

Sixty-fourth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2020

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 provide exemptions; to create and enact three new sections to chapter 61-02 of  
3 the North Dakota Century Code, relating to a Bank of North Dakota line of credit, to the state  
4 water commission cost-share policy, and to North Dakota outdoor heritage fund grants and cost-  
5 share; to amend and reenact section 54-35-02.7 of the North Dakota Century Code, relating to  
6 the water topics overview committee; ~~to repeal section 61-02-78 of the North Dakota Century~~  
7 ~~Code, relating to the infrastructure revolving loan fund;~~ to provide legislative intent; to allocate  
8 funding; to provide contingent allocations; to provide for reports to the legislative assembly; to  
9 provide for legislative management reports; ~~and~~ to provide for a ~~legislative management~~state  
10 water commission study; and to declare an emergency.

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

12 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
13 as may be necessary, are appropriated from special funds derived from federal funds and other  
14 income, to the state water commission for the purpose of defraying the expenses of the state  
15 water commission, for the ~~biennium~~period beginning ~~July 1, 2015~~with the effective date of this  
16 Act, and ending June 30, 2017, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
19 <del>Accrued leave payments</del>	<del>\$325,774</del>	<del>(\$325,774)</del>	<del>\$0</del>
20 <del>Administrative and support services</del>	<del>4,716,665</del>	<del>(208,991)</del>	<del>4,507,674</del>
21 <del>Water and atmospheric resources</del>	<del>822,365,166</del>	<del>166,853,582</del>	<del>989,218,748</del>
22 <del>Total all funds</del>	<del>\$827,407,605</del>	<del>\$166,318,817</del>	<del>\$993,726,422</del>
23 <del>Less estimated income</del>	<del>827,407,605</del>	<del>141,333,658</del>	<del>968,741,263</del>
24 <del>Total general fund</del>	<del>\$0</del>	<del>\$24,985,159</del>	<del>\$24,985,159</del>

1	<del>Full-time equivalent positions</del>	<del>90.00</del>	<del>8.00</del>	<del>98.00</del>
2	Accrued leave payments	\$325,774	(\$325,774)	\$0
3	Administrative and support services	4,716,665	818,953	5,535,618
4	Water and atmospheric resources	822,365,166	296,834,597	1,119,199,763
5	Total all funds	\$827,407,605	\$297,327,776	\$1,124,735,381
6	Full-time equivalent positions	90.00	6.00	96.00

7 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

8 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
9 items approved by the sixty-third legislative assembly for the 2013-15 biennium:

10	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
11	Excavator	\$243,200	\$0
12	Southwest water pipeline project	21,000,000	0
13	Grants for water	10,350,000	0
14	Office space renovation	<u>45,000</u>	<u>0</u>
15	Total all funds	\$31,638,200	\$0
16	Total special funds	<u>31,638,200</u>	<u>0</u>
17	Total general fund	\$0	\$0

18 **SECTION 3. SOVEREIGN LANDS ENFORCEMENT GRANT.** The administrative and  
19 support services line item in section 1 of this Act includes \$135,000 from the resources trust  
20 fund the state water commission shall provide as a grant to the game and fish department for  
21 law enforcement activities on sovereign lands in the state, for the biennium beginning July 1,  
22 2015, and ending June 30, 2017.

23 **SECTION 4. SOVEREIGN LANDS RECREATION USE GRANT.** The water and  
24 atmospheric resources line item in section 1 of this Act includes \$1,000,000 from the resources  
25 trust fund which the state water commission shall provide as a grant to the parks and recreation  
26 department for developing recreation opportunities on sovereign lands in the state, for the  
27 biennium beginning July 1, 2015, and ending June 30, 2017.

28 **SECTION 5. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION**

29 **APPROVAL.** In addition to the amounts included in the estimated income line item in section 1  
30 of this Act, any additional amounts in the resources trust fund and water development trust fund  
31 which become available are appropriated, subject to budget section approval, to the state water

1 commission for the purpose of defraying the expenses of that agency, for the biennium  
2 beginning July 1, 2015, and ending June 30, 2017.

3 **SECTION 6. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY.**

4 Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the  
5 water and atmospheric resources line item in section 1 of this Act. However, this exclusion is  
6 only in effect for two years after June 30, 2017. Any unexpended funds appropriated from the  
7 resources trust fund after that period has expired must be transferred to the resources trust fund  
8 and any unexpended funds appropriated from the water development trust fund after that period  
9 has expired must be transferred to the water development trust fund.

10 **SECTION 7. BANK OF NORTH DAKOTA LOAN - BOND PAYMENTS.** The state water  
11 commission shall obtain a loan from the Bank of North Dakota in an amount that may not  
12 exceed \$56,000,000 for the purpose of paying off or defeasing outstanding bond issues, for the  
13 period beginning with the effective date of this Act, and ending June 30, 2017.

14 **SECTION 8. FARGO FLOOD CONTROL PROJECT FUNDING.** Funds designated by the  
15 sixty-first legislative assembly, the sixty-second legislative assembly, the sixty-third legislative  
16 assembly, and the sixty-fourth legislative assembly for Fargo flood control are available only for  
17 levee and dike protection until the Fargo flood control project receives federal authorization, a  
18 project partnership agreement is executed, a federal appropriation is provided for project  
19 construction, and the budget for the Fargo flood control project is approved by the state water  
20 commission.

21 **SECTION 9. FARGO FLOOD CONTROL PROJECT FUNDING AGREEMENT.** Prior to the  
22 state water commission expending any state cost-sharing funds, an advance funding  
23 agreement between the United States army corps of engineers and the local Fargo flood control  
24 sponsor must precede any state funding used to advance construction work considered to be a  
25 federal responsibility.

26 **SECTION 10. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING.**

27 It is the intent of the sixty-fourth legislative assembly that the state provide one-half of the local  
28 cost-share of constructing a federally authorized Fargo flood control project and that total Fargo  
29 flood control project funding to be provided by the state not exceed \$450,000,000. It is further  
30 the intent of the sixty-fourth legislative assembly that state funding of \$120,000,000 be provided  
31 for Fargo interior flood control projects and that any funds spent for Fargo interior flood control

1 projects after July 1, 2017, require fifty percent matching funds from the F-M area diversion  
2 authority. It is further the intent of the sixty-fourth legislative assembly that the  
3 ~~\$206,000,000~~\$266,000,000 yet to be designated by the state for the Fargo flood control  
4 ~~project~~projects be made available in equal installments over the next three bienniums.

5 **SECTION 11. APPROPRIATION - FARGO INTERIOR FLOOD PROTECTION - STATE**  
6 **DISASTER RELIEF FUND - FUNDING REQUIREMENTS.** There is appropriated out of any  
7 moneys in the state disaster relief fund in the state treasury, the sum of \$30,000,000, or so  
8 much of the sum as may be necessary, for the purpose of providing funding for flood protection  
9 projects within city limits of Fargo for the period beginning with the effective date of this Act and  
10 ending June 30, 2017. The city of Fargo must apply for flood protection funding, but the state  
11 water commission may not deny an application unless the funds are not intended to be used in  
12 accordance with provisions of this section. The city of Fargo may use the funds for costs directly  
13 associated with completion of interior flood protection projects within its city limits, including  
14 engineering and legal fees, right-of-way acquisition costs, land purchases, home buyouts, and  
15 construction costs. Funds may not be used for general operations or administrative costs. Any  
16 funds designated by the sixty-fourth legislative assembly for Fargo interior flood control projects  
17 may be expended only for Fargo interior flood control projects, including levees and dikes until a  
18 federal appropriation is provided for project construction for the Fargo flood control project at  
19 which time it may be used for a federally authorized Fargo flood control project.

20 **SECTION 12. FARGO FLOOD CONTROL PROJECT FUNDING - EXEMPTION.** Of the  
21 funds appropriated in the water and atmospheric resources line item in section 1 of this Act,  
22 \$69,000,000 is for Fargo flood control projects, for the biennium beginning July 1, 2015, and  
23 ending June 30, 2017. Any funds not spent by June 30, 2017, are not subject to  
24 section 54-44.1-11 and must be continued into the next or subsequent bienniums and may be  
25 expended only for Fargo flood control projects, including levees and dikes. Except as otherwise  
26 provided, these funds may be used only for land purchases and construction, including  
27 right-of-way acquisition costs and may not be used for the purchase of dwellings. No more than  
28 ten percent of these funds may be used for engineering, legal, planning, or other similar  
29 purposes. The city of Fargo, Cass County, and the Cass County joint water resource district  
30 must approve any expenditures made under this section. Costs incurred by nonstate entities for

1 dwellings or other real property which are not paid by state funds are eligible for application by  
2 the nonstate entity for cost-sharing with the state.

3 ~~SECTION 14. GRANTS - WESTERN AREA WATER SUPPLY - INCREMENTAL FUNDING~~  
4 ~~AND RESTRICTIONS. Funds specified for western area water supply authority projects in the~~  
5 ~~water and atmospheric resources line item in section 1 of this Act must be distributed as grants~~  
6 ~~from the resources trust fund. The funds must be awarded in increments of up to \$10,000,000~~  
7 ~~upon determination by the state water commission that sufficient domestic demand has been~~  
8 ~~demonstrated for the project for which the funds are requested. Funds may not be used solely~~  
9 ~~to construct industrial water infrastructure or to provide industrial water for exploration or~~  
10 ~~development of the oil and gas industry. The western area water supply authority may request~~  
11 ~~funds, in increments of up to \$10,000,000, through individual applications to the commission up~~  
12 ~~to the amount specified in this Act for the western area water supply authority.~~

13 **SECTION 13. RED RIVER VALLEY WATER SUPPLY PROJECT FUNDING.** The 2013-15  
14 unobligated funding of \$7,359,000 designated by the state water commission for the Red River  
15 valley water supply project in the water and atmospheric resources line item in section 1 of this  
16 Act and an additional \$5,000,000 in the water and atmospheric resources line item in section 1  
17 of this Act is designated for a grant to the Garrison diversion conservancy district to plan and  
18 design the Red River valley water supply project for the biennium beginning July 1, 2015, and  
19 ending June 30, 2017. The Garrison diversion conservancy district shall report on a regular  
20 basis to the legislative management's water topics overview committee to review its progress in  
21 planning and designing the Red River valley water supply project.

22 **SECTION 14. APPROPRIATION - MISSOURI RIVER CORRECTIONAL CENTER LEVEE -**  
23 **FOX ISLAND LEVEE - STATE DISASTER RELIEF FUND.** There is appropriated out of any  
24 moneys in the state disaster relief fund in the state treasury, the sum of \$5,000,000, or so much  
25 of the sum as may be necessary, to the state water commission, for the purpose of providing  
26 funding for levee projects for the biennium beginning July 1, 2015, and ending June 30, 2017.  
27 Of the funds the state water commission shall make available \$1,700,000 for a levee for the  
28 Missouri River correctional center, and \$3,300,000, for a levee for Lincoln township's Fox Island  
29 area.

30 **SECTION 15. 2013-15 BIENNIUM CARRYOVER FUNDING - FLOOD CONTROL**  
31 **PROJECT FUNDING.** The 2013-15 unobligated funding of \$4,543,679 designated by the state

1 water commission for the irrigation development and 2013-15 unobligated funding of  
2 \$5,198,663 designated by the state water commission for general water management in the  
3 water and atmospheric resources line item in section 1 of this Act is designated for providing  
4 \$9,742,342 for grants to flood control projects that pose an imminent threat to loss of life and  
5 property for the biennium beginning July 1, 2015, and ending June 30, 2017.

6 **SECTION 16. FUNDING DESIGNATION - REIMBURSEMENTS FOR 2013-15 BIENNIUM**  
7 **RURAL AND MUNICIPAL WATER SYSTEMS AFFECTED BY LOCAL COST-SHARE**

8 **CHANGE.** Of the funds appropriated in the water and atmospheric resources line item in  
9 section 1 of this Act, the state water commission shall make available \$8,000,000 from funds  
10 available from the line of credit for reimbursing rural and municipal water systems affected by  
11 local cost-share changes during the 2013-15 biennium. Rural and municipal water systems  
12 must be reimbursed up to an amount, which makes the state share 65 percent in lieu of the 75  
13 percent which was approved by the state water commission.

14 **SECTION 17. STATE WATER COMMISSION PROJECT FUNDING DESIGNATIONS.** Of  
15 the funds appropriated in the water and atmospheric resources line item in section 1 of this Act  
16 from funds available in the resources trust fund, water development trust fund, and the line of  
17 credit available from the Bank of North Dakota, \$501,000,000 is designated as follows:

- 18 1. \$69,000,000 for a grant for Fargo flood control project;
- 19 2. \$40,000,000 for a grant for Minot flood control project;
- 20 3. \$10,000,000 for a grant for northwest area water supply project;
- 21 4. \$3,000,000 for reimbursing rural and municipal water systems affected by local cost-  
22 share changes during the 2013-15 biennium;
- 23 5. \$11,000,000 for a grant for operation of the Devils Lake outlet;
- 24 6. \$30,000,000 for a grant for Sheyenne River flood control;
- 25 7. \$40,000,000 capital repayment loan for southwest pipeline project;
- 26 8. \$7,000,000 for a grant for Williston flood control project;
- 27 9. \$20,000,000 for a grant for Grafton flood control project;
- 28 10. \$20,000,000 for a grant and \$40,000,000 for a loan for western area water supply  
29 authority projects;
- 30 11. \$30,000,000 for a grant for Grand Forks water treatment plant;
- 31 12. \$30,000,000 for a grant for Fargo interior flood control;

- 1 13. \$40,000,000 for providing grants and \$11,000,000 for providing loans from the  
2 infrastructure revolving loan fund for general water management;
- 3 14. \$50,000,000 for the purpose of providing grants for rural water supply projects for all  
4 project costs;
- 5 15. \$25,000,000 for the purpose of providing grants for municipal water supply projects for  
6 all project costs;
- 7 16. \$25,000,000 for providing loans from the infrastructure revolving loan fund for the  
8 purposes identified in subsections 14 and 15.

9 **SECTION 18. FUNDING DESIGNATIONS - TRANSFERS - BUDGET SECTION**

10 **APPROVAL.** The funding designated for the items in section 15 of this Act and subsections 14,  
11 15, and 16 of section 17 of this Act, are designated for the specific purposes identified; however,  
12 the state water commission may transfer funding among these items, subject to budget section  
13 approval.

14 **SECTION 19. CENTRAL DAKOTA WATER SUPPLY STUDY.** The state water commission  
15 shall conduct a study on the feasibility and desirability of the central Dakota water supply project  
16 for the biennium beginning July 1, 2015, and ending June 30, 2017. The study must include a  
17 cost-benefit analysis as well as a detailed business plan for the project, including projected  
18 operational costs and projected water supply needs for the area to be served.

19 **SECTION 20. CONTINGENT ALLOCATION - WATER AND ATMOSPHERIC**

20 **RESOURCES.** Of the funds appropriated in the water and atmospheric resources line item in  
21 section 1 of this Act, \$70,000,000, is designated as follows, contingent on the state water  
22 commission entering into a written agreement that a fertilizer or chemical processing facility will  
23 be constructed in Stutsman County:

- 24 1. \$10,000,000 for a grant and \$40,000,000 for a loan for a water reuse facility;
- 25 2. \$20,000,000 for the central Dakota water supply project.

26 **SECTION 21. STUTSMAN COUNTY WATER REUSE FACILITY - EXEMPTION.** For  
27 purposes of a project for a water reuse facility the Stutsman rural water district is granted an  
28 exemption from the aggregate total outstanding limit of \$50,000,000 of revenue bonds under  
29 section 61-35-15 and is instead limited to an aggregate total outstanding limit of \$100,000,000  
30 of revenue bonds for purposes of section 61-35-15.

1       **SECTION 22. STUTSMAN COUNTY WATER REUSE FACILITY PROJECT - USER**

2 **BONDING.** Any agreement entered into by the state water commission relating to the Stutsman  
3 County water reuse facility project must include requirements that the users of the water from  
4 the plant are responsible for repayment of the loans or revenue bonds authorized by the  
5 sixty-fourth legislative assembly for the Stutsman County water reuse facility and the users  
6 must be bonded in an amount equal to each user's proportionate share of any outstanding debt  
7 of the project.

8       **SECTION 23. LEGISLATIVE MANAGEMENT STUDY.** During the 2015-16 interim, the  
9 legislative management shall study options available for providing a sustainable water supply to  
10 central and eastern North Dakota. The study must compile and review studies that have been  
11 completed relating to the project options and prepare a report that evaluates each option's  
12 ability to meet projected water demands to central North Dakota as well as eastern North  
13 Dakota. The report must also include a cost-benefit analysis, and a feasibility analysis of the  
14 options as well as a detailed business plan for the project, including projected operational costs,  
15 and projected water costs to the end users. The legislative management shall report its findings  
16 and recommendations, together with any legislation required to implement the  
17 recommendations, to the sixty-fifth legislative assembly.

18       **SECTION 24. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT.**

19 It is the intent of the sixty-fourth legislative assembly that the state, over the next four  
20 bienniums, provide \$150,000,000 per biennium of state funds to implement the selected  
21 alternative for the Red River valley water supply project.

22       **SECTION 25. LEGISLATIVE INTENT - LOWER HEART RIVER, MORTON COUNTY,**

23 **ENHANCED FLOOD CONTROL PROJECT.** It is the intent of the sixty-fourth legislative  
24 assembly that state funding be provided for a share of the nonfederal or local cost for  
25 construction of the lower Heart River, Morton County, flood control project.

26       **SECTION 26. WESTERN AREA WATER SUPPLY AUTHORITY MEMBER ENTITIES -**

27 **DEBT.** A western area water supply authority member entity may incur debt as authorized by  
28 law, except that an entity may not use any income from industrial water sales relating to oil and  
29 gas exploration or production to repay any debt or as collateral to secure debt beginning July 1,  
30 2015.

1       **SECTION 27. STATE WATER COMMISSION PRIORITY PROJECTS LIST - REPORTS TO**  
2 **THE WATER TOPICS OVERVIEW COMMITTEE.** The state water commission shall report to  
3 the legislative management's water topics overview committee every six months during the  
4 2015-16 interim regarding any changes made to the state water commission priority projects list  
5 presented to the sixty-fourth legislative assembly for the biennium beginning July 1, 2015, and  
6 ending June 30, 2017.

7       **SECTION 28. FARGO FLOOD CONTROL - REPORTS TO THE WATER TOPICS**  
8 **OVERVIEW COMMITTEE.** During the 2015-16 interim, the F-M area diversion authority board  
9 shall report to the legislative management's water topics overview committee biannually  
10 regarding an update on congressional authorization of the diversion project and the status of  
11 the self-insured crop insurance pool; mitigation efforts, alternatives, and costs; easements; and  
12 the project budget. The MNDak upstream coalition shall report to the ~~budget-section~~legislative  
13 management's water topics overview committee biannually regarding an update on the impacts  
14 of the Fargo flood control project and mitigation efforts, alternatives, and costs.

15       **SECTION 29. INDEPENDENT WATER PROVIDERS AND WESTERN AREA WATER**  
16 **SUPPLY AUTHORITY - REPORT TO THE WATER TOPICS OVERVIEW COMMITTEE.** During  
17 the 2015-16 interim, the independent water providers and the western area water supply  
18 authority shall report to the legislative management's water topics overview committee on a  
19 regular basis and collaborate with the committee and the state water commission to monitor  
20 water usage, rates, engineering contract procedures, and market share. The water topics  
21 overview committee shall report to the legislative management with recommendations to ensure  
22 western area water supply authority's ability to maintain its payment schedule of the state's  
23 loan.

24       **SECTION 30. REPORT TO LEGISLATIVE ASSEMBLY - SOUTHWEST PIPELINE**  
25 **PROJECT.** The state water commission and the southwest water authority shall continue the  
26 process of reviewing capital repayment and revenues being returned to the resources trust  
27 fund; payments necessary to meet obligations of existing bonds and other loans; ownership of  
28 land and associated facilities; existing construction documents; liabilities; contracts with cities,  
29 bulk users, companies, and other users; and other items; and shall report to the sixty-fifth  
30 legislative assembly on the actions necessary for the transfer of ownership and responsibility of  
31 the southwest pipeline project from the state water commission to the southwest water authority.

1       **SECTION 31. STATE WATER COMMISSION STUDY OF FARGO DIVERSION PROJECT.**

2       The state water commission shall contract with North Dakota state university to expand the  
3       scope of the current agricultural impacts study of the F-M area diversion project at a cost that  
4       may not exceed \$80,000. The expanded study is contingent upon hydraulic modeling performed  
5       by the diversion authority and supplied to the state water commission and North Dakota state  
6       university research team. The hydraulic modeling performed by the diversion authority is eligible  
7       for cost share by the state water commission. The expanded study must focus on:

- 8       1.   ~~The impacts in the area outside the area recognized by the United States army corps~~  
9       ~~of engineers for which mitigation is required and must address impacts from greater~~  
10      ~~than six inches of additional water, which is consistent with preliminary indications~~  
11      ~~from the federal emergency management agency.~~The area determined by hydrology  
12      modeling to be affected by project conditions in excess of six inches, and outside the  
13      area recognized by the army corps of engineers for which mitigation is required  
14      upstream of the proposed dam, which is consistent with current floodplain designation  
15      by the federal emergency management agency for the studied flood event.  
16      2.   ~~Agricultural production income impacts due to operation of the diversion project.~~The  
17      impacts on agricultural production income due to operation of the diversion project.  
18      ~~3.   Agricultural production income losses resulting from a ten-year, twenty-five-year,~~  
19      ~~fifty-year, one hundred-year, and five hundred-year flood event.~~The study must be  
20      completed by September 1, 2016.

21      **SECTION 32. AMENDMENT.** Section 54-35-02.7 of the North Dakota Century Code is  
22      amended and reenacted as follows:

23      **54-35-02.7. Water topics overview committee - Duties.**

24      The legislative management, during each interim, shall appoint a water topics overview  
25      committee in the same manner as the legislative management appoints other interim  
26      committees. The committee must meet quarterly and is responsible for legislative overview of  
27      water topics and related matters, the Garrison diversion project, and for any necessary  
28      discussions with adjacent states on water topics. The committee shall work collaboratively with  
29      the state water commission to develop and review policies and update as necessary to further  
30      define the state role in major flood control projects. The committee shall prepare a schedule of  
31      priorities with respect to water projects. The state water commission and state engineer shall

1 assist the committee in developing the schedule of priorities, and the committee may seek input  
2 from stakeholders within the state regarding water project priorities. The committee shall report  
3 on the committee's project prioritization process, provide updates on allocated program  
4 expenditures, and report on the fund balances of projects, grants, and contracts. The committee  
5 also shall study policies regarding the development and financing of municipal projects,  
6 including water treatment plants; pipelines, including pipeline expansion, public and industrial  
7 use of water, cost analysis of future project development, and ongoing maintenance cost of  
8 current and future projects; and technology, including the use of technology for permitting and  
9 electronic metering. ~~During the 2013-14 interim, the committee shall review water supply routes~~  
10 ~~and alternatives for the Red River valley water supply project.~~ The legislative management shall  
11 designate the chairman of the committee. The committee shall operate according to the statutes  
12 and procedure governing the operation of other legislative management interim committees.

13 **SECTION 33.** A new section to chapter 61-02 of the North Dakota Century Code is created  
14 and enacted as follows:

15 **Bank of North Dakota - Line of credit.**

16 The Bank of North Dakota shall extend a line of credit not to exceed two hundred million  
17 dollars at a rate that may not exceed one and three-quarters percent to the state water  
18 commission. The state water commission shall repay the line of credit from funds available in  
19 the resources trust fund, water development trust fund, or other funds, as appropriated by the  
20 legislative assembly. The state water commission may access the line of credit, as necessary,  
21 to provide funding as authorized by the legislative assembly up to the amounts designated for  
22 the following projects:

- 23 1. Sixty-nine million dollars for Fargo flood control;
- 24 2. Forty million dollars for Minot flood control;
- 25 3. Ten million dollars for northwest area water supply;
- 26 4. Three million dollars for Rice Lake flood control;
- 27 5. Fifty million dollars for a water reuse facility in Stutsman County;
- 28 6. Twenty million dollars for central Dakota water supply;
- 29 7. Eight million dollars for reimbursement for 2013-15 biennium rural and municipal water  
30 systems affected by the local cost-share change.

1       **SECTION 34.** A new section to chapter 61-02 of the North Dakota Century Code is created  
2 and enacted as follows:

3       **State water commission cost-share policy.**

4       The state water commission shall adopt a cost-share policy for the financing of water  
5 projects. The policy:

- 6       1. Must provide a water supply project is eligible for grants up to seventy-five percent of  
7 the total project cost with the remaining cost of the project financed through loans. The  
8 commission shall set the terms of the loan at one and one-half percent interest per  
9 year for up to forty years.
- 10      2. May not prioritize water supply projects based on population growth factor.
- 11      3. Must provide all project costs are eligible for reimbursement except the commission  
12 may exclude operations expense and regular maintenance. The commission may  
13 require a water project sponsor to maintain a capital improvement fund from the rates  
14 charged customers for future extraordinary maintenance projects as condition of  
15 funding an extraordinary maintenance project.
- 16      4. May not use affordability in a service area as a factor in determining the priority of a  
17 project or a loan amount. However, affordability may be used as a factor in  
18 determining the amount of a grant.

19       **SECTION 35.** A new section to chapter 61-02 of the North Dakota Century Code is created  
20 and enacted as follows:

21       **North Dakota outdoor heritage fund grants - Effect on local cost-share.**

22       For projects involving the repair of an existing flood control or recreation structure, the state  
23 water commission may not deduct North Dakota outdoor heritage fund moneys provided from  
24 the cost of the project before determining the local cost-share. The state water commission shall  
25 include those provided moneys as part of the local cost-share, however, the local entity may not  
26 receive funding in excess of the total project cost.

27       ~~**SECTION 19. REPEAL.** Section 61-02-78 of the North Dakota Century Code is repealed.~~

28       **SECTION 36. EMERGENCY.** Sections 1, 7, 11, and 17 of this Act are declared to be an  
29 emergency measure.