



North Dakota Legislative Council

Prepared for the Water Topics Overview Committee

LC# 27.9127.01000

December 2025

WATER DEVELOPMENT TRUST FUND

This memorandum provides information regarding the Water Development Trust Fund and proceeds transferred from the Tobacco Settlement Trust Fund.

Senate Bill No. 2188 (1999), created North Dakota Century Code Section 61-02.1-05 to establish the Water Development Trust Fund for paying for bonds issued for water projects and for the long-term water development and management needs of the state. The bill also created Section 61-02.1-04 and provided the principal and interest on bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake must be repaid with money appropriated from the Water Development Trust Fund.

House Bill No. 1475 (1999), created Section 54-27-25 to establish the Tobacco Settlement Trust Fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund was required to be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the Community Health Trust Fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the Tobacco Settlement Trust Fund to the Common Schools Trust Fund during the 2017-19 biennium and increased transfers from the Tobacco Settlement Trust Fund to the Community Health Trust Fund from 10 to 55 percent of the tobacco settlement revenues deposited in the Tobacco Settlement Trust Fund.
- 45 percent to the Common Schools Trust Fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the Tobacco Settlement Trust Fund to the Common Schools Trust Fund during the 2017-19 biennium and increased transfers from the Tobacco Settlement Trust Fund to the Community Health Trust Fund from 10 to 55 percent of the tobacco settlement revenues deposited in the Tobacco Settlement Trust Fund.
- 45 percent to the Water Development Trust Fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a Tobacco Prevention and Control Trust Fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the Tobacco Settlement Trust Fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the Tobacco Settlement Trust Fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the Tobacco Prevention and Control Trust Fund. The measure also provided that if in any biennium the Tobacco Prevention and Control Trust Fund does not have adequate funding for the comprehensive plan, money may be transferred from the Water Development Trust Fund to the Tobacco Prevention and Control Trust Fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan.

House Bill No. 1015 (2009) provided any money deposited in the Water Development Trust Fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. Senate Bill No. 2024 (2017) repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the Water Development Trust Fund for the comprehensive plan.

Senate Bill No. 2003 (2015) amended Section 54-27-25 relating to the Tobacco Settlement Trust Fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduced the amount available for transfer from the Tobacco Settlement Trust Fund to the Water Development Trust Fund.

Senate Bill No. 2012 (2019) amended Section 54-27-25 to remove the transfer of tobacco settlement funds to the Water Development Trust Fund and to provide all money in the Tobacco Settlement Trust Fund be transferred within 30 days of receipt to the Community Health Trust Fund. The bill removed the authorization to appropriate money in the fund to the Attorney General.

Senate Bill No. 2004 (2021) repealed the Water Development Trust Fund.

Tobacco settlement proceeds and the amounts transferred from the Tobacco Settlement Trust Fund to the Community Health Trust Fund, Common Schools Trust Fund, and Water Development Trust Fund from December 1999 through June 2025 are attached as an [appendix](#).

ATTACH:1