

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1020
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of water resources; to create and enact a new section to chapter 61-24.6 of the North Dakota Century Code, relating to the northwest area water supply biota water treatment plant operating fund; to amend and reenact subsection 1 of section 54-12-08 and sections 54-35-02.7 and 61-02-79 of the North Dakota Century Code, relating to state agency employment of attorneys, the powers and duties of the water topics overview committee, and a Bank of North Dakota line of credit; to provide legislative intent; to provide for a report; to provide for a study; to provide a continuing appropriation; to provide for a transfer; to provide an exemption; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from other funds, derived from special funds and federal funds, to the department of water resources for the purpose of defraying the expenses of the department of water resources, for the period beginning with the effective date of this Act, and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$22,998,148	\$2,333,877	\$25,332,025
New and vacant FTE pool	0	2,371,058	2,371,058
Operating expenses	56,625,923	(26,082,810)	30,543,113
Capital assets	124,136,712	(121,582,762)	2,553,950
Southwest pipeline project	0	101,000,000	101,000,000
Northwest area water supply	0	106,857,325	106,857,325
Water supply - grants	316,200,000	(316,200,000)	0
Rural water supply - grants	52,000,000	(52,000,000)	0
Water supply	0	110,000,000	110,000,000
Regional water supply	0	245,000,000	245,000,000
General water - grants	12,000,000	(12,000,000)	0
General water	0	18,000,000	18,000,000
Flood control grants	115,700,000	(115,700,000)	0
Flood control	0	117,600,000	117,600,000
Discretionary funding	0	10,000,000	10,000,000
Total other funds	\$699,660,783	\$69,596,688	\$769,257,471
Full-time equivalent positions	93.00	5.00	98.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>Other Funds</u>
New FTE costs	\$36,000
Board of water well contractors costs	30,000
Emergency pumps replacement	480,000
Excavator replacement	400,000
Data logger replacement	60,000

Bank of North Dakota line of credit
Total other funds

260,000,000
\$261,006,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The department of water resources may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. ADDITIONAL INCOME - APPROPRIATION - REPORT. In addition to the amounts appropriated in section 1 of this Act, any additional federal funds and other amounts in the resources trust fund and water commission fund which become available are appropriated to the department of water resources for the purpose of defraying the expenses of the department of water resources, for the period beginning with the effective date of this Act, and ending June 30, 2027. Any additional amounts in the resources trust fund must be allocated equally between municipal water supply grants and rural water supply grants. Any additional amounts in the water commission fund must be allocated to the project for which the funding was intended. Any additional federal funds which become available to the department of water resources must be allocated for the purpose for which the funds were received. The director of the department of water resources shall report to the legislative management on the use of any additional appropriation authority pursuant to this section.

SECTION 5. OTHER FUNDS - WATER PROJECTS STABILIZATION FUND. The total other funds line item in section 1 of this Act includes \$42,500,000 from the water projects stabilization fund for water supply grants for the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 6. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING. The discretionary funding appropriated to the department of water resources in section 1 of this Act or continued in section 24 of this Act may be used as necessary, except for salaries and wages, for the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 7. TRANSFER - RESOURCES TRUST FUND - WATER INFRASTRUCTURE REVOLVING LOAN FUND. The state treasurer shall transfer \$40,000,000 from the resources trust fund to the water infrastructure revolving loan fund at the Bank of North Dakota for providing loans for water projects, as requested by the director of the department of water resources, during the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 8. BANK OF NORTH DAKOTA LINE OF CREDIT - WATER INFRASTRUCTURE REVOLVING LOAN FUND - TRANSFER. The department of water resources may request a line of credit from the Bank of North Dakota not to exceed \$100,000,000 to be transferred to the water infrastructure revolving loan fund as requested by the director of the department of water resources to provide local cost-share loans for projects approved by the state water commission pursuant to section 6-09-49.2 for the period beginning with the effective date of this Act, and ending June 30, 2027. The interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota government entities. The department of water resources shall request a deficiency appropriation from the seventieth legislative assembly to repay the line of credit.

SECTION 9. AMENDMENT. Subsection 1 of section 54-12-08 of the North Dakota Century Code is amended and reenacted as follows:

1. After consultation with the head of the state department or institution or with the state board, commission, committee, or agency affected, the attorney general may appoint assistant or special assistant attorneys general to represent the state board, commission, committee, or agency. A state officer, head of any state department, whether elected or appointed, or state department, board, commission, committee, or agency may not employ legal counsel, and ~~no person may~~ person may not act as legal counsel in any matter, action, or proceeding in which the state or any state department, board, commission, committee, or agency is

interested or is a party, except upon written appointment by the attorney general. Workforce safety and insurance, the department of transportation, the state tax commissioner, the public service commission, the insurance commissioner, the agriculture commissioner, and the ~~securities commissioner~~department of water resources may employ attorneys to represent them. These entities shall pay the salaries and expenses of the attorneys they employ within the limits of legislative appropriations. The attorneys that represent these entities must be special assistant attorneys general appointed by the attorney general pursuant to this section. Absent good cause, the attorney general shall appoint as special assistant attorneys general licensed attorneys selected by these entities. The attorney general may revoke the appointment only for good cause or upon the request of the entity. Good cause means an inadequate level of experience, competence, or ethical standards.

SECTION 10. AMENDMENT. Section 54-35-02.7 of the North Dakota Century Code is amended and reenacted as follows:

54-35-02.7. Water topics overview committee - ~~Duties~~Powers and duties.

1. The legislative management, during each ~~interim~~biennium, shall appoint a water topics overview committee in the same manner as the legislative management appoints other interim committees. The committee must meet quarterly during the interim and is responsible for legislative overview of water topics and related matters, the Garrison diversion project, and for any necessary discussions with adjacent states on water topics. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedure governing the operation of other legislative management interim committees.
2. Any request anticipated to be submitted to the state water commission or to the next legislative assembly for which the state cost-share is estimated to be ten million dollars or more must be reported to the water topics overview committee before May thirty-first of each even-numbered year. The committee shall review the request and make a recommendation on the prioritization of the project for consideration by the next legislative assembly. A copy of the committee's report concerning a new water project request must be provided to the appropriations committees of the legislative assembly.
3. The committee may solicit draft measures and proposals from interested persons during the interim between legislative sessions, and also may study measures and proposals referred to the committee by the legislative assembly or the legislative management.
4. If a water project requesting state funds of ten million dollars or more is introduced in either house without a report from the committee, the committee shall consider and report its recommendation regarding the project. A copy of the committee's report concerning the new water project request must be provided to the appropriations committees of the legislative assembly.
5. The committee shall work collaboratively with the state water commission and may meet with the state water commission.
6. The committee shall report on the committee's project prioritization process, provide updates on allocated program expenditures, and report on the fund balances of projects, grants, and contracts. ~~The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedure governing the operation of other legislative management interim committees.~~
7. The committee shall report the findings and recommendations of the committee, along with any necessary legislation, to the legislative management and to the legislative assembly.

SECTION 11. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

61-02-79. Bank of North Dakota - Line of credit.

~~The Bank of North Dakota shall extend~~department of water resources may request a line of credit from the Bank of North Dakota not to exceed ~~one hundred million~~two hundred sixty million dollars at the prevailing interest rate charged to North Dakota government entities. The department of water resources shall repay the line of credit from funds available in the resources trust fund or other funds, as appropriated by the legislative assembly. ~~If the moneys available at the end of each biennium are not sufficient to repay the line of credit, the department of water resources shall request from the legislative assembly a deficiency appropriation to repay the line of credit.~~ The department of water resources may access the line of credit, as necessary, to provide up to ~~fifty million dollars for the northwest area water supply project and up to fifty million dollars for the southwest pipeline project during the biennium beginning July 1, 2023, and ending June 30, 2025~~and two hundred ten million dollars for water projects.

SECTION 12. A new section to chapter 61-24.6 of the North Dakota Century Code is created and enacted as follows:

Biota water treatment plant operating fund - Continuing appropriation.

The biota water treatment plant operating fund is a special fund in the state treasury into which all federal funds received for the operation of the northwest area water supply's biota water treatment plant must be deposited. All moneys in the fund are appropriated to the department of water resources on a continuing basis for operations of the biota water treatment plant.

SECTION 13. STATE WATER COMMISSION - RED RIVER VALLEY WATER SUPPLY PROJECT FUNDING - LEGISLATIVE INTENT. Excluding the funding provided for Red River valley water supply projects prior to the 2023-25 biennium, the state water commission may not approve state funding for the Red River valley water supply project in excess of a total of \$953,000,000 without legislative approval. It is the intent of the sixty-ninth legislative assembly that of the \$773,000,000 yet to be designated, \$205,000,000 is provided from funds appropriated to the department of water resources for regional water supply in section 1 of this Act.

SECTION 14. RED RIVER VALLEY WATER SUPPLY PROJECT - FEDERAL FUNDING - LEGISLATIVE INTENT. It is the intent of the sixty-ninth legislative assembly that any federal funds received for the Red River valley water supply project be allocated seventy-five percent to the state cost share and twenty-five percent to the local cost share for the project.

SECTION 15. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING - LEGISLATIVE INTENT. Excluding the funding provided for Mouse River flood control projects prior to the 2023-25 biennium, the state water commission may not approve state funding for the Mouse River flood control project in excess of a total of \$380,500,000 without legislative approval. It is the intent of the sixty-ninth legislative assembly that of the \$304,400,000 yet to be designated, \$81,100,000 is provided from funds appropriated to the department of water resources for flood control in section 1 of this Act.

SECTION 16. STATE WATER COMMISSION - GRANTS AND WATER PROJECTS - 2025-27 BIENNIUM - LEGISLATIVE INTENT. It is the intent of the sixty-ninth legislative assembly that the funds appropriated in the water supply, regional water supply, flood control, and general water line items in section 1 of this Act be designated as follows, although funding may be reallocated between designations in each line item:

1. \$110,000,000 for water supply, including:
 - a. \$40,000,000 for municipal water supply; and
 - b. \$70,000,000 for rural water supply.
2. \$245,000,000 for regional water supply, including:

- a. \$205,000,000 for Red River valley water supply project; and
- b. \$40,000,000 for western area water supply project.
- 3. \$117,600,000 for flood control, including:
 - a. \$81,100,000 for Mouse River flood control;
 - b. \$12,000,000 for Valley City flood control;
 - c. \$17,000,000 for city of Bismarck flood control; and
 - d. \$7,500,000 for other flood control projects.
- 4. \$18,000,000 for general water, including:
 - a. \$15,000,000 for water conveyance; and
 - b. \$3,000,000 for other general water projects.

SECTION 17. MISSOURI RIVER AND OTHER WATER SYSTEMS - LEGISLATIVE INTENT. It is the intent of the sixty-ninth legislative assembly that the department of water resources continue to support efforts that protect and develop beneficial use of Missouri River system water and other available water supply sources.

SECTION 18. LEGISLATIVE MANAGEMENT STUDY - DESIGNATED APPROPRIATIONS FOR WATER PROJECTS. During the 2025-26 interim, the legislative management shall consider studying designated appropriations for water projects. The study must include an evaluation of the impact of designating appropriations for water projects and of providing legislative intent for funding to be provided over multiple bienniums for water projects. The study must also consider the appropriate involvement of the legislative management's water topics overview committee in the prioritization of funding for water projects. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

SECTION 19. LEGISLATIVE MANAGEMENT STUDY - STORM WATER PROJECTS. During the 2025-26 interim, the legislative management shall consider studying funding for storm water projects in the state, including current funding sources, related statutes, and the policies of the state water commission. The study must include information regarding recently completed storm water projects and funding needs for future storm water projects in the state. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

SECTION 20. EXEMPTION - DEPARTMENT OF WATER RESOURCES STUDY - MISSOURI RIVER INTAKE SITES STUDY PHASE TWO - REPORT. During the 2025-26 interim, the department of water resources shall study or conduct a field investigation as phase two of the department's study of select intake sites identified in phase one of the Missouri River intake sites study conducted during the biennium beginning July 1, 2023, and ending June 30, 2025. The state water commission is not subject to procurement requirements under chapter 54-44 for the purpose of contracting with a consultant for this study. Funding necessary for the study is included in the appropriation in the discretionary funding line item in section 1 of this Act. The department of water resources shall report to the legislative management during the 2025-26 interim and to the appropriations committees of the seventieth legislative assembly regarding the status of and any recommendations from phase two of the Missouri River intake sites study.

SECTION 21. EXEMPTION - STATE WATER COMMISSION STUDY - REGIONAL WATER SYSTEMS GOVERNANCE AND FINANCE - REPORT. During the 2025-26 interim, the state water commission shall study the long-term governance and finance models of select regional water systems in the state. The study must include the operational and organizational aspects of the southwest

pipeline project, northwest area water supply project, and Red River valley water supply project. The state water commission is not subject to procurement requirements under chapter 54-44 for the purpose of contracting with a consultant for this study and may contract for the study only with an entity that does not receive direct or indirect benefits from any regional, municipal, or rural water system within the state. Funding for the study is included in the appropriation in the discretionary funding line item in section 1 of this Act. The state water commission shall provide a draft report to the legislative management by March 31, 2026, regarding the results of and any recommendations from the regional water systems governance and finance study.

SECTION 22. EXEMPTION - STATE WATER COMMISSION STUDY - COST-SHARE POLICY AND FINANCIAL PLANNING - REPORT TO LEGISLATIVE MANAGEMENT. During the 2025-26 interim, the state water commission shall study its cost-share policy, including an evaluation of whether projected funding for water projects, in conjunction with the existing cost-share policy, will adequately address anticipated funding needs for water projects through July 1, 2039. The study must also evaluate the schedules and overall work plans of water projects and the state's financial role in deferred maintenance or replacement projects and must recommend strategies to address any funding shortfalls identified. The state water commission is not subject to procurement requirements under chapter 54-44 for the purpose of contracting for this study and may contract for the study only with an entity that does not receive direct or indirect benefits from the cost-share program. Funding for the study is included in the appropriation in the discretionary funding line item in section 1 of this Act. The state water commission shall provide a draft report to the legislative management by March 31, 2026, regarding the results of and any recommendations from the cost-share policy study.

SECTION 23. EXEMPTION - LINE ITEM TRANSFERS - REPORT. Notwithstanding section 54-16-04, the office of management and budget shall transfer up to \$5,000,000 between the operating expenses and capital assets line items in section 1 of this Act, during the period beginning with the effective date of this Act, and ending June 30, 2027, as requested by the director of the department of water resources. The director of the department of water resources shall report to the legislative management any transfers made pursuant to this section.

SECTION 24. EXEMPTION - GRANTS - WATER-RELATED PROJECTS - UNEXPENDED FUNDS - REPORT. Section 54-44.1-11 does not apply to funding appropriated or continued for grants or water-related projects included in the capital assets, water supply - grants, rural water supply - grants, flood control projects, discretionary funding, and general water - grants line items in sections 1, 3, and 21 of chapter 52 of the 2023 Session Laws. Any unexpended obligated and unobligated funds from these appropriations may be continued into the 2025-27 biennium. Any funds continued, estimated by the department of water resources to be \$600,000,000, may be expended only for the purpose for which it was originally appropriated. The director of the department of water resources shall report to the legislative management any funding continued pursuant to this section.

SECTION 25. EXEMPTION - BOWMAN RADAR SYSTEM. The amount of \$1,800,000 appropriated from other funds for the purpose of replacing the Bowman radar system in the capital assets line item in section 1 of chapter 52 of the 2023 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds from this appropriation may be continued and expended for the purpose for which it was originally appropriated during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 26. EMERGENCY. This Act and House Bill No. 1040, as approved by the sixty-ninth legislative assembly, are declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1020 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 79 Nays 9 Absent 6

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 45 Nays 0 Absent 2

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,
at _____ o'clock _____ M.

Secretary of State