

**ANALYSIS OF THE 2021-23 BIENNIUM HOUSE BILL NO. 1020
FOR THE STATE WATER COMMISSION**

Senate Bill No. 2020		Executive Recommendation		House Version A		House Version B		Variance from House Version A	
Line item	2021-23 Biennium		Proposed		Proposed				
Salaries and wages	\$20,683,144		\$20,683,144		\$20,683,144				\$0
Operating expenses ¹	43,366,550		43,366,550		43,366,550				0
Capital assets ^{1,2}	165,284,777		175,284,777		175,284,777				0
Project carryover - Grants	295,363,183		295,363,183		295,363,183				0
Water supply -Grants	54,165,877		100,000,000		100,000,000				0
Rural water supply - Grants	20,225,913		41,600,000		41,600,000				0
Fargo flood control	-		-		66,500,000				66,500,000
Mouse River flood control	-		11,286,716		85,786,716				74,500,000
Other flood control projects	94,630,512		49,000,000		49,000,000				0
General water - Grants	15,327,275		14,227,275		14,227,275				0
Basinwide plan implementation			1,100,000		1,100,000				1,100,000
Total appropriation	\$709,047,231		\$751,911,645		\$892,911,645				\$142,100,000
Detail of Available Funding		House Version A		House Version B		Variance			
Funding Source	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	2021-23 Biennium	Variance
NAWS Operations fund	\$2,239,575	\$2,239,575	\$2,239,575	\$2,239,575	\$2,239,575	\$2,239,575	\$2,239,575	\$2,239,575	\$0
NAWS Project reserve fund	-	-	-	-	-	-	-	-	0
Reimbursements from political subdivisions - Water commission fund	9,736,615	9,736,615	9,736,615	9,736,615	9,736,615	9,736,615	9,736,615	9,736,615	0
ARB local cost share in new projects	2,343,776	2,343,776	2,343,776	2,343,776	2,343,776	2,343,776	2,343,776	2,343,776	0
Water rights filing fees	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	0
Total other income	\$14,529,966	\$14,529,966	\$14,529,966	\$14,529,966	\$14,529,966	\$14,529,966	\$14,529,966	\$14,529,966	\$0
Federal funds	41,083,357	41,083,357	41,083,357	41,083,357	41,083,357	41,083,357	41,083,357	41,083,357	0
Resources trust fund (January 2021 legislative revenue forecast)	589,051,136	607,090,224	607,090,224	607,090,224	607,090,224	607,090,224	607,090,224	607,090,224	0
Bank of North Dakota line of credit	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	0
Total revenue available for appropriation	\$719,664,459	\$737,703,547	\$737,703,547	\$737,703,547	\$737,703,547	\$737,703,547	\$737,703,547	\$737,703,547	\$0
RTF Balance (Shortfall)	\$8,722,238	(\$16,103,088)	(\$16,103,088)	(\$16,103,088)	(\$157,103,088)	(\$157,103,088)	(\$157,103,088)	(\$157,103,088)	(\$141,000,000)
Water Commission Fund Balance (Shortfall)	\$1,894,990	\$1,894,990	\$1,894,990	\$1,894,990	\$1,894,990	\$1,894,990	\$1,894,990	\$1,894,990	\$0

¹Bank of North Dakota line of credit proposed authorization is \$75 million of which \$4.4 million is in operating expenses and \$70.6 million is in capital assets for NAWS.

²Includes funding for state owned water projects (Northwest Area Water Supply and Southwest Pipeline)

State Water Commission - Budget No. 770
 House Bill No. 1020
 Base Level Funding Changes

1/28/2021

	Executive Budget Recommendation				House Version				House Changes to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease) - Executive Budget			Total
									FTE Positions	General Fund	Other Funds	
2021-23 Biennium Base Level	90.00	\$0	\$867,254,091	\$867,254,091	90.00	\$0	\$867,254,091	\$867,254,091	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes		\$0	\$230,410	\$230,410			\$230,410	\$230,410		\$0	\$0	\$0
Salary increase			488,936	488,936			488,936	488,936				0
Health insurance increase			4,415	4,415			4,415	4,415				0
Retirement contribution increase			99,685	99,685			99,685	99,685				0
Removes 1 FTE risk mapping position	(1.00)		(183,884)	(183,884)	(1.00)		(183,884)	(183,884)				0
Adds 1 FTE regulatory position	1.00		211,596	211,596	1.00		211,596	211,596				0
Reduce funding for state projects in capital assets			(11,264,226)	(11,264,226)			(1,264,226)	(1,264,226)			10,000,000	10,000,000
Reduce funding for project carryover			(12,970,635)	(12,970,635)			(12,970,635)	(12,970,635)				0
Reduce funding available for water supply grants			(73,834,123)	(73,834,123)			(28,000,000)	(28,000,000)			45,834,123	45,834,123
Reduce funding available for rural water supply grants			(16,974,087)	(16,974,087)			4,400,000	4,400,000			21,374,087	21,374,087
Remove funding for Fargo area flood control			(66,500,000)	(66,500,000)			(66,500,000)	(66,500,000)				0
Remove funding for Mouse River flood control			(82,500,000)	(82,500,000)			(71,213,284)	(71,213,284)			11,286,716	11,286,716
Increase funding for flood control projects			46,630,512	46,630,512			1,000,000	1,000,000			(45,630,512)	(45,630,512)
Reduce funding for general water grants			(11,766,501)	(11,766,501)			(12,866,501)	(12,866,501)			(1,100,000)	(1,100,000)
Increase funding for professional services			1,817,420	1,817,420			1,713,735	1,713,735			(103,685)	(103,685)
Increase funding for utility expenses			4,398,015	4,398,015			101,700	101,700			(4,296,315)	(4,296,315)
Increase funding for repairs			497,250	497,250			497,250	497,250				0
Increase funding for IT and equipment over \$5,000			14,009	14,009			14,009	14,009				0
Adds funding for Microsoft Office 365 license expenses			10,245	10,245			10,245	10,245				0
Adjusts funding for other operating expenses			(4,379,147)	(4,379,147)			20,853	20,853			4,400,000	4,400,000
Removes base level funding for debt payments			(7,236,750)	(7,236,750)			(7,236,750)	(7,236,750)				0
Total ongoing funding changes	0.00	\$0	(\$233,206,860)	(\$233,206,860)	0.00	\$0	(\$191,442,446)	(\$191,442,446)	0.00	\$0	\$41,764,414	\$41,764,414
One-time funding items												
Adds funding from Bank of North Dakota line of credit		\$0	\$75,000,000	\$75,000,000			\$75,000,000	\$75,000,000		\$0	\$0	\$0
Adds funding for basinwide plan implementation				0			1,100,000	1,100,000			1,100,000	1,100,000
Total one-time funding changes	0.00	\$0	\$75,000,000	\$75,000,000	0.00	\$0	\$76,100,000	\$76,100,000	0.00	\$0	\$1,100,000	\$1,100,000
Total Changes to Base Level Funding	0.00	\$0	(\$158,206,860)	(\$158,206,860)	0.00	\$0	(\$115,342,446)	(\$115,342,446)	0.00	\$0	\$42,864,414	\$42,864,414
2021-23 Total Funding	90.00	\$0	\$709,047,231	\$709,047,231	90.00	\$0	\$751,911,645	\$751,911,645	0.00	\$0	\$42,864,414	\$42,864,414
Total ongoing changes as a percentage of base level	0.0%		(26.9%)	(26.9%)	0.0%		(22.1%)	(22.1%)				
Total changes as a percentage of base level	0.0%		(18.2%)	(18.2%)	0.0%		(13.3%)	(13.3%)				

Other Sections in State Water Commission - Budget No. 770

	Executive Budget Recommendation	House Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development trust fund that becomes available to the State Water Commission during the 2021-23 biennium.	Section 3 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund, any additional amounts that become available in the fund are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2021-23 biennium.

Other Sections in State Water Commission - Budget No. 770

Executive Budget Recommendation

House Version

Exemption - Water-related projects

Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2023. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.

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Line item transfers

Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.

Bank of North Dakota - Line of credit

Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed \$75 million, at an annual percentage rate of 1.5 percent over the 3-month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2023.

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Carryover funding reports - Legislative Management

Section 6 requires the State Water Commission to report on carryover projects to Legislative Management on a quarterly basis. This section also provides that the committee may make a recommendation to the State Water Commission if projects listed should be terminated pursuant to Section 61-02-14.3.

Red River Valley Water Supply - Management - Study

Section 7 directs the State Water Commission along with the stakeholders of the Red River Valley Water Supply Project to study which entity would be best to manage the project.

Emergency

Section 8 declares the bill to be an emergency measure.

Bank of North Dakota - Line of credit - Transfer

Section 7 authorizes the transfer of \$75 million of proceeds from a Bank of North Dakota line of credit to the State Water Commission during the 2021-23 biennium.