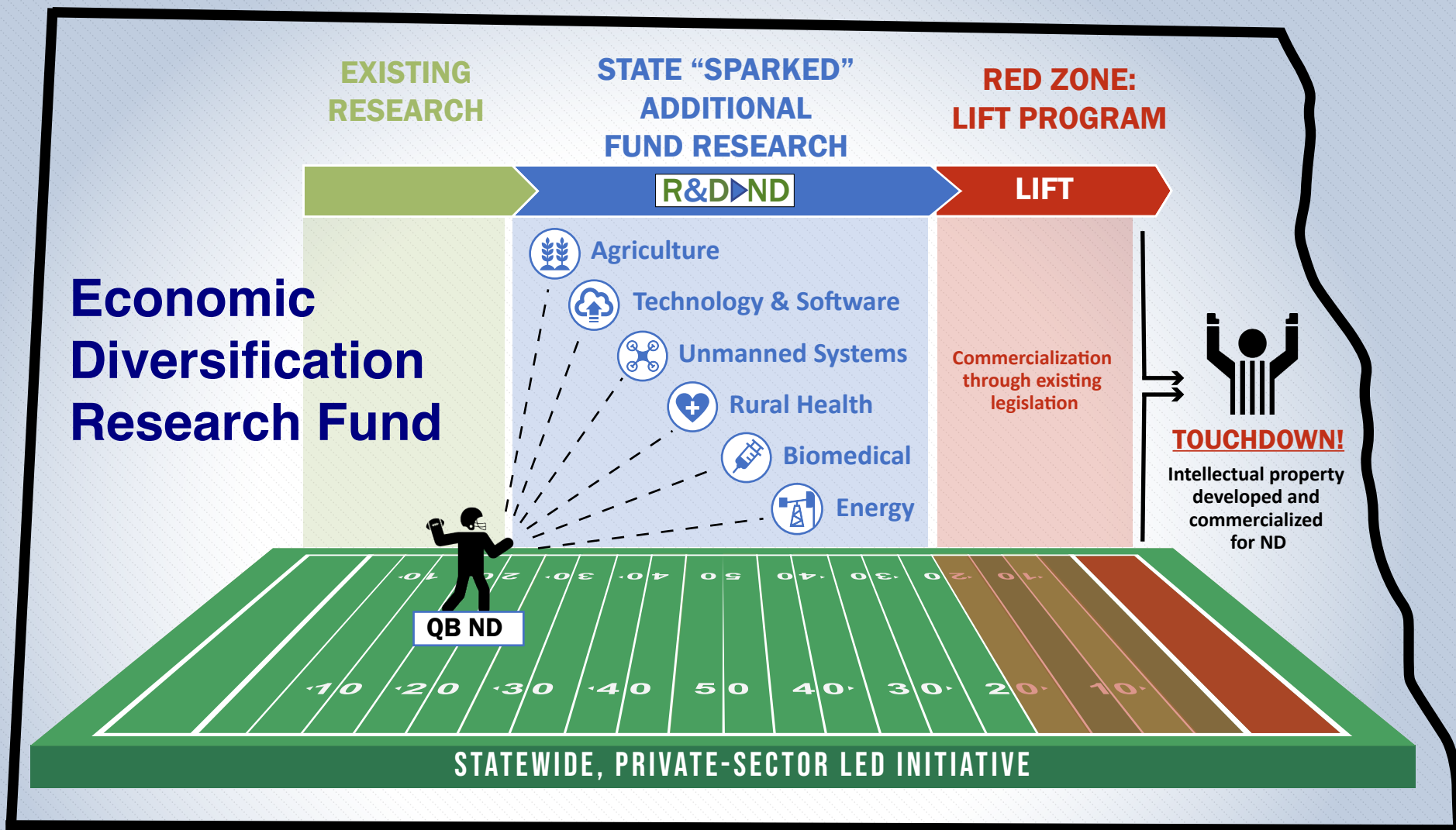
ACCOUNTABILITY

- ✓ **ECONOMIC DIVERSIFICATION RESEARCH COMMITTEE:** Review and award grants. Provide annual reports on performance of the Fund.
- ✓ **INTERNAL ADVISORY COMMITTEE:** Members appointed from the education institutions would review and formulate recommendations on effectiveness and implementation of research programs.
- ✓ **EXTERNAL ADVISORY COMMITTEE:** External scientific and commercialization experts would provide feedback and recommendations on the program's strategic direction.

IMPACT

- ✓ **INVESTMENT ECOSYSTEM:** Round out the state's R&D ecosystem by getting more ideas to the LIFT program and leveraging existing research activities, including NDSU Extension projects, the EERC and ND's research councils.
- ✓ **MATCH FEDERAL FUNDING** that is available for research and training.
- ✓ **ATTRACT TALENT & FUNDING:** Long term, predictable funding will attract research talent and funding for sectors that are key to strengthening and diversifying North Dakota's economy.

STRENGTHENING AND DIVERSIFYING NORTH DAKOTA'S ECONOMY BY INVESTING IN **RESEARCH AND DEVELOPMENT**



HB 1379 – In Support
House Appropriations Committee
68th ND Legislative Session, February 8, 2023
Dr. Steve Shirley, President, Minot State University & Dakota College at Bottineau

Chair Vigesaa and members of the Appropriations committee, for the record, my name is Steve Shirley, and I serve as president of Minot State University. I provide testimony today supporting House Bill 1379, in particular the economic diversification research portion of the bill.

Now in my ninth year at Minot State, in this role I also serve as president of Dakota College at Bottineau. Before MSU and DCB, I was Valley City State's president for six years. I share this so you understand my perspective having served three of the nine NDUS campuses with significantly smaller research agendas than UND or NDSU. During these 15 years, I have seen first-hand research performed across the state:

Aquatic and wildlife activities at Valley City State, including research at the Prairie Waters Education & Research Center; additional VCSU research in Software Engineering and Physics, where high performance computing tutorials are developed supporting students involved with the international Deep Underground Neutrino Experiment, or DUNE;

At Dakota College at Bottineau, with our vision of Nature, Technology, & Beyond, hands-on research has been conducted with high-tunnel farming techniques, small mammal habitat research in the Turtle Mountains, and assisting producers with development activities for our state's increasing farmers markets;

At MSU, professors in the physical and life sciences, addiction studies, education, and other areas conduct research such as addiction effects of methamphetamines, optimizing usage of fracking sand, understanding the genetics of certain types of leukemia, design of fungicides for medicinal or agricultural uses, and teaching techniques for the deaf and hard of hearing, just to name a few. For many years, Dr. Mikhail Bobylev's Minot State chemistry students have been selected for the esteemed Posters on the Hill event at Capitol Hill in Washington DC; MSU has been the only North Dakota campus with students selected the past few years including again last year, and they have presented their research alongside students from the likes of Auburn, the University of Florida, and Michigan State University, some of the largest and best research universities in the nation. Indeed our North Dakota students can compete with the very best in the land.

There are numerous examples from the other six smaller NDUS campuses as well – we've seen those highlighted during the State Board of Higher Education's monthly Research Committee meetings, and they've included such topics as soil nutrient ion

exchange, the effects of wheat bran compounds in cancer intervention, 3D bioprinting, comparing till vs. no-till crop plotting, the effects of equine therapy for PTSD, wind energy technology research, and UAV photography in crop monitoring.

These activities may not get the headlines of a larger project at NDSU or UND, but please know the research being conducted at your other nine campuses have incredible potential to help unleash economic diversification as our undergraduate students, North Dakota's future leaders, hone their research skills. This bill would help expand research opportunities for these faculty and their students.

On a final note, the North Dakota University System is an integrated system. An important aspect of that is when students at a smaller campus move on to a graduate degree at a larger campus; I can recall many students the past 15 years who moved on to UND or NDSU to pursue a PhD program or complete additional professional training in medicine, law, or allied health. In many of those cases, the research opportunities they had as undergraduates played a key role in preparing them for success - both getting accepted into the graduate program and then succeeding in that program.

All 11 NDUS campuses are excited about this bill's potential for our students, our faculty and staff, and most importantly, our state. I appreciate your time, and am happy to answer any questions. Thank you.



Contact:

Matt Perdue, Lobbyist

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**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
House Appropriations Committee
February 8, 2023**

Chairman Vigesaa and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1379. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports HB 1379. We specifically want to highlight funding for the Agriculture Infrastructure Fund and the County and Township Bridge Fund. These two funds are important for supporting the long-term success of North Dakota's family farmers and ranchers.

Agriculture Infrastructure Fund

The Agriculture Infrastructure Fund addresses the external costs associated with commodity processing and livestock facilities. These facilities are often accompanied by increased truck traffic, requiring road and bridge upgrades and improvements. The Agriculture Infrastructure Fund provides political subdivisions up to \$2.5 million or 80% of road improvement costs to support that development. New value-added projects often also face high costs to access natural gas, three-phase power, and water and sewer infrastructure. The fund provides up to \$500,000 per project to address those "last mile" infrastructure needs.

The Agriculture Infrastructure Fund will also promote local acceptance of livestock and agriculture processing facilities. The external costs of these projects are often a valid concern for local residents. The fund helps mitigate those concerns, supporting broader efforts to build local support for new projects.

The Agriculture Infrastructure Fund is modeled after an existing program in South Dakota. It is a proven model that will support continued growth in value-added agriculture in our state.

County and Township Bridge Fund

The County and Township Bridge Fund is key to addressing North Dakota's growing backlog of rural infrastructure needs. According to the Upper Great Plains Transportation Institute (UGPTI), 698 county, township and tribal bridges need to be replaced in the next 20 years. The cost of those replacements and additional maintenance totals \$716 million over the 20-year period. Because many of these projects are urgent needs, UGPTI's analysis calls for \$139 million per biennium over the next 10 years.¹

¹ Dybing, A., et. al. (2022, Sep. 1). *Infrastructure Needs: North Dakota's County, Township, and Tribal Roads and Bridges: 2022-2041*. NDSU Upper Great Plains Transportation Institute. Retrieved from https://www.ugpti.org/downloads/road_needs/2021-2023-legislative-study-report.pdf.



UGPTI estimates \$10.5 billion of required investment in rural roads and bridges over the next 20 years.² Each biennium since 2016, that need has grown. We appreciate the important steps the legislature took to address our rural infrastructure challenges during the 2021 legislative session and special session. However, without significant, routine investments, we will continue to fall behind. The County and Township Bridge Fund addresses that need.

NDFU respectfully requests a “Do Pass” recommendation on HB 1379. I will stand for any questions.

² *Id.*

Testimony in support of House Bill 1379**Andrew P. Armacost, President, University of North Dakota****February 8, 2023**

Chairman Vigesaa and members of the committee, for the record my name is Andy Armacost, and I am the President of the University of North Dakota. I am here today to speak in favor of House Bill 1379 and, in particular, the establishment of the Economic Diversification Research Fund.

Such a fund gives universities an advantage in creating new knowledge and new technologies. The fund will help elevate North Dakota's research capability, better preparing us to compete on a national stage. The funding can support laboratory technologies, competitive student stipends, seed funding for research innovation, and a bridge to push the application of lab ideas into the commercial world. At UND, this includes opportunities in medicine, the biosciences, engineering, national security, cyber security, autonomy, materials, and more.

With this funding, we can recruit and retain top-quality faculty and students, enhance academic programs to train a high-tech workforce, and become stronger partners with industry and with other universities. We will compete for and secure -- often in partnership with industry -- federal funding in strategic areas. University research can help diversify the economy of North Dakota. Strong college and university research activity is critical in every high-tech area of economic development— especially at the leading edge of technology. Investing in and strengthening North Dakota's university research, as part of a strategy to diversify and grow the state's economy, will ensure that North Dakota plays a role in technology development and acquires a strong capability to train the workforce of the future.

Let me share with you several examples of how UND has applied research to dramatically impact the state. You are likely familiar with the Northern Plains UAS Test Site and the Vantis system. But did you know the origin for both was research at the University of North Dakota? Radar research at UND reaching back nearly two decades created the building blocks for the nation's first beyond visual line of sight system, which enabled UAS testing and operations across the state. Making this leap required years of research on how to build the system, again, spearheaded by researchers at UND. The result of building this capability has yielded one of the nation's most advanced ecosystems for UAS, comprising North Dakota colleges and universities, NPUASTS, GFAFB, Grand Sky, and dozens of private firms in the UAS world. It started with and continues through research at UND.

Here's another example. Two UND professors, Travis Desell and Jim Higgins, developed novel AI algorithms useful in airport planning. In 2016, along with two other UND teammates -- Josh Riedy as CEO and Brett VanHuizen as general counsel -- they created a firm called HubEdge, which commercialized the research into a product now central to the operations of the FedEx airport operations. This team then combined their entrepreneurial spirit with UND's research in uncrewed aircraft. The firm they founded, Airtonomy, now known as Thread, recently earned \$15 million in venture funding from the North Dakota Growth Fund. This is a great story of how university research, combined with the entrepreneurial spirit, can have a direct impact on the economic vibrancy of our state.

Numerous other examples exist for how research connected to solving problems can build industry opportunities. For instance, Professor Kouhyar Tavakolian and his colleagues in our biomedical engineering program have a series of research projects geared toward commercial application. One of his research partnerships is with a firm called SafetySpect, proudly headquartered at the UND Center for Innovation. Together they are developing commercial and military applications for a hand-held technology platform that detects and analyzes specific pathogens in real-time. This startup firm is having extraordinary success, and is following a trajectory with many unfolding opportunities, like Thread. National venture capital firms are eyeing SafetySpect for investment, and we are eager to see where the collaboration goes. Again, the impact of university research is clear from this example.

Finally, I'll reference my experience as a researcher and entrepreneur. As a 30-year-old PhD student, I, along with my advisor, created a new class of models and algorithms that enabled us to solve huge logistics problems. Working with the UPS air group, we implemented these algorithms for the company in 2000. They have been in place since, helping this Fortune 50 company make strategic decisions about their routes and their fleet of hundreds of aircraft, saving billions of dollars. Later, in my life as a professor, I was involved directly in the research and development of assistive technologies for children with disabilities and the commercialization of those technologies.

My point: I have been part of making this model work: taking ideas from research to commercialization. I commit to putting my full effort as a member of this new fund's advisory committee to put the state's money to great use.

We have seen the capacity of UND, NDSU, and our other colleges and universities to do this. We have proven this can work. This bill provides funding that is central to making this happen in North Dakota on a grander scale.

Thank you and let me now turn it over to President Steve Shirley from Minot State University.

Support HB 1379

House Appropriations Committee

February 8, 2023

Good morning, Chairman Vigesaa and Committee members.

I am Larry Syverson from Mayville, I grow soybeans on my farm in Traill County, I am the Chairman of the Board of Supervisors for Roseville Township, and I am also the Executive Secretary of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 Township Officers that serve in more than 1,100 dues paying member townships.

North Dakota Township Officers support the creation of the Agriculture Infrastructure fund to help with the costs inherent in the development of value-added agriculture. Long-term, these projects will increase the profitability of agriculture and property values, and with that the tax base will grow. But long-term gain doesn't pay for immediate needs, we hope this fund will be available to kick-start or enhance these developments.

We also support the creation and funding of the County and Township Bridge Fund. All too often bridges on rural roads are deficient, posted with limits far below what is needed to carry agricultural and energy industry products out and the necessary supporting materials in. It is hard to lead the nation in so many agricultural products when the condition of our bridges ranks North Dakota 42nd.

In some counties it is very hard to get a bridge on a township road on the county priority list, it is our hope that the County and Township Bridge Fund will help the counties catch up their bridge projects and then the township bridge needs might be addressed.

Chairman Vigesaa and Committee Members, that concludes my prepared testimony. On behalf of the membership of NDTOA, I ask that you give HB 1379 your favorable recommendation and I will try to answer any questions.

Representative Mike Lefor

HB 1379 Testimony

Good morning chair Vigesaa, vice chair Kempenich and members of the House appropriations committee, for the record, my name is Mike Lefor and I represent District 37 – Dickinson in the House. Today, I bring HB 1379 for your consideration.

HB 1379 or Legacy Streams II is an update to the original Legacy Streams bill. Attached to my testimony you will note opportunities in the streams for the 21-23 biennium under legislative intent. If you look at the first attachment, HB 1380 from last session, you see the breakdown of how the funds were allocated.

In HB 1379, starting on page one, line 14, there is created an agriculture infrastructure fund. The purpose of this fund would be to allocate dollars to the department of agriculture for grants to political subdivisions for the development of infrastructure improvements necessary for the development or enhancement of value-added agriculture businesses or grants to individuals or organizations for capital improvements for the same purpose.

Within the bill, committees are created for economic research and reporting requirements. On page three beginning on line 8 is the workforce development and enrichment fund and how the dollars are allocated. The streams are as follows, beginning on page seven, line 26,

POMV

1. Legacy Sinking and Interest Fund	\$102,620,461
2. PERS Retirement Plan	\$ 70,000,000
Highway Tax Distribution Fund	\$ 60,000,000
3. Tax Relief	\$200,000,000
4. Clean Sustainable Energy	\$ 30,000,000
5. Economic Diversification Fund	\$ 10,000,000
6. Innovation Loan Fund	\$ 10,000,000
7. Workforce Development Fund	\$ 10,000,000
8. Legacy Projects Fund	\$ 16,600,000

Excess

1. Legacy Projects Fund	\$ 73,400,000
2. County and Township Bridge Fund	\$100,000,000
3. Agriculture Infrastructure Fund	\$ 15,000,000
4. Bioscience Innovation Fund	\$ 15,000,000
5. SIIF	Remainder

2023-25 Biennium

Based on information from the Retirement and Investment Office, the estimated earnings available for transfer from the legacy fund to the legacy earnings fund at the end of the 2021-23 biennium total **\$680 million** based on the current definition of earnings, which includes dividends, interest, and realized gains and losses but excludes unrealized gains and losses. The amount available for spending for the 2023-25 biennium based on the percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund, totals **\$486.6 million**. Since the estimated earnings exceed the estimated amount available for spending, **\$193.4 million** of excess earnings would be available for additional allocations as provided by law.

As a reference, the legacy fund earnings available for transfer at the end of the 2021-23 biennium total **\$423.6 million** based on the earnings through November 30, 2022, as reported by the Retirement and Investment Office

2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$626 million**, and the amount available for spending would be **\$573 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and

The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.5 billion on June 30, 2024.

The Legacy Fund established by the voters of North Dakota many years ago has been put to good use on behalf of the state of North Dakota. Contained in the bill are dollars for bond payments, getting rid of our large retirement plan deficit, for roads, bridges, energy, economic development, innovation, legacy projects, workforce development, agriculture, biosciences making major investments in the future of our great state.

That completes my testimony, and I would be happy to answer any questions.



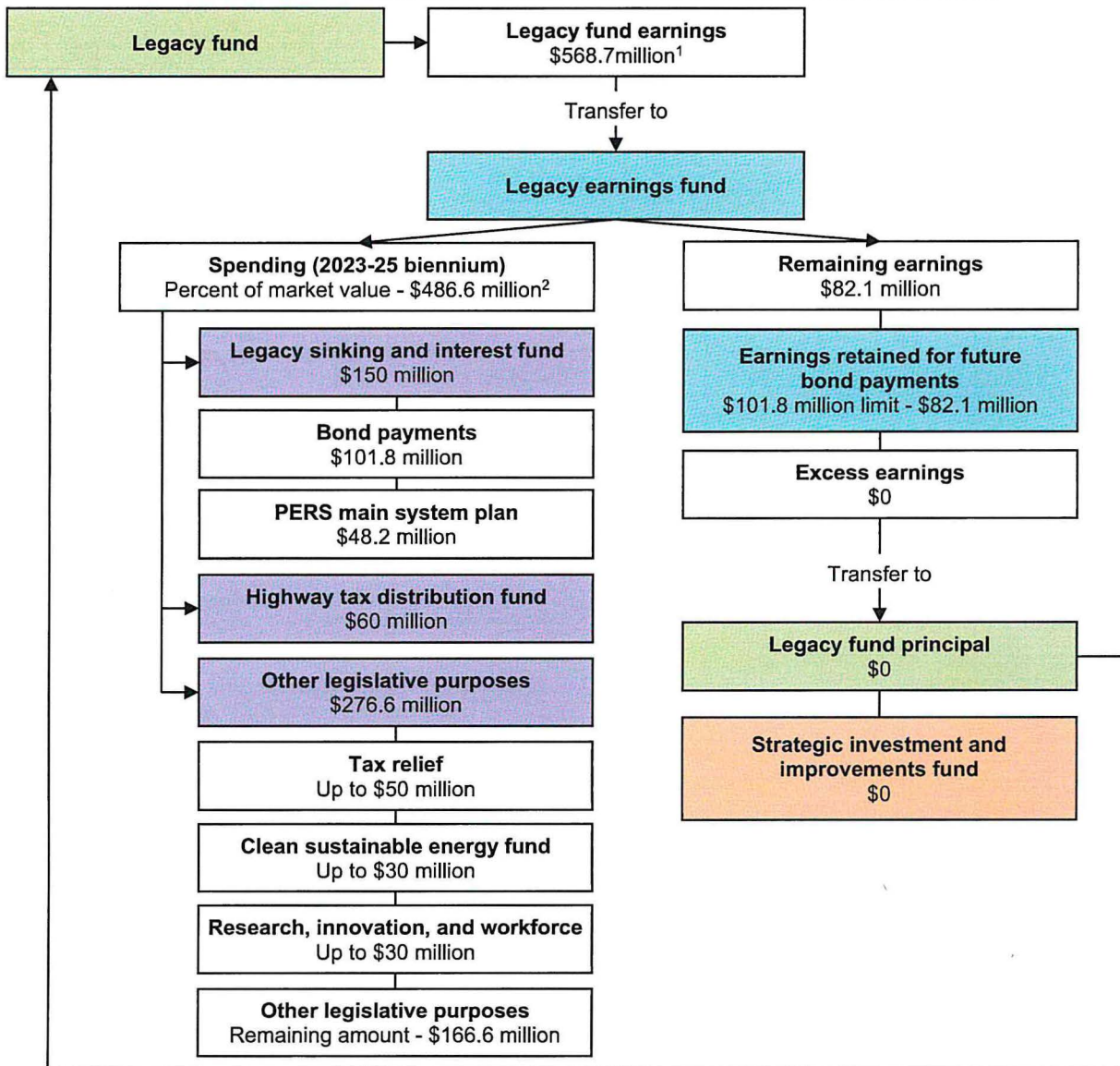
North Dakota Legislative Council

Prepared for the Legacy Fund Earnings Committee
 LC# 23.9225.02000
 September 2022

LEGACY FUND EARNINGS SCENARIO

This memorandum provides, for illustration purposes only, information on a legacy fund earnings scenario based the provisions of House Bill No. 1380 (2021), codified in North Dakota Century Code Section 21-10-13, and the amounts that may be allocated in the 2023-25 biennium using the 2021-23 biennium legacy fund earnings.

LEGACY FUND EARNINGS SCENARIO - 2021-23 BIENNIUM EARNINGS AND HOUSE BILL NO. 1380



NOTE: The amounts reflected on this schedule are not official allocations and are provided for illustration purposes only.

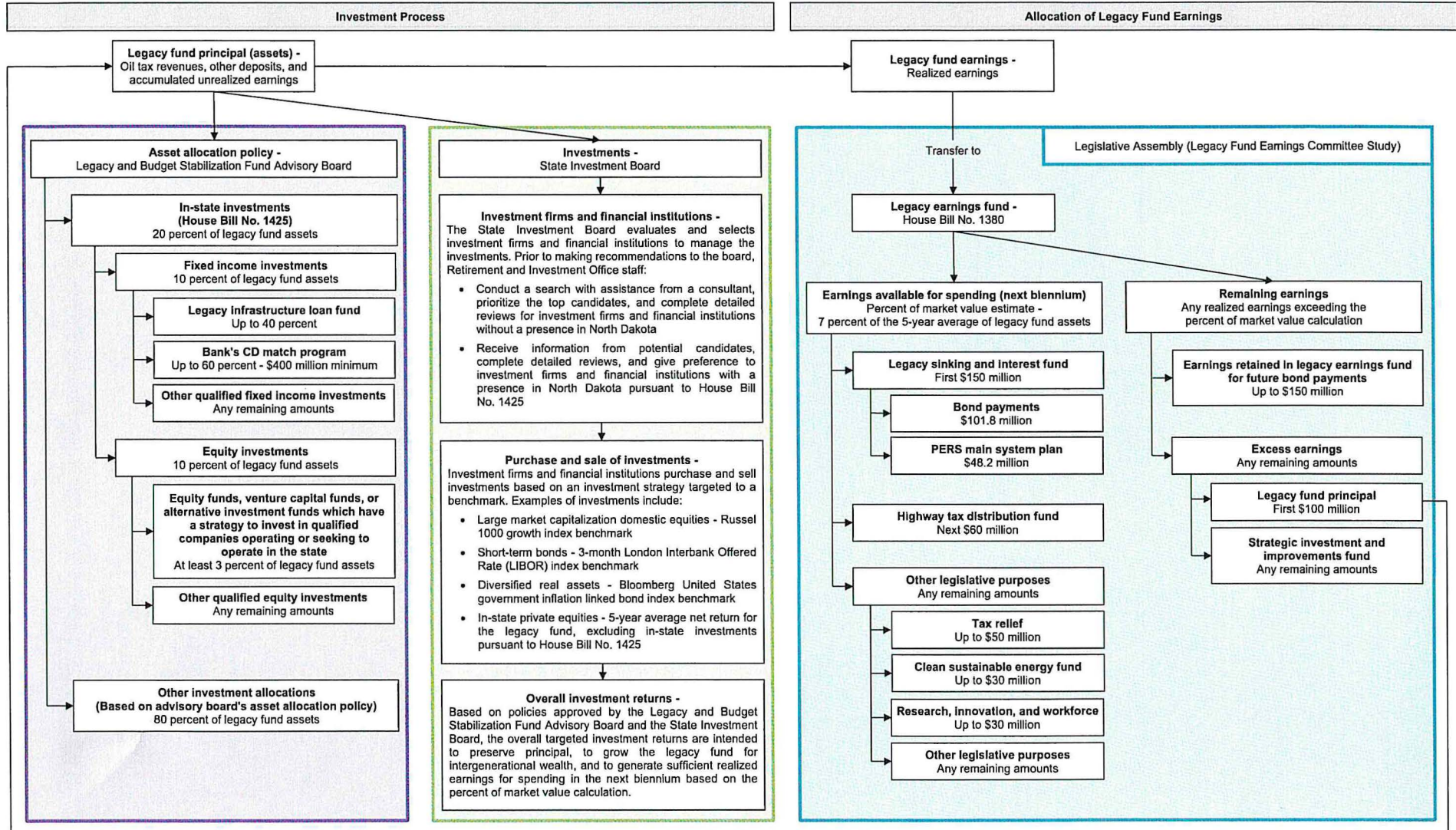
¹As reported by the Retirement and Investment Office, the actual realized earnings based on Section 21-10-12 totals \$568,719,459 for the 2021-23 biennium to date through June 30, 2022.

²Based on the following balances reported by the Retirement and Investment Office, the calculation for the percent of market value using 7 percent of the 5-year average of legacy fund assets for the 2023-25 biennium will be \$486,568,637:

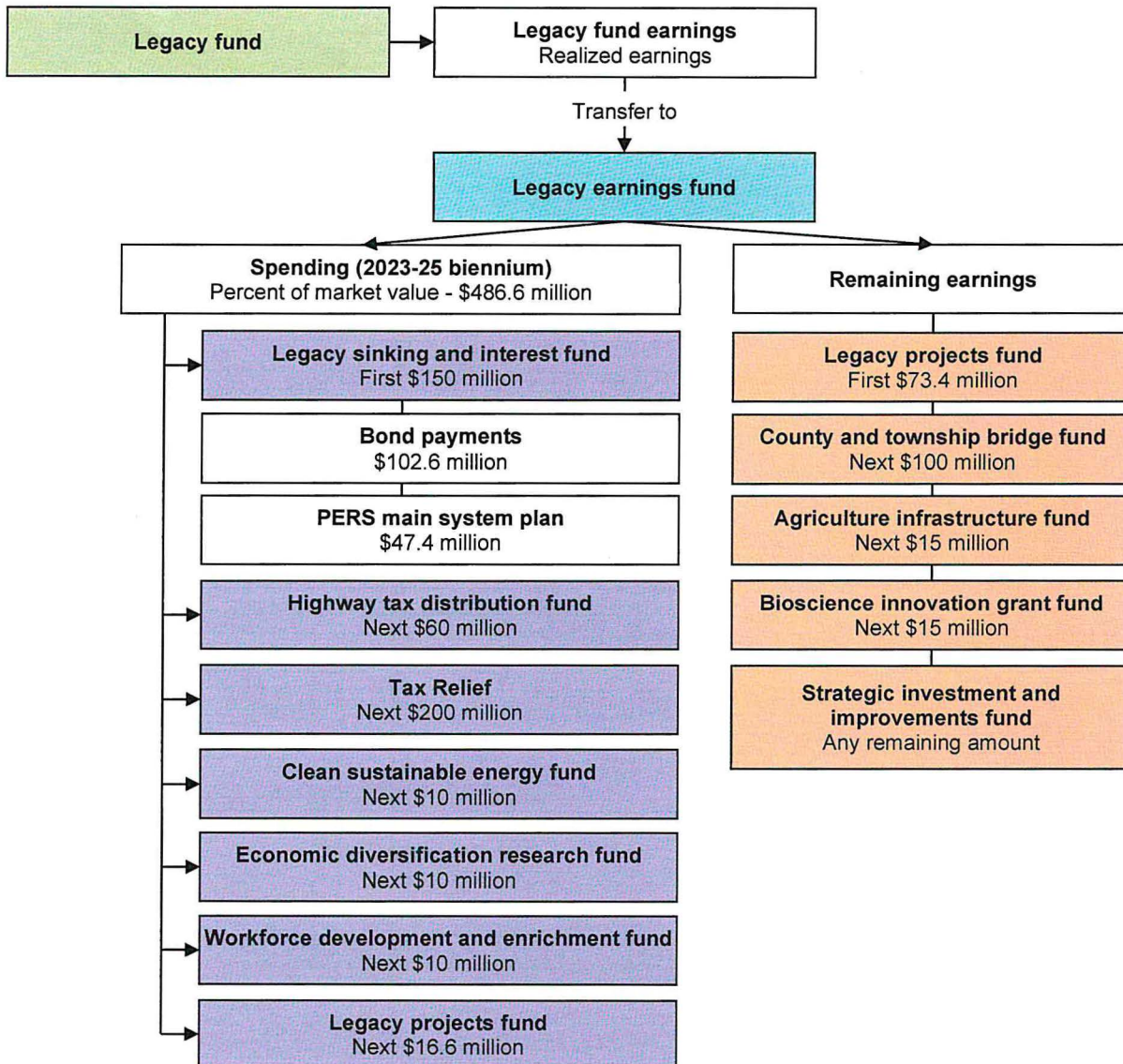
	Amount
June 30, 2018 balance	\$5,576,084,018
June 30, 2019 balance	6,122,227,871
June 30, 2020 balance	6,995,309,070
June 30, 2021 balance	8,115,202,181
June 30, 2022 balance	7,946,079,492
Average balance	\$6,950,980,526
Percent of market value (7 percent)	\$486,568,637

LEGACY FUND INVESTMENTS AND EARNINGS FLOWCHART

This memorandum provides information on the legacy fund investment process and the allocation of legacy fund earnings based on the provisions of House Bill Nos. 1380, 1425, and 1512 (2021), as codified in North Dakota Century Code Chapter 21-10, and the provisions of Section 26 of Article X of the Constitution of North Dakota, including the authority to develop the asset allocation policy (Legacy and Budget Stabilization Fund Advisory Board), to manage the investments (State Investment Board), and to determine the allocation of the earnings (Legislative Assembly).



2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN HOUSE BILL NO. 1379



ESTIMATED LEGACY FUND EARNINGS 2023-25 Biennium

Based on information from the Retirement and Investment Office, the estimated earnings available for transfer from the legacy fund to the legacy earnings fund at the end of the 2021-23 biennium total **\$680 million** based on the current definition of earnings, which includes dividends, interest, and realized gains and losses but excludes unrealized gains and losses. The amount available for spending for the 2023-25 biennium based on the percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund, totals **\$486.6 million**. Since the estimated earnings exceed the estimated amount available for spending, **\$193.4 million** of excess earnings would be available for additional allocations as provided by law.

As a reference, the legacy fund earnings available for transfer at the end of the 2021-23 biennium total **\$423.6 million** based on the earnings through November 30, 2022, as reported by the Retirement and Investment Office.

2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$626 million**, and the amount available for spending would be **\$573 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and
- The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.5 billion on June 30, 2024.



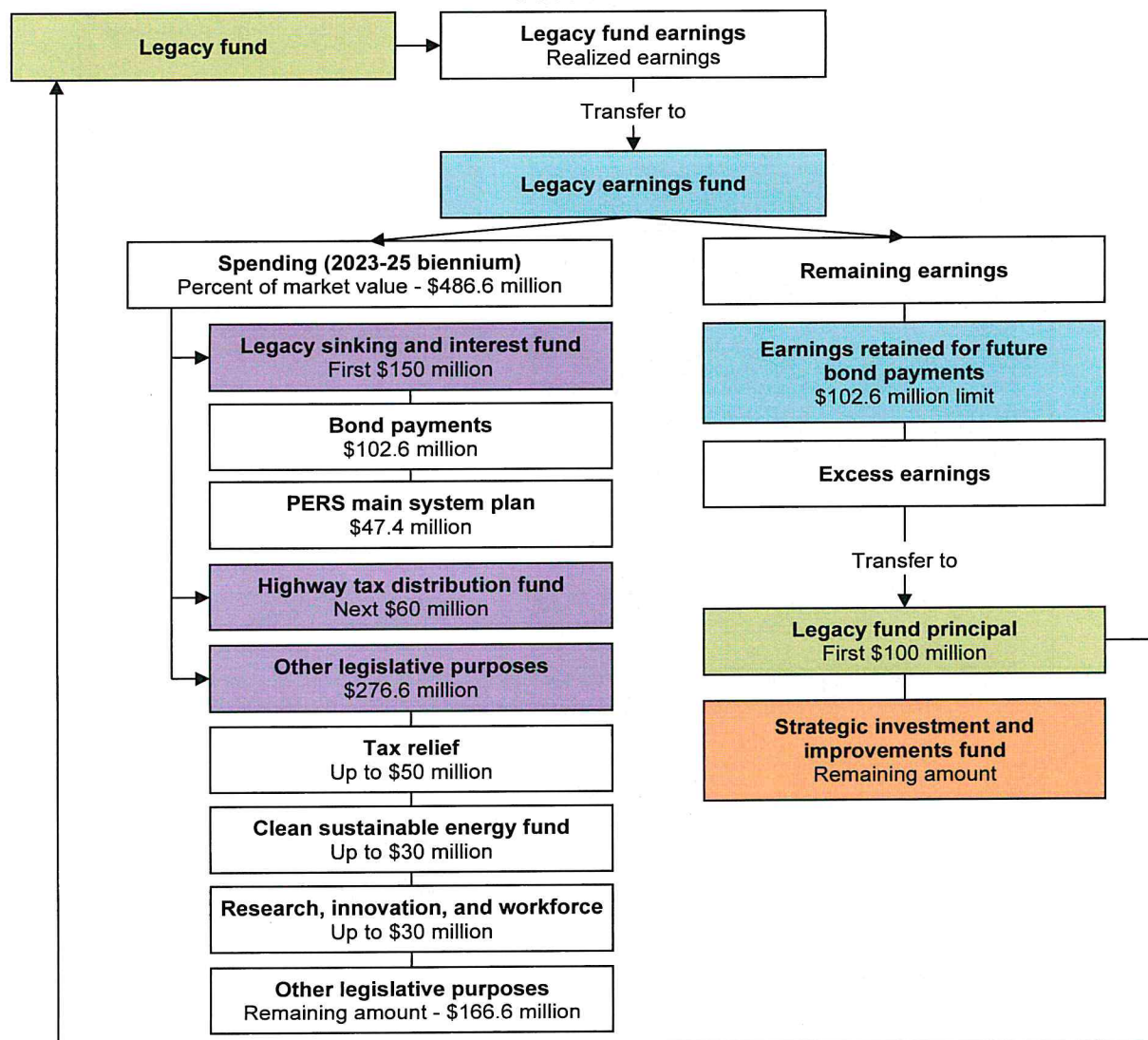
North Dakota Legislative Council

Prepared for Representative Lefor
 LC# 23.9544.02000
 February 2023

LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on current law, codified in North Dakota Century Code Section 21-10-13, and proposed changes to the allocations House Bill No. 1379.

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



**2023-25 BIENNIUM LEGACY FUND EARNINGS -
PROPOSED CHANGES IN HOUSE BILL NO. 1379**



**ESTIMATED LEGACY FUND EARNINGS
2023-25 Biennium**

Based on information from the Retirement and Investment Office, the estimated earnings available for transfer from the legacy fund to the legacy earnings fund at the end of the 2021-23 biennium total **\$680 million** based on the current definition of earnings, which includes dividends, interest, and realized gains and losses but excludes unrealized gains and losses. The amount available for spending for the 2023-25 biennium based on the percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund, totals **\$486.6 million**. Since the estimated earnings exceed the estimated amount available for spending, **\$193.4 million** of excess earnings would be available for additional allocations as provided by law.

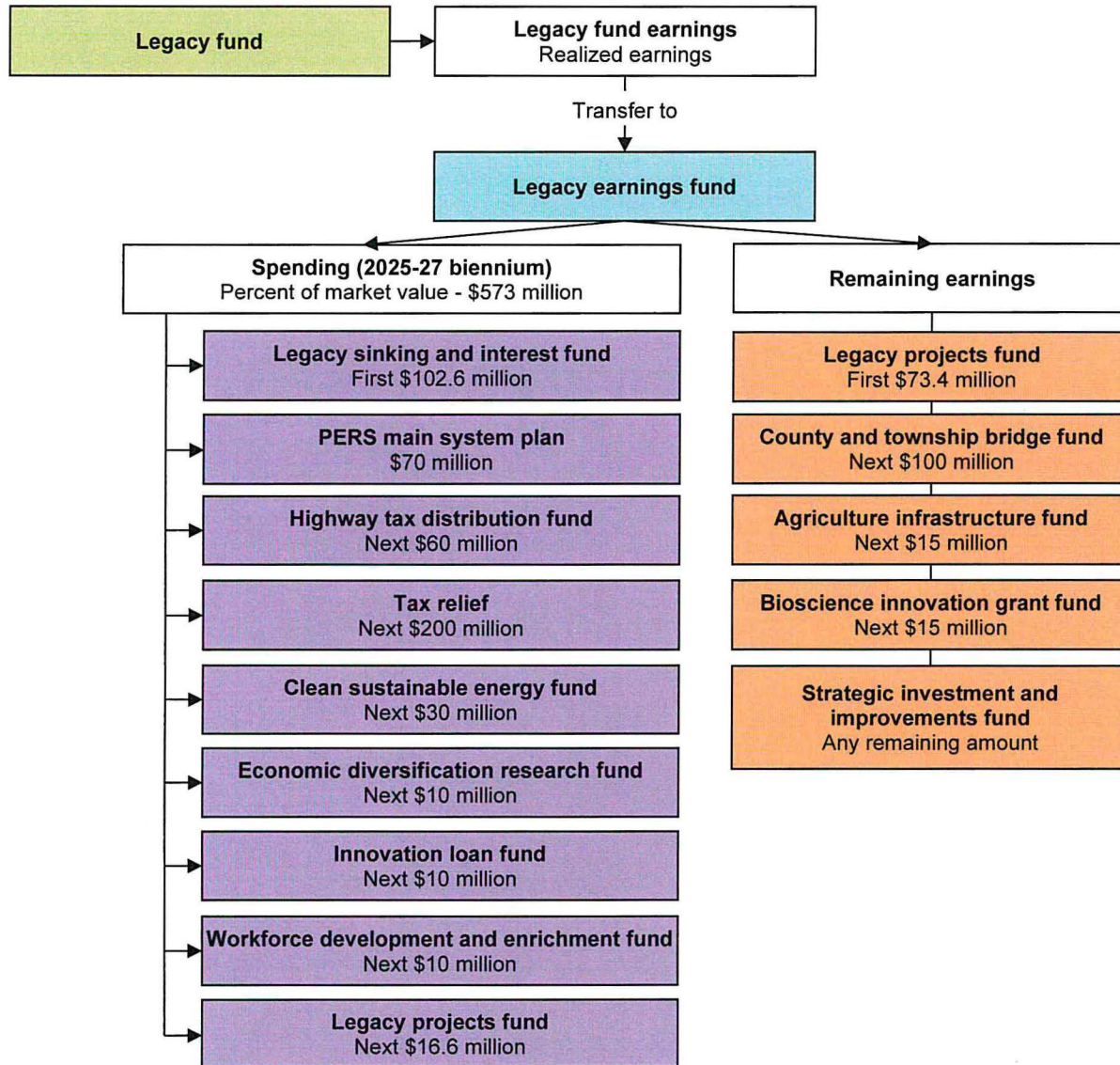
As a reference, the legacy fund earnings available for transfer at the end of the 2021-23 biennium total **\$423.6 million** based on the earnings through November 30, 2022, as reported by the Retirement and Investment Office.

2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$626 million**, and the amount available for spending would be **\$573 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and
- The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.5 billion on June 30, 2024.

PRELIMINARY 2025-27 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN HOUSE BILL NO. 1379



23.0695.01003
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
February 16, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1379

Page 7, line 5, after the underscored period insert "An amount equal to one percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year to the legacy fund to become part of the principal.

f."

Page 9, line 3, after the period insert "An amount equal to one percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year to the legacy fund to become part of the principal.

f."

Renumber accordingly

23.0695.01005
Title.

Prepared by the Legislative Council staff for
the House Appropriations Committee
February 21, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1379

Page 9, line 12, after "growth" insert ", including projects related to tourism"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds tourism projects as eligible projects from the legacy projects fund.

23.0695.01004
Title.

Prepared by the Legislative Council staff for
the House Appropriations Committee
February 21, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1379

Page 1, line 1, remove "a new section to chapter 4.1-01,"

Page 1, line 3, remove "an agriculture infrastructure"

Page 1, line 4, remove the first "fund,"

Page 1, remove lines 11 through 24

Page 2, remove lines 1 through 5

Page 6, line 8, replace "2" with "1"

Page 6, line 12, replace "4" with "3"

Page 6, line 14, replace "7" with "6"

Page 6, line 28, replace "7" with "6"

Page 7, line 1, remove "agriculture infrastructure fund under"

Page 7, line 2, replace "section 1 of this Act" with "agriculture diversification and development fund under section 4.1-01.1-07"

Page 8, line 14, replace "2" with "1"

Page 8, line 18, replace "4" with "3"

Page 8, line 20, replace "7" with "6"

Page 8, line 26, replace "7" with "6"

Page 8, line 29, remove "agriculture infrastructure fund under"

Page 8, line 30, replace "section 1 of this Act" with "agriculture diversification and development fund under section 4.1-01.1-07"

Page 10, line 13, replace "7" with "6"

Page 10, remove lines 23 through 31

Page 11, remove lines 1 and 2

Page 11, line 8, replace "2" with "1"

Page 11, line 16, replace "4" with "3"

Page 12, line 5, replace "6" with "5"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a newly created agriculture infrastructure fund and a related contingent appropriation.
- Changes a legacy earnings fund allocation from a newly created agriculture infrastructure fund to the agriculture diversification and development fund.



County Highway Department

Testimony Prepared for the
Senate Appropriations Committee
 March 22, 2023
 By: Nick West, Grand Forks County Engineer

RE: Support for HB 1379 – Relating to County and Township Bridge Fund

Chairman Bekkedahl and Senate Appropriations Committee members, thank you for the opportunity to provide testimony on HB 1379. I'm excited by the potential impact this bill could have, if passed it certainly would be historic. I am Nick West, the Grand Forks County Engineer, and I also serve on the legislative committee for the ND Association of County Engineers (NDACE). I am here to support the bill as proposed.

I'm going to focus my testimony on inflation and major bridges in Grand Forks County. The Federal Highway Administration (FHWA), recently changed the way bridge inspections are done. In a nut shell, the inspections are more thorough and the ratings are most conservative.

Here's the stats for Grand Forks County bridges for the past year.

1. Grand Forks County has 268-major bridges as defined by FHWA
2. 90%+ of all the Bridges in the County were inspected and re-rated
3. Prior to 2022 – 47 bridges had a ton limit
4. In 2022 – Posted 71 bridges (26% of entire inventory)
5. In 2022 – Posted 24 new bridges (many are on actively traveled roads)
6. Every bridge that previously had a ton limit, now has a lower limit
7. Of the 47 – the average rating went from 35-tons to 15-tons (57% reduction)

Needless to say, there is a huge need for bridge funding, specifically bridges. The current bridge needs are greater than what is in the UGPTI needs study, as the data in the needs study is out dated due to the recent changes in FHWA requirements.

Inflation is taking a huge chunk of our buying capability. For example, in 2020 we replaced a bridge with a double 14'x10'x44' concrete box culvert. The material only price was \$137,967. Just last month we got bids for the exact same sized culvert, one-mile away, the material price jumped to \$366,000, that is a 2.66-times fold increase in a two/three-year period.

Counties need long term stable funding solutions to better plan and prioritize future road projects. Increases in state funding through this bill are critical to maintaining our highway and bridge network. Consistent long-term funding would allow all County's to effectively plan and construct bridge projects.

Chairman Bekkedahl and members of the Senate Appropriations Committee, thank you for the opportunity to provide testimony and I ask for your support on HB 1379.

GOAL

PRESENT AN OVERVIEW OF NEEDS AND A SUGGESTED MEANS TO MEET THESE NEEDS

BRIDGE NEEDS ARE A STAND ALONE NEED

- Bridges are a need
- Bridges are the weakest link in our County / Township infrastructure system
- We don't like washboards, potholes and poor roads but we can live with them today.
 - We can't work with low load limit or no bridges



MCHENRY COUNTY

Complete loss of access to land by vehicle over 8 ton

Paved road rated at 105,500 with a 14 ton bridge

Two bridges on each side of this one rated at 40 ton



WEIGHT
LIMIT
10
TONS

Hazard sign with yellow and black diagonal stripes and a white circular symbol.



**WEIGHT
LIMIT
4
TONS**





BRIDGE INSPECTIONS



- Bridge inspections are mandatory
 - \$3,000 to \$5,000 / bridge
 - State spent about \$3,000,000 during last inspection

Bottineau County

- 118 Total bridges rated in the county
- 27 bridges rated poor or less
- 31 bridges not even in inventory because they have less than a 20' span

WHERE ARE THESE BRIDGES?

- Forecasted replacement needs 2022 - 2041
 - 5 counties with no bridge replacement needs
 - 25 counties with 1 to 5 bridges in need of rehabilitation or replacement
 - 12 counties with 6 to 19 bridges in need of rehabilitation or replacement
 - 11 counties with 20 or more
 - Highest counties in the study were Morton 66, Walsh 63, Traill 55, Grand Forks 51



WHAT ARE SOME ESTIMATED COSTS



Hydrology Study \$7,000
to \$15,000



Box Culverts to replace
bridges \$400,000 to
\$800,000



Bridge replacement \$1
to 1.5 million / bridge



Bridge repair variable

PAST HISTORY OF FUNDING

- Counties have been allocated Federal Funds for bridge work every three to four years
- More recently state appropriated \$25 million to counties through ARPA
- Some counties have utilized Prairie Dog Funding to meet needs

PROBLEMS WITH HISTORICAL FUNDING

- Not enough
- Cost share can be prohibitive for some counties
- One shot appropriations
 - Counties unable to do long term planning and studies

CONSIDERATIONS TO HOW MUCH FUNDING

- How much work can be done in biennium
 - Inflation concerns
 - Federal dollars have been increased nationwide to address infrastructure
 - Already employment shortages throughout the US
 - In person meetings with Counties and Engineers have supported their ability to expend \$100 million / biennium without causing hyper inflation due to lack of labor and resources
 - Limitations include
 - 3 bridge contractors currently in ND
 - Number of engineers / firms available
 - Time involved to do proper studies – engineering, hydrology, easements, mitigation

WHAT DO WE WANT TO FUND?

- Bridge Replacement
 - New Bridge Construction
 - Replacement with culverts or other structures when possible
- Bridge Repair



COUNTY AND TOWNSHIP BRIDGE NEEDS

- Upper Great Plains Transportation Institute 20 Year Study
 - Identified \$688 million in needed bridge replacements
 - \$27 million in preventative maintenance needs
 - Total needs of \$715,572,342.40

LEGISLATIVE LANGUAGE

- State funding needs to be zero local match
- Stream over ten years to allow for long term plans and efficiency
- Allocated to each county as a percent of their identified needs in the most recent UGPTI study
 - For counties with fewer bridge needs their appropriation will need to be allocated based on a project cost rather than an annual percent
 - DOT evaluate these needs on a county-by-county basis and grant funding to individual projects

STATE DOT INVOLVEMENT

- Allocate funds to DOT and have them distribute to counties based on formula
 - Advantages
 - Clearing house for allocating to counties with fewer needs
 - Oversight of a statewide benefit
 - Leverage with federal funds to decrease the amount needed from state
 - Potential disadvantages of Federal match
 - Perception of loss of local control
 - Time delay in funds being allocated while waiting for federal match
 - Potential need for local match if Federal funds are used
 - Potential for Federal guidelines being used in allocation formula
 - Ex. 6 mile recommendation

A photograph of a concrete structure, possibly a bridge or a dam, with a large red text overlay that reads "QUESTIONS". The structure is made of concrete and has a dark, possibly painted, section in the middle. There are some pipes or conduits visible on the top surface. The background shows bare trees and a clear sky. In the foreground, there are tall, dry reeds or grasses. A yellow and black striped sign is visible on the right side of the structure.

QUESTIONS

County	Bridges Replaced	UGPTI Study Results 20-Year Bridge Needs			Replacement County %	Total Cost County %	Does share x \$10
		Replacement Cost	PM Cost	Total Cost			Replacement %
							x \$100 M
Adams	7	\$ 5,368,480.61	\$ 312,428.51	\$ 5,680,909.13	0.78%	0.79%	\$ 779,488.36
Barnes	2	\$ 6,018,876.05	\$ 530,210.10	\$ 6,549,086.14	0.87%	0.92%	\$ 873,923.95
Benson	0	\$ -	\$ 97,419.98	\$ 97,419.98	0.00%	0.01%	\$ -
Billings	3	\$ 2,949,187.07	\$ 273,865.71	\$ 3,223,052.78	0.43%	0.45%	\$ 428,213.71
Bottineau	41	\$ 34,098,385.38	\$ 663,941.39	\$ 34,762,326.77	4.95%	4.86%	\$ 4,950,990.10
Bowman	4	\$ 2,579,150.62	\$ 198,452.13	\$ 2,777,602.75	0.37%	0.39%	\$ 374,485.45
Burke	5	\$ 2,250,000.00	\$ 48,020.00	\$ 2,298,020.00	0.33%	0.32%	\$ 326,693.70
Burleigh	7	\$ 5,133,819.24	\$ 464,724.38	\$ 5,598,543.61	0.75%	0.78%	\$ 745,416.18
Cass	43	\$ 64,506,553.72	\$ 3,371,424.63	\$ 67,877,978.35	9.37%	9.49%	\$ 9,366,171.01
Cavalier	6	\$ 4,106,269.58	\$ 130,460.49	\$ 4,236,730.07	0.60%	0.59%	\$ 596,218.85
Dickey	2	\$ 2,617,436.49	\$ 565,363.70	\$ 3,182,800.19	0.38%	0.44%	\$ 380,044.45
Divide	1	\$ 450,000.00	\$ 78,709.49	\$ 528,709.49	0.07%	0.07%	\$ 65,338.74
Dunn	4	\$ 5,718,670.55	\$ 420,022.84	\$ 6,138,693.39	0.83%	0.86%	\$ 830,334.95
Eddy	3	\$ 4,853,633.95	\$ 319,310.29	\$ 5,172,944.24	0.70%	0.72%	\$ 704,734.06
Emmons	4	\$ 4,466,415.82	\$ 388,614.53	\$ 4,855,030.35	0.65%	0.68%	\$ 648,511.07
Foster	1	\$ 800,000.00	\$ 102,694.60	\$ 902,694.60	0.12%	0.13%	\$ 116,157.76
Golden Valley	5	\$ 4,609,417.08	\$ 158,324.82	\$ 4,767,741.91	0.67%	0.67%	\$ 669,274.46
Grand Forks	51	\$ 39,161,818.85	\$ 1,905,730.52	\$ 41,067,549.37	5.69%	5.74%	\$ 5,686,186.46
Grant	18	\$ 32,452,586.95	\$ 795,076.62	\$ 33,247,663.57	4.71%	4.65%	\$ 4,712,024.77
Griggs	2	\$ 3,866,738.29	\$ 240,463.31	\$ 4,107,201.60	0.56%	0.57%	\$ 561,439.57
Hettinger	18	\$ 11,362,019.81	\$ 368,985.42	\$ 11,731,005.23	1.65%	1.64%	\$ 1,649,733.47
Kidder	0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
LaMoure	7	\$ 11,308,441.11	\$ 502,177.50	\$ 11,810,618.61	1.64%	1.65%	\$ 1,641,953.99
Logan	2	\$ 1,250,000.00	\$ 81,561.14	\$ 1,331,561.14	0.18%	0.19%	\$ 181,496.50
McHenry	37	\$ 32,167,011.73	\$ 657,111.12	\$ 32,824,122.84	4.67%	4.59%	\$ 4,670,560.05
McIntosh	2	\$ 1,600,000.00	\$ 12,685.62	\$ 1,612,685.62	0.23%	0.23%	\$ 232,315.52
McKenzie	10	\$ 6,235,999.03	\$ 653,644.88	\$ 6,889,643.91	0.91%	0.96%	\$ 905,449.60
McLean	4	\$ 4,064,487.37	\$ 422,413.63	\$ 4,486,901.00	0.59%	0.63%	\$ 590,152.19
Mercer	11	\$ 16,350,187.25	\$ 715,997.60	\$ 17,066,184.85	2.37%	2.38%	\$ 2,374,001.42
Morton	66	\$ 54,548,847.33	\$ 1,406,128.38	\$ 55,954,975.71	7.92%	7.82%	\$ 7,920,339.92
Mountrail	2	\$ 1,855,070.29	\$ 236,210.97	\$ 2,091,281.26	0.27%	0.29%	\$ 269,351.01

Nelson	1	\$ 1,479,539.97	\$ 303,599.10	\$ 1,783,139.07	0.21%	0.25%	\$ 214,825.06
Oliver	2	\$ 2,234,240.31	\$ 209,243.94	\$ 2,443,484.25	0.32%	0.34%	\$ 324,405.44
Pembina	44	\$ 33,824,712.12	\$ 951,866.14	\$ 34,776,578.26	4.91%	4.86%	\$ 4,911,253.51
Pierce	0	\$ -	\$ 4,408.55	\$ 4,408.55	0.00%	0.00%	\$ -
Ramsey	5	\$ 3,300,000.00	\$ 171,357.56	\$ 3,471,357.56	0.48%	0.49%	\$ 479,150.76
Ransom	5	\$ 12,128,892.69	\$ 614,764.67	\$ 12,743,657.36	1.76%	1.78%	\$ 1,761,081.26
Renville	4	\$ 3,297,162.39	\$ 208,426.24	\$ 3,505,588.63	0.48%	0.49%	\$ 478,738.75
Richland	40	\$ 33,479,623.04	\$ 1,692,647.01	\$ 35,172,270.05	4.86%	4.92%	\$ 4,861,147.54
Rolette	1	\$ 450,000.00	\$ 51,521.88	\$ 501,521.88	0.07%	0.07%	\$ 65,338.74
Sargent	5	\$ 2,250,000.00	\$ 25,326.45	\$ 2,275,326.45	0.33%	0.32%	\$ 326,693.70
Sheridan	0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
Sioux	0	\$ -	\$ 139,337.35	\$ 139,337.35	0.00%	0.02%	\$ -
Slope	1	\$ 4,334,656.39	\$ 273,878.63	\$ 4,608,535.01	0.63%	0.64%	\$ 629,379.97
Stark	25	\$ 20,823,882.37	\$ 815,615.27	\$ 21,639,497.65	3.02%	3.02%	\$ 3,023,569.42
Steele	29	\$ 20,783,966.97	\$ 626,395.86	\$ 21,410,362.82	3.02%	2.99%	\$ 3,017,773.82
Stutsman	7	\$ 9,943,687.54	\$ 482,194.48	\$ 10,425,882.02	1.44%	1.46%	\$ 1,443,795.59
Towner	9	\$ 5,800,000.00	\$ 66,147.54	\$ 5,866,147.54	0.84%	0.82%	\$ 842,143.76
Trails	55	\$ 90,734,322.82	\$ 1,890,273.29	\$ 92,624,596.12	13.17%	12.94%	\$ 13,174,369.66
Walsh	63	\$ 50,605,542.28	\$ 1,486,407.20	\$ 52,091,949.48	7.35%	7.28%	\$ 7,347,783.07
Ward	15	\$ 14,060,243.24	\$ 597,798.10	\$ 14,658,041.34	2.04%	2.05%	\$ 2,041,507.96
Wells	3	\$ 2,037,699.53	\$ 120,445.89	\$ 2,158,145.42	0.30%	0.30%	\$ 295,868.27
Williams	16	\$ 10,400,837.15	\$ -	\$ 10,400,837.15	1.51%	1.45%	\$ 1,510,172.44
<i>Total</i>	<i>698</i>	<i>\$ 688,718,512.95</i>	<i>\$ 26,853,829.45</i>	<i>\$ 715,572,342.40</i>	<i>100.00%</i>	<i>100.00%</i>	<i>\$ 100,000,000.00</i>

DOM > \$500,000?	(1) Yes, (0) No
Total % x \$100 M	Meets >\$500K Threshold
\$ 793,897.25	1
\$ 915,223.49	1
\$ 13,614.27	0
\$ 450,416.06	0
\$ 4,857,975.18	1
\$ 388,165.19	0
\$ 321,144.33	0
\$ 782,386.81	1
\$ 9,485,830.34	1
\$ 592,075.72	1
\$ 444,790.83	0
\$ 73,886.24	0
\$ 857,871.81	1
\$ 722,910.03	1
\$ 678,482.11	1
\$ 126,150.01	0
\$ 666,283.70	1
\$ 5,739,119.15	1
\$ 4,646,303.61	1
\$ 573,974.34	1
\$ 1,639,387.74	1
\$ -	0
\$ 1,650,513.57	1
\$ 186,083.37	0
\$ 4,587,114.52	1
\$ 225,370.03	0
\$ 962,815.85	1
\$ 627,036.67	1
\$ 2,384,969.88	1
\$ 7,819,611.29	1
\$ 292,252.95	0

\$ 249,190.61	0
\$ 341,472.71	0
\$ 4,859,966.80	1
\$ 616.09	0
\$ 485,116.23	0
\$ 1,780,904.12	1
\$ 489,899.96	0
\$ 4,915,264.04	1
\$ 70,086.82	0
\$ 317,972.94	0
\$ -	0
\$ 19,472.15	0
\$ 644,034.81	1
\$ 3,024,082.45	1
\$ 2,992,061.26	1
\$ 1,456,999.02	1
\$ 819,784.00	1
\$ 12,944,127.47	1
\$ 7,279,760.05	1
\$ 2,048,435.98	1
\$ 301,597.10	0
\$ 1,453,499.04	1
\$ 100,000,000.00	32



March 20, 2023

Dear Legislators,

My name is Richard Walsh and I am the CEO of CorVent Medical, a Medical Device company located in Fargo North Dakota and I am writing you in support of HB 1379. I moved CorVent Medical to Fargo in January 2022 after the North Dakota Bio-Science Association introduced us to the NDSU Research Park and their staff. Since then, we have settled into an office in the R2 building and expanded our footprint from 1200 sqft to 3000 sqft. In 2022 we were started our process of testing our new ventilators to submit to the FDA for clearance and we hired 7 NDSU interns to help with this process. During the summer we developed a deep understanding of really what made these students tick, and what was important to them. What really hit home to my executive team was how quickly they acclimated to the commercial application of the sciences that they have been learning in classes at NDSU. The practical application of these engineering skills in our "Life Sciences" sector and the ability to experience our "entrepreneurial" startup environment was a huge benefit for them in seeing what some of the opportunities look like in the future if they stay the course and join the MedTech startup world. Our mission at CorVent is to build medical devices here in Fargo as well as build a company that someday will be located alongside John Deere or Aldevron, but also to "home grow" the employees here in North Dakota. In over 30 years of Life Science experience, I've never seen a more fertile opportunity to build a new economic sector than the one you have here in North Dakota. Since this past summer's internship program, we have hired two of the interns as full-time employees and we have 3 more that will join us after they graduate, one being a PHD candidate. This summer we have 8 more interns targeted to start in May and our sister company (TailWind MedTech Inc.) will hire two more interns. Our ability to leverage the students at NDSU has been a huge asset in helping us grow the company here in North Dakota but also to keep this talent here in North Dakota. On the tech transfer side, we are now in final negotiations with NDSU to hire PHD candidates this summer to help us generate new technologies that will be key to allowing us to build superior medical device technologies here in the United States. Again, I urge you to support and pass HB 1379 and continue to support the economic diversification research fund.

DocuSigned by:
Richard S. Walsh
Signer Name: Richard S. Walsh
Signing Reason: I am the author of this document
Signing Time: 3/21/2023 | 7:13:34 AM PDT
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CorVent Medical, Inc.

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North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Ronald Sorvaag

District 45
3402 Birdie Street North
Fargo, ND 58102-1201
rsorvaag@ndlegis.gov

COMMITTEES:

Appropriations - Education and Environment Division, Chairman

Mar. 22, 2023

Chairman Bekkedahl and members of the Senate Appropriations Committee, Today, I am pleased to present testimony on the Research Section of House Bill 1379, I see this as a landmark investment in the future of North Dakota's economy.

Section 2: Economic Diversification through Research Grant Program

I believe research is a worthy cause for the state to support in efforts to diversify North Dakota's economy, which will ease the burdens of volatility in energy and agriculture that affect all areas of the state.

This section of this bill creates a research grant program and advisory committee for the purpose of stimulating economic activity across the state – through the innovation of new technologies, businesses, and products in North Dakota's critical industries of value-added energy and agriculture, but also developing sectors from autonomous vehicles and UAS technologies to advanced data and healthcare.

The legislation specifies that \$10 million of Legacy Fund earnings would be transferred to the economic diversification research grant fund and 90% awarded equally between our state's two research universities, the University of North Dakota (UND) and North Dakota State University (NDSU), and the remaining 10% between the other institutions controlled by the state board of higher education.

Making a significant and predictable investment in research will:

- **sustain and boost our competitive advantages in agriculture and energy, and**
- **produce discoveries and innovations in emerging sectors that translate into**
 - *new 21st century economic opportunities,**
 - *a more skilled workforce, and**
 - *higher-paying jobs for North Dakotans.**

Section 4: Workforce development and enrichment fund.

This section of this bill creates a Workforce development and enrichment fund. These dollars would be appropriated in grants for the following areas. Strategic workforce development, Technical education, Workforce diversification initiatives and Workforce guidance and support. Grants would be for one-time projects and initiatives. Grants for Capital projects must have a matching requirement.

Thirty percent of the moneys would be designated to support workforce initiatives in cities located in oil-producing counties. Having a trained and available workforce is critical to the future growth of North Dakota and all our communities.

I ask for your support for both these sections and the programs in them. They are important to our future as a state.

**Sen. Ronald Sorvaag
District 45**

Testimony in support of Engrossed House Bill 1379**Andrew P. Armacost, President, University of North Dakota****March 22, 2023**

Chairman Bekkedahl and Members of the Senate Appropriations Committee,

For the record my name is Andy Armacost, and I am the President of the University of North Dakota. I am here today to speak in favor of House Bill 1379 and, in particular, the establishment of the Economic Diversification Research Fund.

Such a fund gives universities an advantage in creating new knowledge and new technologies. The fund will help elevate North Dakota's research capability, better preparing us to compete on a national stage. The funding can support laboratory technologies, competitive student stipends, seed funding for research innovation, and a bridge to push the application of lab ideas into the commercial world. At UND, this includes opportunities in medicine, the biosciences, engineering, national security, cyber security, autonomy, materials, and more.

With this funding, we can recruit and retain top-quality faculty and students, enhance academic programs to train a high-tech workforce, and become stronger partners with industry and with other universities. We will compete for and secure -- often in partnership with industry -- federal funding in strategic areas. University research can help diversify the economy of North Dakota. Strong college and university research activity is critical in every high-tech area of economic development -- especially at the leading edge of technology. Investing in and strengthening North Dakota's university research, as part of a strategy to diversify and grow the state's economy, will ensure that North Dakota plays a role in technology development and acquires a strong capability to train the workforce of the future.

Let me share with you several examples of how UND has applied research to dramatically impact the state. You are likely familiar with the Northern Plains UAS Test Site and the Vantis system. But did you know the origin for both was research at the University of North Dakota? Radar research at UND reaching back nearly two decades created the building blocks for the nation's first beyond visual line of sight system, which enabled UAS testing and operations across the state. Making this leap required years of research on how to build the system, again, spearheaded by researchers at UND. The result of building this capability has yielded one of the nation's most advanced ecosystems for UAS, comprising North Dakota colleges and universities, NPUASTS, GFAFB, Grand Sky, and dozens of private firms in the UAS world. It started with and continues through research at UND.

Here's another example. Two UND professors, Travis Desell and Jim Higgins, developed novel AI algorithms useful in airport planning. In 2016, along with two other UND teammates -- Josh Riedy as CEO and Brett VanHuizen as general counsel -- they created a firm called HubEdge, which commercialized the research into a product now central to FedEx's airport operations. This team then combined their entrepreneurial spirit with UND's research in uncrewed aircraft. The firm they founded, Airtonomy, now known as Thread, which recently earned \$15 million in venture funding from the North Dakota Growth Fund. This is a great story of how university research, combined with the entrepreneurial spirit, can have a direct impact on the economic vibrancy of our state.

Numerous other examples exist for how research connected to solving problems can build industry opportunities. For instance, Professor Kouhyar Tavakolian and his colleagues in our biomedical engineering program have a series of research projects geared toward commercial application. One of his research partnerships is with a firm called SafetySpect, proudly headquartered at the UND Center for Innovation. Together they are developing commercial and military applications for a hand-held technology platform that detects and analyzes specific pathogens in real-time. This startup firm is having extraordinary success, and is following a trajectory with many unfolding opportunities, like Thread. National venture capital firms are eyeing SafetySpect for investment, and we are eager to see where the collaboration goes. Again, the impact of university research is clear from this example.

Finally, I'll reference my experience as a researcher and entrepreneur. As a 30-year-old PhD student, I, along with my advisor, created a new class of models and algorithms that enabled us to solve huge logistics problems. Working with the UPS air group, we implemented these algorithms for the company in 2000. They have been in place since, helping this Fortune 50 company make strategic decisions about their flight routes and their fleet of hundreds of aircraft, saving billions of dollars. Later, in my life as a professor, I was involved directly in the research and development of assistive technologies for children with disabilities and the commercialization of those technologies.

My point: I have been part of making this model work: taking ideas from research to commercialization. I commit to putting my full effort as a member of this new fund's advisory committee to put the state's money to great use. I can't think of two better presidents to make an impact on this board: NDSU's Dave Cook, with his exceptional background in economic development, and me, as a technologist who has put research into commercial play.

We have seen the capacity of UND, NDSU, and our other colleges and universities to do this. We have proven this can work. This bill provides funding that is central to making this happen in North Dakota on a grander scale.

Thank you and let me now turn it over to President Steve Shirley from Minot State University.



House Bill 1379
Senate Appropriations Committee
Senator Bekkedahl, Chairman
March 21, 2023

Chairman Bekkedahl and members of the Senate Appropriations Committee,

Thank you for allowing me to provide testimony. For the record, my name is David Cook. I'm the President of North Dakota State University (NDSU), and I am submitting this written testimony in support of HB1379 and the establishment of an economic diversification research fund (the Fund).

A. Purpose.

The purpose of HB1379 is to stimulate economic activity and help diversify North Dakota's economy. It achieves these goals through the creation of the Fund that will provide grants to all of the institutions under the control of the State Board of Higher Education, not just the two research universities. These grants will fund research aimed specifically at the state's key economic needs: (1) stimulating economic activity across the state through innovation of new technology, concepts, and products; (2) promoting job creation and career and wage growth; (3) enhancing health care outcomes; (4) addressing loss of revenue and jobs in communities with economies that depend primarily on the fossil fuel industry; and (5) providing experiential learning opportunities for students.

The Fund will encourage partnerships with both industry leaders and other granting agencies that provide matching funds. Finally, HB1379 provides oversight of the Fund by requiring both an internal and an external advisory committee along with extensive reporting requirements to legislative management.

B. NDSU's Research Capabilities and Anticipated Uses of the Fund.

NDSU has a framework for research and economic success that positions us to capitalize on the additional resources HB1379 would provide. This starts with being a partner among the eleven colleges constituting the North Dakota University System. Within the NDUS, NDSU is the 1862 Land Grant University with a strong focus in agriculture, which accounts for 60% of our overall research portfolio. Our seven research extension centers across the state routinely collaborate with industry and commodity partners, which aligns with the goal of HB1379. Similarly, our College of Engineering has a rich tradition of research activity that collaborates with industry, generating positive economic outcomes for the state. Finally, our College of Health Professions has researchers in pharmacy, nursing and public health who are enhancing health care outcomes – a specific aim of HB1379.

NDSU has leveraged federal programs to become a regional research leader, having been designated as one of only 146 Carnegie Classified Research One (R1) higher education institutions in the country. Being R1 is important as it positions NDSU to compete for talent and federal research investments with the likes of the University of Minnesota, Iowa State University and the University of Nebraska; major Midwest land-grant institutions. In FY21, NDSU garnered \$164M research expenditures placing it within the top 100 public research universities in the United States.

OFFICE OF THE PRESIDENT

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Some recent research successes include:

- Acquiring 92 patented technologies, including a recent autonomous farming patent, and \$3.1M in intellectual property licensing in FY21 and FY22.
- \$7.4 million from two NSF awards to support artificial intelligence to safeguard energy infrastructure and healthcare technology.
- \$9.7 million from the National Institutes of Health for early detection and therapeutic protocols for controlling pancreatic cancer.
- \$2.9 million to build a STEM workforce from recently graduated undergraduates; \$4.8 million since July 2022 for STEM education research (NSF).
- \$6.4 million since 2016 for NDSU-Sanford Health collaboration on obesity-related research funded by the NIH.
- Nearly \$8 million in multiple awards in cybersecurity to strengthen protections for sensitive systems such as protecting computer systems from online attacks (DOD, NSF, others).
- A five year \$4.4 million USDA-ARS research on impacts in soil fertility and health, breeding for phenotyping and varietal trait selection, and crop protection for site-specific and autonomous weed control has facilitated industry-university collaborations on soil health and autonomous data systems at the Grand Farm.
- An NDSU led NSF Great Plains I-Corps Hub that directly supports entrepreneurship at NDSU and 7 universities, including UND.

On a going-forward basis, NDSU will be prioritizing research in four key areas that impact North Dakota: (1) Food, Energy and Water Security; (2) Cybersecurity, Computer Science and Software Engineering; (3) Life Sciences; and (4) Entrepreneurship and Innovation. The grants supplied by the Fund would allow NDSU to pursue these critical topics faster and in greater depth. These investments may also translate into new technologies, services, and startups – which in turn leads to increased tech-based economic development in the state.

Finally, the Fund's investment dollars will provide increased opportunities for students to work on real-world problems, positioning them for success in their future endeavors, whether in the workforce or in launching ventures of their own.

To summarize, HB1379 provides a wonderful framework for the colleges in North Dakota to collaborate across the system and with industry to spark economic activity across the state. NDSU's historical strengths along with recent strategic planning efforts to transform its educational and research enterprises make the timing of the kind of investment HB1379 provides particularly exciting. Thank you for your time and consideration.

Respectfully submitted,



David Cook

Testimony Prepared for the
Senate Appropriation Committee
 March 21, 2023
 By: Jason Benson, Cass County Engineer



RE: Support for HB 1379 – Relating to county highways and bridges funding

Chairman Bekkedahl and Senate Appropriations Committee members, thank you for the opportunity to provide testimony on HB 1147. I am Jason Benson, the Cass County Engineer, and I also serve on the legislative committee for the ND Association of County Engineers. I am here to support the bill as proposed.

In 2019 the North Dakota Legislature requested a study of the transportation infrastructure needs of all counties, townships, and tribes in the state. The Upper Great Plains Transportation Institute (UGPTI) at the North Dakota State University recently completed this 2022 Highway and Bridge Needs Study. Counties across North Dakota assisted in a significant data collection effort providing a complete and current data on the condition of the state's county and township roadway and bridge system.

According to the UGPTI Draft 2022 study, across North Dakota counties maintain over 6,800 miles of paved highways, 17,000 miles of gravel roads, and 2,996 bridges. Counties maintain all township road bridges and many counties maintain the 47,000 miles of gravel township roads. Through this collaborative effort, the UGPTI infrastructure needs study identified critical funding needs across the State of ND on county, township, and tribal roads and bridges. Across the state from 2022-2041 it is estimated that counties, townships, and tribes will need \$10.5 billion to maintain and preserve its roads and bridges.

- \$6.5 billion in predicted statewide unpaved infrastructure needs over the next 20 years.
- \$3.25 billion in paved road investment and maintenance expenditures will be needed during the next 20 years.
- \$715 million in estimated bridge investment and maintenance needs for county, township and tribal bridges for 2022-2041.

In Cass County alone the estimated cost for county and township unpaved roads, paved highways, and bridges for 2022-2041 is \$514 million. This includes \$289 million for county gravel roads, \$157 million for county paved roads, and \$68 million for county bridges.

These significant long-term infrastructure needs are influenced by the agricultural industry across North Dakota, especially in Cass County. Higher crop yields require more trucks to haul across our county roads and bridges. Using 2017 data, ND produced 6.5 million tons of sugar beets, 7 million tons of hay, 1.6 million tons of silage, and 1.1 billion bushels of corn/soybeans/wheat (USDA 2017 data) for a total crop production that gets hauled from the field, to bins, and on to the elevator of 56 million tons of product. This requires over 1.4 million truckloads just to get the crop off the field. In addition, there are hundreds of thousands of other truckloads hauling the seed, fertilizer, equipment, and other agricultural items to keep our farms producing high quality crops.

This heavy agricultural traffic taxes the durability and safety of these local roads, which must be maintained to ensure continued safety as well as making sure goods get to market. These roads were designed and built for the trucks and farm equipment of the 1960's, they were not built in a way that

reflects today's traffic and use. These needs are, of course, in addition to the needs the NDDOT faces for investment on the state highway system.

This level of agricultural production also increases the demand for grain and ag product transportation within the state to additional destinations, especially elevators, processors, ethanol plants, and rail loading facilities. Most often, these storage and processing facilities are located along county roads. Cass County has an ethanol plant located along a county highway. This plant requires 150-250 truckloads a day to haul in about 54 million bushels of corn annually. This plant produces 150 million gallons of ethanol and about 450,000 tons of dried distiller's grain each year. When the ethanol plant was constructed, the County took over the adjacent township road and reconstructed and paved the road at a cost of over \$2.5 million. Fortunately, at that time there was additional state funding to assist in paying for this road.

In 2022 there was a groundbreaking ceremony for a soybean processing plant along a new Cass County highway. This \$400 million plant will process over 82 million bushels of soybeans annually, requiring between 300-400 truckloads per day, and even more during harvest season. Cass County worked with the township and North Dakota Soybean Processors to take over control of the township road and to prepare to pave it before the plant is operational. This is needed to have a high quality, concrete road to handle the significant truck traffic. This project will cost nearly \$4 million with roughly \$1 million being paid for by the North Dakota Soybean Processors, and \$3 million split between Cass County funding and NDDOT funding. This improved road infrastructure is needed to provide year-round access to this significant agriculture commodities processing facility.

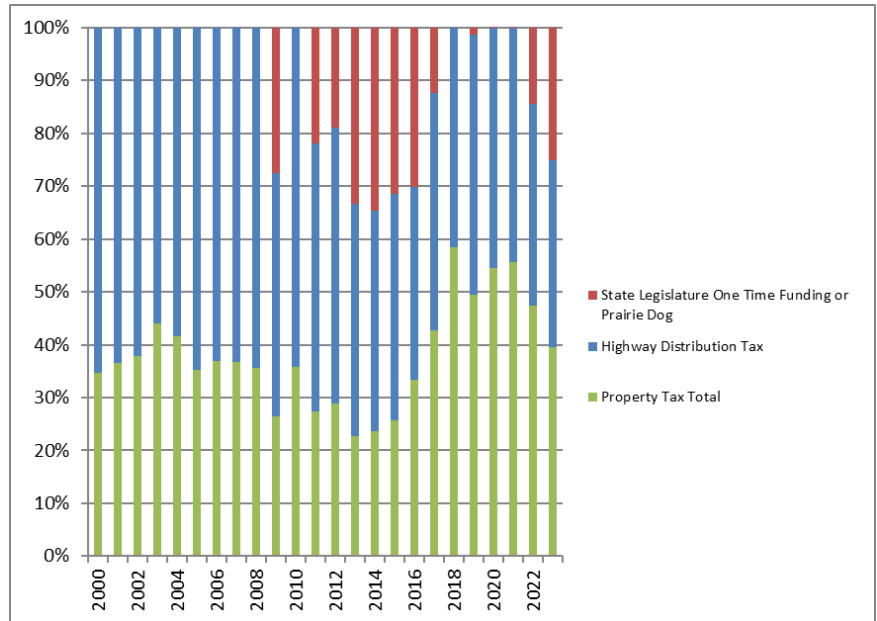
Cass County and Counties across North Dakota need long term funding solutions to better plan and prioritize future road projects. Increases in state funding through this bill are critical to provide the efficient highway and bridge network to access agriculture storage, rail, and processing facilities. Without this additional funding, it will be difficult for counties to pay for the needed improvements of our highways and bridges to access these new facilities.

Cass County has invested a significant amount of funding in developing and maintaining its transportation network. Since 2000 around \$212 million was spent on both our highway and bridge projects. The current average cost to completely rebuild a paved highway is over \$1.5 million per mile. To rebuild our 311 miles of paved highway to a width of 32 feet would cost over \$467 million.

With 565 structures, our bridges and large box culverts also have a significant asset value. A total replacement cost of our highway and bridge infrastructure is nearly \$700 million. While no local government can bear the replacement cost of this large amount of infrastructure, it emphasizes the importance of funding and sustaining an effective maintenance program.

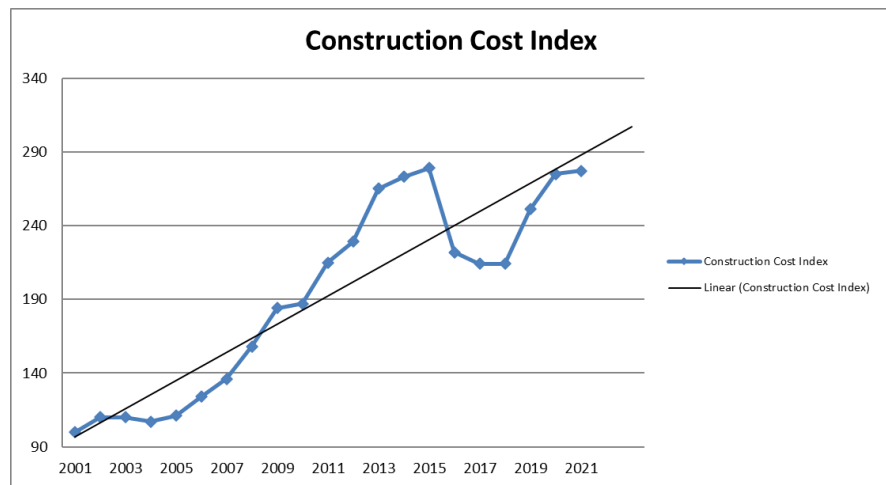
An organized and well-planned maintenance and replacement program will keep replacement costs down, efficiently spend the County's resources, extend the life of our infrastructure, and ensure the long-term viability of our highway system.

The County relies upon a combination of the 23-cent state fuel tax, state motor vehicle license fees, federal road and bridge funds, local property tax, and when available, one-time state or Prairie Dog funding. Cass County also continually pursues federal and state grant funding opportunities as they become available. As the chart above indicates, the state highway distribution tax and one-time funding used to make up 60%-70% of county transportation funding. However, in the years without one-time funding from 2018-2021, state highway distribution tax and one-time funding only made up 40%-50% of county transportation funding.



This reduction on one-time funding and the inability of the highway distribution funding to keep up with construction costs have reduced North Dakota counties ability to keep up with bridge and highway infrastructure needs.

Influencing the cost of construction is the significant rise in ND Construction Cost. Cass County's 2023 Federal Aid Highway Fund allocation is \$1.3 million. To keep up with the 9% construction cost index increase since the year 2000, Federal Aid Highway Funds received by our county would have to be approximately \$2 million a year. It is no secret to



anyone that the current inflationary environment we find ourselves in only adds to our decrease in buying power.

Federal-Aid Bridge funding to North Dakota counties is based on need as the NDDOT has \$5 million allocated statewide for county bridges and inspections. In 2000, Federal Aid made up 21% of Cass County's revenues. From 2000-2005 Federal Aid averaged 19% of our total funding and from 2006-2012 it averaged 13% of our total funding. Now Federal Aid only makes up 8% of our county road and bridge fund revenues. While our costs have increased 9% annually since 2000, our Federal-Aid buying power has decreased.

The projected bridge needs of ND Counties over the next twenty years exceeds \$715 million. In Cass County we have worked with the NDDOT to construct nearly \$7.8 Million in bridges over the last 10 years and have completed \$47 million in county bridge projects since 2000. These Federal funds are in addition to funds I referenced earlier, and we appreciate the NDDOT's continuing support on such investments, notwithstanding that the State also faces cost increases from inflation. Cass County currently maintains 8% of all County and Township bridges in North Dakota. The six counties along the Red River maintain 24% of all bridges in North Dakota to include bridges on the state highway and interstate system.

Cass County expects to replace over 41 major bridge structures in the next twenty years at a cost of \$65 million. Cass County also has 337 minor structures that are not eligible for federal funding and we expect to spend over \$20 million in replacing or maintaining these smaller structures.

Cass County and Counties across North Dakota need long term funding solutions to better plan and prioritize future road projects. Increases in state funding through this bill are critical to maintain our highway and bridge network. Without this additional funding, we will not be able to keep up with the required maintenance and replacement of our highways and bridges. Consistent long-term funding will allow Cass County to effectively plan and construct projects that most efficiently utilizes funding to extend the life of roads and bridges now, to avoid larger costs for complete reconstruction in the future.

Chairman Bekkedahl and Senate Appropriations Committee members, thank you for the opportunity to provide testimony and I urge you to support HB 1379.

HB 1379 – In Support
Senate Appropriations Committee
68th ND Legislative Session, March 22, 2023
Dr. Steve Shirley, President, Minot State University & Dakota College at Bottineau

Chair Bekkedahl and members of the Appropriations committee, for the record, my name is Steve Shirley, and I serve as president of Minot State University. I provide testimony today supporting House Bill 1379, in particular the economic diversification research portion of the bill.

Now in my ninth year at Minot State, in this role I also serve as president of Dakota College at Bottineau. Before MSU and DCB, I was Valley City State's president for six years. I share this so you understand my perspective having served three of the nine NDUS campuses with significantly smaller research agendas than UND or NDSU. During these 15 years, I have seen first-hand research performed across the state:

Aquatic and wildlife activities at Valley City State, including research at the Prairie Waters Education & Research Center; additional VCSU research in Software Engineering and Physics, where high performance computing tutorials are developed supporting students involved with the international Deep Underground Neutrino Experiment, or DUNE;

At Dakota College at Bottineau, with our vision of Nature, Technology, & Beyond, hands-on research has been conducted with high-tunnel farming techniques, small mammal habitat research in the Turtle Mountains, and assisting producers with development activities for our state's increasing farmers markets;

At MSU, professors in the physical and life sciences, addiction studies, education, and other areas conduct research such as addiction effects of methamphetamines, optimizing usage of fracking sand, understanding the genetics of certain types of leukemia, design of fungicides for medicinal or agricultural uses, and teaching techniques for the deaf and hard of hearing, just to name a few. For many years, Dr. Mikhail Bobylev's Minot State chemistry students have been selected for the esteemed Posters on the Hill event at Capitol Hill in Washington DC; MSU has been the only North Dakota campus with students selected the past few years including again last year, and they have presented their research alongside students from the likes of Auburn, the University of Florida, and Michigan State University, some of the largest and best research universities in the nation. Indeed our North Dakota students can compete with the very best in the land.

There are numerous examples from the other six smaller NDUS campuses as well – we've seen those highlighted during the State Board of Higher Education's monthly Research Committee meetings, and they've included such topics as soil nutrient ion exchange, the effects of wheat bran compounds in cancer intervention, 3D bioprinting, comparing till vs. no-till crop plotting, the effects of equine therapy for PTSD, wind energy technology research, and UAV photography in crop monitoring.

These activities may not get the headlines of a larger project at NDSU or UND, but please know the research being conducted at your other nine campuses have incredible potential to

help unleash economic diversification as our undergraduate students, North Dakota's future leaders, hone their research skills. This bill would help expand research opportunities for these faculty and their students.

On a final note, the North Dakota University System is an integrated system. An important aspect of that is when students at a smaller campus move on to a graduate degree at a larger campus; I can recall many students the past 15 years who moved on to UND or NDSU to pursue a PhD program or complete additional professional training in medicine, law, or allied health. In many of those cases, the research opportunities they had as undergraduates played a key role in preparing them for success - both getting accepted into the graduate program and then succeeding in that program.

All 11 NDUS campuses are excited about this bill's potential for our students, our faculty and staff, and most importantly, our state. I appreciate your time, and am happy to answer any questions. Thank you.

**HB 1379**March 21st, 2023

Jason Fincel, North Dakota Student Association

(605) 290-2722 | jason.fincel@ndus.edu

Chair Bekkedahl and Members of the Committee,

My name is Jason Fincel and I am the Chief Administrator of the North Dakota Student Association. I am writing to you on behalf of our organization and the North Dakota students it represents in support of House Bill No. 1379.

The North Dakota Student Association is a student organization established in 1969 dedicated to ensuring that students have a voice at the table in policy that affects Higher Education. We consist of delegates from each of the 11 public institutions, meeting monthly to engage students in ND Higher Education policy. Our mission is to empower students, create collaboration between the student bodies of the North Dakota public universities, and to give a student perspective on higher education policy.

The North Dakota Student Association serves as a means for students to speak as a unified and collective body on matters that pertain to them. In pursuit of that objective, the NDSA passed a resolution on Saturday, November 5th, 2022, [NDSA-09-2223](#): A Resolution in Support of NDSA's Legislative Priorities for the 23-25 Biennium. One of the priorities is ensuring NDUS students receive education preparing them to enter workforces in emerging technologies. The NDSA also passed a resolution on Saturday, January 21st, 2023, [NDSA-12-2223](#): A Resolution in Support of HB 1003: Higher Education Budget Allocation for the 23-25 Biennium, which stated that the NDSA General Assembly is in support of measures to increase the NDUS budget to increase the quality of education for students.

House Bill No. 1379 enables the creation of experiential learning opportunities for students, which advances both their academic and professional goals. Creating opportunities for experiential learning prepares students to enter the workforce and contribute to the economy. Creating experiential learning opportunities that are based in North Dakota also increases the likelihood of students pursuing a career within the state of North Dakota. Given the pivotal role that students play in the North Dakota economy, providing opportunities for students to grow academically and professionally is an investment in the long-term growth of North Dakota's economy. As a student, I have benefited many times from the emphasis that higher education places on experiential learning. Experiential learning bridges the gap between academic learning and professional skills. It gives students like me an entryway into the career that we are aiming for. This bill is in alignment with the goals of NDSA and the best interest of the students for which NDSA advocates for. On behalf of the North Dakota Student Association, I urge the committee to provide a DO PASS recommendation on HB No. 1379. Thank you for your time.

Testimony to the
Senate Appropriations Committee
Senator Bekkedahl, Chair

March 22th, 2023

By: Chad Peterson, Cass County Chairman

RE: Support for HB 1379 – Local Infrastructure Funding

Chairman Bekkedahl and Senate Appropriations Committee members, I am Chad Peterson Cass County Chairman and President of the North Dakota County Commissioners. I am writing to request a **DO PASS** for House Bill HB 1379 and specifically section 8 and section 11 funding for county and township bridge funding.

First of all, thank you! We recognize the Legislatures' commitment to local roads by approving HB 1066, also known as "Operation Prairie Dog" in the 2019 Legislative Session. Non-oil counties have received their first deposit of prairie dog funds and they are anxious to put them to good use across North Dakota. These funds have been long-awaited for.

Counties have been gearing up for road and bridge projects for almost four years, having projects shovel ready for when Prairie Dog funds would become available. The Prairie Dog buckets were on track to fill in 2020, then COVID hit which had a dramatic impact on the state's oil production. In its first biennium, oil and gas tax revenues stopped short of reaching the Prairie Dog buckets for counties and townships.

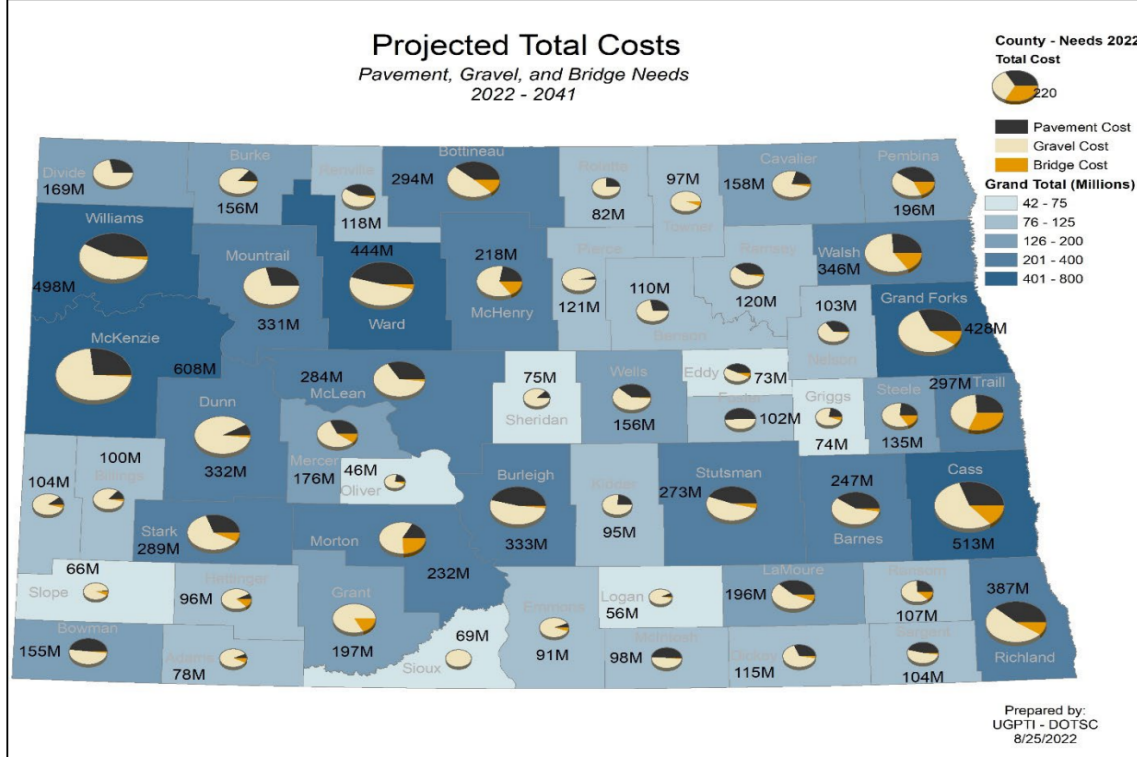
The need for a permanent funding structure to address roads and bridges is only increasing.

The most recent Upper Great Plains Transportation Institute's (UGPTI) Local Roads Study identifies a \$10.5 billion dollar need (Figure A next page and Table E below) for local roads and bridges over the next 20 years, or, on average, an investment of \$525 million each year. For comparison, in 2019, UGPTI's estimate was \$8.7 billion investment for local roads and bridges over 20 years or \$440 million a year to maintain their road networks.

Table E: Summary of All Road and Bridge Investment and Maintenance Needs for Counties, Townships and Tribal Areas in North Dakota (Millions of 2022 Dollars)

Period	Unpaved	Paved	Bridges	Total
2022-23	\$ 660.35	\$557.10	\$139.42	\$1,356.87
2024-25	\$ 650.79	\$515.00	\$139.42	\$1,305.21
2026-27	\$ 665.91	\$371.50	\$139.42	\$1,176.83
2028-29	\$ 665.55	\$344.90	\$139.42	\$1,149.87
2030-31	\$ 651.44	\$274.30	\$139.42	\$1,065.16
2032-41	\$ 3,251.62	\$1,186.00	\$18.45	\$4,456.07
2022-41	\$ 6,545.66	\$3,248.80	\$715.57	\$10,510.01

Figure A. Projected Funding Needs Statewide by County 2022-2041 (Millions of 2022 Dollars)



This committee will also appreciate that the \$110 million counties are receiving from Prairie Dog and future deposits will in fact relieve some pressure on property taxes to fund roads, resulting in property tax relief in those non-oil counties. Statewide, here is a summary of the commitment counties made for roads in 2021.

Summary on Tax Year 2021 Road Levies:

- 48 of 53 counties levy 10 or more mills for roads
- 16 counties levy 20 or more for roads
- 2 counties levy 40 mills for roads
- Property Taxes for Roads \$67.3 million
- 28 of 29 county voters approved additional road levies during 2022 election cycle.

Again, I urge a **DO PASS** for House Bill 1379 because individual control by each political subdivision allows leaders to make decisions in the best interest of the constituents directly impacted.

I am always available for any questions should you wish to discuss further.

Sincerely,
Chad Peterson, Cass County Commission Chair
petersonc@casscountynd.gov



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Appropriations Committee
March 22, 2023**

Chairman Bekkedahl and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1379. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports HB 1379. We specifically want to highlight the County and Township Bridge Fund and the Agriculture Diversification and Development fund. These two funds are important for supporting the long-term success of North Dakota's family farmers and ranchers.

County and Township Bridge Fund

A strong network of rural roads and bridges is critical to the success of family farmers and ranchers and to North Dakota's commodity-driven economy. Unfortunately, many of our rural roads and bridges are in significant need of investment. That need is most urgent when it comes to county and township bridges.

According to the Upper Great Plains Transportation Institute (UGPTI), 698 county, township and tribal bridges need to be replaced in the next 20 years. The cost of those replacements and additional maintenance totals \$716 million over the 20-year period. Because many of these projects are urgent needs, UGPTI's analysis calls for \$139 million per biennium over the next 10 years.¹

We appreciate the important steps the legislature took to address our rural infrastructure challenges during the 2021 legislative session and special session. However, without significant, routine investments, we will continue to fall behind. The County and Township Bridge Fund addresses that need.

Agriculture Diversification and Development Fund

The ADD Fund supports new and expanding value-added businesses through interest buydowns and grants. Since its establishment in 2021, the program has supported a wide variety of projects, including meat processors, craft maltsters, ethanol plants, pea flour processing, and more. Each of these projects create new jobs, grow the state's economy, and create new opportunities for family farmers and ranchers.

HB 1276, which separately addresses funding for the ADD Fund, also makes an important policy change. That bill includes an Agriculture Infrastructure Fund as a new subprogram under the ADD

¹ Dybing, A., et. al. (2022, Sep. 1). *Infrastructure Needs: North Dakota's County, Township, and Tribal Roads and Bridges: 2022-2041*. NDSU Upper Great Plains Transportation Institute. Retrieved from https://www.ugpti.org/downloads/road_needs/2021-2023-legislative-study-report.pdf.



Fund. The Ag Infrastructure Fund will help political subdivisions and utility providers address infrastructure needs associated with new development. It fills an important need as we continue to promote agriculture processing and livestock development. Whether this committee chooses to address the ADD fund and Ag Infrastructure Fund through this bill or HB 1276, we believe they are important pieces of North Dakota's development strategy.

NDFU respectfully requests a "Do Pass" recommendation on HB 1379. I will stand for any questions.



Drew Courtney

North Dakota Corn Grower Association

In Support of 1379

March 22, 2023

Chair Bekkedahl and members of the Senate Appropriations Committee,

Thank you for the opportunity for the North Dakota Corn Growers Association to share our support of House Bill 1379 which includes legacy funding for local county and township bridges.

For the record, my name is Drew Courtney, and I am the Secretary Treasurer on the Board of Directors for the North Dakota Corn Growers Association (NDCGA), which serves as the voice, and represents more than 13,000 corn growers across the state. I farm near Oakes, ND with my cousin, wife and kids. I also serve on my township board.

In December, Governor Burgum joined NDSU at the State Capitol to unveil a first of its kind comprehensive study of the economic contribution of agriculture in the state. For the year 2020, agriculture contributed nearly \$31 billion to the economy and more than 110,000 jobs and represented nearly 25 percent of the state economy.

Agriculture's economic success is tied in part to the availability of good, reliable, public infrastructure. As a township officer, I can speak firsthand about limited resources to maintain and repair local roads and bridges. According to a study by the Upper Great Plains Transportation Institute (UGPTI), in 2019, 56% of local bridges in North Dakota were rated as being in good condition. In 2022, that number dropped to 51%. The number of bridges rated in poor condition remained at 8%. During that same time, the cost to replace bridges has increased by about 25%. Most of us don't even think that a bridge may not be safe when we cross it, knowing that we have little or no choice. But it's top of mind when we see that a road is closed and we can't get to our field, our property, without a lengthy detour when fuels prices are so high and time is limited. North Dakota will need to invest more than \$10.5 billion over the next 20 years to maintain local, township, and tribal roads and bridges according to UGPTI's study.

Most townships do not have the funds to repair local bridges and are not able to levy to the level needed. As you know, the Legacy Fund is the "people's fund," to be invested back into the heart of

North Dakota. I cannot think of a better use for these funds than to use it for infrastructure throughout the heart of the state, for a purpose that will benefit the common good and not a narrow interest.

The North Dakota Corn Growers Association mission statement is “growing a healthy, profitable business climate for northern corn,” and this state investment would help the state’s corn growers towards their economic success. Thank you for your time and support of HB 1379. I stand for any questions you may have.



Testimony by Brian Johnson
Senate Appropriations Committee
HOUSE BILL NO. 1379
March 22, 2023

Chairman Bekkedahl and members of the Senate Appropriations Committee. I am Brian Johnson the CEO of Choice Bank and Co-Chair of the Valley Prosperity Partnership (VPP), an initiative led by business executives to advance and advocate for shared strategic economic development opportunities for the Red River Valley region and for North Dakota.

The business executives who lead companies across the state of North Dakota that comprise the VPP desire to strengthen and diversify our economy. They feel that investing in research and development and workforce development are critical to insuring a robust and prosperous future for all North Dakotans. Thanks to the vision of these business leaders and to public policy leaders like yourself, the legislature will have multiple proposals to consider that seek to diversify the state's economy by investing state dollars into research and workforce development.

HB 1379's provisions relating to an economic diversification research fund are right on target. My experience tells me that North Dakota faces both a need & perception challenge. We are proud of ag & oil, but we are so heavily identified with these labels that it keeps outside investment away because capital can go to other places without the swings that often affect ag & oil.

I have experienced this directly while serving as the Chair of the Community Depository Institutions Advisory Council of the Minneapolis Federal Reserve Board and while raising over \$100 million to diversify our ag bank both geographically and in terms of our business lines (insurance, wealth, health benefits, Fintech space)

We need to find ways to attract outside capital, whether it is to build upon our existing economic base or by attracting new talent and ideas that are outside of ag & oil. HB 1379 can be the start and an example to accomplish both.

Thank you for your consideration of these important investments in research and development that will lead to new innovations and enable the expansion of opportunity in North Dakota.

Valley Prosperity Partnership Steering Committee

Brian Johnson, CEO, Choice Bank,
Co-Chair Valley Prosperity Partnership*

Judd Graham, Market President
Dacotah Bank - Fargo
Co-Chair Valley Prosperity
Partnership*

Jonathan Holth, JLG Architects
Vice Co-Chair*

Marshal Albright, President & CEO
Cass County Electric Cooperative,

Andrew Armacost, President
University of North Dakota

Steve Burian, President & CEO
Burian & Associates

Dan Conrad, President & CEO
Blue Cross Blue Shield North Dakota

David Cook, President
North Dakota State University

Tim Curoe, CEO
RD Offutt Company

Mylo Einarson, President & CEO
Nodak Electric Cooperative

Chad Flanagan, Partner
Eide Bailly

Rod Flanigan, President
North Dakota State College of Science

Todd Forkel, CEO
Altru Health System

Shannon Full, President/CEO
Fargo Moorhead West Fargo
Chamber of Commerce*

Shawn Gaddie, Director of Infrastructure
Management Services, AE2S
AE2S

Jim Galloway, Principal
JLG Architects

Kevin Hanson, President & CEO
Gate City Bank

Tiffany Lawrence, CEO & President
Sanford Fargo

Keith Lund, President & CEO
Grand Forks Region EDC*

William C. Marcil, Sr. Chairman
Forum Communications Company

Pat McAdaragh, President & CEO
Midco

Jeff Melgaard, Vice President
Construction Engineers

Tammy Peterson, Grand Forks Region
President & Ag Banking Director
Bremer Bank

Joe Raso, President & CEO
Greater Fargo Moorhead EDC*

Jim Roers, President & CEO
Roers Construction & Development

Richard Solberg, Chairman & CEO
Bell State Bank & Trust

David White, President
Border States Electric

Barry Wilfahrt, President & CEO
The Chamber Grand Forks/East Grand
Forks*

Chris Wolf, North Valley Market President
Alerus Financial

Delore Zimmerman, Executive Director*

* Member Executive Committee



Testimony of Samantha Vangsness
Executive director, North Dakota Ethanol Producers Association

In Support of HB 1379
March 22, 2023

Chairman Bekkedahl and members of the Senate Appropriations Committee:

My name is Samantha Vangsness, and I am the executive director of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants and industry stakeholders. On behalf of NDEPA, I want to voice support for HB 1379, specifically the legacy earnings funding to the Clean Sustainable Energy Authority (CSEA) fund.

Thanks to North Dakota's innovative private sector and supportive state government, North Dakota's ethanol industry has been able to expand into various markets. Annually the industry converts 40-60% of the state's corn crop into more than 550 million gallons of ethanol, 1.5 million tons of high-value livestock feed (distillers grain), 2.4 million tons of CO₂ and 20 million gallons of corn oil used in renewable diesel. According to a recent study conducted by North Dakota State University, the ethanol industry contributes nearly \$1.7 billion annually to the state's economy and provides thousands of direct and indirect jobs.

The North Dakota ethanol industry greatly appreciates your establishment of CSEA during the 2021 Legislative Session. Over the past biennium, it has proven to be an effective tool in enhancing the production of clean sustainable energy, making the state a world leader in the production of clean sustainable energy, and diversifying and growing the state's economy. As implementation of the program continues, it will be essential to ensure all industries have equal access to the funding recognizing the numerous opportunities for all of the energy sectors.

Currently, the North Dakota ethanol industry produces 18 pounds of CO₂ for every bushel of corn processed. While the rest of the nation has talked about carbon capture and sequestration, North Dakota's ethanol industry has led the nation in doing it. This has provided significant opportunities for the state's ethanol industry as well as creating positive economic impact to the state.

CSEA has played an important role in advancing numerous technologies that provide additional market opportunities and ensure sustainability for North Dakota's ethanol industry. Midwest AgEnergy received a CSEA loan for commercial deployment of carbon dioxide capture and geological sequestration at its Blue Flint plant near Underwood. It's carbon capture and storage project will be operational summer of 2023.

We thank you for your support of the state's ethanol industry. We urge your favorable consideration of HB 1379, specifically the funding for the Clean Sustainable Energy Authority.

Representative Mike Lefor

HB 1379 Testimony

Good morning, chair Bekkedahl, vice chair Krebsbach and members of the Senate appropriations committee, for the record, my name is Mike Lefor and I represent District 37-Dickinson in the House. Today, I bring HB 1379 for your consideration.

Attached to my testimony you will find how the legacy streams or HB 1380 from the 2021 session and the current allocations in code. Going down the list, it includes dollars for the bond payments for water projects borrowed during the 2021 session, and allocations for PERS, Highway Tax Distribution Fund, two slots for “other legislative purposes” tax relief, clean sustainable energy, research, innovation, workforce and how the remaining earnings would be allocated.

In the HB 1380 version from last session, it included how the percent of market value would be addressed in code. Basically, it takes the last five fiscal year ending balance, divides it by five to get an average and then allocates 7% of that amount for distribution under the POMV section of the bill on the left side of the ledger.

You will note that many of the streams remain the same as they did in HB 1380. The differences include increasing the portion for tax relief from \$50 million to \$200 million as the legislature looks at various plans for tax relief for the coming biennium. The final stream on the POMV side would be for legacy projects.

On page three, you will see how HB 1379 would allocate dollars for the 25-27 biennium. I would direct your attention to the engrossed version of the bill and explain some of the provisions in it.

On page 1, starting on line 12, it breaks down the economic diversification research fund and the membership of the committee. Page 2 describes the process of how the dollars are spent and the reporting requirements. On page 3, beginning on line 18, it details the creation of the workforce development and enrichment fund and to appropriate dollars for strategic workforce development, technical education, workforce guidance and support.

Further, I would direct your attention to page 6, line 16 – which is new language added by the House appropriations committee, which provides that one percent of

the POMV would be returned to legacy fund principal. On pages 7 and 8 it goes through the allocations shown on the attachment from earlier in my testimony. On page 8, beginning on line 29, it describes “legacy projects fund which may be spent on projects and infrastructure designated for projects to support statewide economic diversification and growth, including projects related to tourism.

On page 9, beginning on line 4, if a political subdivision receives funding they must provide a report to the state treasurer detailing the use of the funding. Continuing on page 9, it shows the members of the legacy projects advisory board, how often they must meet and reporting requirements.

On page 10, beginning on line 8, it provides for the creation of the county and township bridge fund. The dollars would be authorized by the legislative assembly for the repair or replacement of county and township bridges within the county.

As you know, the expected earnings for this biennium will be between \$480 - \$510 million and not the \$680 million projected earlier. With the allocations under the totaling \$486.6 million, it renders the “remaining earnings” side largely moot.

HB 1379 attempts to provide many avenues to spur growth in our economy, through tax relief, economic diversification, clean sustainable energy, workforce development and more. That completes my testimony and I would the committee to consider giving this bill a “do pass” recommendation. Thank you.



North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Ronald Sorvaag

District 45
3402 Birdie Street North
Fargo, ND 58102-1201
rsorvaag@ndlegis.gov

COMMITTEES:

Appropriations - Education and Environment Division, Chairman

Mar. 22, 2023

**Chairman Bekkedahl and members of the Senate Appropriations Committee,
Today, I am pleased to present testimony on the Research Section of House Bill 1379, I see this as a landmark investment in the future of North Dakota's economy.**

Section 2: Economic Diversification through Research Grant Program

I believe research is a worthy cause for the state to support in efforts to diversify North Dakota's economy, which will ease the burdens of volatility in energy and agriculture that affect all areas of the state.

This section of this bill creates a research grant program and advisory committee for the purpose of stimulating economic activity across the state – through the innovation of new technologies, businesses, and products in North Dakota's critical industries of value-added energy and agriculture, but also developing sectors from autonomous vehicles and UAS technologies to advanced data and healthcare.

The legislation specifies that \$10 million of Legacy Fund earnings would be transferred to the economic diversification research grant fund and 90% awarded equally between our state's two research universities, the University of North Dakota (UND) and North Dakota State University (NDSU), and the remaining 10% between the other institutions controlled by the state board of higher education.

Making a significant and predictable investment in research will:

- sustain and boost our competitive advantages in agriculture and energy, and**
- produce discoveries and innovations in emerging sectors that translate into**
 - *new 21st century economic opportunities,**
 - *a more skilled workforce, and**
 - *higher-paying jobs for North Dakotans.**

Section 4: Workforce development and enrichment fund.

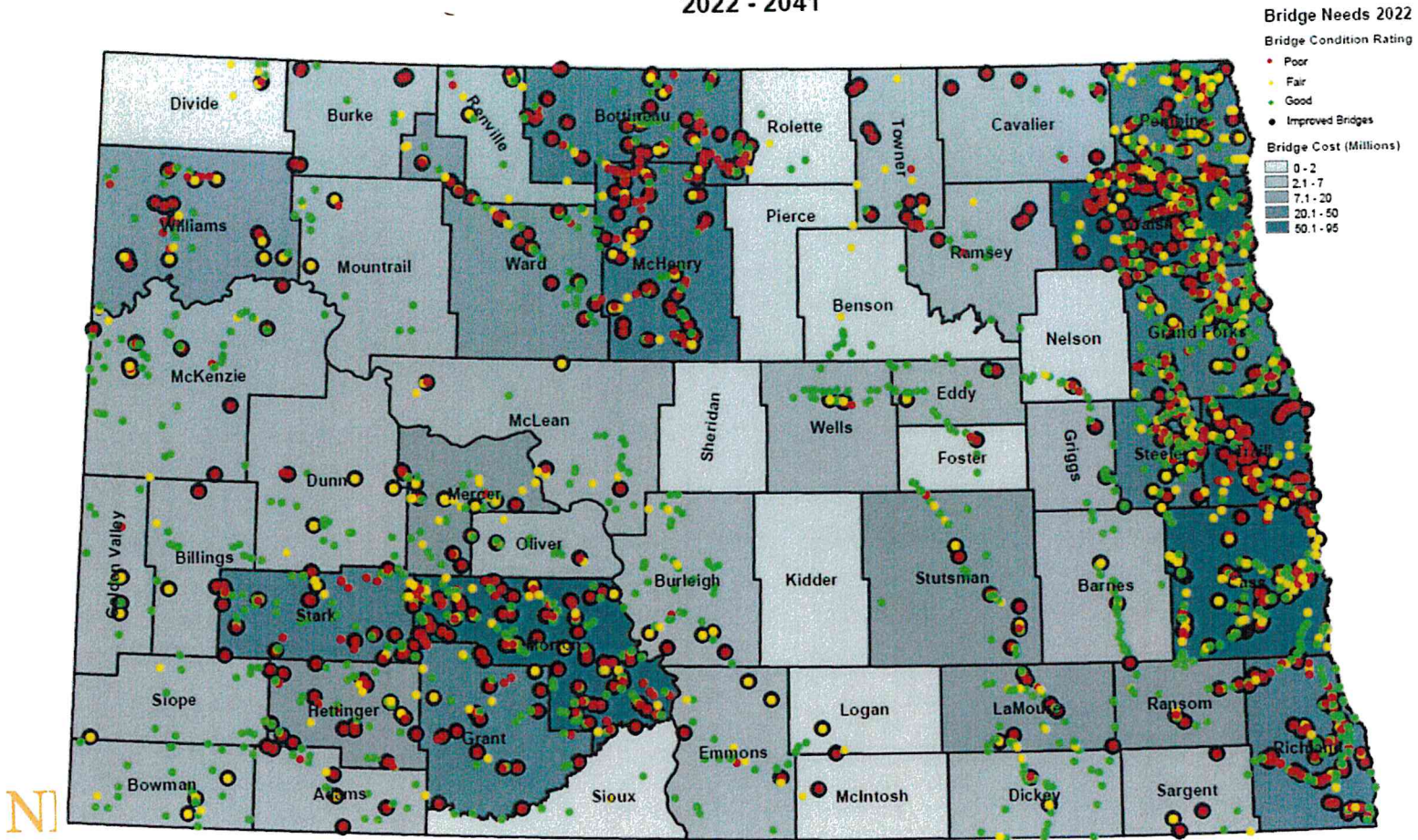
This section of this bill creates a Workforce development and enrichment fund. These dollars would be appropriated in grants for the following areas. Strategic workforce development, Technical education, Workforce diversification initiatives and Workforce guidance and support. Grants would be for one-time projects and initiatives. Grants for Capital projects must have a matching requirement.

Thirty percent of the moneys would be designated to support workforce initiatives in cities located in oil-producing counties. Having a trained and available workforce is critical to the future growth of North Dakota and all our communities.

I ask for your support for both these sections and the programs in them. They are important to our future as a state.

**Sen. Ronald Sorvaag
District 45**

Projected Bridge Costs 2022 - 2041





North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Ronald Sorvaag

District 45
3402 Birdie Street North
Fargo, ND 58102-1201
rsorvaag@ndlegis.gov

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**Sen. Ronald Sorvaag
District 45**

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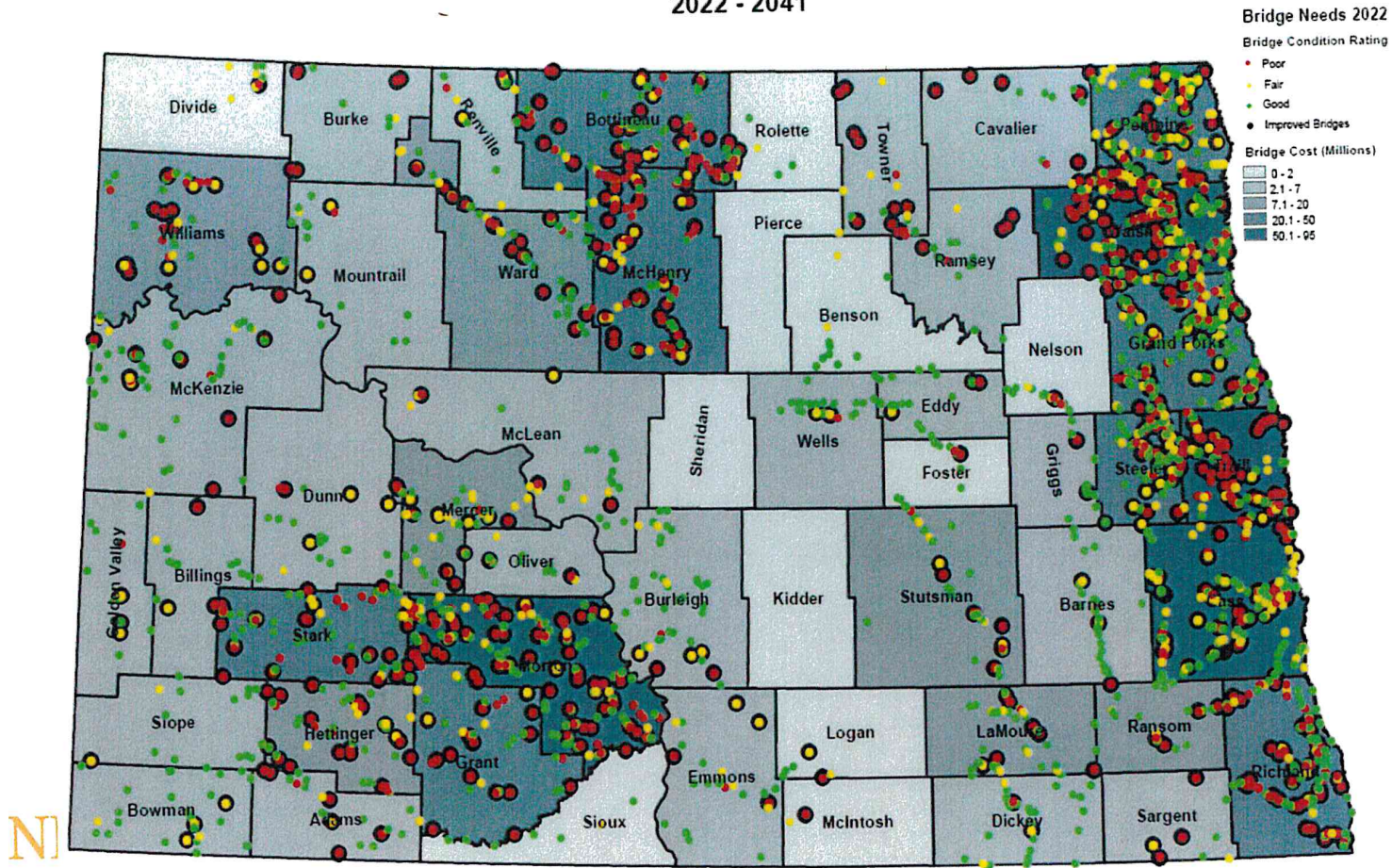
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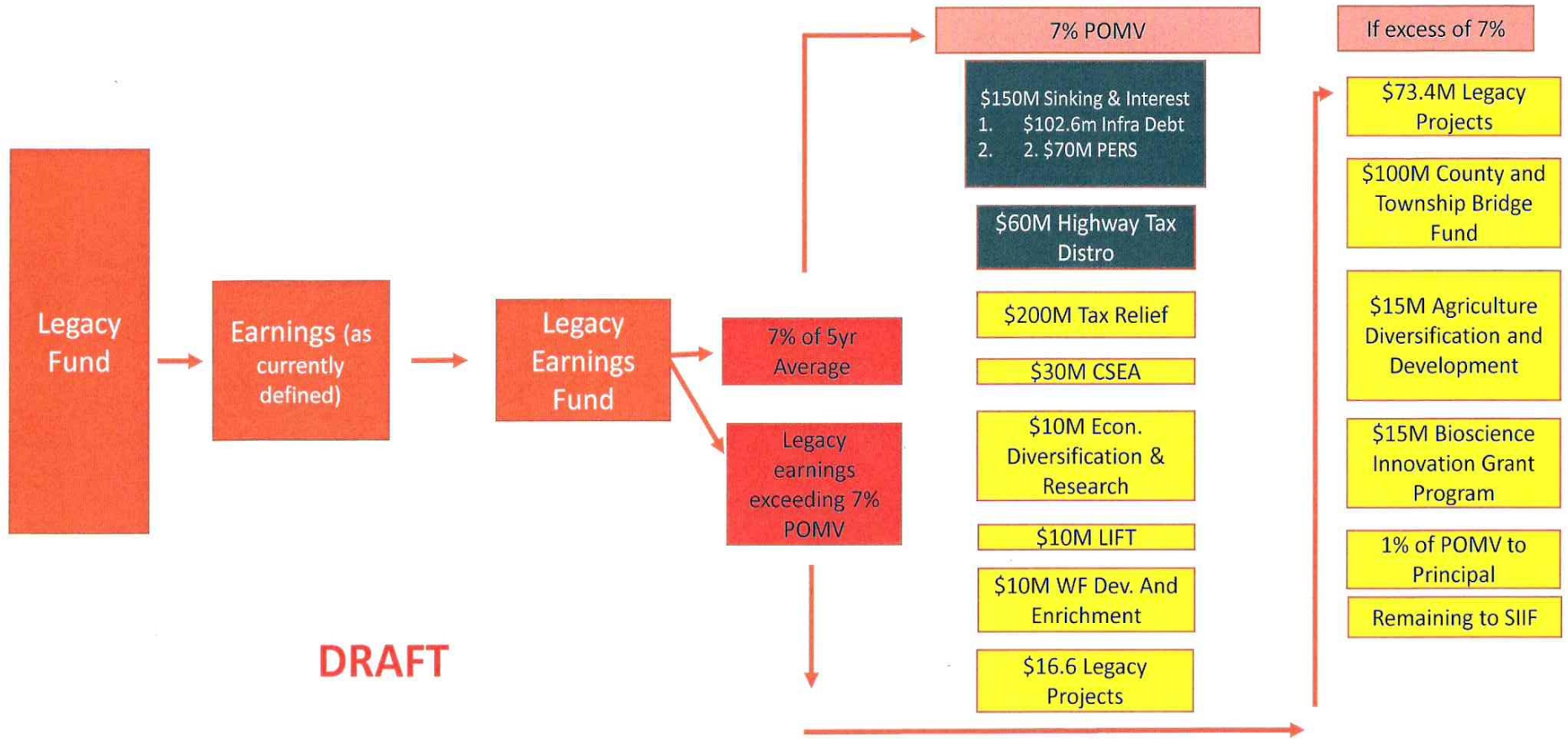
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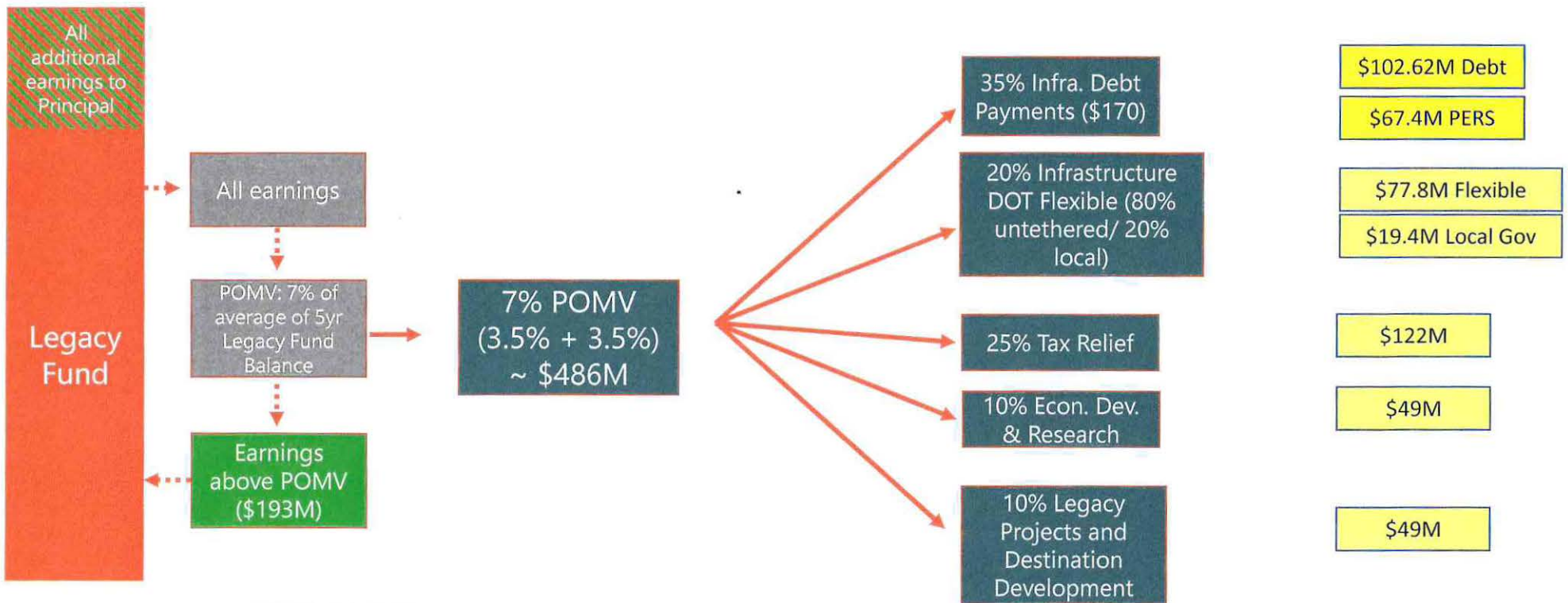
Projected Bridge Costs 2022 - 2041



Legacy Streams | Current Version 1379



HB 1379 | Proposed Change



DRAFT



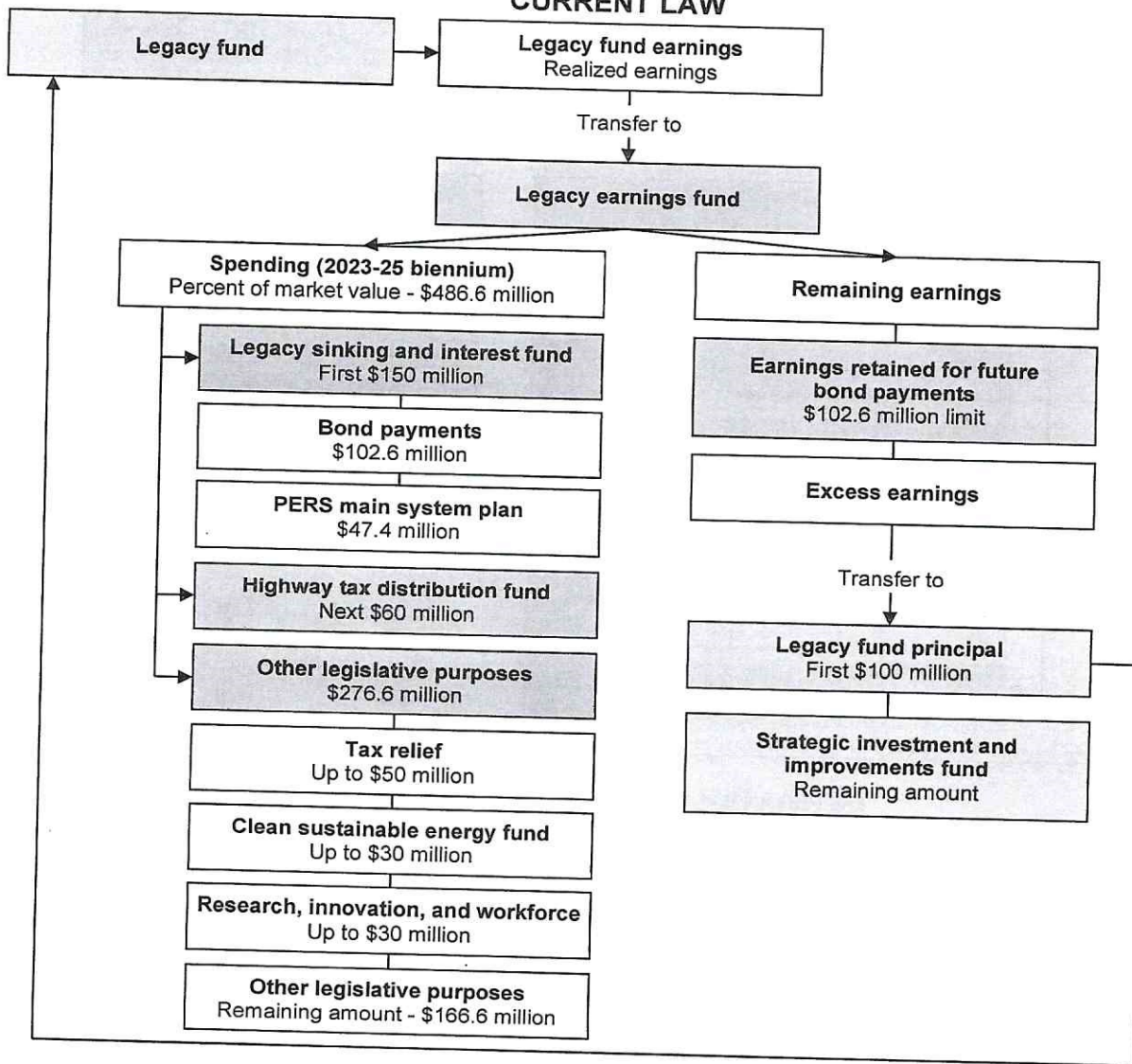
North Dakota Legislative Council

Prepared for Representative Lefor
 LC# 23.9544.03000
 March 2023

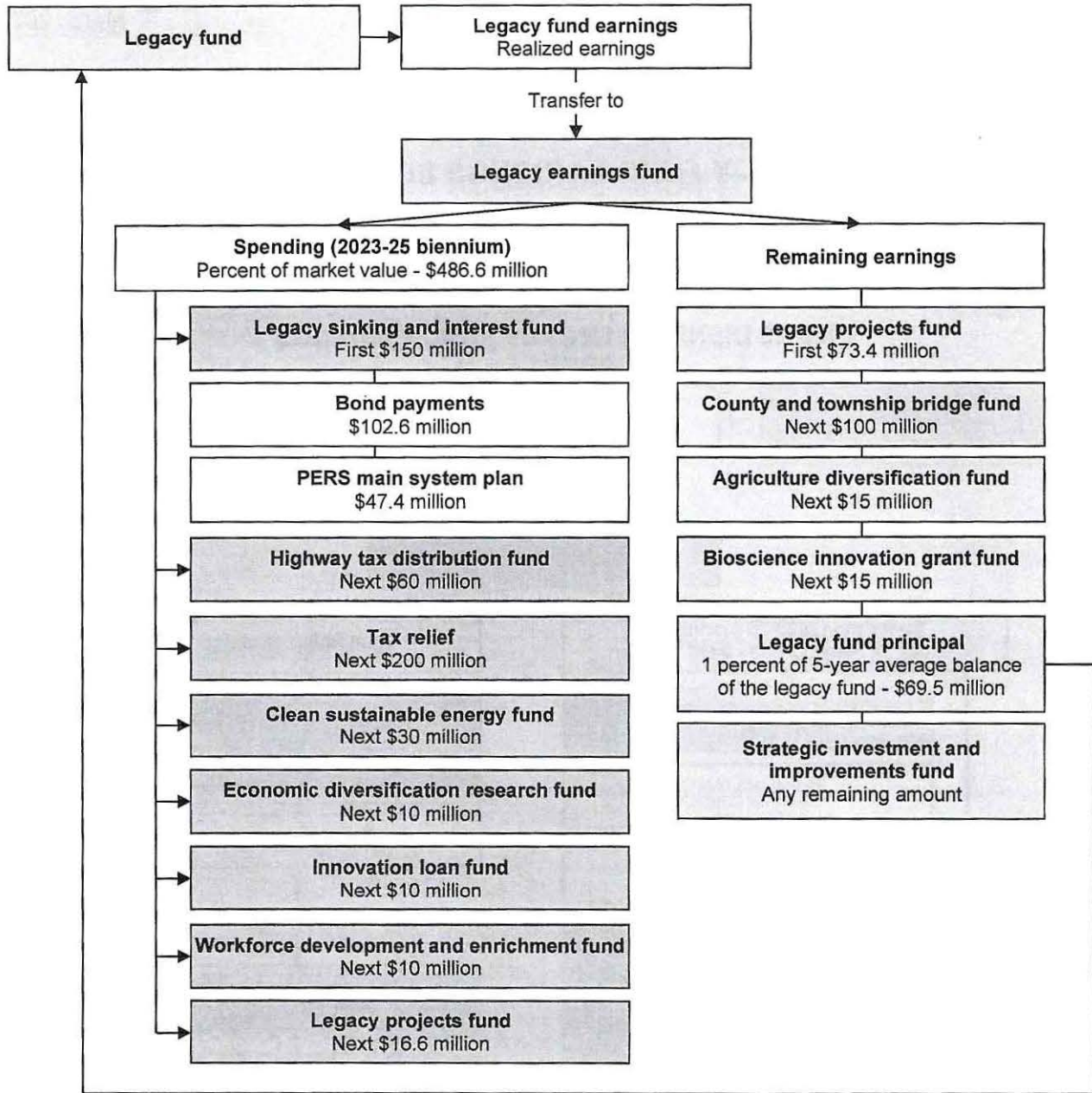
LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on current law, codified in North Dakota Century Code Section 21-10-13, and proposed changes to the allocations in Engrossed House Bill No. 1379 [23.0695.02000].

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



**2023-25 BIENNIUM LEGACY FUND EARNINGS -
PROPOSED CHANGES IN ENGROSSED HOUSE BILL NO. 1379**



ESTIMATED LEGACY FUND EARNINGS

2023-25 Biennium

Based on information from the Retirement and Investment Office, the estimated earnings available for transfer from the legacy fund to the legacy earnings fund at the end of the 2021-23 biennium total **\$495 million** based on the current definition of earnings, which includes dividends, interest, and realized gains and losses but excludes unrealized gains and losses. The amount available for spending for the 2023-25 biennium based on the percent of market value calculation, which uses 7 percent of the 5-year average balance of the legacy fund, totals **\$486.6 million**. Since the estimated earnings exceed the estimated amount available for spending, **\$8.4 million** of excess earnings would be available for additional allocations as provided by law.

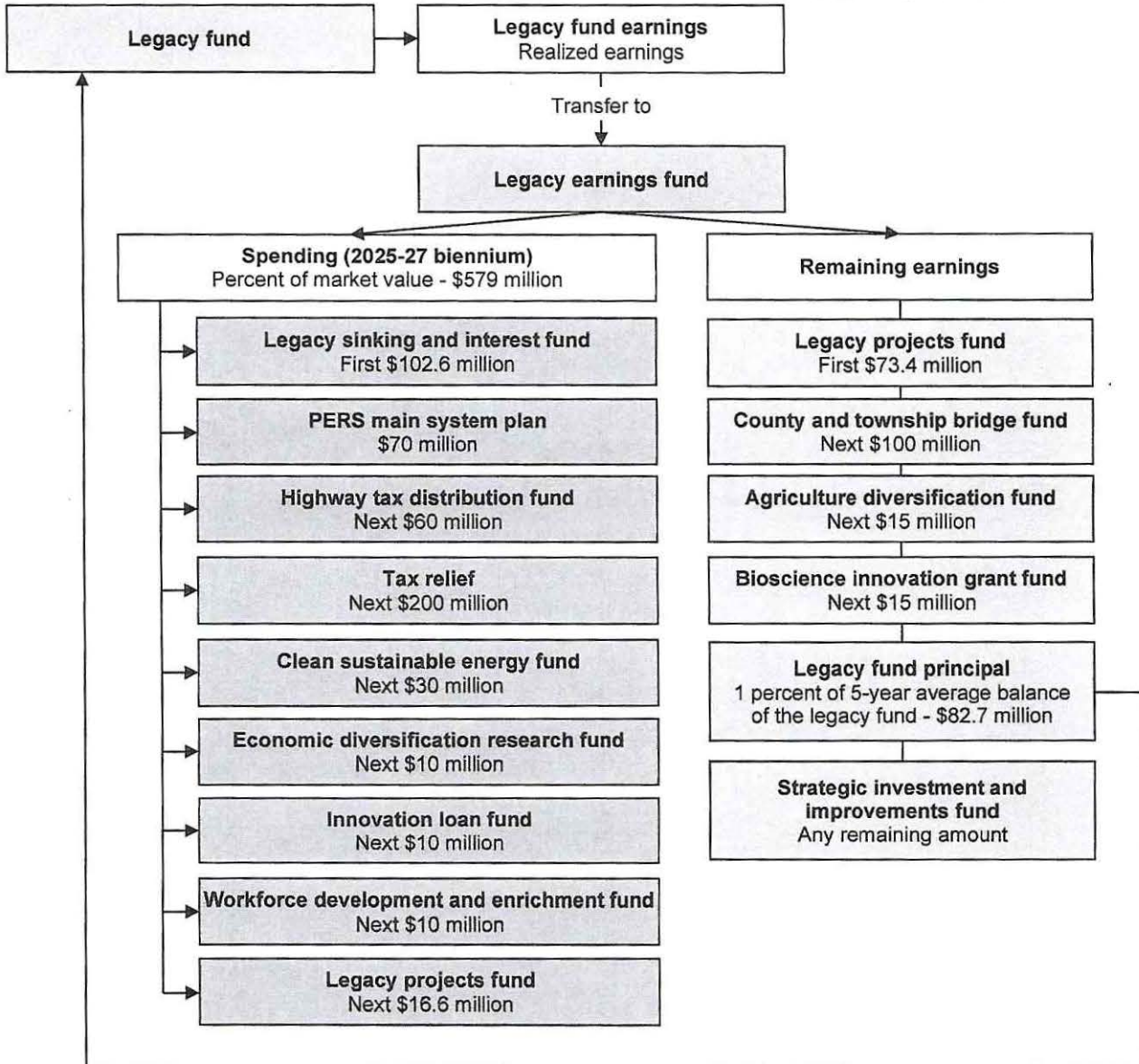
As a reference, the legacy fund earnings available for transfer at the end of the 2021-23 biennium total **\$452.3 million** based on the earnings through January 31, 2023, as reported by the Retirement and Investment Office.

2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$642 million**, and the amount available for spending would be **\$579 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and
- The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.7 billion on June 30, 2024.

PRELIMINARY 2025-27 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN ENGROSSED HOUSE BILL NO. 1379





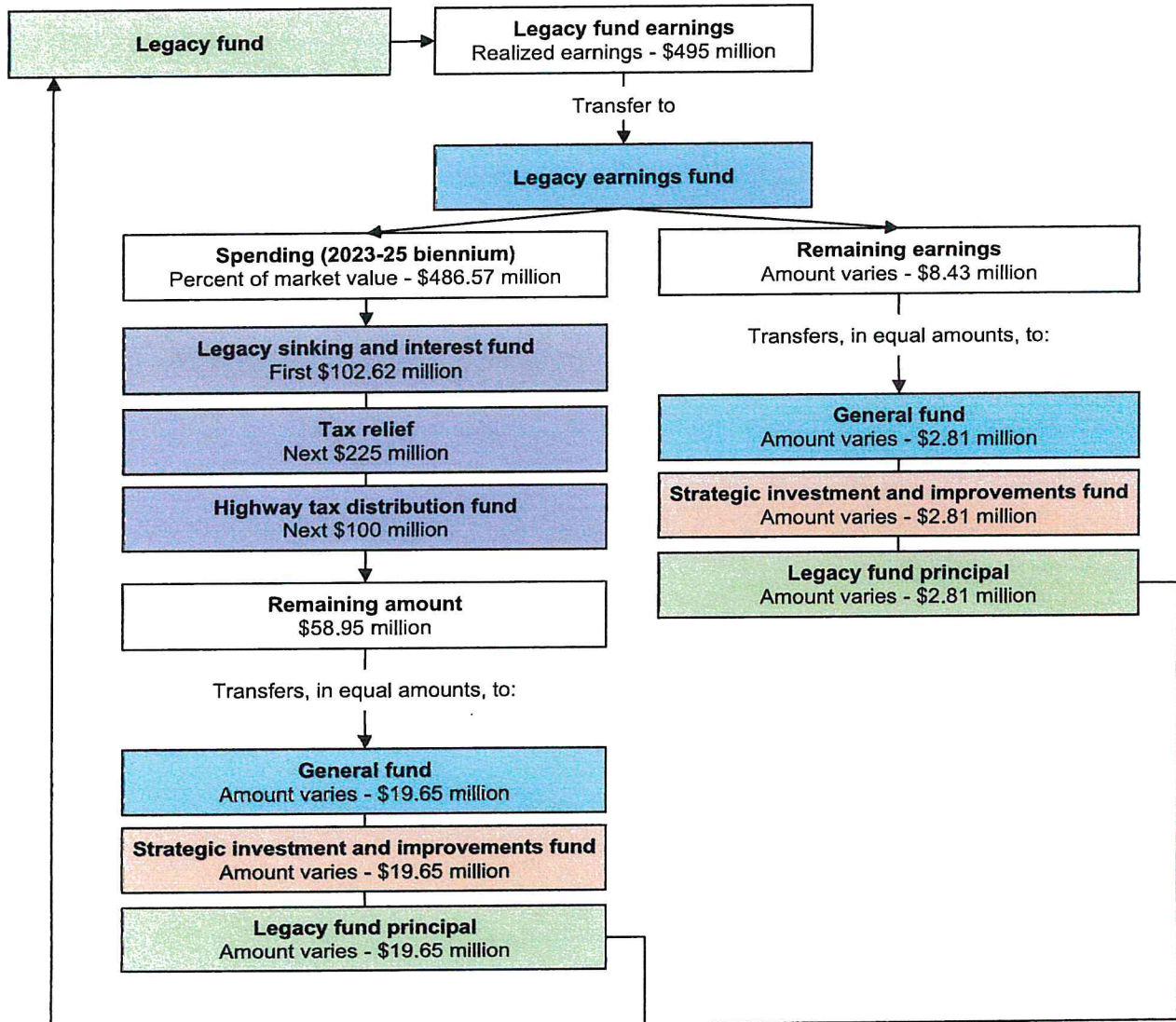
North Dakota Legislative Council

Prepared for Senator Hogue
LC# 23.9561.01000
March 2023

LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on proposed changes to the allocations based on an amendment [23.0695.02003] to Engrossed House Bill No. 1379. The estimated earnings available for allocations in the 2023-25 biennium are based on estimates from the Retirement and Investment Office.

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW

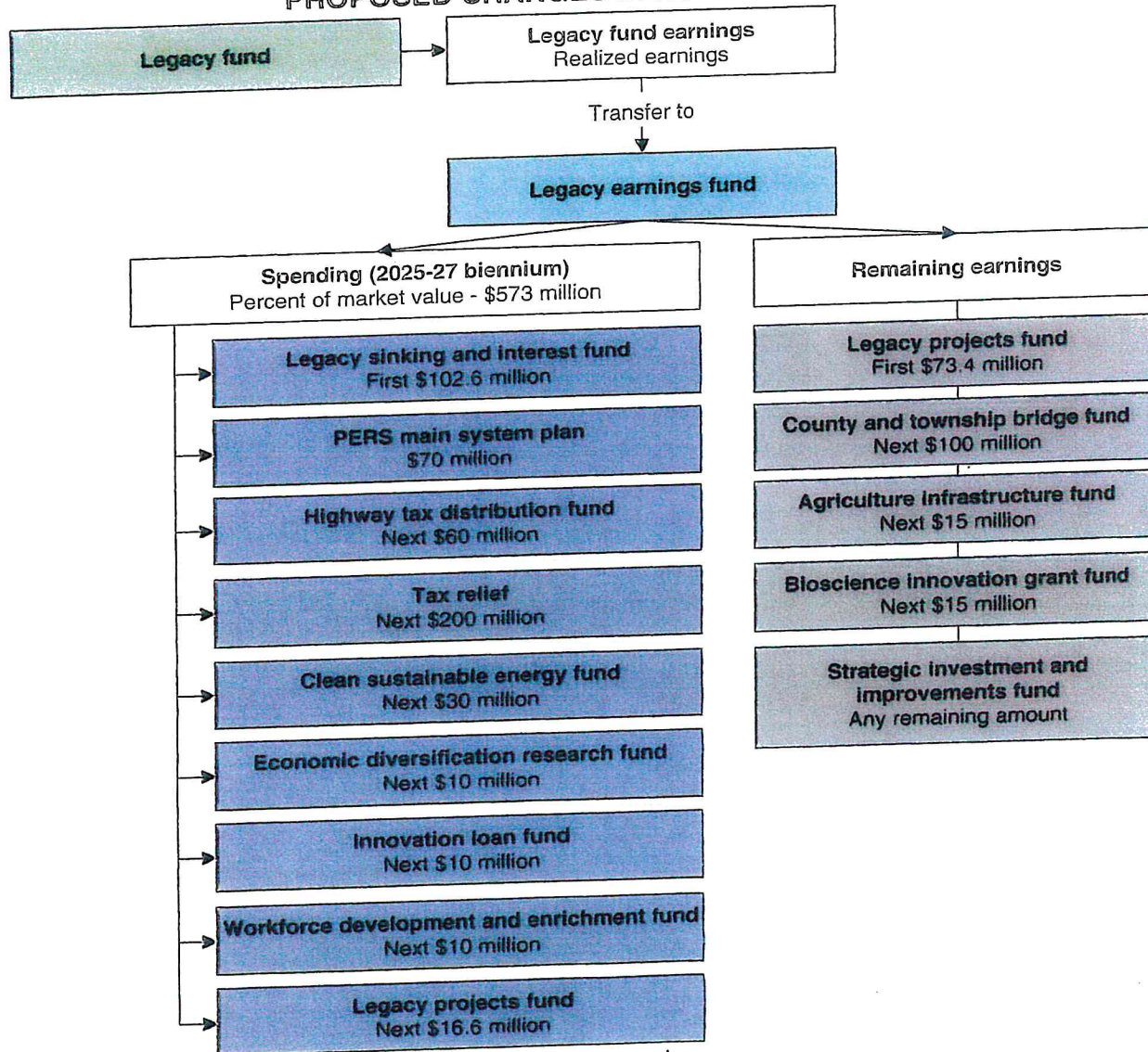


2025-27 Biennium

Estimates of the legacy fund earnings for the 2023-25 biennium, which would be available for spending in the 2025-27 biennium, are not yet available. A preliminary projection of the earnings for the 2023-25 biennium would be **\$626 million**, and the amount available for spending would be **\$573 million** based on the following:

- Oil and gas tax revenues of \$675 million per year increasing the principal balance of the fund;
- Investment returns of 5.5 percent per year, including 2 percent related to unrealized gains and 3.5 percent related to dividends, interest, and realized gains; and
- The fund balance increasing from \$7.9 billion on June 30, 2022, to \$9.5 billion on June 30, 2024.

PRELIMINARY 2025-27 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES IN HOUSE BILL NO. 1379



23.0695.02003
 Title.
 Fiscal No. 3

Prepared by the Legislative Council staff for
 Senator Hogue
 March 17, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1379

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state

investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred fiftytwo million six hundred twenty thousand four hundred sixty-one dollars to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.
 - c. The next sixtyone hundred million dollars to the highway tax distribution fund for allocations under section 54-27-19.
 - e.d. Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection transferred, in equal amounts, to the following:
 - (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assemblyThe general fund;
 - (2) Up to thirty million dollars to the clean sustainable energy fund pursuant to appropriations or transfers authorized by the legislative assemblyThe strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08; 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 assemblyThe legacy fund to become part of the principal.
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 6-09.4-10.1 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 6-09.4-10.1 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 orderthe state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, in equal amounts, to the following:
 - a. The first one hundred million dollars to the legacy fund to become part of the principalThe general fund.

- b. ~~Any remaining amount to the~~The strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.
- c. The legacy fund to become part of the principal.

SECTION 3. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by the House for allocations to counties for county and township bridge repairs, is removed.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under current law, the House version, and this amendment.

Current Law	Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02003]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Any remaining amounts for other legislative purposes including: <ul style="list-style-type: none"> • Up to \$50 million for tax relief pursuant to appropriations or transfers. • Up to \$30 million to the clean sustainable energy fund pursuant to appropriations or transfers. • Up to \$30 million for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives pursuant to appropriations or transfers. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to the highway tax distribution fund. • Any remaining amounts transferred, in equal amounts, to the general fund, the strategic investment and improvements fund, and the legacy fund to become part of the principal.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • An amount equal to any appropriations from the legacy sinking and interest fund for bond payments to be retained in the legacy earnings fund. • First \$100 million to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred, in equal amounts, to the general fund, the strategic investment and improvements fund, and the legacy fund to become part of the principal.

	<p>Other sections in bill, excluding appropriations</p> <ul style="list-style-type: none"> • Creates an economic diversification fund to provide grants to institutions of higher education for research projects. • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. • Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. • Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	<p>Other sections in bill, excluding appropriations</p> <ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Provides an effective date of July 1, 2023, and an emergency clause for the bill.
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House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes (\$10,000,000)	Senate Version
Economic diversification research		\$10,000,000		
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Removes Funding for Economic Research¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed.

23.0695.02006
 Title.
 Fiscal No. 5

Prepared by the Legislative Council staff for
 Senator Bekkedahl
 April 5, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1379

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 54-27-19.3 of the North Dakota Century Code, relating to a legacy earnings highway distribution fund; to amend and reenact sections 6-09.4-10.1 and 21-10-13 of the North Dakota Century Code, relating to the legacy sinking and interest fund and the legacy earnings fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 6-09.4-10.1 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public finance authority.

There is created in the state treasury the legacy sinking and interest fund. The fund consists of all moneys deposited in the fund under section 21-10-13. Moneys in the fund may be spent by the public finance authority pursuant to legislative appropriations to meet the debt service requirements for evidences of indebtedness issued by the authority for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs. ~~Any moneys in the fund in excess of the amounts appropriated from the fund to meet the debt service requirements for a biennium 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.~~

SECTION 2. AMENDMENT. Section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

21-10-13. Legacy earnings fund - State treasurer - Transfers.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys transferred to the fund under subsection 2 and all interest and earnings upon moneys in the fund.
2. Any legacy fund earnings transferred to the general fund at the end of each biennium in accordance with section 26 of article X of the Constitution of North Dakota must be immediately transferred by the state treasurer to the legacy earnings fund.
3. For each biennium subsequent to the biennium in which the legacy fund earnings are transferred under subsection 2, the amount available for

appropriation from the legacy earnings fund is seven percent of the five-year average value of the legacy fund assets as reported by the state investment board. The average value of the legacy fund assets must be calculated using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.

4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred ~~forty~~two million ~~six hundred twenty thousand four hundred sixty-one~~ dollars to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.
 - c. The next ~~sixty~~one hundred million dollars to the legacy earnings highway tax distribution fund for allocations under section ~~54-27-1954-27-19.3~~.
 - e.d. Any remaining funds for other purposes as designated by the legislative assembly, including amounts under this subsection as follows:
 - (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly; Fifty percent to the general fund.
 - (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. The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.
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 6-09.4-10.1 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 6-09.4-10.1 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: the state treasurer shall transfer the excess and any remaining amounts after the transfers and appropriations under subsection 4, as follows:

- a. ~~The first one hundred million dollars to the legacy fund to become part of the principal~~Fifty percent to the general fund.
- b. ~~Any remaining amount to the~~The remaining fifty percent to the strategic investment and improvements fund to be used in accordance with the provisions of section 15-08.1-08.

SECTION 3. Section 54-27-19.3 of the North Dakota Century Code is created and enacted as follows:

54-27-19.3. Legacy earnings highway distribution fund - State treasurer.

1. There is created in the state treasury a legacy earnings highway distribution fund. The fund consists of all money deposited in the fund under section 21-10-13.
2. By September first of each odd-numbered year, the state treasurer shall allocate moneys in the fund as follows:
 - a. Fifty percent to the state highway fund.
 - b. Sixteen and one-half percent to the township highway aid fund under section 54-27-19.1.
 - c. One and one-half percent to the public transportation fund under section 39-04.2-02.
 - d. The remaining thirty-two percent to cities and counties pursuant to the formula under subsection 4 of section 54-27-19. Moneys received by counties and cities under this subdivision may be used only for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.

SECTION 4. EFFECTIVE DATE. This Act becomes effective July 1, 2023.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1379 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Treasurer				
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bank of North Dakota				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0

General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$120,000,000	(\$120,000,000)	\$0
Less estimated income	0	120,000,000	(120,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

House Bill No. 1379 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
County and township bridge repairs		\$100,000,000	(\$100,000,000)	
Total all funds	\$0	\$100,000,000	(\$100,000,000)	\$0
Less estimated income	0	100,000,000	(100,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 120 - State Treasurer - Detail of Senate Changes

	Removes Funding for Bridge Allocations ¹	Total Senate Changes
County and township bridge repairs	(\$100,000,000)	(\$100,000,000)
Total all funds	(\$100,000,000)	(\$100,000,000)
Less estimated income	(100,000,000)	(100,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$100 million from the county and township bridge fund, which was included by the House for allocations to counties for county and township bridge repairs, is removed.

The schedule below provides information on the 2023-25 biennium allocations from the legacy earnings fund under current law, the House version, and this amendment.

Current Law	Engrossed House Bill No. 1379 - House Version	Engrossed House Bill No. 1379 With Proposed Amendments [23.0695.02006]
<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Any remaining amounts for other legislative purposes including: <ul style="list-style-type: none"> • Up to \$50 million for tax relief pursuant to appropriations or transfers. • Up to \$30 million to the clean sustainable energy fund pursuant to appropriations or transfers. • Up to \$30 million for university research programs, the innovation loan fund to support technology advancement, and workforce enrichment initiatives pursuant to appropriations or transfers. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$150 million to the legacy sinking and interest fund. • Next \$60 million to the highway tax distribution fund. • Next \$200 million for tax relief pursuant to appropriation or transfer. • Next \$30 million to the clean sustainable energy fund. • Next \$10 million to a newly created economic diversification research fund. • Next \$10 million to the innovation loan fund to support technology advancement. • Next \$10 million to a newly created workforce development and enrichment fund. • Next \$16.6 million to a newly created legacy projects fund. 	<p>Allocations from the legacy earnings fund based on the percent of market value using 7 percent of the 5-year average balance of the legacy fund</p> <ul style="list-style-type: none"> • First \$102.6 million to the legacy sinking and interest fund. • Next \$225 million to the general fund for tax relief. • Next \$100 million to a newly created legacy earnings highway distribution fund. • Any remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.
<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • An amount equal to any appropriations from the legacy sinking and interest fund for bond payments to be retained in the legacy earnings fund. • First \$100 million to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • First \$73.4 million to a newly created legacy projects fund. • Next \$100 million to a newly created county and township bridge fund. • Next \$15 million to the agriculture diversification and development fund. • Next \$15 million to the bioscience innovation grant program. • An amount equal to 1 percent of the 5-year average balance of the legacy fund to the legacy fund to become part of the principal. • Any remaining amounts to the strategic investment and improvements fund. 	<p>Allocations from the legacy earnings fund exceeding the percent of market value</p> <ul style="list-style-type: none"> • Any excess and any other remaining amounts transferred 50 percent to the general fund and 50 percent to the strategic investment and improvements fund.

	Other sections in bill, excluding appropriations	Other sections in bill, excluding appropriations
	<ul style="list-style-type: none"> • Creates an economic diversification fund to provide grants to institutions of higher education for research projects. • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a workforce development and enrichment fund to provide grants to support workforce development through one-time projects and initiatives. • Provides a separate allocation of \$70 million from the legacy earnings fund to the Public Employees Retirement System main system plan effective July 1, 2025. • Creates a legacy projects fund and a legacy projects advisory board to recommend funding for projects and infrastructure with a statewide benefit. • Creates a county and township bridge fund to provide grants to counties for the repair or replacement of county and township bridges. 	<ul style="list-style-type: none"> • Amends the legacy sinking and interest fund to remove a transfer to the Public Employees Retirement System main system plan. • Creates a legacy earnings highway distribution fund and allocates the funding as follows: <ul style="list-style-type: none"> • 50 percent to the state highway fund; • 16.5 percent to the township highway aid fund; • 1.5 percent to the public transportation fund; and • 32 percent to cities and counties. • Provides an effective date of July 1, 2023, and an emergency clause for the bill.

House Bill No. 1379 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Economic diversification research		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Removes Funding for Economic Research¹	Total Senate Changes
Economic diversification research	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the economic diversification research fund, which was included by the House for grants to institutions of higher education for research, is removed.

House Bill No. 1379 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Strategic workforce initiatives		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Removes Funding for Workforce Enrichment¹	Total Senate Changes
Strategic workforce initiatives	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$10 million from the workforce enrichment and development fund, which was included by the House for grants to support workforce initiatives, is removed.



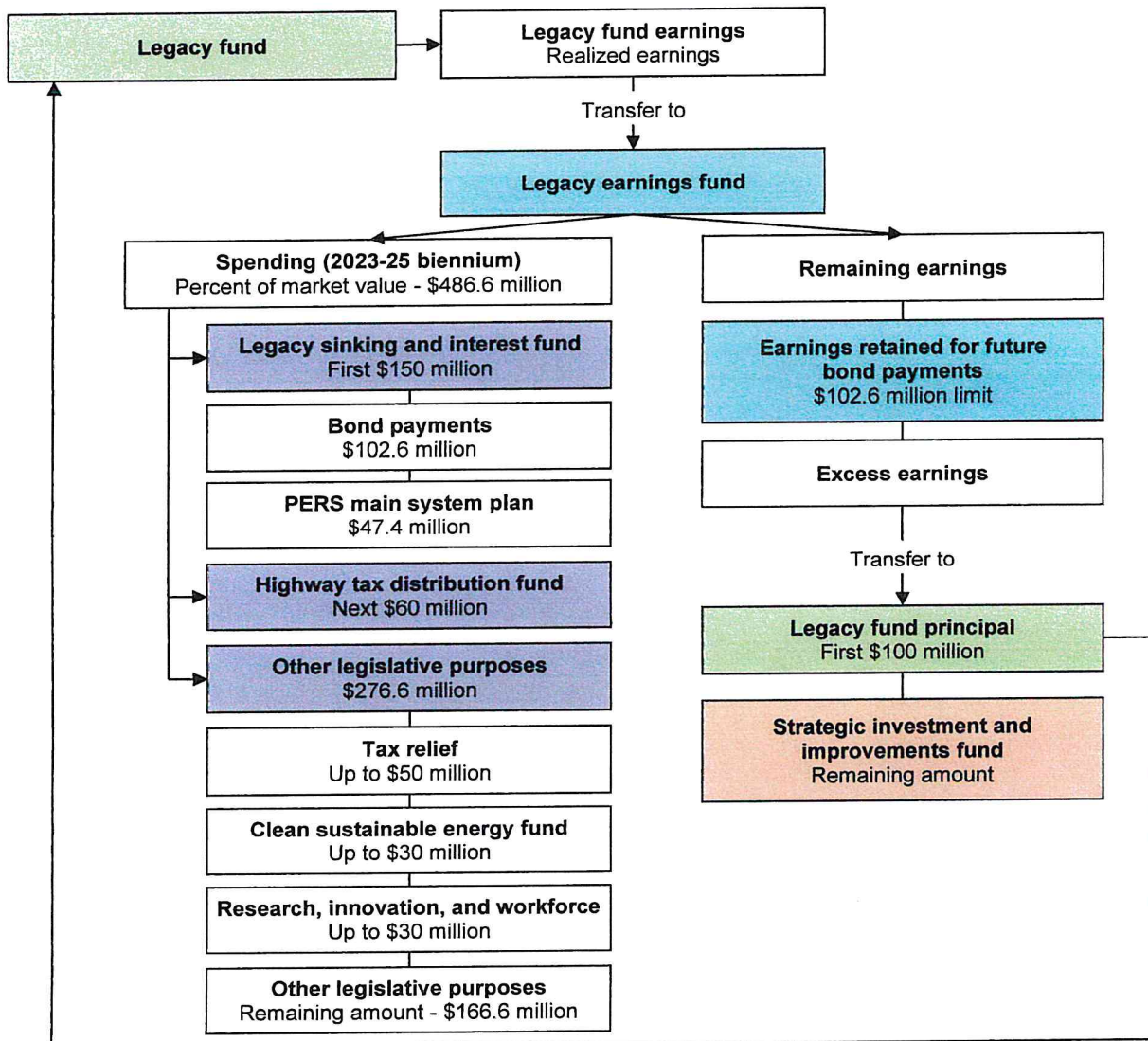
North Dakota Legislative Council

Prepared for Senator Bekkedahl
 LC# 23.9574.01000
 April 2023

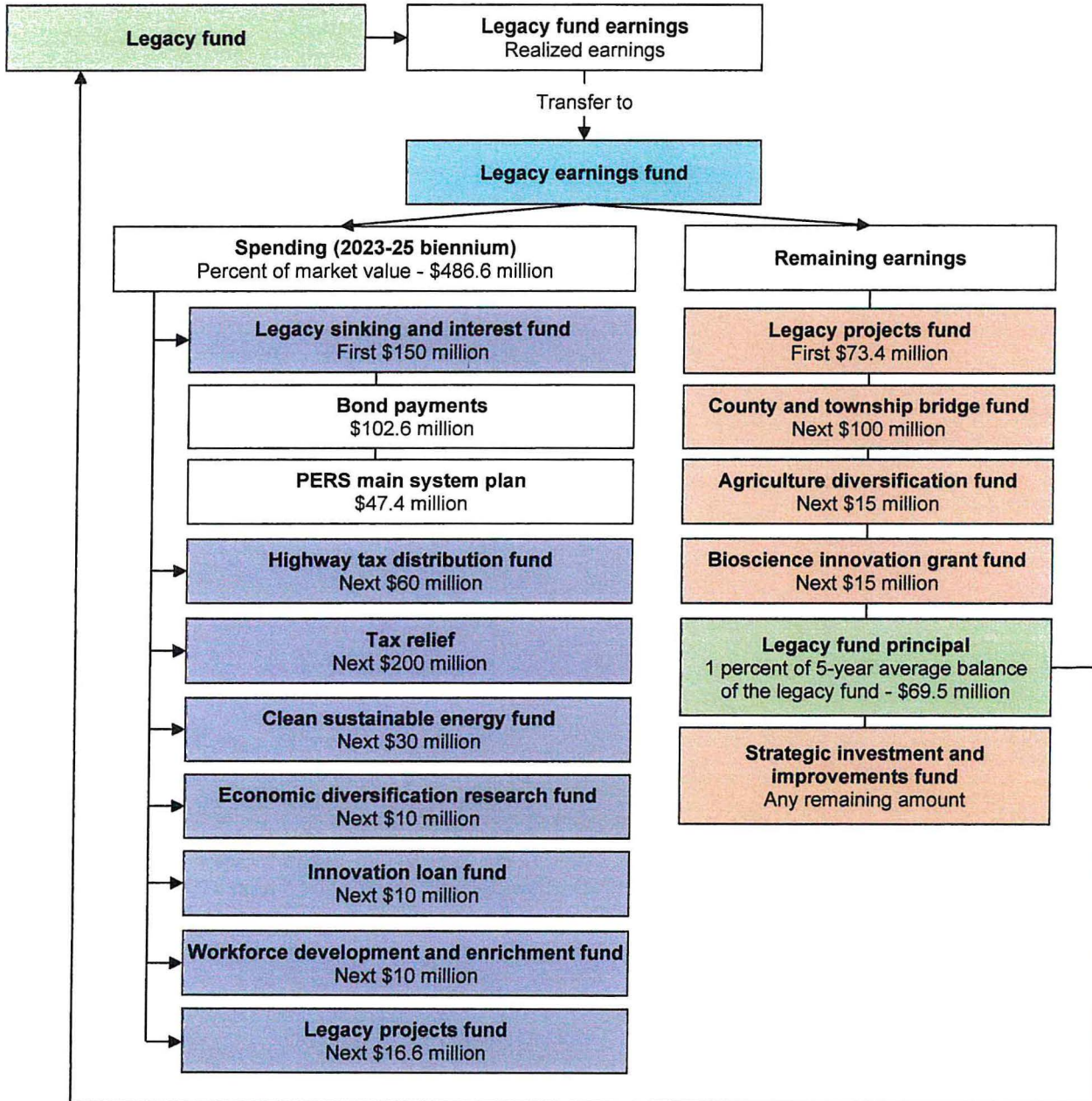
LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on current law, codified in North Dakota Century Code Section 21-10-13, proposed changes to the allocations in Engrossed House Bill No. 1379 [23.0695.02000] ("House version"), and proposed changes to the allocations based on an amendment [23.0695.02006] to Engrossed House Bill No. 1379 ("Amendment 23.0695.02006").

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



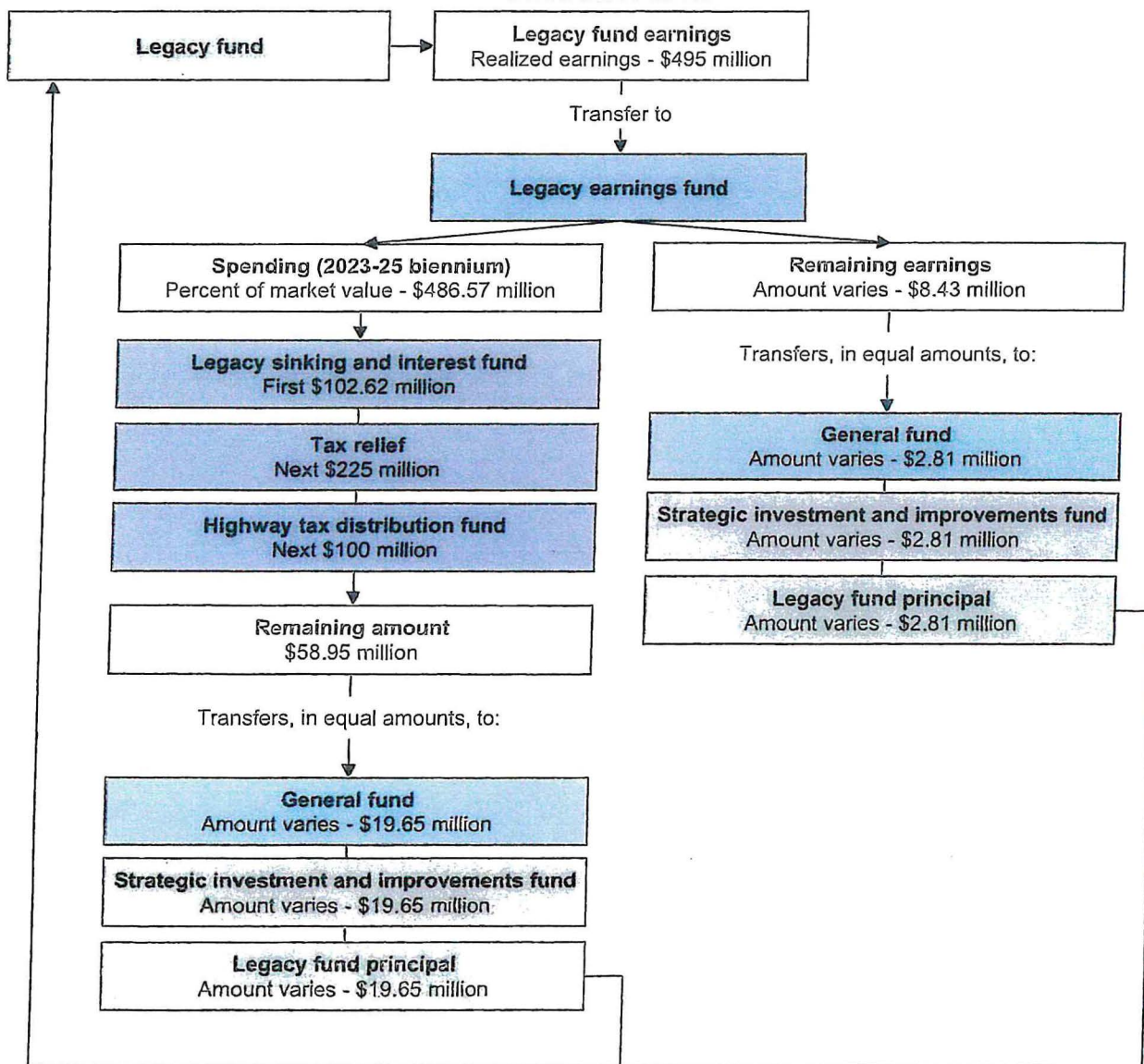
2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES - HOUSE VERSION



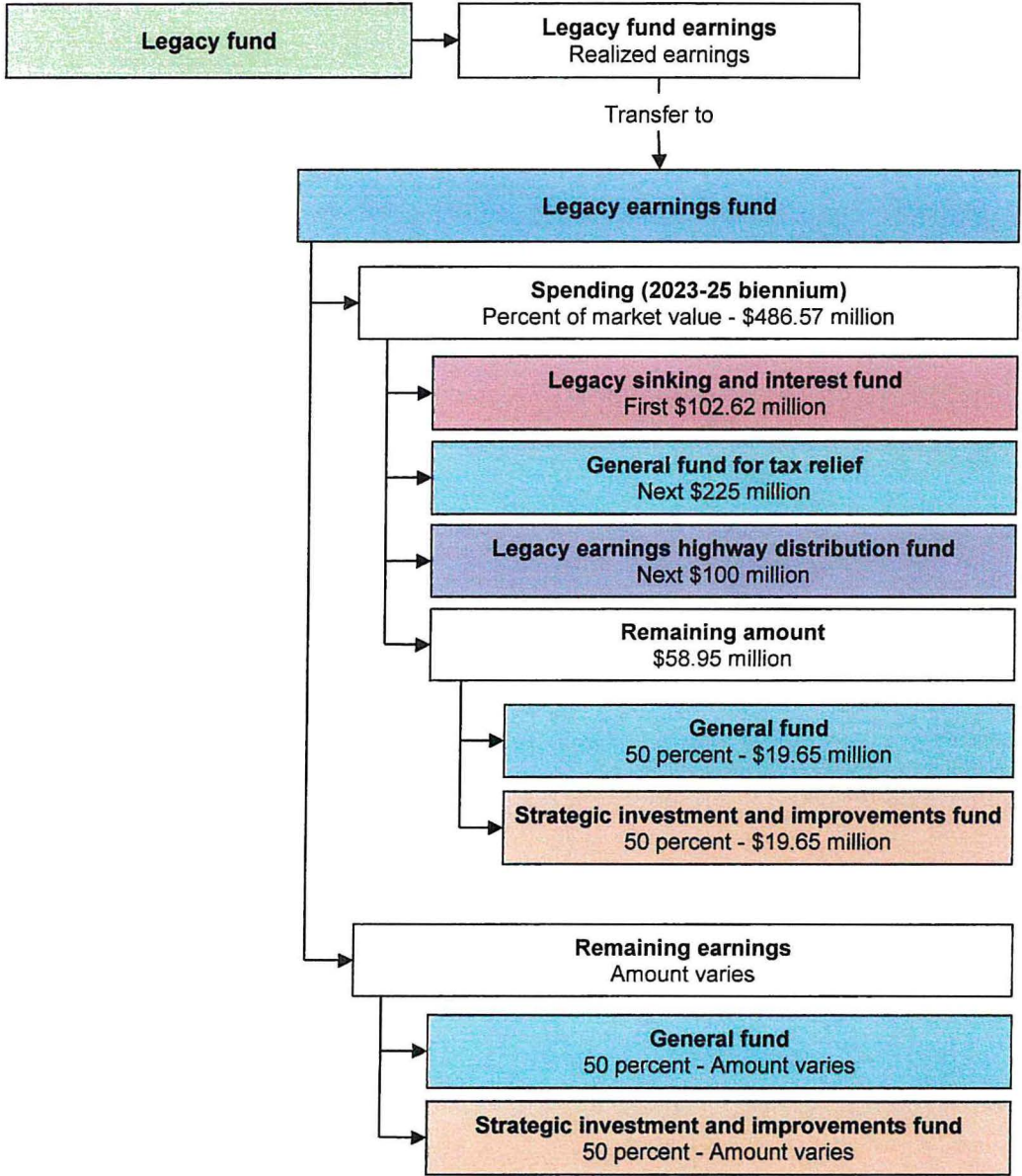
LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on proposed changes to the allocations based on an amendment [23.0695.02003] to Engrossed House Bill No. 1379. The estimated earnings available for allocations in the 2023-25 biennium are based on estimates from the Retirement and Investment Office.

2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES - AMENDMENT 23.0695.02006





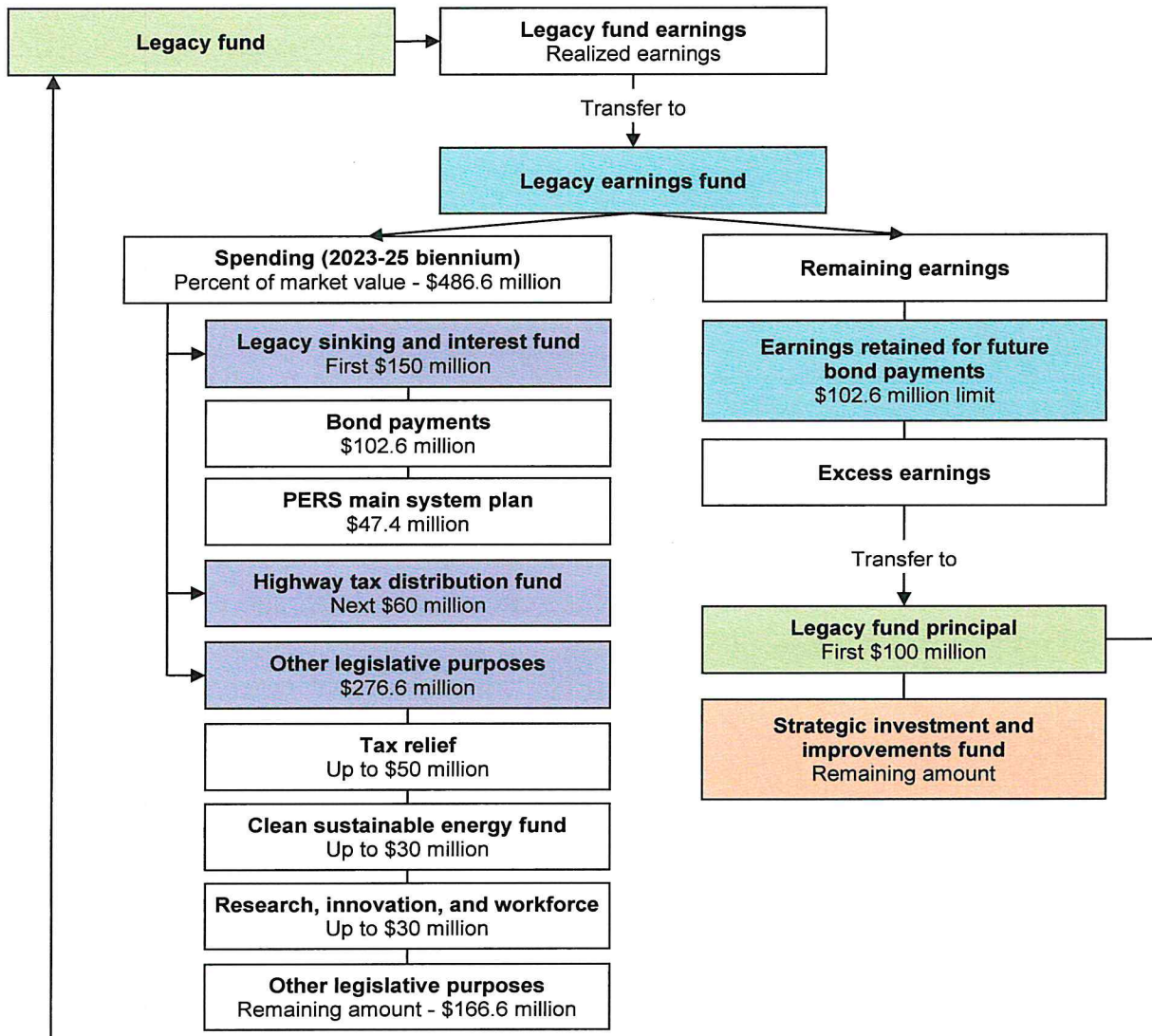
North Dakota Legislative Council

Prepared for Senator Bekkedahl
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April 2023

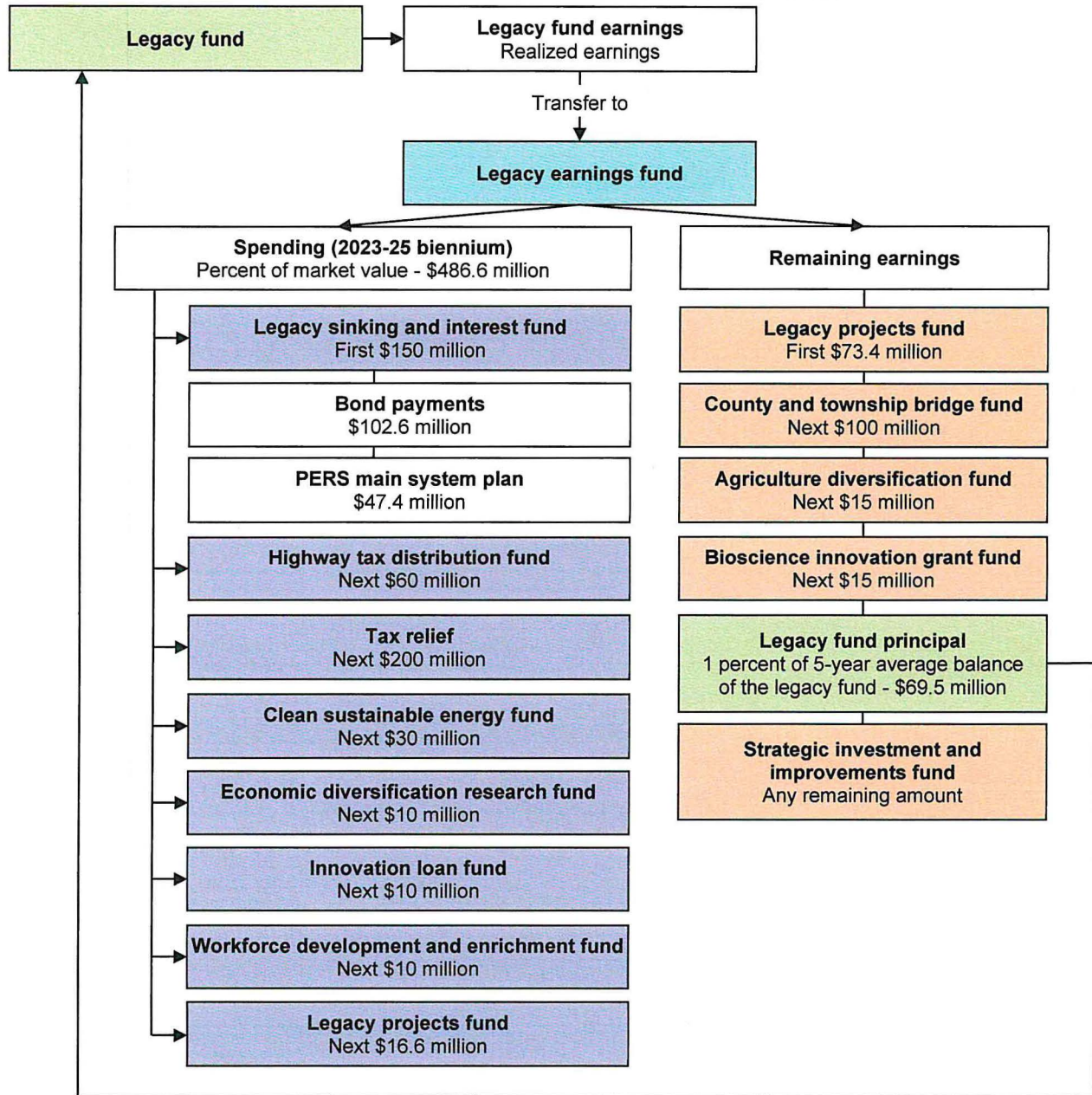
LEGACY FUND EARNINGS SCENARIO

This memorandum provides information on the allocation of legacy fund earnings based on current law, codified in North Dakota Century Code Section 21-10-13, proposed changes to the allocations in Engrossed House Bill No. 1379 [23.0695.02000] ("House version"), and proposed changes to the allocations based on an amendment [23.0695.02006] to Engrossed House Bill No. 1379 ("Amendment 23.0695.02006").

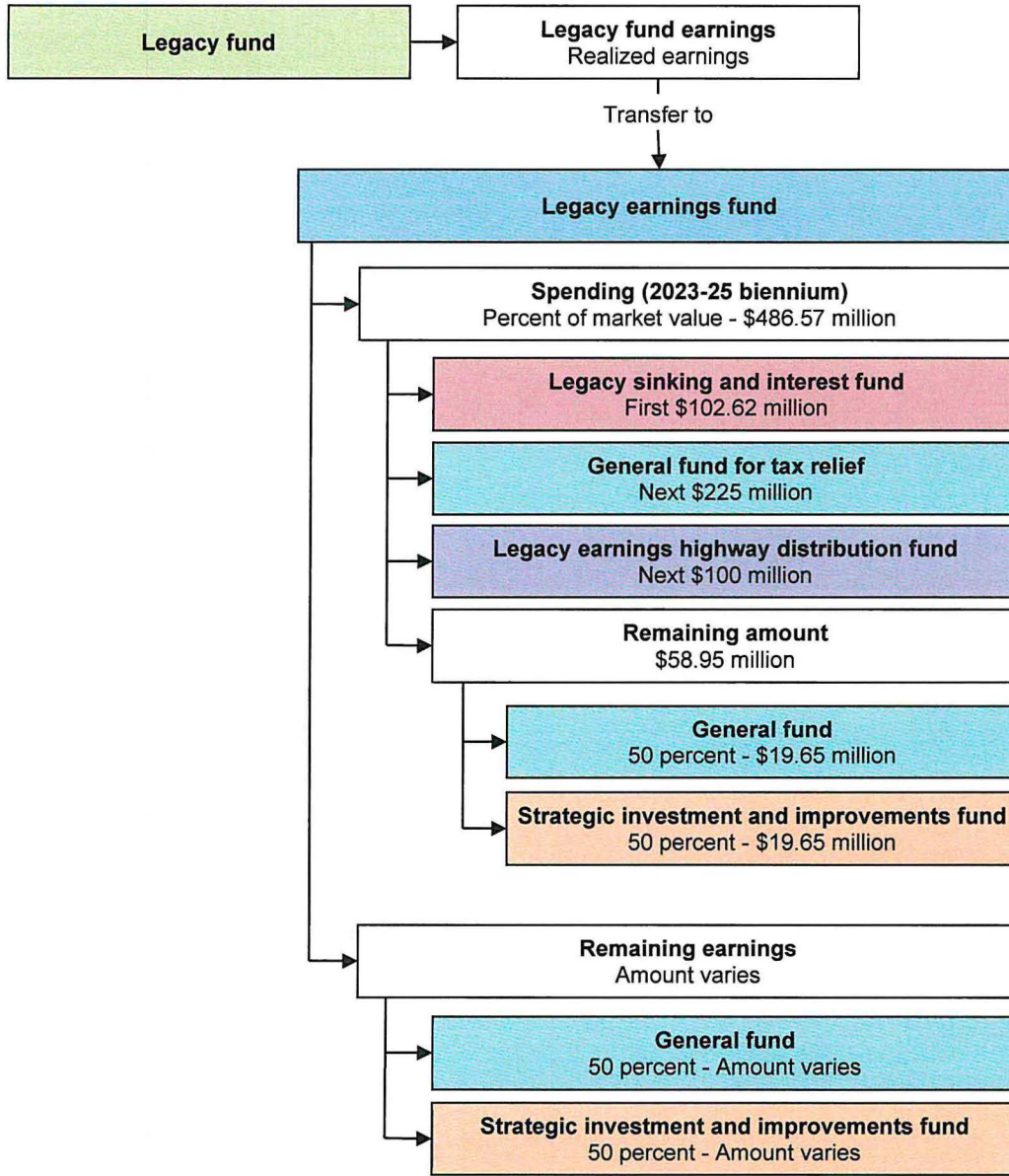
2023-25 BIENNIUM LEGACY FUND EARNINGS - CURRENT LAW



2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES - HOUSE VERSION



2023-25 BIENNIUM LEGACY FUND EARNINGS - PROPOSED CHANGES - AMENDMENT 23.0695.02006



Bond Debt Service
North Dakota Public Finance Authority
Legacy Fund Infrastructure Program Bonds, Combined 2021 & 2022
Final Pricing
Based Upon Bid From J.P. Morgan Securities LLC

Period Ending	Principal	Interest	Debt Service	Annual Debt Service	Biennial Debt Service
6/1/2022		4,100,469.77	4,100,469.77	4,100,469.77	
12/1/2022		9,712,172.80	9,712,172.80		
6/1/2023		11,555,857.00	11,555,857.00	21,268,029.80	25,368,499.57
12/1/2023	28,460,000	11,555,857.00	40,015,857.00		
6/1/2024		11,294,578.75	11,294,578.75	51,310,435.75	
12/1/2024	29,030,000	11,294,578.75	40,324,578.75		
6/1/2025		10,985,446.25	10,985,446.25	51,310,025.00	102,620,460.75
12/1/2025	29,680,000	10,985,446.25	40,665,446.25		
6/1/2026		10,644,636.50	10,644,636.50	51,310,082.75	
12/1/2026	30,405,000	10,644,636.50	41,049,636.50		
6/1/2027		10,263,023.75	10,263,023.75	51,312,660.25	102,622,743.00
12/1/2027	31,205,000	10,263,023.75	41,468,023.75		
6/1/2028		9,842,939.75	9,842,939.75	51,310,963.50	
12/1/2028	32,080,000	9,842,939.75	41,922,939.75		
6/1/2029		9,388,560.75	9,388,560.75	51,311,500.50	102,622,464.00
12/1/2029	33,025,000	9,388,560.75	42,413,560.75		
6/1/2030		8,895,891.00	8,895,891.00	51,309,451.75	
12/1/2030	34,035,000	8,895,891.00	42,930,891.00		
6/1/2031		8,380,628.75	8,380,628.75	51,311,519.75	102,620,971.50
12/1/2031	35,105,000	8,380,628.75	43,485,628.75		
6/1/2032		7,826,122.75	7,826,122.75	51,311,751.50	
12/1/2032	36,250,000	7,826,122.75	44,076,122.75		
6/1/2033		7,235,326.50	7,235,326.50	51,311,449.25	102,623,200.75
12/1/2033	37,455,000	7,235,326.50	44,690,326.50		
6/1/2034		6,620,655.75	6,620,655.75	51,310,982.25	

12/1/2034	38,730,000	6,620,655.75	45,350,655.75		
6/1/2035		5,959,604.75	5,959,604.75	51,310,260.50	102,621,242.75
12/1/2035	40,090,000	5,959,604.75	46,049,604.75		
6/1/2036		5,258,142.75	5,258,142.75	51,307,747.50	
12/1/2036	41,545,000	5,258,142.75	46,803,142.75		
6/1/2037		4,508,667.50	4,508,667.50	51,311,810.25	102,619,557.75
12/1/2037	43,095,000	4,508,667.50	47,603,667.50		
6/1/2038		3,704,922.50	3,704,922.50	51,308,590.00	
12/1/2038	44,755,000	3,704,922.50	48,459,922.50		
6/1/2039		2,852,037.50	2,852,037.50	51,311,960.00	102,620,550.00
12/1/2039	46,505,000	2,852,037.50	49,357,037.50		
6/1/2040		1,952,351.25	1,952,351.25	51,309,388.75	
12/1/2040	48,355,000	1,952,351.25	50,307,351.25		
6/1/2041		1,002,560.00	1,002,560.00	51,309,911.25	102,619,300.00
12/1/2041	50,310,000	1,002,560.00	51,312,560.00		
6/1/2042				51,312,560.00	51,312,560.00
	710,115,000	290,156,550	1,000,271,550	1,000,271,550	1,000,271,550
	0	0	0	0	
