

Introduced by

Representative Lefor

1 A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter
2 6-09.4, a new section to chapter 15-20.1, a new section to chapter 21-10, a new section to
3 chapter 50-06, two new sections to chapter 54-44, and a new section to chapter 54-59 of the
4 North Dakota Century Code, relating to an economic diversification research fund, a legacy
5 sinking and interest fund, a career and technical education support fund, a legacy earnings
6 fund, a behavioral health support fund, a legacy infrastructure project fund, a state building
7 maintenance and project fund, and an information technology cybersecurity fund; to amend and
8 reenact subsection 1 of section 21-10-06 and section 21-10-12 of the North Dakota Century
9 Code, relating to funds invested by the state investment board and legacy fund definitions; to
10 provide for a transfer; and to provide a report.

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

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

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

- 16 1. There is created in the state treasury the economic diversification research fund. The
17 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys
18 in the fund may be spent by the Bank of North Dakota pursuant to legislative
19 appropriations to provide grants to institutions under the control of the state board of
20 higher education for economic diversification research.
- 21 2. The economic diversification research committee consists of:
- 22 a. The president of the Bank of North Dakota, as chairman;
- 23 b. Four members with experience in research or venture capital appointed by the
24 president of the Bank of North Dakota;

- 1 c. The state commissioner of higher education, or a designee; and
2 d. The president of North Dakota state university and the president of the university
3 of North Dakota.
- 4 3. In consultation with representatives of North Dakota state university and the university
5 of North Dakota, the committee shall award grants to institutions under the control of
6 the state board of higher education. Up to ninety percent of the funding must be
7 awarded to North Dakota state university and the university of North Dakota with equal
8 amounts awarded to each institution. The remaining funding must be awarded to the
9 other institutions under the control of the state board of higher education, as
10 determined by the committee. The committee may not award more than fifty percent of
11 the available funding during the first year of the biennium. The Bank of North Dakota
12 shall distribute the grant funding as awarded by the committee.
- 13 4. The committee shall develop guidelines for the economic diversification research
14 grants. The purpose of the grants is to stimulate economic activity across the state
15 through innovation of new technology, concepts, and products; to promote job creation
16 and career and wage growth; to enhance health care outcomes; and to provide
17 experiential learning opportunities for students. Research projects may be initiated by
18 an institution under the control of the state board of higher education or by the private
19 sector. The guidelines must include consideration for research projects with matching
20 funds and provisions for grant oversight by an internal advisory committee and an
21 external advisory committee.
- 22 5. The committee shall develop reporting requirements for the institutions under the
23 control of the state board of higher education. The reporting requirements must
24 include criteria for assessing performance outcomes related to the grants. The
25 committee shall compile the reports and shall submit a comprehensive report annually
26 to the legislative management. The comprehensive report must include information on
27 how the research efforts by each institution align with the state's priorities, how the
28 institutions collaborate when appropriate, and how the outcomes of the research meet
29 established performance expectations.

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

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

3 There is created in the state treasury the legacy sinking and interest fund. The fund consists
4 of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be
5 spent by the public finance authority pursuant to legislative appropriations to meet the debt
6 service requirements for evidences of indebtedness issued by the authority.

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

9 **Career and technical education support fund - Department of career and technical**
10 **education.**

11 There is created in the state treasury the career and technical education support fund. The
12 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund
13 may be spent by the department of career and technical education pursuant to legislative
14 appropriations to support career and technical education centers and programs.

15 **SECTION 4. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century
16 Code is amended and reenacted as follows:

- 17 1. Subject to the provisions of section 21-10-02, the board shall invest the following
18 funds:
- 19 a. State bonding fund.
 - 20 b. Teachers' fund for retirement.
 - 21 c. State fire and tornado fund.
 - 22 d. Workforce safety and insurance fund.
 - 23 e. Public employees retirement system.
 - 24 f. Insurance regulatory trust fund.
 - 25 g. State risk management fund.
 - 26 h. Budget stabilization fund.
 - 27 i. Health care trust fund.
 - 28 j. Cultural endowment fund.
 - 29 k. Petroleum tank release compensation fund.
 - 30 l. Legacy fund.
 - 31 m. Legacy earnings fund.

1 n. A fund under contract with the board pursuant to subsection 3.

2 **SECTION 5. AMENDMENT.** Section 21-10-12 of the North Dakota Century Code is
3 amended and reenacted as follows:

4 **21-10-12. Legacy fund –~~Earnings defined~~definitions.**

5 For the purposes of section 26 of article X of the Constitution of North Dakota, ~~the term-~~
6 "earnings":

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

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

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

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

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

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

20 3. Any amounts transferred under subsection 2 in excess of the amount available for
21 appropriation under subsection 4 must be retained in the fund and designated as a
22 reserve balance. The reserve balance may be used only to supplement legacy fund
23 earnings in a biennium in which the amounts transferred under subsection 2 are less
24 than the amount available for appropriation under subsection 4.

25 4. For each biennium subsequent to the biennium in which the legacy fund earnings are
26 transferred under subsection 2, the amount available for appropriation from the legacy
27 earnings fund is seven percent of the five-year average value of the legacy fund
28 assets as reported by the state investment board. The average value of the legacy
29 fund assets must be calculated using the value of the assets at the end of each fiscal
30 year for the five-year period ending with the most recently completed even-numbered
31 fiscal year.

- 1 5. On July first of each odd-numbered year, from the amount available for appropriation
2 or transfer from the legacy earnings fund for the biennium, the state treasurer shall
3 transfer funding as follows:
- 4 a. Twenty-six percent to the legacy sinking and interest fund under section 2 of this
5 Act;
- 6 b. Fourteen percent to the highway tax distribution fund for allocations under section
7 54-27-19;
- 8 c. Eight percent to the school construction assistance revolving loan fund under
9 section 15.1-36-08;
- 10 d. Five percent to the infrastructure revolving loan fund under section 6-09-49;
- 11 e. Five percent to the innovation loan fund to support technology advancement
12 under section 6-09.18-05;
- 13 f. Five percent to the public employees retirement system fund under section
14 54-52-13, only if the fund's actuarial-funded ratio as reported for the most
15 recently completed even-numbered fiscal year is less than ninety percent;
- 16 g. Five percent to the behavioral health support fund under section 7 of this Act;
- 17 h. Four percent to the career and technical education support fund under section 3
18 of this Act;
- 19 i. Four percent to the state building maintenance and project fund under section 9
20 of this Act;
- 21 j. Four percent to the legacy development and innovation fund under section
22 6-09-52;
- 23 k. Four percent to the economic diversification research fund under section 1 of this
24 Act;
- 25 l. Three percent to the information technology cybersecurity fund under section 10
26 of this Act;
- 27 m. Three percent to the housing incentive fund under section 54-17-40; and
- 28 n. Any remaining amounts to the legacy infrastructure project fund.

29 **SECTION 7.** A new section to chapter 50-06 of the North Dakota Century Code is created
30 and enacted as follows:

1 **Behavioral health support fund - Department of human services.**

2 There is created in the state treasury the behavioral health support fund. The fund consists
3 of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may be
4 spent by the department of human services pursuant to legislative appropriations to support
5 behavioral health programs.

6 **SECTION 8.** A new section to chapter 54-44 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Legacy infrastructure project fund.**

9 There is created in the state treasury the legacy infrastructure project fund. The fund
10 consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund may
11 be spent pursuant to legislative appropriations to support one-time infrastructure projects with a
12 statewide benefit.

13 **SECTION 9.** A new section to chapter 54-44 of the North Dakota Century Code is created
14 and enacted as follows:

15 **State building maintenance and project fund.**

16 There is created in the state treasury the state building maintenance and project fund. The
17 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund
18 may be spent pursuant to legislative appropriations for deferred maintenance and construction
19 projects associated with state lands and buildings.

20 **SECTION 10.** A new section to chapter 54-59 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Information technology cybersecurity fund.**

23 There is created in the state treasury the information technology cybersecurity fund. The
24 fund consists of all moneys deposited in the fund under section 6 of this Act. Moneys in the fund
25 may be spent pursuant to legislative appropriations to support information technology
26 cybersecurity initiatives.