

**FIRST ENGROSSMENT  
with Senate Amendments**Fifty-fifth  
Legislative Assembly  
of North Dakota**ENGROSSED HOUSE BILL NO. 1025**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state water  
2 commission; to amend and reenact section 57-51.1-07 of the North Dakota Century Code,  
3 relating to allocation of the oil extraction tax development fund; to provide for payment in lieu of  
4 taxes; to provide for a statewide water development program; to provide for the deposit of  
5 finance into the resources trust fund; to provide for retroactive application; and to provide an  
6 effective date.

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

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the  
9 funds as may be necessary, are hereby appropriated out of any moneys in the general fund in  
10 the state treasury, not otherwise appropriated, and from special funds derived from federal  
11 funds and other income, to the various divisions of the state water commission for the purpose  
12 of defraying the expenses of the various divisions, for the biennium beginning July 1, 1997, and  
13 ending June 30, 1999, as follows:

14 Salaries and wages	\$ 7,717,043
15 Operating expenses	8,176,853
16 Equipment	152,250
17 Capital improvements	32,800,000
18 Grants	13,714,446
19 Cooperative research	<u>3,050,000</u>
20 Total all funds	\$65,610,592
21 Less estimated income	<u>56,588,525</u>
22 Total general fund appropriation	\$ 9,022,067

23 **SECTION 2. RESOURCES TRUST FUND.** The amount of \$13,473,548, or so much of  
24 the funds as may be necessary, included in the estimated income line item in section 1 of this

1 Act is from the resources trust fund for the biennium beginning July 1, 1997, and ending  
2 June 30, 1999.

3 **SECTION 3. ALLOCATION OF GRANT FUNDS.** The funds appropriated in the grants  
4 line item in section 1 of this Act must be disbursed by the state water commission in  
5 accordance with section 61-02-64.1.

6 **SECTION 4. GRANTS.** Section 54-44.1-11 does not apply to appropriations made for  
7 grants in this Act. However, this exclusion is only in effect for the two-year period immediately  
8 following June 30, 1999. Any unexpended funds after this period has expired must be  
9 transferred to the resources trust fund.

10 **SECTION 5. RESOURCES TRUST FUND APPROPRIATION - ADJUSTMENT.** If the  
11 resources trust fund 1997-99 revenues are in excess of \$13,473,548, any excess is hereby  
12 appropriated, subject to emergency commission approval, from the resources trust fund to the  
13 state water commission for the biennium beginning July 1, 1997, and ending June 30, 1999.

14 **SECTION 6. WATER USE FUND.** The estimated income line item included in  
15 section 1 of this Act includes \$30,000 that the state water commission may spend from the  
16 water use fund for the biennium beginning July 1, 1997, and ending June 30, 1999.

17 **SECTION 7. Payments in lieu of real estate taxes.** For land acquired for the Devils  
18 Lake project, the state water commission shall make payments in lieu of real estate taxes to the  
19 counties in which the property is located in the same manner and according to the same  
20 conditions and procedures as provided in chapter 57-02.1 for payments in lieu of real estate  
21 taxes by the state game and fish department.

22 **SECTION 8. POTENTIAL DAMAGE CAUSED BY CONSTRUCTION OF DEVILS**  
23 **LAKE OUTLET.** The state engineer shall establish a baseline of existing conditions and  
24 assess, verify, and quantify potential damage to downstream landowners and property caused  
25 by construction of an outlet from Devils Lake to the Sheyenne River. In doing so, the state  
26 engineer shall consider clearing and snagging operations, damage to basic infrastructure such  
27 as roads, culverts, and bridges caused by riverbank erosion and flooding, increased water  
28 treatment costs, and any other potential damage that may be of concern to downstream  
29 landowners. The sum of one hundred thousand dollars, or so much of the sum as may be  
30 necessary, from special and other funds that may be available to the state water commission,  
31 as provided in section 1 of this Act, may be used to defray the costs of this effort.

1           **SECTION 9. Statewide water development program.** The legislative assembly finds  
2 that there is a critical need to develop a comprehensive statewide water development program.  
3 The state water commission shall develop and implement a comprehensive statewide water  
4 development program. The commission shall design the program to serve the long-term water  
5 resource needs of the state and its people and to protect the state's current usage of, and the  
6 state's claim to, its proper share of Missouri River water.

7           **SECTION 10. Deposits of income.** All income derived from the lease and  
8 management of lands acquired by the state water commission for the southwest pipeline  
9 project must be deposited in the resources trust fund.

10          **SECTION 11. LEGISLATIVE INTENT - AGENCY OPERATIONS FUNDING.** It is the  
11 intent of the fifty-fifth legislative assembly that funding for agency operations be primarily  
12 funded from the general fund.

13          **SECTION 12. AMENDMENT.** Section 57-51.1-07 of the 1995 Supplement to the North  
14 Dakota Century Code is amended and reenacted as follows:

15          **57-51.1-07. ~~(Effective through June 30, 1997)~~ Allocation of moneys in oil**  
16 **extraction tax development fund.** Moneys deposited in the oil extraction tax development  
17 fund must be apportioned quarterly by the state treasurer as follows:

- 18           1. Twenty percent must be allocated and credited to the sinking fund established for  
19           payment of the state of North Dakota water development bonds, southwest  
20           pipeline series, and any moneys in excess of the sum necessary to maintain the  
21           accounts within the sinking fund and for the payment of principal and interest on  
22           the bonds, must be credited to a special trust fund, to be known as the resources  
23           trust fund. The resources trust fund must be established in the state treasury and  
24           the funds therein must be deposited and invested as are other state funds to earn  
25           the maximum amount permitted by law which income must be deposited in the  
26           resources trust fund. The principal and income of the resources trust fund may be  
27           expended only pursuant to legislative appropriation and are available to:
  - 28           a. The state water commission for planning for and construction of water-related  
29           projects, including rural water systems. These water-related projects must be  
30           those which the state water commission has the authority to undertake and  
31           construct pursuant to chapter 61-02; and

b. The industrial commission for the funding of programs for development of energy conservation and renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.

2. Twenty percent must be allocated as provided in section 24 of article X of the Constitution of North Dakota.

3. Sixty percent must be allocated and credited to the state's general fund for general state purposes.

**(Effective July 1, 1997) Allocation of moneys in oil extraction tax development**

~~fund. Moneys deposited in the oil extraction tax development fund must be apportioned quarterly by the state treasurer as follows:~~

~~4. Ten percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds, must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:~~

~~a. The state water commission for planning for and construction of water related projects, including rural water systems. These water related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and~~

~~b. The industrial commission for the funding of programs for development of energy conservation and renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for~~

1                   ~~development of waste products utilization; and for the making of grants and~~  
2                   ~~loans in connection therewith.~~

3           2.   ~~Twenty percent must be allocated as provided in article X, section 24, of the~~  
4           ~~Constitution of North Dakota.~~

5           3.   ~~Seventy percent must be allocated and credited to the state's general fund for~~  
6           ~~general state purposes.~~

7           **SECTION 13. RETROACTIVE APPLICATION.** Section 7 of this Act is retroactive in  
8   application to January 1, 1996.