

Sixtieth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2345

Introduced by

Senators Fischer, Grindberg, Robinson

Representatives Aarsvold, Carlson, Wieland

1 A BILL for an Act to authorize the state water commission to issue bonds for the Red River  
2 valley water supply project; and to amend and reenact section 61-02.1-05 of the North Dakota  
3 Century Code, relating to the water development trust fund.

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

5 **SECTION 1. Legislative findings and intent - Authority to issue bonds.**

6 1. The legislative assembly finds that the provision of water of sufficient quantity and  
7 quality to supply homes, businesses, industries, wildlife, and recreation in the Red  
8 River valley within this state is necessary for the protection of health, property, and  
9 enterprises and for the promotion of prosperity and the general welfare of the  
10 people of the Red River valley and that construction of the Red River valley water  
11 supply project involves and requires the exercise of the sovereign powers of the  
12 state and concerns a public purpose. Therefore, it is declared necessary and in  
13 the public interest that the state by and through the state water commission assist  
14 in financing the cost of constructing the Red River valley water supply project  
15 through the issuance of bonds.

16 2. In furtherance of the public purpose set forth in subsection 1, the state water  
17 commission may issue bonds under chapter 61-02 and the proceeds are  
18 appropriated for construction of the Red River valley water supply project  
19 authorized and funded in part by the federal government and designed to provide  
20 reliable sources of water of sufficient quantity and quality to supply homes,  
21 businesses, industries, wildlife, and recreation in the Red River valley within this  
22 state.

23 3. This Act does not affect the state water commission's authority to otherwise issue  
24 bonds pursuant to chapter 61-02 or section 61-24.3-01.

**SECTION 2. Funding - Red River valley water supply project - Bond issuance**

**amount.** The state water commission may provide the nonfederal share of funds necessary to construct the Red River valley water supply project by issuing bonds in an amount not to exceed forty million dollars plus the cost of issuance of the bonds, capitalized interest, and reasonably required reserves. The proceeds of any bonds issued under the authority provided in this section are appropriated to the state water commission for the purposes set forth in this Act.

**SECTION 3. Limitation of action.** An action may not be brought or maintained in any court in this state questioning the validity of any bonds issued as provided in this Act unless the action is commenced within thirty days after the adoption of the resolution of the state water commission authorizing the sale of bonds. The state water commission may commence a special proceeding at any time after the effective date of this Act, in and by which the constitutionality and validity of the bonds to be issued pursuant to this Act may be judicially examined, approved and confirmed, or disapproved and disaffirmed. Proceedings must comply as nearly as possible with the procedure required for declaratory judgment proceedings.

**SECTION 4. Bonds payable from water development trust fund.**

1. Principal and interest on bonds issued for the Red River valley water supply project as provided in this Act are payable from the water development trust fund from funds transferred from the tobacco settlement trust fund.
2. Obligations issued as provided in this Act do not constitute a debt, liability, or obligation of the state of North Dakota or a pledge of the faith and credit of the state of North Dakota, but are payable solely from the sources as described in this Act.
3. The state water commission shall include in its submission to the governor for inclusion by the governor in the biennial executive budget of the state for each year of the respective biennium during the term of any bonds issued as provided in this Act an amount fully sufficient to pay the principal and interest required to be paid in each year of the biennium, if any, from moneys from the water development trust fund. If the governor does not include in the executive budget for any reason the amounts required to be included by this section, the state water commission

shall request independently that the legislative assembly amend the executive budget appropriation so as to include the amounts.

**SECTION 5. State funding plan.**

1. The remaining sixty million dollars to comprise a total of one hundred million dollars to meet the one hundred million dollar state share of phase one of the Red River valley water supply project is to be funded over three bienniums. The sixty million dollars is to be derived from thirty million dollars from the general fund and thirty million dollars from the resources trust fund.

2. The state shall provide an additional one hundred million dollars of municipal, rural, and industrial water supply funds for phase two of the Red River valley water supply project, to meet the two hundred million dollar state share of the project.

**SECTION 6. AMENDMENT.** Section 61-02.1-05 of the North Dakota Century Code is amended and reenacted as follows:

**61-02.1-05. Water development trust fund.** Moneys received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, or any successor agreement, and any earnings on these moneys, must be deposited in the water development trust fund in the state treasury for use in paying for bonds issued as provided in this chapter and for other water projects as provided in section 54-27-25 and subsection 23 of section 54-44-04 and for the Red River valley water supply project as provided in this Act.