



WATER TOPICS OVERVIEW COMMITTEE

Thursday, September 17, 2026
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Steve Swiontek, Chairman, called the meeting to order at 9:01 a.m.

Members present: Representatives Steve Swiontek, Mike Beltz, Mike Berg, Jay Fisher, Jon O. Nelson, Dan Ruby, Matthew Ruby, Daniel R. Vollmer; Senators Justin Gerhardt, Larry Luick, Ronald Sorvaag, Paul J. Thomas, Mark F. Weber

Members absent: Representatives Karla Rose Hanson, Todd Porter; Senators Randy A. Burckhard, Michael Dwyer

Others present: Senator Brad Bekkedahl, member of the Legislative Management
Patrick Fridgen, Reice Haase, Brandon Hicks, and Sindhuja S. Pillai-Grinolds, Department of Water Resources; Jay Anderson and Duane DeKrey, Garrison Diversion Conservancy District; John Rodenbiker, Information Technology Department; Jen Murray,* Southwest Water Authority
Adam Mathiak, Legislative Council
See [Appendix A](#) for additional persons present.

**Attended remotely*

It was moved by Senator Thomas, seconded by Representative M. Ruby, and carried on a voice vote that the minutes of the June 10, 2026, meeting be approved as distributed.

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Stripper Well Oil Extraction Tax Exemption Study - Status Update](#).

In response to a question from a committee member, Mr. Mathiak noted when an oil well has been certified as a stripper well, the well continues to qualify for a stripper well tax exemption even if production from the well exceeds the average daily oil production threshold used to certify the well as a stripper well.

In response to a question from a committee member, Mr. Mathiak provided information ([Appendix B](#)) regarding stripper wells producing above the tax exemption threshold.

Mr. Reice Haase, Director, Department of Water Resources, provided information ([Appendix C](#)) regarding projects the State Water Commission (SWC) has designated as a project receiving carryover funding, the total amount obligated to a project receiving carryover funding, the total amount of funds not yet obligated to a project receiving carryover funding, and the prioritization of each project seeking cost-share funding; the plans to implement the recommendations of the department's studies relating to the state's cost-share policies and governance and finance of regional water systems; an update on Missouri River water usage by stakeholders within and outside the Missouri River Basin; recent activities of the department; and other statewide matters concerning water-related topics. He noted:

- The Department of Water Resources (DWR) intends to request funding during the 2027 legislative session for the Operation Safe Flow Program, which relates to modifications of low-head dams considered potentially dangerous for the public.

- Through August 2026, oil extraction tax revenue collections deposited in the Resources Trust Fund have exceeded forecasted revenue collections by approximately \$33.6 million during the 2025-27 biennium.
- Total carryover funding available to DWR at the beginning of the 2025-27 biennium was \$570.1 million. Through August 2026, \$297 million has been spent, \$237.8 million is obligated for water projects, and \$35.3 million is unobligated.
- The 2027 draft water development plan includes an estimated 648 eligible water projects totaling \$1.5 billion in state cost-share requests for the 2027-29 biennium and a total of \$3.4 billion during the 2027-29 biennium through the 2037-39 biennium.
- As a result of DWR's cost-share policies study and the report provided by Deloitte US, the SWC intends to transition from categorizing water project requests as high, moderate, and low priority to categorizing projects as tiers I, II, and III and to incorporate affordability considerations into the prioritization process.
- As a result of DWR's governance and finance study and the report provided by Deloitte US, the SWC recommended the following options related to major water projects in the state:

Water Project	Report Option	Report Recommendation
Southwest Pipeline	Option 2	Keep the current governance model and leverage capital repayment options.
Northwest Area Water Supply	Option 1	Keep the current governance model and include suggested improvements.
Red River Valley water supply	Option 3	Transfer ownership of the project and operations and maintenance of the system to the SWC.

In response to questions from committee members, Mr. Haase noted:

- Under Option 2 related to the Southwest Pipeline Project, the operations and maintenance of the system would be paid from revenue collected from rates charged to users of the system.
- \$4.1 million has been approved for 470 projects from 369 applicants under DWR's Drought Disaster Livestock Program, which provides a 65 percent cost-share for up to \$10,000 for permanent projects that promote long-term drought resilience.

In response to a question from a committee member, Mr. Patrick Fridgen, Deputy Director, Department of Water Resources, noted water projects that include snagging and clearing needs are eligible for up to 50 percent state cost-share, but under the proposed changes to the state cost-share policies, snagging and clearing projects in rural areas would be eligible for up to 40 percent while projects in urban areas would remain eligible for 50 percent.

Dr. Tim Mahoney, Board Chairman, Mr. Spencer Halvorson, Executive Director, Mr. Brandon Bochenski, Board Vice Chairman, and Mr. Bernie Dardis, Board Member, Lake Agassiz Water Authority, presented information ([Appendix D](#)) regarding the results of the DWR study of governance and finance of regional water systems. They noted the authority and the City of Grand Forks support Option 3, related to the transfer of ownership of the Red River Valley water supply project and operations and maintenance of the system to the SWC.

Mr. Jay Anderson, Board Chairman, and Mr. Duane DeKrey, General Manager, Garrison Diversion Conservancy District, presented information ([Appendix E](#)) regarding the results of the DWR study of the governance and finance of regional water systems. They noted:

- As of September 2026, 168 of 169 landowners have signed agreements related to property acquisitions for the Red River Valley water supply project.
- The estimated amount of state cost-share funding which may be requested for the Red River Valley water supply project during the 2027-29 biennium is \$199 million.
- \$150 million of federal funding may be available for the Red River Valley water supply project.

Mr. Brandon Hicks, Northwest Area Water Supply Project Manager, Department of Water Resources, presented information ([Appendix F](#)) regarding the results of the DWR study of the governance and finance of regional water systems. He noted the Northwest Area Water Supply Authority supports Option 1 related to the Northwest Area Water Supply Project, which includes maintaining state ownership and operations and maintenance, while formalizing and strengthening the authority's consultation, strategic planning, staffing, and performance tracking.

Ms. Jen Murray, Manager and Chief Executive Officer, Southwest Water Authority, presented information ([Appendix G](#)) regarding the results of DWR's study of the governance and finance of regional water systems. She noted:

- The Southwest Water Authority supports Option 2, related to keeping the current governance model and leveraging capital repayment options.
- Option 2 provides Southwest Water Authority use funding from bonding, loans, or other capital repayment options for future project improvements and needs, rather than using the Resources Trust Fund for the project.

Mr. Marty Haroldson, Director, Division of Water Quality, Department of Environmental Quality, presented information ([Appendix H](#)) regarding the use of one-time funding for regulation of onsite wastewater treatment systems. He noted:

- Through August 2026, the department spent \$59,646 of the \$99,500 appropriated for the regulation of onsite wastewater treatment systems for the 2025-27 biennium.
- The department anticipates incurring a one-time expense of \$10,000 for a database expansion and ongoing costs of approximately \$190,800 related to the program during the 2027-29 biennium.
- The department anticipates increasing annual license and soil assessment endorsement fees related to the program.

Mr. Darin Hanson, Director, Homeland Security and Emergency Management Division, Department of Emergency Services, presented information ([Appendix I](#)) regarding the cybersecurity of critical water infrastructure within the state. He noted:

- North Dakota Century Code Section 37-17.1-04 includes a cyber attack in the definition of a disaster for purposes of the Governor seeking state or federal assistance for disaster recovery efforts; however, most cybersecurity incidents are addressed without a disaster declaration.
- The Department of Emergency Services, the Information Technology Department (ITD), and the North Dakota State and Local Intelligence Center work collaboratively to share information, evaluate cybersecurity threats, promote cybersecurity awareness, and provide critical infrastructure protection for water facilities and systems in the state.

Mr. John Rodenbiker, Director of Cyber Operations, Information Security Division, Information Technology Department, presented information ([Appendix J](#)) regarding the cybersecurity of critical water infrastructure within the state. He noted:

- ITD provides cybersecurity services for critical water infrastructure systems on the state's wide area network; however, because most water districts and water resource districts are not required to be connected to the state network, most local water infrastructure is not included under the cybersecurity services offered by ITD.
- ITD enters memorandums of understanding with state, local, and tribal governments to provide cybersecurity consulting, development, strategy, prevention, and response services.

In response to a question from a committee member, Mr. Rodenbiker noted a political subdivision on the state network is required to notify ITD of a cybersecurity breach, but entities not on the state network, including water districts, park districts, and some small cities, are not required to report to ITD.

Mr. Haase and Ms. Sindhuja S.Pillai-Grinolds, Director, Water Development Division, Department of Water Resources, presented an update ([Appendix K](#)) of the Northwest Area Water Supply Project. They noted:

- In August 2026, a vendor contracted by DWR to inspect the biota water treatment plant agreed with DWR's finding that defective filter drains previously installed in the plant should be removed and replaced. As a result, the SWC approved the dismissal of the contractor that was responsible for the defective filter drains from the biota water treatment plant project.
- The estimated funding needed for future Northwest Area Water Supply projects is approximately \$135 million, of which \$39 million is from previously appropriated state funding and funding from the City of Minot, \$50 million may be available from federal funds, and \$46 million may be requested from the Resources Trust Fund for the 2027-29 and 2029-31 bienniums.

In response to a question from a committee member, Mr. Haase noted the biota water treatment plant project will be delayed at least 6 months as a result of the defective filter drain replacements.

Ms. Murray presented information ([Appendix L](#)) regarding an anticipated request for which the state cost-share is estimated to be \$10 million or more for the Southwest Water Authority's water supply infrastructure. She noted Southwest Water Authority may request approximately \$71.2 million for infrastructure projects during the 2027-29 biennium.

Mr. Dustin A. Richard, Counsel, Legislative Council, presented a memorandum entitled [Summary of Projects Received Under North Dakota Century Code Section 54-35-02.7\(2\)](#).

It was moved by Senator Sorvaag, seconded by Representative Fisher, and a carried on a roll call vote that the committee recommend the SWC and DWR review water projects estimated to be \$10 million or more which were submitted to the committee pursuant to Section 54-35-02.7 to determine the feasibility of funding the projects based on available funding and water needs throughout the state, and that any recommendations be forwarded to the Appropriations Committees of the 70th Legislative Assembly. Representatives Swiontek, Beltz, Berg, Fisher, Nelson, D. Ruby, M. Ruby, and Vollmer and Senators Gerhardt, Luick, Sorvaag, Thomas, and Weber voted "aye." No negative votes were cast.

It was moved by Senator Thomas, seconded by Representative Vollmer, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

No further business appearing, Chairman Swiontek adjourned the meeting at 2:36 p.m.

Note: Before the meeting, Senator Dwyer provided information regarding DWR's studies of state cost-share policies ([Appendix M](#)) and governance and finance of regional water systems ([Appendix N](#)).

Dustin A. Richard
Counsel

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:14