25.0164.02004 Title.04000 Fiscal No. 1 Prepared by the Legislative Council staff for Conference Committee

May 2, 2025

Sixty-ninth Legislative Assembly of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1020

Introduced by

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Appropriations Committee

In place of amendment (25.0164.02001) adopted by the Senate, Engrossed House Bill No. 1020 is amended by amendment (25.0164.02004) as follows:

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 subsection 1 of section 54-12-08 and sections 54-35-02.7 and 61-02-79 of the North 6 Dakota Century Code, relating to state agency employment of attorneys, the powers and duties 7 of the water topics overview committee, and a Bank of North Dakota line of credit; to authorize 8 the state water commission to issue and sell bonds for water projects; to provide legislative 9 intent; to provide for a report; to provide for a study; to provide a continuing appropriation; to 10 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:

Adjustments or

Base Level Enhancements Appropriation

Salaries and wages \$22,998,148 \$2,358,350 \$25,356,498

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1	New and vacant FTE pool	2,428,615	2,428,615			
2	Operating expenses	33,939,781				
3	Capital assets	124,136,712	(120,932,762)	3,203,950		
4	Southwest pipeline project	0	131,713,336	131,713,336		
5	Northwest area water supply	0	106,857,325	106,857,325		
6	Water supply - grants	316,200,000	(316,200,000)	0		
7	Rural water supply - grants	52,000,000	(52,000,000)	0		
8	Water supply	0	105,000,000 105,000,000			
9	Regional water supply	306,500,000	306,500,000			
10	0 General water - grants 12,000,000 (12,000,000)					
11	1 General water 0 29,000,000 29,					
12	Plood control grants 115,700,000 (115,700,000)					
13	Flood control	168,500,000	168,500,000			
14	Discretionary funding	10,000,000				
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16	Full-time equivalent positions 93.00 6.00					
17	Salaries and wages	\$2,333,877	\$25,332,025			
18	New and vacant FTE pool	2,371,058	2,371,058			
19	Operating expenses	(26,082,810)	30,543,113			
20	Capital assets	(121,582,762)	2,553,950			
21	Southwest pipeline project	0	101,000,000	101,000,000		
22	Northwest area water supply	0	106,857,325	106,857,325		
23	Water supply - grants	316,200,000	(316,200,000)	0		
24	Rural water supply - grants	52,000,000	(52,000,000)	0		
25	5 Water supply 0 110,000,000 110,00					
26	8 Regional water supply 0 245,000,000 245,0					
27	General water - grants	12,000,000	(12,000,000)	0		
28	General water	0	18,000,000	18,000,000		
29	Flood control grants 115,700,000 (115,700,000)					
30	0 Flood control 0 117,600,000 117,					
31	Discretionary funding	0	10,000,000	10,000,000		

1	Total other funds	\$699,660,783	\$69,596,688	\$769,257,471
2	Full-time equivalent positions 93.00 5.00 98			
3	SECTION 2. ONE-TIME FUNDIN	NG - EFFECT ON BASI	E BUDGET - REPO	RT TO THE
4	SEVENTIETH LEGISLATIVE ASSE	MBLY. The following am	nounts reflect the or	ne-time funding
5	items included in the appropriation in	section 1 of this Act wh	nich are not include	d in the entity's
6	base budget for the 2027-29 biennium and which the entity shall report to the appropriations			
7	committees of the seventieth legislative assembly regarding the use of this funding:			
8	One-Time Funding Description			Other Funds
9	New FTE costs			\$42,500
10	New FTE costs			\$36,000
11	Board of water well contractors costs	8		30,000
12	Emergency pumps replacement			480,000
13	Excavator replacement			400,000
14	Data logger replacement			60,000
15	Missouri River intake sites field inves	stigation		600,000
16	Bank of North Dakota line of credit			200,000,000
17	Total other funds			\$201,582,500
18	Bank of North Dakota line of credit			260,000,000
19	Total other funds			\$261,006,000
20	SECTION 3. NEW AND VACAN	T FTE POOL - LIMITAT	ION - TRANSFER	REQUEST. The
21	department of water resources may	not spend funds approp	riated in the new ar	nd vacant FTE
22	pool line item in section 1 of this Act,	but may request the off	fice of managemen	t and budget to
23	transfer funds from the new and vaca	ant FTE pool line item to	the salaries and w	ages line item in
24	accordance with the guidelines and r	eporting provisions incl	uded in House Bill I	No. 1015, as
25	approved by the sixty-ninth legislative	e assembly.		
26	SECTION 4. ADDITIONAL INCO	OME - APPROPRIATIO	N - REPORT. In ad	dition to the
27	amounts appropriated in section 1 of	this Act, any additional	federal funds and o	other amounts in
28	the resources trust fund and water co	ommission fund which b	ecome available ar	e appropriated
29	to the department of water resources	s for the purpose of prov	viding funding for wa	ater projects and
30	grants defraying the expenses of the	department of water res	sources, for the per	iod beginning
31	with the effective date of this Act, and	d ending June 30, 2027.	. Any additional am	ounts in the

1	resources trust fund must be allocated equally between municipal water supply grants and rural
2	water supply grants. Any additional amounts in the water commission fund must be allocated to
3	the project for which the funding was intended. Any additional federal funds which become
4	available to the department of water resources must be allocated for the purpose for which the
5	funds were received. The director of the department of water resources shall report to the
6	legislative management on the use of any additional appropriation authority pursuant to this
7	section.
8	SECTION 5. APPROPRIATION - 2023-25 BIENNIUM - DEPARTMENT OF WATER
9	RESOURCES - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is
10	appropriated out of any moneys in the strategic investment and improvements fund in the state-
11	treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be
12	necessary, to the department of water resources for the purpose of repaying a Bank of North-
13	Dakota line of credit for the water infrastructure revolving loan fund, for the period beginning
14	with the effective date of this Act, and ending June 30, 2025.
15	SECTION 6. APPROPRIATION - PARKS AND RECREATION DEPARTMENT -
16	SOVEREIGN LANDS RECREATION USE GRANTS - ONE-TIME FUNDING. There is
17	appropriated from special funds derived from a grant from the state water commission, not
18	otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to
19	the parks and recreation department for the purpose of providing grants for developing
20	recreation opportunities on sovereign lands in the state, for the period beginning with the
21	effective date of this Act, and ending June 30, 2027. An eligible grant recipient must identify \$1
22	of matching funds for each \$1 awarded pursuant to this section. This funding is considered to
23	be a one-time funding item.
24	SECTION 7. SOVEREIGN LANDS RECREATION USE GRANT. The general water line
25	item in section 1 of this Act includes \$2,500,000 from the resources trust fund which the state
26	water commission shall provide as a grant to the parks and recreation department for
27	developing recreation opportunities on sovereign lands in the state, for the period beginning
28	with the effective date of this Act, and ending June 30, 2027.
29	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 2224 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 10. BOND ISSUANCE AUTHORIZATION - SOUTHWEST PIPELINE PROJECT.

The state water commission, in accordance with chapter 61-02, may arrange for up to one hundred million dollars for southwest pipeline projects, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 61-02, 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 \$45,000,000\$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.

INFRASTRUCTURE REVOLVING LOAN FUND - TRANSFER. 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 \$100,000,000 to the department of water resources 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:

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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 a 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.

The legislative management, during each interimbiennium, 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:

1	61-02-79. Bank of North Dakota - Line of credi
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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 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 we hundred million and two hundred ten million dollars for water projects during the biennium beginning July 1, 20232025, and ending June 30, 20252027.

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, \$260,000,000\$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

1	funds re	ceive	ed for the Red River valley water supply project be allocated seventy-five percent to		
2	the state cost share and twenty-five percent to the local cost share for the project.				
3	SECTION 15. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL				
4	PROJE	CT F	UNDING - LEGISLATIVE INTENT. Excluding the funding provided for Mouse River		
5	flood co	ntrol	projects prior to the 2023-25 biennium, the state water commission may not		
6	approve state funding for the Mouse River flood control project in excess of a total of				
7	\$380,500,000 without legislative approval. It is the intent of the sixty-ninth legislative assembly				
8	that of the \$304,400,000 yet to be designated, \$125,000,000 \$81,100,000 is provided from				
9	funds ap	prop	oriated to the department of water resources for flood control in section 1 of this Act.		
0	SEC	OIT	N 17. STATE WATER COMMISSION - SOUTH BISMARCK STORM WATER AND		
11	FLOOD	100	NTROL PROJECT FUNDING - LEGISLATIVE INTENT. The state water		
2	commis	sion	may not approve state funding for the south Bismarck storm water and flood control		
3	project in excess of a total of \$73,000,000 without legislative approval. It is the intent of the				
4	sixty-ninth legislative assembly that the state water commission provide funding for a storm				
5	water and flood control project in south Bismarck that is largely ineligible for its cost-share				
6	program and that of the \$73,000,000, \$20,000,000 is provided from funds appropriated to the				
7	department of water resources for flood control in section 1 of this Act.				
8	SEC	CTIO	N 16. STATE WATER COMMISSION - GRANTS AND WATER PROJECTS -		
9	2025-27	BIE	NNIUM - LEGISLATIVE INTENT. It is the intent of the sixty-ninth legislative		
20	assemb	ly tha	at the funds appropriated in the water supply, regional water supply, flood control,		
21	and gen	eral	water line items in section 1 of this Act be designated as follows, although funding		
22	may be	reallo	ocated between designations in each line item:		
23	1.	\$10	5,000,000 <u>\$110,000,000</u> for water supply, including:		
24		a.	\$25,000,000\$40,000,000 for municipal water supply; and		
25		b.	\$80,000,000 <u>\$70,000,000</u> for rural water supply.		
26	2.	\$30	06,500,000 \$245,000,000 for regional water supply, including:		
27		a.	\$260,000,000\$205,000,000 for Red River valley water supply project; and		
28		b.	\$46,500,000 <u>\$40,000,000</u> for western area water supply project.		
29	3.	\$16	88,500,000 <u>\$117,600,000</u> for flood control, including:		
30		a.	\$125,000,000 <u>\$81,100,000</u> for Mouse River flood control;		
≀1		h	\$16,000,000\$12,000,000 for Valley City flood control:		

1 \$20,000,000\$17,000,000 for southcity of Bismarck storm water and flood control; 2 and 3 d. \$7,500,000 for other flood control projects. 4 4. \$29,000,000\$18,000,000 for general water, including: 5 \$15,000,000 for water conveyance; and a. 6 b. \$2,500,000 for sovereign lands; and 7 \$11,500,000\$3,000,000 for other general water projects. 8 SECTION 17. MISSOURI RIVER AND OTHER WATER SYSTEMS - LEGISLATIVE 9 INTENT. It is the intent of the sixty-ninth legislative assembly that the department of water 10 resources continue to support efforts that protect and develop beneficial use of Missouri River 11 system water and other available water supply sources. 12 SECTION 18. LEGISLATIVE MANAGEMENT STUDY - DESIGNATED APPROPRIATIONS 13 FOR WATER PROJECTS. During the 2025-26 interim, the legislative management shall 14 consider studying designated appropriations for water projects. The study must include an 15 evaluation of the impact of designating appropriations for water projects and of providing 16 legislative intent for funding to be provided over multiple bienniums for water projects. The study 17 must also consider the appropriate involvement of the legislative management's water topics 18 overview committee in the prioritization of funding for water projects. The legislative 19 management shall report its findings and recommendations, together with any legislation 20 required to implement the recommendations, to the seventieth legislative assembly. 21 SECTION 19. LEGISLATIVE MANAGEMENT STUDY - STORM WATER PROJECTS. 22 During the 2025-26 interim, the legislative management shall consider studying funding for 23 storm water projects in the state, including current funding sources, related statutes, and the 24 policies of the state water commission. The study must include information regarding recently 25 completed storm water projects and funding needs for future storm water projects in the state. 26 The legislative management shall report its findings and recommendations, together with any 27 legislation required to implement the recommendations, to the seventieth legislative assembly. 28 SECTION 20. EXEMPTION - DEPARTMENT OF WATER RESOURCES STUDY -29 MISSOURI RIVER INTAKE SITES STUDY PHASE TWO - REPORT. During the 2025-26 30 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.

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 during the 2025-26-interim and to the appropriations committees of the seventieth legislative assembly by March 31, 2026, regarding the status 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 rollrole 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
- 2 direct or indirect benefits from the cost-share program. Funding for the study is included in the
- 3 appropriation in the discretionary funding line item in section 1 of this Act. The state water
- 4 commission shall provide a draft report annually to the legislative management during the
- 5 2025-26 interimby March 31, 2026, regarding the status results of and any recommendations
- 6 from the cost-share policy study.

section.

SECTION 23. EXEMPTION - LINE ITEM TRANSFERS - REPORT. Notwithstanding section 54-16-04, the office of management and budget shall transfer up to \$10,000,000\$5,000,000 between the operating expenses and capital assets line items, excluding the salaries and wages line item and the new and vacant FTE pool line item, 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 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 \$522,500,000\$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.

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