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Title.  
Fiscal No. 4

Prepared by the Legislative Council  
staff for Senator Bekkedahl  
April 14, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO SECOND ENGROSSMENT

### REENGROSSED HOUSE BILL NO. 1577

Introduced by

Representatives Mitskog, Kempenich, Kiefert, Martinson, Nelson, Stemen

Senators Kessel, Weber

1 A BILL for an Act to create and enact a new section to chapter 23.1-07 and a new subsection to  
2 section 23.1-07-06 of the North Dakota Century Code, relating to a wastewater infrastructure  
3 grant program and the duties of the department of environmental quality; and to authorize a  
4 Bank of North Dakota line of credit; to provide an appropriation; to provide for a legislative  
5 management study; and to declare an emergency.

### 6 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1.** A new section to chapter 23.1-07 of the North Dakota Century Code is created  
8 and enacted as follows:

#### 9 **Wastewater infrastructure grant program.**

- 10 1. The department shall award wastewater infrastructure grants to eligible entities  
11 identified in subsection 2 to upgrade, replace, or construct infrastructure for a  
12 wastewater collection system, wastewater disposal system, or wastewater treatment  
13 plant.
- 14 2. Cities, counties, townships, water resource districts, recreation service districts, and  
15 water districts operating wastewater systems in the state may receive a grant under  
16 this section for an eligible project, subject to the availability of funds.
- 17 3. In awarding wastewater infrastructure grants to eligible entities, the department shall  
18 prioritize eligible entities that:
  - 19 a. Have experienced a reduction in previously approved federal funds or federal  
20 assistance related to wastewater infrastructure projects; and

1 b. Are prepared to begin the wastewater infrastructure project upon receipt of the  
2 grants.

3 4. An eligible wastewater system must be in compliance with current wastewater  
4 regulations unless the project will return the system to compliance. Eligible projects  
5 may not include operations and maintenance costs.

6 4.5. The department may not award a grant in excess of sixty percent of the total cost of a  
7 project and shall ensure no community receives a grant for more than one project per  
8 biennium.

9 **SECTION 2.** A new subsection to section 23.1-07-06 of the North Dakota Century Code is  
10 created and enacted as follows:

11 Administer the wastewater infrastructure grant program.

12 **SECTION 3. LEGISLATIVE MANAGEMENT STUDY - WASTEWATER PROJECT FUND.**

13 During the 2025-26 interim, the legislative management shall consider studying the feasibility  
14 and desirability of establishing a wastewater project fund to provide grants for upgrading,  
15 constructing, or replacing wastewater infrastructure. The study must include input from cities,  
16 counties, townships, and water resource districts. The legislative management shall report its  
17 findings and recommendations, together with any legislation required to implement the  
18 recommendations, to the seventieth legislative assembly.

19 **SECTION 4. APPROPRIATION - DEPARTMENT OF ENVIRONMENTAL QUALITY -**

20 **WASTEWATER INFRASTRUCTURE GRANTS - ~~STRATEGIC INVESTMENT AND~~**

21 **~~IMPROVEMENTS FUND~~ BANK OF NORTH DAKOTA LINE OF CREDIT - ONE-TIME**

22 **FUNDING.** ~~There is appropriated out of any moneys in the strategic investment and~~  
23 ~~improvements fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or~~  
24 ~~so much of the sum as may be necessary, to the department of environmental quality for the~~  
25 ~~purpose of providing wastewater infrastructure grants, for the biennium beginning July 1, 2025,~~  
26 ~~and ending June 30, 2027. No more than \$12,500,000 may be awarded for a project. Of the~~  
27 ~~funding appropriated in this section, at least \$12,500,000 must be awarded to cities with a~~  
28 ~~population less than twelve thousand five hundred, based on the most recent federal decennial~~  
29 ~~census. If less than \$12,500,000 has been awarded to cities with a population less than twelve~~  
30 ~~thousand five hundred by April 1, 2027, the department may award the remaining funds to other~~  
31 ~~eligible projects.~~

1 1. The department of environmental quality may borrow up to \$9,700,000 through a line  
2 of credit from the Bank of North Dakota, which is appropriated to the department of  
3 environmental quality for the purpose of providing wastewater infrastructure grants  
4 during the biennium beginning July 1, 2025, and ending June 30, 2027. The interest  
5 rate associated with the line of credit may not exceed the prevailing interest rate  
6 charged to North Dakota governmental entities. The department of environmental  
7 quality shall request a deficiency appropriation from the seventieth legislative  
8 assembly to repay the line of credit.

9 2. Of the total appropriated in this section, the department of environmental quality shall  
10 provide grants of \$7,800,000 and \$1,900,000 to entities with eligible wastewater  
11 infrastructure projects under section 1 of this Act. If an entity awarded funding under  
12 this section receives federal funding for the same wastewater infrastructure project,  
13 the entity shall remit the federal funding to the department of environmental quality for  
14 the repayment of the line of credit.

15 3. The ~~funding provided~~ appropriation in this section is considered a one-time funding  
16 item.

17 **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1577 - Department of Environmental Quality - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Wastewater infrastructure grants		\$25,000,000	(\$15,300,000)	\$9,700,000
Total all funds	\$0	\$25,000,000	(\$15,300,000)	\$9,700,000
Less estimated income	0	25,000,000	(15,300,000)	9,700,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

**Department 303 - Department of Environmental Quality - Detail of Senate Changes**

	Adjusts Funding for Grants <sup>1</sup>	Total Senate Changes
Wastewater infrastructure grants	(\$15,300,000)	(\$15,300,000)
Total all funds	(\$15,300,000)	(\$15,300,000)
Less estimated income	(15,300,000)	(15,300,000)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> One-time funding is adjusted for wastewater infrastructure grants to provide a total of \$9.7 million from a Bank of North Dakota line of credit. The House appropriated \$25 million from the strategic investment and improvements fund (SIIF). The Department of Environmental Quality is required to provide grants of \$7.8 million and \$1.9 million to entities with eligible wastewater infrastructure projects. If an entity awarded funding for a wastewater infrastructure project receives federal funding for the same project, the entity is required to remit the federal funding to the Department of Environmental Quality for the repayment of the line of credit.

**House Bill No. 1577 - Other Changes - Senate Action**

This amendment also:

- Amends a section requiring the Department of Environmental Quality to prioritize wastewater infrastructure projects that were previously but are no longer eligible for federal funds.
- Adds section to provide for a Legislative Management study related to the establishment of a wastewater project fund.
- Adds a section declaring the bill an emergency measure.