



North Dakota Legislative Council

Prepared for the Water Topics Overview Committee

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MAJOR WATER-RELATED STATE FUNDS

This memorandum provides information regarding major state agency funds used for water projects and activities in the state.

MAJOR WATER-RELATED STATE FUNDS

Resources Trust Fund

The Resources Trust Fund is used primarily by the Department of Water Resources (DWR) for water-related projects, including rural water systems. Revenue deposited in the fund is derived from oil extraction tax revenue collections and investment income.

House Bill No. 1020 (2025) appropriated \$356.3 million of new appropriations for the 2025-27 biennium and authorized an exemption for \$477.9 million of water project funding continued from the 2023-25 biennium. The new appropriations for the 2025-27 biennium include \$205 million for the Red River Valley Water Supply Project and \$81.1 million for the Mouse River flood control project. Section 7 of the bill provided for a transfer of \$40 million from the Resources Trust Fund to the Water Infrastructure Revolving Loan Fund.

Water Projects Stabilization Fund

The Water Projects Stabilization Fund is used by DWR for defraying planning and construction expenses of water-related projects. Revenue deposited in the fund is derived from oil extraction tax revenue collections transferred from the Resources Trust Fund.

House Bill No. 1020 provided an appropriation of \$42.5 million from the Water Projects Stabilization Fund to DWR for water supply grants during the 2025-27 biennium.

Municipal Infrastructure Fund

The Municipal Infrastructure Fund is used by:

- The State Treasurer for providing grants to cities in non-oil-producing counties, excluding hub cities, for essential infrastructure projects, which are defined as capital construction projects to construct new infrastructure or replace existing infrastructure that provide the fixed installations necessary for the function of a city.
- The Department of Transportation for providing grants to cities in non-oil-producing counties through the Flexible Transportation Fund.

North Dakota Century Code Section 57-51.1-07.7 provides that the first \$40 million of oil and gas tax revenue collections deposited in the fund be appropriated to the State Treasurer and the second \$40 million be appropriated to the Department of Transportation during the 2025-27 biennium.

Funding Summary

The following is a summary of estimated major water-related state funding during the 2023-25 and 2025-27 bienniums:

	Resources Trust Fund	Water Projects Stabilization Fund	Municipal Infrastructure Fund	Total
2023-25 Biennium				
Beginning Balance	\$428,790,986	\$122,029,793	\$0	\$550,820,779
Revenue	506,790,000	26,208,967	115,000,000	647,998,967
Expenditures	(438,878,660)	0	(115,000,000)	(553,878,660)
Ending Balance ¹	\$496,702,326	\$148,238,760	\$0	\$644,941,086
2025-27 Biennium				
Revenue	383,510,000	500,000	80,000,000	464,010,000
Expenditures ^{2,3}	(878,387,057)	(42,500,000)	(80,000,000)	(1,000,887,057)
Ending Balance ¹	\$1,825,269	\$106,238,760	\$0	\$108,064,029

¹The Department of Water Resources has allocated funding available in the Water Projects Stabilization Fund for the Red River Valley Water Supply Project and the Western Area Water Supply Project.

²Expenditures from the Resources Trust Fund during the 2025-27 biennium includes a \$40 million transfer to the Water Infrastructure Revolving Loan Fund pursuant to Section 7 of House Bill No. 1020.

³Expenditures from the Resources Trust Fund during the 2025-27 biennium includes \$356.3 million of new appropriations and \$477.9 million of water project funding continued from the 2023-25 biennium as carryover funding.

MAJOR STATE WATER LOAN FUNDS
State Loan Funds

Infrastructure Revolving Loan Fund

The Infrastructure Revolving Loan Fund is administered by the Bank of North Dakota through a continuing appropriation for providing loans to political subdivisions, the Garrison Diversion Conservancy District, and the Lake Agassiz Water Authority for essential infrastructure projects.

Projects may be water-related or non-water-related. The water-related projects may be for the Red River Valley Water Supply Project, water treatment plants, wastewater treatment plants, sewerlines and waterlines, storm water infrastructure, and water storage systems.

No new funding was transferred to the fund for the 2025-27 biennium.

Legacy Infrastructure Loan Fund

The Legacy Infrastructure Loan Fund is administered by the Bank of North Dakota through a continuing appropriation for providing loans to political subdivisions, the Garrison Diversion Conservancy District, and the Lake Agassiz Water Authority for new infrastructure projects or to replace infrastructure.

Projects may be water-related or non-water-related. The water-related projects may be for the Red River Valley Water Supply Project, water treatment plants, wastewater treatment plants, sewerlines and waterlines, storm water infrastructure, and water storage systems.

No new funding was transferred to the fund for the 2025-27 biennium.

Water Infrastructure Revolving Loan Fund

The Water Infrastructure Revolving Loan Fund is administered by the Bank of North Dakota through a continuing appropriation for providing loans for water supply, flood protection, or other water development and water management projects.

Projects not eligible for funding from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund must be given priority for loans from the Water Infrastructure Revolving Loan Fund.

Funding approved by the 2025 Legislative Assembly for the Water Infrastructure Revolving Loan Fund is as follows:

- \$10 million deficiency appropriation from the Resources Trust Fund for a line of credit repayment;
- \$40 million transfer from the Resources Trust Fund for providing loans for water projects, as requested by the Director of DWR; and
- \$100 million Bank of North Dakota line of credit transferred to the Water Infrastructure Revolving Loan Fund to provide local cost-share loans for projects approved by the State Water Commission, as requested by DWR. The department is required to request a deficiency appropriation from the 2027 Legislative Assembly to repay the line of credit.

Federal Loan Funds

Clean Water State Revolving Fund

The Clean Water State Revolving Fund, also known as the Water Pollution Control Revolving Loan Fund, is administered by the Department of Environmental Quality (DEQ) and the Public Finance Authority to provide federal funds and state matching funds to political subdivisions for the planning, design, construction, and rehabilitation of wastewater treatment facilities, public water supply systems, and other lawful activities connected to federal wastewater construction grant programs, including wastewater treatment and nontreatment storm water projects.

Federal funding for projects is transferred from the United States Environmental Protection Agency (EPA) to DEQ. The Public Finance Authority issues bonds to satisfy state matching requirements, which are repaid from program participants loan repayments.

Drinking Water State Revolving Fund

The Drinking Water State Revolving Fund, also known as the Drinking Water Treatment Revolving Loan Fund, is administered by DEQ and the Public Finance Authority to assist public water and wastewater systems in financing the costs and to protect public health.

Federal funding for projects is transferred from the EPA to DEQ. The Public Finance Authority issues bonds to satisfy state matching requirements, which are repaid from program participants loan repayments.

Funding Summary

The following is a summary of estimated major state water funding outstanding or available for loans at the beginning of the 2025-27 biennium:

	Infrastructure Revolving Loan Fund	Legacy Infrastructure Loan Fund	Water Infrastructure Revolving Loan Fund	Clean Water State Revolving Fund	Drinking Water State Revolving Fund
Outstanding and available	\$233,200,000	\$101,500,000	\$222,900,000	\$741,300,000	\$560,300,000
Amount of outstanding loans	(199,900,000)	(89,300,000)	(71,000,000)	(586,300,000)	(405,300,000)
Funding available for loans ^{1,2}	\$33,300,000	\$12,200,000	\$151,900,000	\$155,000,000	\$155,000,000
Number of outstanding loans	120	23	66	196	256

¹Funding available in the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund is dependent on federal capitalization funding from the EPA and how many loans are provided through the two funds.

²Funding available for loans from the Water Infrastructure Revolving Loan Fund during the 2025-27 biennium includes \$50 million transferred from the Resources Trust Fund and \$100 million transferred from a Bank of North Dakota line of credit.

The following is a summary of the estimated total loan funding available or outstanding from major state water loan funds at the beginning of the 2025-27 biennium:

- Funding committed or available for loans - \$1,859,200,000;
- Amount of outstanding loans - \$773,400,000;
- Funding available for loans - \$507,400,000; and
- Number of outstanding loans - 661.