

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1429

Introduced by

Representatives Novak, Koppelman, Louser, J. Olson, S. Olson, Porter, M. Ruby, Thomas
Senators Elkin, Magrum, Rummel

1 A BILL for an Act to create and enact a new subdivision to subsection 7 of section 26.1-04-03
2 and a new section to chapter 54-06 of the North Dakota Century Code, relating to unfair
3 discrimination in the business of insurance and the investment and management of public
4 funds; to amend and reenact section 21-10-08.1 of the North Dakota Century Code, relating to
5 the prohibition on social investments; and to provide for a legislative management study.

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

7 **SECTION 1. AMENDMENT.** Section 21-10-08.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **21-10-08.1. Social investment - Prohibition.**

- 10 1. As used in this section, "social investment" means the consideration of socially
11 responsible criteria and environmental, social, and governance impact criteria in the
12 investment or commitment of public funds for the purpose of obtaining an effect other
13 than a maximized return at a prudent level of risk to the state.
- 14 2. Except as otherwise provided in a state investment policy relating to the investment of
15 the legacy fund and unless the state investment board can demonstrate a social
16 investment would provide an equivalent or superior rate of return compared to a
17 similar investment that is not a social investment and has a similar time horizon and
18 risk, the state investment board may not invest state funds for the purpose of social
19 investment.

20 **SECTION 2.** A new subdivision to subsection 7 of section 26.1-04-03 of the North Dakota
21 Century Code is created and enacted as follows:

22 Unless the refusal is the result of the application of sound underwriting and
23 actuarial principles related to actual or reasonably anticipated loss experience,
24 refusing to insure solely in consideration of the risk's environmental, social, and

1 governance criteria; diversity, equity, and inclusion policies; or political and
2 ideological factors.

3 **SECTION 3.** A new section to chapter 54-06 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Proxy voting.**

6 1. Proxy votes made on behalf of state funds or the funds of political subdivisions which
7 receive investment management services from the state must be made in accordance
8 with the requirements provided in section 21-10-08.1.

9 2. A state entity may not adopt a practice of following the recommendations of a proxy
10 advisory firm or other service provider unless the proxy advisory firm's or the service
11 provider's voting guidelines comply with the requirements of section 21-10-08.1.

12 **SECTION 4. LEGISLATIVE MANAGEMENT STUDY - DIVESTMENT OF COMPANIES**

13 **THAT BOYCOTT ENERGY OR COMMODITIES.** During the 2023-24 interim, the legislative
14 management shall study environmental social governance as it pertains to a set of nonspecific,
15 quantifiable, and nonquantifiable criteria with attributing factors used for making determinations,
16 decisions, or investments as it pertains to government and private industry in the state. The
17 study must include an evaluation of investment policy as it relates to environmental social
18 governance and the level of involvement the state has with companies that use environmental
19 social governance in their ranking when making business or investment decisions. The study
20 also must include the potential implications for the state as it relates to the boycott of energy or
21 production agriculture commodities by companies that intend to penalize, inflict economic harm
22 on, or limit commercial relations. All aspects of boycotts, including the transport, sale, utilization,
23 production, or manufacturing of natural gas, oil, coal, petrochemicals, or production agricultural
24 commodities must be evaluated. The legislative management shall report its findings and
25 recommendations, together with any legislation required to implement its recommendations, to
26 the sixty-ninth legislative assembly.