



**Agency Department of Environmental Quality**  
**Department No. 303**  
**2025 Senate Bill No. 2024**

**EXECUTIVE BUDGET RECOMMENDATION**  
**2025-27 BIENNIUM**

**Budget Summary**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Executive budget recommendation	174.00	\$19,246,146	\$113,282,487	\$132,528,633
Base level	173.00	16,350,783	76,074,697	92,425,480
Increase (decrease)	1.00	\$2,895,363	\$37,207,790	\$40,103,153
Percentage increase (decrease)	0.6%	17.7%	48.9%	43.4%

**NOTE:**

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

**Selected Highlights**

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Adds funding to replace 2023-25 biennium new and vacant FTE pool amounts
- Adds \$353,402 of ongoing funding from special funds from fees for 1 FTE chemist position and related operating expenses and **one-time funding** of \$943,200 from special funds from fees for operating expenses and capital assets for computers and laboratory equipment to establish a program to test water for emerging contaminants
- Adjusts funding for operating expenses and grants, including increases of \$284,973 from the general fund and \$2,830,583 from special funds and a decrease in funding of \$294,483 from federal funds, to provide net increases of \$2,227,614 in the operating expenses line item and \$593,459 in the grants line item for base budget changes, cost to continue adjustments, and information technology (IT) rate increases
- Adds \$718,074 from the general fund for ongoing operating expenses related to the new chemistry laboratory, including rent, supplies, and IT
- Increases funding from special funds from fees by \$72,000, including ongoing funding of \$67,000 and **one-time funding** of \$5,000 for operating expenses to expand test availability for the water and wastewater operator certification program
- Adds \$960,000 from the petroleum tank release fund for operating expenses, including \$260,000 of ongoing funding and \$700,000 of **one-time funding**, related to a new database
- Increases funding from federal funds by \$1,275,900 and decreases funding from the general fund by \$4,800 and special funds by \$151,000 for base budget adjustments to capital assets to provide a net increase of \$1,120,100
- Increases funding from federal funds by \$25,132,000 and decreases funding from special funds by \$2,985,118 for base budget adjustments to grants to provide a net increase of \$22,146,882
- Adds \$3,575,186 of **one-time funding** from the strategic investment and improvements fund (SIIF) for operating expenses related to the new chemistry laboratory, including office and IT equipment, maintenance, wireless connectivity, and security (\$700,186) and to moving the chemistry laboratory (\$1,500,000) and for capital assets related to the new chemistry laboratory (\$1,375,000)

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

### **Agency Fees**

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency has 12 fees. The agency recommended the antifreeze registration fee be discontinued or transferred to another state agency.

### **Major Related Legislation**

**House Bill No. 1058** - Provides for Department of Environmental Quality regulation of aboveground storage tanks, including fees for permits and licensing.

**Senate Bill No. 2110** - Allows water distribution and wastewater system operator certificate exams to be given by a third-party testing service and would allow the fees for the exams to be set in North Dakota Administrative Code. A fiscal note prepared by the department 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.

**NOTE:**

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



**Department of Environmental Quality - Budget No. 303**  
**Agency Worksheet - Senate Bill No. 2024**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
<b>2025-27 Biennium Base Level</b>	173.00	\$16,350,783	\$76,074,697	\$92,425,480
<b>2025-27 Ongoing Funding Changes</b>				
Base payroll changes		(\$6,473)	\$676,352	\$669,879
Salary increase		623,419	1,311,475	1,934,894
Health insurance increase		332,260	712,659	1,044,919
Adds back funding to replace 2023-25 biennium new FTE pool		364,806	1,407,442	1,772,248
Adds back funding to replace 2023-25 biennium vacant FTE pool		583,104	1,388,192	1,971,296
Adds funding from special funds from fees for 1 FTE chemist position and related operating expenses to establish a program to test water for emerging contaminants	1.00		353,402	353,402
Base budget changes to operating expenses		(508,475)	1,652,430	1,143,955
Increases funding for operating expenses related to IT rate increases		26,244	168,158	194,402
Increases funding for operating expenses and grants for cost to continue information technology and rent		767,204	715,512	1,482,716
Increases funding for ongoing operating expenses related to the new chemistry laboratory, including rent, supplies, and IT		718,074		718,074
Increases funding from special funds from fees for operating expenses related to the water and wastewater operator certification program to expand test availability			67,000	67,000
Increases funding from the petroleum tank release fund for operating expenses related to a new database			260,000	260,000
Base budget changes to capital assets		(4,800)	1,124,900	1,120,100
Base budget changes to grants			22,146,882	22,146,882
<b>Total ongoing funding changes</b>	<b>1.00</b>	<b>\$2,895,363</b>	<b>\$31,984,404</b>	<b>\$34,879,767</b>
<b>One-Time Funding Items</b>				
Adds one-time funding from the strategic investment and improvements fund for operating expenses related to moving the chemistry laboratory			\$1,500,000	\$1,500,000
Adds one-time funding from the strategic investment and improvements fund (SIIF) for operating expenses related to the new chemistry laboratory, including office and IT equipment, maintenance, wireless connectivity, and security			700,186	700,186
Adds one-time funding 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

Adds one-time funding from special funds from fees for operating expenses and capital assets for computers and laboratory equipment to establish a program to test water for emerging contaminants			943,200	943,200
Adds one-time funding from the petroleum tank release fund for operating expense for a new database			700,000	700,000
Adds one-time funding from the strategic investment and improvements fund for capital assets related to the new chemistry laboratory			1,375,000	1,375,000
Total one-time funding changes	<b>0.00</b>	<b>\$0</b>	<b>\$5,223,386</b>	<b>\$5,223,386</b>
<b>Total Changes to Base Level Funding</b>	<b>1.00</b>	<b>\$2,895,363</b>	<b>\$37,207,790</b>	<b>\$40,103,153</b>
<b>2025-27 Total Funding</b>	<b>174.00</b>	<b>\$19,246,146</b>	<b>\$113,282,487</b>	<b>\$132,528,633</b>

*Federal funds included in other funds*

*\$82,443,677*

*Total ongoing changes - Percentage of base level*

*0.6%*

*17.7%*

*42.0%*

*37.7%*

*Total changes - Percentage of base level*

*0.6%*

*17.7%*

*48.9%*

*43.4%*

**Other Sections in Department of Environmental Quality - Budget No. 303**

<b>Section Description</b>	<b>Executive Budget</b>
FTE position adjustments	Section 3 would authorize the department to increase or decrease authorized FTE positions subject to the availability of funds.
Environment and rangeland protection fund	Section 4 would authorize the department to spend \$250,000 from the environment and rangeland protection fund. 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 would authorize the department to spend \$1,832,002 from the petroleum release compensation fund for expenses related to the petroleum tank release program.
SIIF	Section 6 would authorize the department to spend \$3,575,186 from the SIIF for expenses related to moving into the new chemistry laboratory and for laboratory equipment purchases.

Sixty-ninth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2024**  
**(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the state department of environmental quality and provide a transfer.

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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state department of environmental quality for the purpose of defraying the expenses of the state department of environmental quality, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$38,756,030	\$7,631,138	\$46,387,168
Operating Expenses	15,457,832	6,296,574	21,754,406
Capital Assets	1,013,500	3,435,100	4,448,600
Grants	<u>37,198,118</u>	<u>22,740,431</u>	<u>59,938,459</u>
Total All Funds	\$92,425,480	\$40,103,153	\$132,528,633
Less Estimated Income	<u>76,074,697</u>	<u>37,207,790</u>	<u>113,282,487</u>
Total General Fund	\$16,350,783	\$ 2,895,363	\$19,246,146
Full-Time Equivalent Positions	173.00	1.00	174.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and 2025-27 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Chemistry Lab Inflation	\$116,800	\$ 0
Loan Fund Administration	177,350	0
Water program portal	325,000	0
Environmental data systems upgrade	1,365,444	0
Lead pipe and water grants	25,000,000	0
Water operator certification	0	5,000
PFAS testing	0	943,200
Petroleum tank release technology system	0	700,000
Chemistry Lab move	0	1,500,000
Chemistry Lab equipment	<u>0</u>	<u>2,075,186</u>
Total All Funds	\$26,984,594	\$5,223,386
Less Estimated Income	<u>26,796,794</u>	<u>5,223,386</u>
Total General Fund	\$187,800	\$ 0

The 2025-27 one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The department of environmental quality shall report to the appropriations committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025 and ending June 30, 2027.

**SECTION 3. EXEMPTION – FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** Notwithstanding any other provisions of the law, the department of environmental quality may increase or decrease authorized full-time equivalent positions as needed, subject to availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The department of environmental quality shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.

**SECTION 4. ENVIRONMENT AND RANGELAND PROTECTION FUND.** The estimated income line item included in section 1 of this Act includes \$250,000, or so much of the sum as may be necessary, to be made available to the state department of environmental quality from the environment and rangeland protection fund, for the biennium beginning July 1, 2025 and ending June 30, 2027. This amount includes \$50,000 for a grant to the North Dakota stockmen's association environmental services program.

**SECTION 5. ESTIMATED INCOME – PETROLEUM TANK RELEASE COMPENSATION FUND.** The estimated income line item in section 1 of this Act includes the sum of up to \$1,832,002 from the petroleum tank release compensation fund for expenses related to the petroleum tank release program.

**SECTION 6. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – DEPARTMENT OF ENVIRONMENTAL QUALITY.** The estimated income line item in section 1 of the Act includes the sum of \$3,575,186 from the strategic investment and improvements fund for moving into the new chemistry lab and lab equipment purchases.