



March 31, 2025
Senate Industry and Business
HB 1537
Senator Jeff Barta, Chair

For the record, I am Stephanie Dassinger Engebretson. I am the deputy director and attorney for the North Dakota League of Cities (NDLC). The NDLC appears in support of HB 1537.

The reason HB 1537 is here is because it was recently discovered that a requirement in N.D.C.C. § 6-09.4-22 was overlooked in many water service agreements between cities and rural water districts. That statute requires that the Public Finance Authority, the Bank of North Dakota, or the other state agency (hereinafter, the State) be a party to an agreement between a city and a rural water district to provide water in a territory when the State has outstanding debt associated with the political subdivision's water service. Further, the statute provides that if the State is not a party, the agreement is invalid and unenforceable.

This situation came to the NDLC's attention due to current litigation involving a city and a rural water district where the rural water district brought a claim in federal court to invalidate an existing agreement. A lot of work was done in the House Political Subdivisions Committee to come up with language to address this situation for similarly situated cities and rural water districts, without impacting the existing litigation.

As such, the bill as now written provides those agreements made prior to January 1, 2025, that did not have the State as a party to the agreement, is voidable upon 30 days written notice from the State. The agreement cannot be voided by the city nor the rural water district. The language specifically states that the provision does not apply to litigation that commenced prior to January 1, 2025. The NDLC believes this language will protect other cities and rural water districts from litigation on these existing agreements.

One addition that may help ensure that the bill achieves its purpose would be to add an emergency clause to the existing language so that the bill would become effective upon the governor's signature.

The NDLC respectfully requests a Do Pass recommendation on HB 1537.