

**Department of Environmental Quality**  
**Budget No. 303**  
**Senate Bill Nos. 2024 and 2267; House Bill No. 1577**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2025-27 legislative appropriations</b>	<b>175.00</b>	<b>\$18,975,236</b>	<b>\$122,839,637</b>	<b>\$141,814,873</b>
2025-27 base budget	173.00	16,350,783	76,074,697	92,425,480
Legislative increase (decrease) to base budget	2.00	\$2,624,453	\$46,764,940	\$49,389,393

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2025-27 legislative appropriations</b>	<b>\$18,875,736</b>	<b>\$99,500</b>	<b>\$18,975,236</b>
2023-25 legislative appropriations	16,350,783	187,800	16,538,583
2025-27 legislative increase (decrease) to 2023-25 appropriations	\$2,524,953	(\$88,300)	\$2,436,653
Percentage increase (decrease) to 2023-25 appropriations	15.4%	(47.0%)	14.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$6,473)	\$676,352	\$669,879
Added funding to provide employee salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026		509,588	1,072,043	1,581,631
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,893 per month		332,285	712,694	1,044,979
Added funding to replace the 2023-25 biennium new and vacant FTE funding pool, including \$1,772,248 for new positions and \$1,971,296 for vacant positions		947,910	2,795,634	3,743,544
Added funding from special funds from fees for 1 FTE chemist position (\$237,902) and related operating expenses (\$115,500) to establish a program to test water for emerging contaminants	1.00		353,402	353,402
Added funding from special funds from inspection fees for 1 FTE chemist position for a state fuel inspection program	1.00		237,900	237,900

Transferred \$475,802 for 2 new FTE positions from the salaries and wages line item to the new and vacant FTE pool line item and reduced the amount to \$428,222 resulting in the savings as shown		(47,580)	(47,580)
Transferred \$2,660,925 for estimated savings from vacant FTE positions from the salaries and wages line item to the new and vacant FTE pool line item and reduced the amount to \$1,862,648 resulting in the savings as shown	(256,604)	(541,673)	(798,277)
Added funding from special funds from inspection fees for temporary salaries (\$100,100) and operating expenses (\$99,300) for the state fuel inspection program		199,400	199,400
Adjusted funding for base budget changes to operating expenses	(508,475)	1,652,430	1,143,955
Increased funding for operating expenses related to information technology (IT) rate increases	26,244	168,158	194,402
Increased funding for operating expenses and grants for cost to continue IT and rent	767,204	715,512	1,482,716
Increased funding for ongoing operating expenses related to the new chemistry laboratory, including rent, supplies, and IT	718,074		718,074
Increased funding from special funds from fees for operating expenses related to the water and wastewater operator certification program to expand test availability		100,500	100,500
Increased funding from the petroleum tank release compensation fund for operating expenses related to a new database		260,000	260,000
Adjusted funding for base budget changes to capital assets	(4,800)	1,124,900	1,120,100
Adjusted funding for base budget changes to grants		22,146,882	22,146,882
Added <b>one-time funding</b> from the strategic investment and improvements fund (SIIF) for operating expenses related to moving the chemistry laboratory		1,500,000	1,500,000
Added <b>one-time funding</b> from the SIIF for operating expenses related to the new chemistry laboratory, including office and IT equipment, maintenance, wireless connectivity, and security		700,186	700,186
Added <b>one-time funding</b> from special funds from fees for operating expenses related to the water and wastewater operator certification program to expand test availability		5,000	5,000

Added <b>one-time funding</b> from special funds from fees for operating expenses (\$3,200) and capital assets (\$940,000) for computers and laboratory equipment to establish a program to test water for emerging contaminants			943,200	943,200
Added <b>one-time funding</b> from the petroleum tank release compensation fund for operating expense for a new database			700,000	700,000
Added <b>one-time funding</b> from SIIF for capital assets related to the new chemistry laboratory			1,375,000	1,375,000
Added <b>one-time funding</b> from special funds from inspection fees for equipment related to a state fuel inspection program			215,000	215,000
Added <b>one-time funding</b> from a Bank of North Dakota line of credit for wastewater infrastructure grants (House Bill No. 1577)			9,700,000	9,700,000
Added <b>one-time funding</b> for salaries and wages (\$71,050) and operating expenses (\$28,450) to implement onsite wastewater treatment system regulation (Senate Bill No. 2267)		99,500		99,500
Total	2.00	\$2,624,453	\$46,764,940	\$49,389,393

#### FTE Changes

The Legislative Assembly approved 175 FTE positions for the Department of Environmental Quality (DEQ) for the 2025-27 biennium, an increase of 2 FTE positions from the 2023-25 biennium authorized level of 173 FTE positions. The Legislative Assembly added 2 FTE chemist positions to establish a state fuel inspection program and an emerging contaminants water testing program.

#### One-Time Funding

The following is a summary of one-time funding items for DEQ, included in Senate Bill Nos. 2024 and 2267 and House Bill No. 1577, for the 2025-27 biennium:

	General Fund	Other Funds	Total
Move to the new chemistry laboratory		\$1,500,000	\$1,500,000
New chemistry laboratory capital assets		1,375,000	1,375,000
New chemistry laboratory operating expenses		700,186	700,186
Emerging contaminants program equipment		943,200	943,200
Petroleum tank database		700,000	700,000
State fuel inspection program capital assets		215,000	215,000
Water and wastewater operator certification program		5,000	5,000
Wastewater infrastructure grants (HB 1577)		9,700,000	9,700,000
Implementation of onsite wastewater treatment system regulation (SB 2267)	\$99,500	0	99,500
Total	\$99,500	\$15,138,386	\$15,237,886

#### Other Sections in Senate Bill No. 2024

**New and vacant FTE pool** - Section 3 provides guidelines for the use of funding in the new and vacant FTE pool line item.

**Environment and rangeland protection fund** - Section 4 authorizes the Department to spend \$250,000 from the environment and rangeland protection fund for ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

**Petroleum release compensation fund** - Section 5 authorizes the department to spend \$1,827,025 from the petroleum tank release compensation fund for expenses related to the petroleum tank release program.

**Strategic investment and improvements fund** - Section 6 authorizes the department to spend \$3,575,186 from SIIF for expenses related to moving into the new chemistry laboratory and for chemistry laboratory operating expenses and equipment purchases.

**State fuel inspection program** - Section 7 amends North Dakota Century Code Section 23.1-13-16 to provide for the deposit of fuel inspection fees into the DEQ operating fund instead of the general fund and to provide the funds must be used, subject to legislative appropriation, for the state fuel inspection program.

#### **Related Legislation**

**House Bill No. 1058 - Regulation of aboveground storage tanks** - This bill provides for DEQ regulation of aboveground storage tanks, including fees for permits and licensing. A fiscal note prepared by DEQ indicates the fiscal impact would be approximately \$15,000 from other funds related to travel.

**House Bill No. 1577 - Wastewater infrastructure grants** - This bill establishes a wastewater infrastructure grant program for political subdivisions, which prioritizes projects that have experienced a reduction in previously approved federal funds or federal assistance related to wastewater infrastructure projects and are prepared to begin the wastewater infrastructure project upon receipt of the grants. The bill also provides one-time funding of \$9.7 million from a Bank of North Dakota line of credit to DEQ for certain wastewater infrastructure grants.

**Senate Bill No. 2110 - Water system operator certificate examinations** - This bill allows water distribution and wastewater system operator certificate examinations to be given by a third-party testing service and would allow the fees for the examinations to be set in North Dakota Administrative Code. A fiscal note prepared by DEQ indicates revenue and expenses would both increase approximately \$72,000 for the cost of the third-party testing service and revenue related to the additional fees collected to cover the third-party testing service cost.

**Senate Bill No. 2267 - Onsite wastewater treatment system regulation** - This bill creates a new chapter that authorizes DEQ to adopt rules regarding the licensing, permitting, and inspections of onsite wastewater treatment systems. The bill also provides one-time funding of \$99,500 from the general fund to DEQ to implement onsite wastewater treatment system regulation. The department will license installers and deposit the revenue in its operating fund and future costs related to regulation will be funded by special funds from license fees.