

**SECTION 4. ADDITIONAL INCOME - APPROPRIATION - REPORT.** In addition to the amounts appropriated in section 1 of this Act, any additional federal funds and other amounts in the resources trust fund and water commission fund which become available are appropriated to the department of water resources for the purpose of ~~providing funding for water projects and grants~~ 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. Any additional amounts in the resources trust fund excluding oil extraction tax revenues deposited in the fund that exceed the amount included in the March 2025 legislative revenue forecast, must be allocated equally between municipal water supply grants and rural water supply grants. Any additional amounts in the water commission fund must be allocated to the project for which the funding was intended. Any additional federal funds which become available to the department of water resources must be allocated for the purpose for which the funds were received. The director of the department of water resources shall report to the legislative management on the use of any additional appropriation authority pursuant to this section.

**SECTION 7. TRANSFERS - WATER PROJECT STABILIZATION FUND.** Notwithstanding subsections 1 and 2 of section 57-51.1-07, any oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the March 2025 legislative revenue forecast during the period beginning July 1, 2025, and ending June 30, 2027, must be transferred at least quarterly by the office of management and budget from the resources trust fund to the water projects stabilization fund for the period beginning with the effective date of this Act, and ending June 30, 2027.

**SECTION 8. BANK OF NORTH DAKOTA LINE OF CREDIT - WATER 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. 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.** 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.**

1. The legislative management, during each ~~interim~~biennium, 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 new water project 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 March 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 10. AMENDMENT.** Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

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

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 one hundred fifty 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~~ two hundred million and one hundred million dollars for water projects ~~during the biennium beginning July 1, 2023 2025, and ending June 30, 2025 2027.~~

**SECTION 14. SOUTHWEST PIPELINE PROJECT LINE OF CREDIT - LEGISLATIVE INTENT.** It is the intent of the sixty-ninth legislative assembly that the department of water resources utilize capital repayments from the southwest pipeline project deposited in the resources trust fund for the repayment of any principal and interest associated with the \$50,000,000 Bank of North Dakota line of credit provided for the southwest pipeline project in section 61-02-79 of the North Dakota Century Code.

**SECTION 16. LEGISLATIVE MANAGEMENT STUDY - DESIGNATED APPROPRIATIONS FOR WATER PROJECTS.** During the 2025-26 interim, the legislative management shall consider studying designated appropriations for water projects. The study must include an evaluation of the impact of designating appropriations for water projects and of providing legislative intent for funding to be provided over multiple bienniums for water projects. The study must also consider the appropriate involvement of the legislative management's water topics overview committee in the prioritization of funding for water projects. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.

**SECTION 17. EXEMPTION - DEPARTMENT OF WATER RESOURCES STUDY - MISSOURI RIVER INTAKE SITES STUDY PHASE TWO - REPORT.** During the 2025-26 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.



**SECTION 18. EXEMPTION - STATE WATER COMMISSION STUDY - REGIONAL WATER 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 19. 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 ~~role~~ 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 direct or indirect benefits from the cost-share program. 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 ~~annually~~ to the legislative management ~~during the 2025-26 interim~~ by March 31, 2026 regarding the status results of and any recommendations from the cost-share policy study.

**SECTION 20. 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.

**SECTION 21. 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~~\$514,100,000, 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 22. EMERGENCY.** This Act ~~is~~and House Bill No. 1040, as approved by the sixty-ninth legislative assembly, are declared to be an emergency measure.

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