

HOUSE BILL NO. 1309

Introduced by

Representatives Heilman, Marschall, Novak, M. Ruby

Senators Enget, Walen

1 A BILL for an Act to create and enact a new section to chapter 54-06 of the North Dakota
2 Century Code, relating to state contracts with certain companies that boycott energy, mining,
3 and production agriculture; and to provide for application.

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

5 **SECTION 1.** A new section to chapter 54-06 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Prohibition on contracts - Boycotting critical state sectors.**

8 1. As used in this section:

9 a. "Boycott" means without any ordinary business purpose, refusing to deal with,
10 terminating business activities with, or otherwise taking any action intended to
11 penalize, inflict economic harm on, or limit commercial relations with a company
12 because the company:

13 (1) Engages in the exploration, production, use, transportation, sale, or
14 manufacturing of fossil fuel-based energy, timber, minerals, hydroelectric
15 power, nuclear energy, or mining and does not commit or pledge to meet
16 environmental standards beyond applicable federal and state law;

17 (2) Engages in production agriculture;

18 (3) Engages in, facilitates, or supports the manufacture, import, distribution,
19 marketing, advertising, sale, or lawful use of firearms, ammunition, or
20 components, parts, and accessories of firearms or ammunition; or

21 (4) Does business with a company engaged in the activities described in this
22 subdivision.

23 b. "Company" means a for-profit organization, association, corporation, partnership,
24 joint venture, limited partnership, limited liability partnership, or limited liability

1 company, including a wholly owned subsidiary, majority-owned subsidiary, parent
2 company, or affiliate of those entities or business associations which exists to
3 make a profit and which has ten or more full-time employees and has a value of
4 one hundred thousand dollars or more. The term does not include a sole
5 proprietorship.

6 c. "Governmental entity" means a state agency or political subdivision of this state.

7 d. "Ordinary business purpose" means any motive directly related to:

8 (1) Promoting the financial success or stability of the company;

9 (2) Mitigating risk to the company;

10 (3) Complying with legal or regulatory requirements; or

11 (4) Limiting liability of the company.

12 2. This section applies to a contract between a governmental entity and a company
13 which is to be paid wholly or in part from public funds.

14 3. Except as provided in subsection 4, a governmental entity may not enter a contract
15 with a company for goods or services unless the contract contains a written verification
16 the company does not engage in a boycott as described in subsection 1 and is not
17 included on a list of financial institutions not eligible to receive investments of state
18 funds by the state investment board.

19 4. Subsection 3 does not apply to a contract if the governmental entity determines and
20 documents the goods or services are not otherwise available on commercially
21 reasonable terms or if subsection 3 is inconsistent with the governmental entity's
22 constitutional or statutory duties.

23 **SECTION 2. APPLICATION.** This Act applies to a contract entered after the effective date
24 of this Act. A contract entered before the effective date of this Act which violates this Act may not
25 be renewed unless the governmental entity obtains the written verification described in this Act.