

FIRST ENGROSSMENT

Sixty-eighth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2020

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 amend  
3 and reenact section 61-02-79 of the North Dakota Century Code and section 4 of chapter 20 of  
4 the 2021 Session Laws, relating to a Bank of North Dakota line of credit and state water  
5 commission discretionary funding; to provide for a transfer; to provide for a report; to provide  
6 legislative intent; to provide an exemption; and to declare an emergency.

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 funds  
9 as may be necessary, are appropriated from special funds derived from federal funds and other  
10 income, to the department of water resources for the purpose of defraying the expenses of the  
11 department of water resources, for the period beginning with the effective date of this Act, and  
12 ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
15 <del>Salaries and wages</del>	<del>\$20,537,867</del>	<del>\$2,927,459</del>	<del>\$23,465,326</del>
16 <del>Operating expenses</del>	<del>43,366,550</del>	<del>16,112,518</del>	<del>59,479,068</del>
17 <del>Capital assets</del>	<del>98,467,437</del>	<del>201,916,513</del>	<del>300,383,950</del>
18 <del>Water supply - grants</del>	<del>125,000,000</del>	<del>158,000,000</del>	<del>283,000,000</del>
19 <del>Rural water supply - grants</del>	<del>59,600,000</del>	<del>(19,600,000)</del>	<del>40,000,000</del>
20 <del>Flood control projects</del>	<del>48,000,000</del>	<del>66,600,000</del>	<del>114,600,000</del>
21 <del>Discretionary funding</del>	<del>0</del>	<del>1,000,000</del>	<del>1,000,000</del>
22 <del>General water - grants</del>	<del>14,227,275</del>	<del>(2,227,275)</del>	<del>12,000,000</del>
23 <del>Basinwide plan implementation</del>	<del>0</del>	<del>1,000,000</del>	<del>1,000,000</del>

Sixty-eighth  
Legislative Assembly

1	<del>Total special funds</del>	<del>\$409,199,129</del>	<del>\$425,729,215</del>	<del>\$834,928,344</del>
2	<del>Full-time equivalent positions</del>	<del>90.00</del>	<del>3.00</del>	<del>93.00</del>
3	Salaries and wages	\$20,537,867	\$1,656,382	\$22,194,249
4	Operating expenses	43,366,550	16,112,518	59,479,068
5	Capital assets	98,467,437	177,316,513	275,783,950
6	Water supply - grants	125,000,000	191,200,000	316,200,000
7	Rural water supply - grants	59,600,000	(7,600,000)	52,000,000
8	Flood control projects	48,000,000	67,700,000	115,700,000
9	Discretionary funding	0	9,000,000	9,000,000
10	General water - grants	14,227,275	(2,227,275)	12,000,000
11	Total special funds	\$409,199,129	\$453,158,138	\$862,357,267
12	Full-time equivalent positions	90.00	3.00	93.00

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

**SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

17	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
18	Line of credit - Bank of North Dakota	\$50,000,000	\$100,000,000
19	<del>Basinwide plan implementation</del>	<del>1,100,000</del>	<del>1,000,000</del>
20	<del>Discretionary funding</del>	<del>0</del>	<del>1,000,000</del>
21	Basinwide plan implementation	1,100,000	0
22	Discretionary funding	0	9,000,000
23	Equipment for new employees	0	19,320
24	Information technology unification	0	1,532,980
25	Increased motor pool rates	0	118,180
26	Drilling supplies inflation	0	180,000
27	Navigability study	0	180,000
28	Airborne electromagnetic survey data collection	0	750,000
29	Ground water modeling and hydrologic analysis software	0	72,665
30	Potential agency relocation	0	200,000
31	Radar system	0	1,800,000

1	Drilling rig replacement	0	1,800,000
2	Northwest area water supply	0	47,847,238
3	Discretionary water project funding	6,000,000	0
4	Mouse River flood control project	74,500,000	0
5	Water infrastructure projects	<u>75,000,000</u>	<u>0</u>
6	<del>Total special funds</del>	<del>\$206,600,000</del>	<del>\$156,500,383</del>
7	<u>Total special funds</u>	<u>\$206,600,000</u>	<u>\$163,500,383</u>

8 The 2023-25 one-time funding amounts are not a part of the entity's base budget for the  
9 2025-27 biennium. The department of water resources shall report to the appropriations  
10 committees of the sixty-ninth legislative assembly on the use of this one-time funding for the  
11 period beginning with the effective date of this Act, and ending June 30, 2025.

12 **SECTION 3. ADDITIONAL 2021-23 BIENNIUM INCOME - APPROPRIATION.** ~~In addition-~~  
13 ~~to the amounts included in the estimated income line item in section 1 of this Act, any additional~~  
14 ~~amounts in the resources trust fund that become available are appropriated to the department~~  
15 ~~of water resources for the purpose of defraying the expenses of that agency, excluding~~  
16 ~~operating expenses and salaries and wages, for the period beginning with the effective date of~~  
17 ~~this Act, and ending June 30, 2025.~~ Any revenue deposited in the resources trust fund during the  
18 period beginning with the effective date of this Act, and ending June 30, 2023, in excess of the  
19 March 2023 legislative revenue forecast is appropriated to the department of water resources  
20 for the purpose of providing water supply grants and rural water supply grants, for the period  
21 beginning with the effective date of this Act, and ending June 30, 2025. Any additional amounts  
22 must be allocated equally between water supply grants and rural water supply grants.

23 **SECTION 4. APPROPRIATION - WATER PROJECTS STABILIZATION FUND - LOAN**  
24 **REPAYMENT - ONE-TIME FUNDING ITEM.** There is appropriated out of any moneys in the  
25 water projects stabilization fund in the state treasury, not otherwise appropriated, the sum of  
26 \$30,000,000, or so much of the sum as may be necessary, to the department of water  
27 resources for the purpose of repayment of loans issued by the Bank of North Dakota to the  
28 western area water supply authority for the period beginning with the effective date of this Act,  
29 and ending June 30, 2025. This funding is considered a one-time funding item.

30 **SECTION 5. TRANSFER - BANK OF NORTH DAKOTA PROFITS - WATER**  
31 **INFRASTRUCTURE REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer

1 \$100,000,000, or so much of the sum as may be necessary, from its current earnings and  
2 accumulated profits to the water infrastructure revolving loan fund during the biennium  
3 beginning July 1, 2023, and ending June 30, 2025. The moneys must be transferred as  
4 requested by the director of the department of water resources, after consultation with the Bank  
5 of North Dakota, to provide local cost-share loans for projects approved by the state water  
6 commission pursuant to section 6-09-49.2.

7 **SECTION 6. WATER PROJECTS STABILIZATION FUND - TRANSFERS.** Notwithstanding  
8 subsections 1 and 2 of section 57-51.1-07, any oil extraction tax revenues deposited in the  
9 resources trust fund that exceed the amount included in the March 2023 legislative revenue  
10 forecast during the period beginning July 1, 2023, and ending June 30, 2025, must be  
11 transferred at least quarterly by the office of management and budget from the resources trust  
12 fund to the water projects stabilization fund for the period beginning with the effective date of  
13 this Act, and ending June 30, 2025.

14 **SECTION 7. APPROPRIATION - PARKS AND RECREATION DEPARTMENT -**  
15 **SOVEREIGN LANDS RECREATION USE GRANTS - ONE-TIME FUNDING.** There is  
16 appropriated from special funds derived from a grant from the state water commission, not  
17 otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to  
18 the parks and recreation department for the purpose of providing grants for developing  
19 recreation opportunities on sovereign lands in the state, for the period beginning with the  
20 effective date of this Act, and ending June 30, 2025. An eligible grant recipient must identify \$1  
21 of matching funds for each \$1 awarded pursuant to this section. This funding is considered to  
22 be a one-time funding item.

23 **SECTION 8. SOVEREIGN LANDS RECREATION USE GRANT.** The water supply - grants  
24 line item in section 1 of this Act includes \$2,000,000 from the resources trust fund which the  
25 state water commission shall provide as a grant to the parks and recreation department for  
26 developing recreation opportunities on sovereign lands in the state, for the period beginning  
27 with the effective date of this Act, and ending June 30, 2025.

28 **SECTION 9. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING.** The  
29 discretionary funding appropriated to the department of water resources in section 1 of this Act  
30 may be used as necessary, except for salaries and wages, for the period beginning with the  
31 effective date of this Act, and ending June 30, 2025.

1 ~~— SECTION 8. PILOT PROJECT – BASINWIDE WATER PLAN IMPLEMENTATION –~~

2 ~~REPORT TO LEGISLATIVE MANAGEMENT. Of the \$1,000,000 in the basinwide plan~~  
3 ~~implementation line item in section 1 of this Act, up to \$1,000,000 may be used to provide~~  
4 ~~grants for the pilot project authorized in this section for the period beginning with the effective~~  
5 ~~date of this Act, and ending June 30, 2025. These funds are not subject to state water~~  
6 ~~commission cost share policies. Water resource districts and joint water resource districts in a~~  
7 ~~basin may develop a basinwide water plan identifying water conveyance, flood control, and~~  
8 ~~other water projects to be undertaken in the basin, and may jointly apply to the state water~~  
9 ~~commission for a grant of up to \$1,000,000 for implementation of the plan. The state water~~  
10 ~~commission may select a basinwide plan submitted under this section for funding and enter into~~  
11 ~~one cooperative agreement with the water resource districts and joint water resource districts~~  
12 ~~that submitted the plan. The cooperative agreement must include the amount of funding the~~  
13 ~~state water commission will provide, a prohibition on using funds granted for implementation of~~  
14 ~~the plan for planning or any purpose other than implementation of the basinwide plan, and the~~  
15 ~~obligations of the state water commission and each water resource district and joint water~~  
16 ~~resource district in implementing the basinwide plan. The agreement also must provide for~~  
17 ~~monitoring and oversight of the basinwide plan's implementation. The department of water~~  
18 ~~resources shall report to the legislative management on the results of this pilot project no later~~  
19 ~~than August 1, 2024.~~

20 **SECTION 10. ESTIMATED INCOME - WATER PROJECTS STABILIZATION FUND.** The  
21 total special funds line item in section 1 of this Act includes ~~\$120,000,000~~\$123,380,315 from the  
22 water projects stabilization fund for water supply grants for the period beginning with the  
23 effective date of this Act, and ending June 30, 2025.

24 **SECTION 11. AMENDMENT.** Section 61-02-79 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26 **61-02-79. Bank of North Dakota - Line of credit.**

27 The Bank of North Dakota shall extend a line of credit not to exceed fiftyone hundred million  
28 dollars at a rate of one and one-half percent over the three-month London interbank offered  
29 rate, but may not exceed three percent to the state water commissionthe prevailing interest rate  
30 charged to North Dakota government entities. The state water commissiondepartment of water  
31 resources shall repay the line of credit from funds available in the resources trust fund, ~~water~~

1 development trust fund, or other funds, as appropriated by the legislative assembly. The state-  
2 water commission department of water resources may access the line of credit, as necessary, to  
3 provide funding as authorized by the legislative assembly up to fifty million dollars for the  
4 northwest area water supply project and up to fifty million dollars for the southwest pipeline  
5 project during the biennium beginning July 1, ~~2024~~2023, and ending June 30, ~~2023~~2025.

6 **SECTION 12. AMENDMENT.** Section 4 of chapter 20 of the 2021 Session Laws is  
7 amended and reenacted as follows:

8 **SECTION 4. APPROPRIATION - RESOURCES TRUST FUND - STATE**

9 **WATER COMMISSION DISCRETIONARY FUNDING.** There is appropriated out of  
10 any moneys in the resources trust fund in the state treasury, not otherwise  
11 appropriated, the sum of \$6,000,000, or so much of the sum as may be necessary, to  
12 the state water commission for the purpose of providing discretionary funds for water-  
13 project grants department of water resources to be used as necessary except for  
14 salaries and wages, for the biennium beginning July 1, 2021, and ending June 30,  
15 2023. This funding is considered to be a one-time funding item.

16 **SECTION 13. STATE WATER COMMISSION - RED RIVER WATER SUPPLY PROJECT**

17 **FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Red River water supply  
18 projects prior to the 2023-25 biennium, the state water commission may not approve state  
19 funding for the Red River water supply project in excess of a total of \$953,000,000 without  
20 legislative approval. It is the intent of the sixty-eighth legislative assembly that of the  
21 \$953,000,000, ~~\$175,000,000~~ \$180,000,000 is provided from the resources trust fund for the  
22 period beginning with the effective date of this Act, and ending June 30, 2025.

23 **SECTION 14. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL**

24 **PROJECT FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Mouse River  
25 flood control projects prior to the 2023-25 biennium, the state water commission may not  
26 approve state funding for the Mouse River flood control project in excess of a total of  
27 \$380,500,000 without legislative approval. It is the intent of the sixty-eighth legislative assembly  
28 that of the \$380,500,000, \$76,100,000 is provided from the resources trust fund for the period  
29 beginning with the effective date of this Act, and ending June 30, 2025.

30 **SECTION 15. SOUTHWEST PIPELINE PROJECT FUNDING - LEGISLATIVE INTENT.** It

31 is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly

1 appropriate \$40,000,000 from the resources trust fund for the southwest pipeline project [water](#)  
2 [treatment plant](#) for the biennium beginning July 1, 2025, and ending June 30, 2027.

3 **SECTION 16. LEGISLATIVE INTENT - STATE WATER COMMISSION - CITY OF**  
4 **BISMARCK WATER TREATMENT PLANT.** Excluding the funding provided for the city of  
5 Bismarck water treatment plant prior to the 2023-25 biennium, it is the intent of the sixty-eighth  
6 legislative assembly that up to \$50,000,000 of funding appropriated in the water supply - grants  
7 line item in section 1 of this Act be made available during the 2023-25 biennium for the city of  
8 Bismarck water treatment plant.

9 **SECTION 17. LEGISLATIVE INTENT - CITY OF MEDORA WATER SUPPLY PROJECT.** It  
10 is the intent of the sixty-eighth legislative assembly that the city of Medora request funding from  
11 the state water commission for water storage, water main replacement, and water supply  
12 expansion projects after all agreements for the construction of the Theodore Roosevelt  
13 presidential library have been finalized between the library, the library foundation, and the city of  
14 Medora.

15 **SECTION 18. MISSOURI RIVER SYSTEM - LEGISLATIVE INTENT.** It is the intent of the  
16 sixty-eighth legislative assembly that the department of water resources support efforts that  
17 protect and develop beneficial use of Missouri River system water and other available water  
18 supply sources.

19 **SECTION 19. DEPARTMENT OF WATER RESOURCES - GARRISON DIVERSION**  
20 **CONSERVANCY DISTRICT - LEGISLATIVE INTENT - REPORT.** It is the intent of the  
21 sixty-eighth legislative assembly that the department of water resources, in coordination with  
22 the Garrison Diversion Conservancy District, research and identify options for the use of the  
23 Missouri River intake constructed near Washburn. The department of water resources shall  
24 report its findings and recommendations to the legislative management by October 1, 2024.

25 **SECTION 20. EXEMPTION - LINE ITEM TRANSFERS.** ~~The~~[Notwithstanding section](#)  
26 [54-16-04](#), the office of management and budget shall transfer up to ~~\$13,292,362~~[\\$9,900,000](#)  
27 between the operating [expenses](#) and capital assets line items in section 1 of this Act, during the  
28 period beginning with the effective date of this Act, and ending June 30, 2025, as requested by  
29 the director of the department of water resources. The director of the department of water  
30 resources shall notify the legislative council of any transfers made pursuant to this section.

1       **SECTION 21. EXEMPTION - GRANTS - APPLICATION - WATER-RELATED PROJECTS -**

2       **CARRYOVER AUTHORITY.** Section 54-44.1-11 does not apply to ~~\$405,000,000~~\$367,000,000  
3 for grants or water-related projects included in the capital assets, water supply - grants, rural  
4 water supply - grants, flood control projects, and general water - grants line items in section 1 of  
5 chapter 20 of the 2021 Session Laws, sections 5 and 6 of chapter 20 of the 2021 Session Laws,  
6 section 9 of chapter 80 of the 2021 Session Laws, and subdivision 3 of section 1 of chapter 550  
7 of the 2021 Special Session Session Laws. Any unexpended obligated and unobligated funds  
8 from these appropriations may be continued into the 2023-25 biennium. Any funds continued  
9 may be expended only for the purpose for which it was originally appropriated. The department  
10 of water resources may seek emergency commission and budget section approval under  
11 section 54-16-04.2 to increase carryover spending authority of funds appropriated in the  
12 2021-23 biennium into the 2023-25 biennium.

13       **SECTION 22. EMERGENCY.** This Act ~~is~~and Senate Bill No. 2196, as approved by the sixty-  
14 eighth legislative assembly, are declared to be an emergency measure.