

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1020

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 water resources; to provide an appropriation to the parks and recreation department; to create
3 and enact a new section to chapter 61-24.6 of the North Dakota Century Code, relating to the
4 northwest area water supply biota water treatment plant operating fund; to amend and reenact
5 section 61-02-79 of the North Dakota Century Code, relating to a Bank of North Dakota line of
6 credit; to authorize the state water commission to issue and sell bonds for water projects; to
7 provide legislative intent; to provide for a report; to provide for a study; to provide a continuing
8 appropriation; to provide for a transfer; to provide an exemption; and to declare an emergency.

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

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

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
15				
16				
17	Salaries and wages	\$22,998,148	\$2,358,350	\$25,356,498
18	New and vacant FTE pool	0	2,428,615	2,428,615
19	Operating expenses	56,625,923	(22,686,142)	33,939,781
20	Capital assets	124,136,712	(120,932,762)	3,203,950
21	Southwest pipeline project	0	131,713,336	131,713,336
22	Northwest area water supply	0	106,857,325	106,857,325

Sixty-ninth
Legislative Assembly

1	Water supply - grants	316,200,000	(316,200,000)	0
2	Rural water supply - grants	52,000,000	(52,000,000)	0
3	Water supply	0	105,000,000	105,000,000
4	Regional water supply	0	306,500,000	306,500,000
5	General water - grants	12,000,000	(12,000,000)	0
6	General water	0	29,000,000	29,000,000
7	Flood control grants	115,700,000	(115,700,000)	0
8	Flood control	0	168,500,000	168,500,000
9	Discretionary funding	<u>0</u>	<u>10,000,000</u>	<u>10,000,000</u>
10	Total other funds	\$699,660,783	\$222,838,722	\$922,499,505
11	Full-time equivalent positions	93.00	6.00	99.00

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>
18 New FTE costs	\$42,500
19 Emergency pumps replacement	480,000
20 Excavator replacement	400,000
21 Data logger replacement	60,000
22 Missouri River intake sites field investigation	600,000
23 Bank of North Dakota line of credit	<u>200,000,000</u>
24 Total other funds	\$201,582,500

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.

1 **SECTION 4. ADDITIONAL INCOME - APPROPRIATION - REPORT.** In addition to the
2 amounts appropriated in section 1 of this Act, any additional amounts in the resources trust fund
3 and water commission fund which become available are appropriated to the department of
4 water resources for the purpose of providing funding for water projects and grants, for the
5 period beginning with the effective date of this Act, and ending June 30, 2027. Any additional
6 amounts in the resources trust fund must be allocated equally between municipal water supply
7 grants and rural water supply grants. Any additional amounts in the water commission fund
8 must be allocated to the project for which the funding was intended. The director of the
9 department of water resources shall report to the legislative management on the use of any
10 additional appropriation authority pursuant to this section.

11 **SECTION 5. APPROPRIATION - 2023-25 BIENNIUM - DEPARTMENT OF WATER**
12 **RESOURCES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** There is
13 appropriated out of any moneys in the strategic investment and improvements fund in the state
14 treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be
15 necessary, to the department of water resources for the purpose of repaying a Bank of North
16 Dakota line of credit for the water infrastructure revolving loan fund, for the period beginning
17 with the effective date of this Act, and ending June 30, 2025.

18 **SECTION 6. APPROPRIATION - PARKS AND RECREATION DEPARTMENT -**
19 **SOVEREIGN LANDS RECREATION USE GRANTS - ONE-TIME FUNDING.** There is
20 appropriated from special funds derived from a grant from the state water commission, not
21 otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to
22 the parks and recreation department for the purpose of providing grants for developing
23 recreation opportunities on sovereign lands in the state, for the period beginning with the
24 effective date of this Act, and ending June 30, 2027. An eligible grant recipient must identify \$1
25 of matching funds for each \$1 awarded pursuant to this section. This funding is considered to
26 be a one-time funding item.

27 **SECTION 7. SOVEREIGN LANDS RECREATION USE GRANT.** The general water line
28 item in section 1 of this Act includes \$2,500,000 from the resources trust fund which the state
29 water commission shall provide as a grant to the parks and recreation department for
30 developing recreation opportunities on sovereign lands in the state, for the period beginning
31 with the effective date of this Act, and ending June 30, 2027.

1 **SECTION 8. OTHER FUNDS - WATER PROJECTS STABILIZATION FUND.** The total
2 other funds line item in section 1 of this Act includes \$42,500,000 from the water projects
3 stabilization fund for water supply grants for the period beginning with the effective date of this
4 Act, and ending June 30, 2027.

5 **SECTION 9. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING.** The
6 discretionary funding appropriated to the department of water resources in section 1 of this Act
7 or continued in section 22 of this Act may be used as necessary, except for salaries and wages,
8 for the period beginning with the effective date of this Act, and ending June 30, 2027.

9 **SECTION 10. BOND ISSUANCE AUTHORIZATION - SOUTHWEST PIPELINE PROJECT.**
10 The state water commission, in accordance with chapter 61-02, may arrange for up to
11 one hundred million dollars for southwest pipeline projects, declared to be in the public interest,
12 through the issuance of evidences of indebtedness under chapter 61-02, beginning with the
13 effective date of this Act, and ending June 30, 2027.

14 **SECTION 11. TRANSFER - RESOURCES TRUST FUND - WATER INFRASTRUCTURE**
15 **REVOLVING LOAN FUND.** The state treasurer shall transfer \$45,000,000 from the resources
16 trust fund to the water infrastructure revolving loan fund at the Bank of North Dakota for
17 providing loans for water projects, as requested by the director of the department of water
18 resources.

19 **SECTION 12. BANK OF NORTH DAKOTA LINE OF CREDIT - WATER**
20 **INFRASTRUCTURE REVOLVING LOAN FUND - TRANSFER.** The Bank of North Dakota shall
21 extend a line of credit not to exceed \$100,000,000 to the department of water resources to be
22 transferred to the water infrastructure revolving loan fund as requested by the director of the
23 department of water resources to provide local cost-share loans for projects approved by the
24 state water commission pursuant to section 6-09-49.2. The interest rate associated with the line
25 of credit must be the prevailing interest rate charged to North Dakota government entities. The
26 department of water resources shall request a deficiency appropriation from the seventieth
27 legislative assembly to repay the line of credit.

28 **SECTION 13. AMENDMENT.** Section 61-02-79 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **61-02-79. Bank of North Dakota - Line of credit.**

2 The Bank of North Dakota shall extend a line of credit not to exceed ~~one hundred~~
3 ~~million~~two hundred million dollars at the prevailing interest rate charged to North Dakota
4 government entities. The department of water resources shall repay the line of credit from funds
5 available in the resources trust fund or other funds, as appropriated by the legislative assembly.
6 If the moneys available at the end of each biennium are not sufficient to repay the line of credit,
7 the department of water resources shall request from the legislative assembly a deficiency
8 appropriation to repay the line of credit. The department of water resources may access the line
9 of credit, as necessary, to provide up to ~~fifty million dollars for the northwest area water supply~~
10 ~~project and up to fifty million dollars for the southwest pipeline project~~two hundred million dollars
11 for water projects during the biennium beginning July 1, ~~2023~~2025, and ending June 30,
12 ~~2025~~2027.

13 **SECTION 14.** A new section to chapter 61-24.6 of the North Dakota Century Code is
14 created and enacted as follows:

15 **Biota water treatment plant operating fund - Continuing appropriation.**

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

21 **SECTION 15. STATE WATER COMMISSION - RED RIVER VALLEY WATER SUPPLY**

22 **PROJECT FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Red River
23 valley water supply projects prior to the 2023-25 biennium, the state water commission may not
24 approve state funding for the Red River valley water supply project in excess of a total of
25 \$953,000,000 without legislative approval. It is the intent of the sixty-ninth legislative assembly
26 that of the \$773,000,000 yet to be designated, \$260,000,000 is provided from funds
27 appropriated to the department of water resources for regional water supply in section 1 of this
28 Act.

29 **SECTION 16. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL**

30 **PROJECT FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Mouse River
31 flood control projects prior to the 2023-25 biennium, the state water commission may not

1 approve state funding for the Mouse River flood control project in excess of a total of
2 \$380,500,000 without legislative approval. It is the intent of the sixty-ninth legislative assembly
3 that of the \$304,400,000 yet to be designated, \$125,000,000 is provided from funds
4 appropriated to the department of water resources for flood control in section 1 of this Act.

5 **SECTION 17. STATE WATER COMMISSION - SOUTH BISMARCK STORM WATER AND**
6 **FLOOD CONTROL PROJECT FUNDING - LEGISLATIVE INTENT.** The state water

7 commission may not approve state funding for the south Bismarck storm water and flood control
8 project in excess of a total of \$73,000,000 without legislative approval. It is the intent of the
9 sixty-ninth legislative assembly that the state water commission provide funding for a storm
10 water and flood control project in south Bismarck that is largely ineligible for its cost-share
11 program and that of the \$73,000,000, \$20,000,000 is provided from funds appropriated to the
12 department of water resources for flood control in section 1 of this Act.

13 **SECTION 18. STATE WATER COMMISSION - GRANTS AND WATER PROJECTS -**
14 **2025-27 BIENNIUM - LEGISLATIVE INTENT.** It is the intent of the sixty-ninth legislative

15 assembly that the funds appropriated in the water supply, regional water supply, flood control,
16 and general water line items in section 1 of this Act be designated as follows, although funding
17 may be reallocated between designations in each line item:

- 18 1. \$105,000,000 for water supply, including:
 - 19 a. \$25,000,000 for municipal water supply; and
 - 20 b. \$80,000,000 for rural water supply.
- 21 2. \$306,500,000 for regional water supply, including:
 - 22 a. \$260,000,000 for Red River valley water supply project; and
 - 23 b. \$46,500,000 for western area water supply project.
- 24 3. \$168,500,000 for flood control, including:
 - 25 a. \$125,000,000 for Mouse River flood control;
 - 26 b. \$16,000,000 for Valley City flood control;
 - 27 c. \$20,000,000 for south Bismarck storm water and flood control; and
 - 28 d. \$7,500,000 for other flood control projects.
- 29 4. \$29,000,000 for general water, including:
 - 30 a. \$15,000,000 for water conveyance;
 - 31 b. \$2,500,000 for sovereign lands; and

1 c. \$11,500,000 for other general water projects.

2 **SECTION 19. MISSOURI RIVER AND OTHER WATER SYSTEMS - LEGISLATIVE**

3 **INTENT.** It is the intent of the sixty-ninth legislative assembly that the department of water
4 resources continue to support efforts that protect and develop beneficial use of Missouri River
5 system water and other available water supply sources.

6 **SECTION 20. EXEMPTION - STATE WATER COMMISSION STUDY - REGIONAL WATER**

7 **SYSTEMS GOVERNANCE AND FINANCE - REPORT.** During the 2025-26 interim, the state
8 water commission shall study the long-term governance and finance models of select regional
9 water systems in the state. The study must include the operational and organizational aspects
10 of the southwest pipeline project, northwest area water supply project, and Red River valley
11 water supply project. The state water commission is not subject to procurement requirements
12 under chapter 54-44 for the purpose of contracting with a consultant for this study and may
13 contract for the study only with an entity that does not receive direct or indirect benefits from
14 any regional, municipal, or rural water system within the state. Funding for the study is included
15 in the appropriation in the discretionary funding line item in section 1 of this Act. The state water
16 commission shall report to the legislative management during the 2025-26 interim and to the
17 appropriations committees of the seventieth legislative assembly regarding the status of and
18 any recommendations from the regional water systems governance and finance study.

19 **SECTION 21. EXEMPTION - STATE WATER COMMISSION STUDY - COST-SHARE**

20 **POLICY - REPORT TO LEGISLATIVE MANAGEMENT.** During the 2025-26 interim, the state
21 water commission shall study its cost-share policy, including an evaluation of whether projected
22 funding for water projects, in conjunction with the existing cost-share policy, will adequately
23 address anticipated funding needs for water projects through July 1, 2039. The study must also
24 evaluate the state's financial roll in deferred maintenance or replacement projects and must
25 recommend strategies to address any funding shortfalls identified. The state water commission
26 is not subject to procurement requirements under chapter 54-44 for the purpose of contracting
27 for this study and may contract for the study only with an entity that does not receive direct or
28 indirect benefits from the cost-share program. Funding for the study is included in the
29 appropriation in the discretionary funding line item in section 1 of this Act. The state water
30 commission shall report annually to the legislative management during the 2025-26 interim
31 regarding the status of and any recommendations from the cost-share policy study.

1 **SECTION 22. EXEMPTION - LINE ITEM TRANSFERS - REPORT.** Notwithstanding section
2 54-16-04, the office of management and budget shall transfer up to \$10,000,000 between the
3 line items, excluding the salaries and wages line item and the new and vacant FTE pool line
4 item, in section 1 of this Act, during the period beginning with the effective date of this Act, and
5 ending June 30, 2027, as requested by the director of the department of water resources. The
6 director of the department of water resources shall report to the legislative management any
7 transfers made pursuant to this section.

8 **SECTION 23. EXEMPTION - GRANTS - WATER-RELATED PROJECTS - UNEXPENDED**
9 **FUNDS - REPORT.** Section 54-44.1-11 does not apply to funding appropriated or continued for
10 grants or water-related projects included in the capital assets, water supply - grants, rural water
11 supply - grants, flood control projects, discretionary funding, and general water - grants line
12 items in sections 1, 3, and 21 of chapter 52 of the 2023 Session Laws. Any unexpended
13 obligated and unobligated funds from these appropriations may be continued into the 2025-27
14 biennium. Any funds continued, estimated by the department of water resources to be
15 \$522,500,000, may be expended only for the purpose for which it was originally appropriated.
16 The director of the department of water resources shall report to the legislative management
17 any funding continued pursuant to this section.

18 **SECTION 24. EMERGENCY.** This Act is declared to be an emergency measure.