

**FIRST ENGROSSMENT
with House Amendments
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 sections 61-02-01.3, 61-02-79, and 61-03-21.4 of the North Dakota Century Code
4 and section 4 of chapter 20 of the 2021 Session Laws, relating to a Bank of North Dakota line of
5 credit, water project economic analyses requirements, and state water commission
6 discretionary funding; to provide for a transfer; to provide for a report; to provide legislative
7 intent; to provide an exemption; and to declare an emergency.

8 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
10 as may be necessary, are appropriated from special funds derived from federal funds and other
11 income, to the department of water resources for the purpose of defraying the expenses of the
12 department of water resources, for the period beginning with the effective date of this Act, and
13 ending June 30, 2025, as follows:

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
14				
15				
16	Salaries and wages	\$20,537,867	\$1,656,382	\$22,194,249
17	Operating expenses	43,366,550	16,112,518	59,479,068
18	Capital assets	98,467,437	177,316,513	275,783,950
19	Water supply - grants	125,000,000	191,200,000	316,200,000
20	Rural water supply - grants	59,600,000	(7,600,000)	52,000,000
21	Flood control projects	48,000,000	67,700,000	115,700,000
22	Discretionary funding	0	9,000,000	9,000,000
23	General water - grants	<u>14,227,275</u>	<u>(2,227,275)</u>	<u>12,000,000</u>

1	Total special funds	\$409,199,129	\$453,158,138	\$862,357,267
2	Full-time equivalent positions	90.00	3.00	93.00

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

4 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding

5 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the

6 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
8	Line of credit - Bank of North Dakota	\$50,000,000	\$100,000,000
9	Basinwide plan implementation	1,100,000	0
10	Discretionary funding	0	9,000,000
11	Equipment for new employees	0	19,320
12	Information technology unification	0	1,532,980
13	Increased motor pool rates	0	118,180
14	Drilling supplies inflation	0	180,000
15	Navigability study	0	180,000
16	Airborne electromagnetic survey data collection	0	750,000
17	Ground water modeling and hydrologic analysis software	0	72,665
18	Potential agency relocation	0	200,000
19	Radar system	0	1,800,000
20	Drilling rig replacement	0	1,800,000
21	Northwest area water supply	0	47,847,238
22	Discretionary water project funding	6,000,000	0
23	Mouse River flood control project	74,500,000	0
24	Water infrastructure projects	<u>75,000,000</u>	<u>0</u>
25	Total special funds	\$206,600,000	\$163,500,383

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

30 **SECTION 3. ADDITIONAL INCOME - APPROPRIATION.** In addition to the amounts
31 included in the estimated income line item in section 1 of this Act, any additional amounts in the

1 resources trust fund that become available are appropriated to the department of water
2 resources for the purpose of providing water supply grants and rural water supply grants, for the
3 period beginning with the effective date of this Act, and ending June 30, 2025. Any additional
4 amounts must be allocated equally between water supply grants and rural water supply grants.

5 **SECTION 4. TRANSFER - WATER PROJECT STABILIZATION FUND TO WATER**

6 **INFRASTRUCTURE REVOLVING LOAN FUND.** The office of management and budget shall
7 transfer \$30,000,000 from the water project stabilization fund to the water infrastructure
8 revolving loan fund established under section 6-09-49.2, during the period beginning with the
9 effective date of this Act, and ending June 30, 2025.

10 **SECTION 5. TRANSFER - BANK OF NORTH DAKOTA PROFITS - WATER**

11 **INFRASTRUCTURE REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer
12 \$100,000,000, or so much of the sum as may be necessary, from its current earnings and
13 accumulated profits to the water infrastructure revolving loan fund during the biennium
14 beginning July 1, 2023, and ending June 30, 2025. The moneys must be transferred as
15 requested by the director of the department of water resources, after consultation with the Bank
16 of North Dakota, to provide local cost-share loans for projects approved by the state water
17 commission pursuant to section 6-09-49.2.

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 \$3,000,000, 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, 2025. 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 water supply - grants

28 line item in section 1 of this Act includes \$3,000,000 from the resources trust fund which the
29 state 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, 2025.

1 **SECTION 8. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING.** The
2 discretionary funding appropriated to the department of water resources in section 1 of this Act
3 may be used as necessary, except for salaries and wages, for the period beginning with the
4 effective date of this Act, and ending June 30, 2025.

5 **SECTION 9. ESTIMATED INCOME - WATER PROJECTS STABILIZATION FUND.** The
6 total special funds line item in section 1 of this Act includes \$123,380,315 from the water
7 projects stabilization fund for water supply grants for the period beginning with the effective date
8 of this Act, and ending June 30, 2025.

9 **SECTION 10. AMENDMENT.** Section 61-02-01.3 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **61-02-01.3. Comprehensive water development plan.**

12 1. Biennially, the commission shall develop and maintain a comprehensive water
13 development plan organized on a river basin perspective, including an inventory of
14 future water projects for budgeting and planning purposes.

15 2. As part of the commission's planning process, to facilitate local project sponsor
16 participation and project prioritization and to assist in education regarding life cycle
17 analyses for municipal water supply projects, and economic analyses for flood control
18 and water conveyance projects only for those expected to cost more than ~~one~~
19 million five hundred thousand dollars, the commission shall develop a ~~policy that~~
20 outlines policies and procedures for commissioner-hosted meetings within the upper
21 Missouri River, lower Missouri River, James River, upper Red River, lower Red River,
22 Mouse River, Devils Lake, Little Missouri River, upper Heart River, and upper
23 Cannonball River drainage basins.

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 fifty one 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 commission~~the prevailing interest rate
30 charged to North Dakota government entities. The ~~state water commission~~department 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, ~~2021~~2023, and ending June 30, ~~2023~~2025.

6 **SECTION 12. AMENDMENT.** Section 61-03-21.4 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **61-03-21.4. Economic analysis process required for certain projects.**

9 The department of water resources shall develop an economic analysis process for water
10 conveyance projects and flood-related projects expected to cost more than ~~one million~~five
11 hundred thousand dollars, and a life cycle analysis process for municipal water supply projects.
12 When the state water commission is considering whether to fund a water conveyance project,
13 flood-related project, or water supply project, the department of water resources shall review the
14 economic analysis or life cycle analysis, and inform the state water commission of the findings
15 from the analysis and review.

16 **SECTION 13. AMENDMENT.** Section 4 of chapter 20 of the 2021 Session Laws is
17 amended and reenacted as follows:

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

19 **WATER COMMISSION DISCRETIONARY FUNDING.** There is appropriated out of
20 any moneys in the resources trust fund in the state treasury, not otherwise
21 appropriated, the sum of \$6,000,000, or so much of the sum as may be necessary, to
22 ~~the state water commission for the purpose of providing discretionary funds for water~~
23 project grants~~department of water resources to be used as necessary except for~~
24 salaries and wages, for the biennium beginning July 1, 2021, and ending June 30,
25 2023. This funding is considered to be a one-time funding item.

26 **SECTION 14. STATE WATER COMMISSION - RED RIVER WATER SUPPLY PROJECT**
27 **FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Red River water supply
28 projects prior to the 2023-25 biennium, the state water commission may not approve state
29 funding for the Red River water supply project in excess of a total of \$953,000,000 without
30 legislative approval. It is the intent of the sixty-eighth legislative assembly that of the

1 \$953,000,000, \$180,000,000 is provided from the resources trust fund for the period beginning
2 with the effective date of this Act, and ending June 30, 2025.

3 **SECTION 15. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL**

4 **PROJECT FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Mouse River
5 flood control 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-eighth legislative assembly
8 that of the \$380,500,000, \$76,100,000 is provided from the resources trust fund for the period
9 beginning with the effective date of this Act, and ending June 30, 2025.

10 **SECTION 16. SOUTHWEST PIPELINE PROJECT FUNDING - LEGISLATIVE INTENT.** It

11 is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly
12 appropriate \$40,000,000 from the resources trust fund for the southwest pipeline project water
13 treatment plant for the biennium beginning July 1, 2025, and ending June 30, 2027.

14 **SECTION 17. LEGISLATIVE INTENT - STATE WATER COMMISSION - CITY OF**

15 **BISMARCK WATER TREATMENT PLANT.** Excluding the funding provided for the city of
16 Bismarck water treatment plant prior to the 2023-25 biennium, it is the intent of the sixty-eighth
17 legislative assembly that up to \$50,000,000 of funding appropriated in the water supply - grants
18 line item in section 1 of this Act be made available during the 2023-25 biennium for the city of
19 Bismarck water treatment plant.

20 **SECTION 18. LEGISLATIVE INTENT - CITY OF MEDORA WATER SUPPLY PROJECT.** It

21 is the intent of the sixty-eighth legislative assembly that the city of Medora request funding from
22 the state water commission for water storage, water main replacement, and water supply
23 expansion projects after all agreements for the construction of the Theodore Roosevelt
24 presidential library have been finalized between the library, the library foundation, the city of
25 Medora, and Billings County.

26 **SECTION 19. MISSOURI RIVER EDUCATE, ADVOCATE, AND ENGAGE PROGRAM -**

27 **LEGISLATIVE INTENT.** It is the intent of the sixty-eighth legislative assembly that:

- 28 1. Support be provided for the Missouri River educate, advocate, and engage effort
29 conducted by the Missouri River joint water resource board;
30 2. The effort is needed to secure the state's rights to Missouri River water; and

1 3. The state water commission and the department of water resources work in
2 cooperation with the Missouri River joint water resource board to provide financial and
3 technical assistance as the commission deems appropriate.

4 **SECTION 20. DEPARTMENT OF WATER RESOURCES - GARRISON DIVERSION**
5 **CONSERVANCY DISTRICT - LEGISLATIVE INTENT - REPORT.** It is the intent of the

6 sixty-eighth legislative assembly that the department of water resources, in coordination with
7 the Garrison Diversion Conservancy District, research and identify options for the use of the
8 Missouri River intake constructed near Washburn. The department of water resources shall
9 report its findings and recommendations to the legislative management by October 1, 2024.

10 **SECTION 21. EXEMPTION - LINE ITEM TRANSFERS.** The office of management and
11 budget shall transfer up to \$13,292,362 between the operating expenses and capital assets line
12 items in section 1 of this Act, during the period beginning with the effective date of this Act, and
13 ending June 30, 2025, as requested by the director of the department of water resources. The
14 director of the department of water resources shall notify the legislative council of any transfers
15 made pursuant to this section.

16 **SECTION 22. EXEMPTION - GRANTS - APPLICATION - WATER-RELATED PROJECTS -**
17 **CARRYOVER AUTHORITY.** Section 54-44.1-11 does not apply to \$367,000,000 for grants or
18 water-related projects included in the capital assets, water supply - grants, rural water supply -
19 grants, flood control projects, and general water - grants line items in section 1 of chapter 20 of
20 the 2021 Session Laws, sections 5 and 6 of chapter 20 of the 2021 Session Laws, section 9 of
21 chapter 80 of the 2021 Session Laws, and subdivision 3 of section 1 of chapter 550 of the 2021
22 Special Session Session Laws. Any unexpended obligated and unobligated funds from these
23 appropriations may be continued into the 2023-25 biennium. Any funds continued may be
24 expended only for the purpose for which it was originally appropriated. The department of water
25 resources may seek emergency commission and budget section approval under section
26 54-16-04.2 to increase carryover spending authority of funds appropriated in the 2021-23
27 biennium into the 2023-25 biennium.

28 **SECTION 23. EMERGENCY.** This Act is declared to be an emergency measure.