



Department of Water Resources
Department No. 770
2025 House Bill No. 1020

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	102.00	\$0	\$750,965,046	\$750,965,046
Base level	93.00	0	699,660,783	699,660,783
Increase (decrease)	9.00	\$0	\$51,304,263	\$51,304,263
Percentage increase (decrease)	9.7%	0.0%	7.3%	7.3%

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 (15.2 percent), from \$1,643 to \$1,893, per employee
- Adds \$2.8 million of ongoing funding for 9 new FTE positions
- Adds \$6.9 million of ongoing funding for Biota water treatment plant operations
- Reduces ongoing funding by \$127.5 million for water supply grants to provide total funding of \$238.7 million, including \$50 million of one-time funding from a Bank of North Dakota line of credit

Deficiency Appropriations

House Bill No. 1024, as recommended in the executive budget, would appropriate \$10 million from the water infrastructure revolving loan fund to the Department of Water Resources.

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 four fees. The agency did not recommend any changes to the fees.

Major Related Legislation

As of the date of this report, there is no major related legislation for this agency.



Department of Water Resources - Budget No. 770
Agency Worksheet - House Bill No. 1020

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	93.00	\$0	\$699,660,783	\$699,660,783
2025-27 Ongoing Funding Changes				
Base payroll changes			\$416,661	\$416,661
Salary increase			1,224,966	1,224,966
Health insurance increase			630,554	630,554
Adds funding to replace the 2023-25 new FTE pool			703,398	703,398
Adds funding to replace the 2023-25 vacant FTE pool			912,231	912,231
Adds team development coordinator position	1.00		246,806	246,806
Adds accountant position	1.00		289,442	289,442
Adds outreach and education division director position	1.00		352,434	352,434
Adds deputy director position	1.00		427,980	427,980
Adds northwest area water supply (NAWS) operator position	1.00		349,154	349,154
Adds general counsel position	1.00		452,162	452,162
Adds assistant national flood insurance program coordinator position	1.00		312,624	312,624
Adds RiskMAP program specialist position	1.00		350,706	350,706
Converts temporary "Silver Jacket" flood risk position to an FTE position	1.00			0
Adds funding for State Water Commissioner salaries and operating expenses			138,960	138,960
Adds funding for overtime and temporary salaries			60,000	60,000
Adds funding for NAWS on-call pay			106,954	106,954
Adds funding for Board of Water Well Contractors administrative services			66,023	66,023
Adds funding for internship program			100,000	100,000
Adds funding for NAWS Biota water treatment plant operations			6,900,000	6,900,000
Increases funding from federal funds for travel and professional services			2,051,788	2,051,788
Increases funding for operating expenses, including professional fees and services			1,509,270	1,509,270
Decreases funding for capital assets, including state-owned water projects			(9,467,114)	(9,467,114)
Reduces funding for water supply grants			(127,467,199)	(127,467,199)
Reduces funding for rural water supply grants			(6,200,000)	(6,200,000)
Increases funding for flood control grants			13,400,000	13,400,000
Adds funding for discretionary funding			5,000,000	5,000,000
Increases funding for general water grants			4,972,500	4,972,500
Total ongoing funding changes	9.00	\$0	(\$102,159,700)	(\$102,159,700)
One-Time Funding Items				
Adds new FTE one-time funding			\$62,000	\$62,000
Adds funding for emergency pumps replacement			480,000	480,000
Adds funding for an excavator replacement			400,000	400,000
Adds funding for a data logger replacement			60,000	60,000
Adds funding for a permanent office location			3,000,000	3,000,000
Adds funding for a Missouri River intake sites field investigation			600,000	600,000

Adds funding for the Southwest Pipeline Project, including \$50 million from a Bank of North Dakota (BND) line of credit			58,650,000	58,650,000
Adds funding for the NAWWS project			40,211,963	40,211,963
Adds funding for the Red River Valley Water Supply Project from a BND line of credit			50,000,000	50,000,000
Total one-time funding changes	0.00	\$0	\$153,463,963	\$153,463,963
Total Changes to Base Level Funding	9.00	\$0	\$51,304,263	\$51,304,263
2025-27 Total Funding	102.00	\$0	\$750,965,046	\$750,965,046
<i>Federal funds included in other funds</i>			\$62,918,578	

<i>Total ongoing changes - Percentage of base level</i>	9.7%	N/A	(14.6%)	(14.6%)
<i>Total changes - Percentage of base level</i>	9.7%	N/A	7.3%	7.3%

Other Sections in Department of Water Resources - Budget No. 770

Section Description	Executive Budget
Additional income - Appropriation	Section 3 would appropriate any additional funds available in the resources trust fund to the Department of Water Resources for the 2025-27 biennium for water project grants.
Exemption - Water-related projects	Section 4 would provide that any unexpended obligated and unobligated 2023-25 biennium appropriation authority for grants or water-related projects may be continued and expended during the 2025-27 biennium.
Water projects stabilization fund	Section 5 would identify \$42.5 million of the amount appropriated in Section 1 is from the water projects stabilization fund.
Discretionary funding	Section 6 would provide that the discretionary water project grants line item in Section 1 and any discretionary funding carried over pursuant to Section 4 may be used as necessary, except for salaries and wages.
Line item transfers	Section 7 would provide authority for the Director of the Department of Water Resources to transfer funds between the operating expenses and capital assets line items.
Bank of North Dakota line of credit	Section 8 would amend Section 61-02-79 to provide a line of credit of up to \$50 million for the Red River Valley Water Supply Project.
Attorney	Section 9 would amend Section 54-12-08 to allow the Department of Water Resources to employ an attorney.
FTE positions	Section 10 would authorize the agency to increase or decrease FTE positions as needed, subject to the availability of funds.
Emergency	Section 11 would declare the bill to be an emergency measure.

Sixty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1020
(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 department of water resources; to provide for a transfer; to provide an exemption; to amend and reenact section 61-02-79 of the North Dakota Century Code relating to a Bank of North Dakota line of credit; to amend and reenact section 54-12-08 of the North Dakota Century Code relating to state agency employment of attorneys; and to declare an emergency.

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 from special funds derived from federal funds and other income, to the department of water resources for the purpose of defraying the expenses of the department of water resources, 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	\$22,998,148	\$6,666,165	\$29,664,313
Operating expenses	56,625,923	19,987,948	76,613,871
Capital assets	124,136,712	84,944,849	209,081,561
Water supply - grants	316,200,000	(77,467,199)	238,732,801
Rural water supply - grants	52,000,000	(6,200,000)	45,800,000
Flood control projects	115,700,000	13,400,000	129,100,000
General water - grants	12,000,000	4,972,500	16,972,500
Discretionary fund for water projects	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total special funds	\$699,660,783	\$51,304,263	\$750,965,046
Full-time equivalent positions	93.00	9.00	102.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Line of credit – Bank Of North Dakota	\$100,000,000	\$50,000,000
Northwest area water supply	47,847,238	40,211,963
Discretionary fund	9,000,000	0
Equipment for new employees	19,320	62,000
Information technology unification	1,532,980	0
Increased motor pool rates	118,180	0
Drilling supplies inflation	180,000	0
Navigability study	180,000	0
Airborne electromagnetic survey	750,000	0
Ground water modeling and hydrologic analysis software	72,665	0
Equipment	3,600,000	940,000
Potential agency relocation	200,000	3,000,000
Southwest pipeline projects – includes line of credit	0	58,650,000
Missouri river intake sites field investigation	<u>0</u>	<u>600,000</u>
Total special funds	\$163,500,383	\$153,463,963

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. Any revenue deposited in the resources trust fund during the period beginning with the effective date of this Act, and ending June 30, 2025, in excess of the March 2025 legislative revenue forecast is appropriated to the department of water resources for the purpose of providing grants for water projects, for the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 4. EXEMPTION - GRANTS - APPLICATION - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding 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 section 1 of chapter 52 of the 2023 Session Laws and section 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 may be expended only for the purpose for which it was originally appropriated. The department of water resources may seek emergency commission and budget section approval under section 54-16-04.2 to increase carryover spending authority of funds appropriated in the 2023-25 biennium into the 2025-27 biennium.

SECTION 5. ESTIMATED INCOME - WATER PROJECTS STABILIZATION FUND. The total special funds line item in section 1 of this Act includes \$42,500,000 from the water projects stabilization fund for water supply grants for the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 6. DEPARTMENT OF WATER RESOURCES DISCRETIONARY FUNDING. The discretionary funding appropriated to the department of water resources in section 1 of this Act or included as carryover in section 4 of this Act may be used as necessary, except for salaries and wages, for the period beginning with the effective date of this Act, and ending June 30, 2027.

SECTION 7. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the office of management and budget shall transfer funds between the operating expenses and capital assets line items 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 notify the legislative council of any transfers made pursuant to this section.

SECTION 8. 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 a line of credit not to exceed one hundred 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. 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~~red river valley water supply project and up to fifty million dollars for the southwest pipeline project as authorized by the legislative assembly during the biennium beginning July 1, ~~2023~~2025, and ending June 30, ~~2025~~2027.

SECTION 9. AMENDMENT. Subsection 1 of section 54-12-08 of the North Dakota Century Code is amended and reenacted as follows:

1. After consultation with the head of the state department or institution or with the state board, commission, committee, or agency affected, the attorney general may appoint assistant or special assistant attorneys general to represent the state board, commission, committee, or agency. A state officer, head of any state department, whether elected or appointed, or state department, board, commission, committee, or agency may not employ legal counsel, and no person may act as legal counsel in any matter, action, or proceeding in which the state or any state department, board, commission, committee, or agency is interested or is a party, except upon written appointment by the attorney general. Workforce safety and insurance, the department of transportation, the state tax commissioner, the public service commission, the insurance commissioner, the agriculture commissioner, ~~and the securities commissioner,~~ and the department of water resources may employ attorneys to represent them. These entities shall pay the salaries and expenses of the attorneys they employ within the limits of legislative appropriations. The attorneys that represent these entities must be special assistant attorneys general appointed by the

attorney general pursuant to this section. Absent good cause, the attorney general shall appoint as special assistant attorneys general licensed attorneys selected by these entities. The attorney general may revoke the appointment only for good cause or upon the request of the entity. Good cause means an inadequate level of experience, competence, or ethical standards.

SECTION 10. EXEMPTION - FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the department of water resources 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 water resources shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.

SECTION 11. EMERGENCY. This Act is declared to be an emergency measure.