

April 3, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1020

Page 1, line 1, remove "to create and enact two new sections to chapter 61-02 of the North Dakota"

Page 1, remove line 2

Page 1, line 3, remove "subsection 1 of"

Page 1, line 3, remove "section 61-02-02,"

Page 1, line 4, after "61-02-79" insert ", 61-29-06, 61-40-05,"

Page 1, line 5, remove "definitions,"

Page 1, line 6, after the second comma insert "management of the Little Missouri scenic river, the authority of the western area water supply authority,"

Page 1, line 7, remove "to provide"

Page 1, line 8, replace "for a state engineer study;" with "to provide for an industrial commission study;"

Page 1, line 8, remove "to the"

Page 1, line 8, after "management" insert "study and reports"

Page 1, line 10, after "commission" insert "and the industrial commission"

Page 1, line 10, replace "and" with "to provide for a transfer;"

Page 1, line 10, after "exemptions" insert "; to provide a contingent effective date; to provide an effective date; to provide an expiration date; and to declare an emergency"

Page 1, replace lines 19 through 21 with:

"Administrative and support services	\$5,535,618	\$97,568	\$5,633,186
Water and atmospheric resources	<u>863,400,218</u>	<u>(146,889,929)</u>	<u>716,510,289</u>
Total all funds	\$868,935,836	(\$146,792,361)	\$722,143,475"

Page 2, line 2, replace "\$277,612" with "\$257,498"

Page 2, line 3, replace "\$1,249" with "\$1,241"

Page 2, remove lines 4 through 8

Page 2, remove lines 15 through 23

Page 3, line 5, replace "\$299,875,000" with "\$298,875,000"

Page 3, replace lines 6 through 12 with:

- "a. \$147,125,000 for water supply;
- b. \$136,000,000 for flood control; and
- c. \$15,750,000 for general water."

Page 3, remove lines 17 through 31

Page 4, replace lines 1 through 3 with:

"SECTION 6. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT FUNDING. Except for funding provided during bienniums prior to the 2017-19 biennium, it is the intent of the sixty-fifth legislative assembly that the state provide no more than \$193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot. It is the intent of the sixty-fifth legislative assembly that the \$193,000,000 be made available during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums.

SECTION 7. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO LEGISLATIVE MANAGEMENT. It is the intent of the sixty-fifth legislative assembly that the state water commission provide up to \$30,000,000, for a ninety percent state cost share to the Garrison diversion conservancy district to be used for the design, permitting, property and easement acquisition related to the project, construction, and other related activity for the Red River valley water supply project, for the biennium beginning July 1, 2017, and ending June 30, 2019. The Garrison diversion conservancy district shall report on a regular basis to the legislative management's water topics overview committee during the 2017-18 interim regarding the progress of the Red River valley water supply project."

Page 4, line 5, replace "The" with "Notwithstanding section 5 of chapter 500 of the 2011 Session Laws, the"

Page 4, line 8, replace "\$19,500,000" with "\$25,000,000"

Page 4, line 8, remove "from funds"

Page 4, remove line 9

Page 4, line 10, replace "chapter 20 of the 2013 Session Laws" with "from the general fund to the western area water supply authority authorized in section 3 of chapter 500 of the 2011 Session Laws"

Page 4, line 11, remove "If the"

Page 4, remove lines 12 and 13

Page 4, line 14, replace "under section 61-40-09." with "The western area water supply authority is not obligated to repay principal on loans from the resources trust fund for the period beginning July 1, 2017, and ending June 30, 2018. The interest rate on the \$10,000,000 loan to the western area water supply authority authorized in section 4 of chapter 500 of the 2011 Session Laws must be 2.5 percent on any outstanding balance remaining after the effective date of this Act."

Page 4, line 16, replace "quarterly" with "monthly"

Page 4, line 22, replace "11" with "8"

Page 4, after line 25, insert:

"SECTION 10. APPROPRIATION - INDUSTRIAL COMMISSION STUDY - WESTERN AREA WATER SUPPLY AUTHORITY - REPORT TO LEGISLATIVE MANAGEMENT. There is appropriated out of any moneys in the resources trust fund, in the state treasury, the sum of \$150,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of conducting an independent

study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the western area water supply authority, for the period beginning with the effective date of this Act, and ending June 30, 2019. The study must provide information regarding the financial impact to the western area water supply authority, its members and customers, the financial viability of the authority, and options available to the authority for debt servicing. The industrial commission may form a nonvoting advisory committee chaired by the state engineer to provide input regarding the scope of the study and to receive reports on the status of the study. The industrial commission shall report to the legislative management's interim water topics overview committee on the results of the study by June 1, 2018.

SECTION 11. ACTIONS RESULTING FROM THE WESTERN AREA WATER SUPPLY AUTHORITY STUDY.

1. If the industrial commission determines, based on the study directed in section 10 of this Act, that it is feasible and desirable to lease or sell the industrial water supply assets of the western area water supply authority, the industrial commission shall develop a timeline to complete the lease or the sale of the industrial water assets of the western area water supply authority and report to the legislative management's interim water topics overview committee.
2. If the industrial commission determines, based on the study directed in section 10 of this Act, that it is not feasible and desirable to lease or sell the industrial water supply assets of the western area water supply authority, notwithstanding section 5 of chapter 500 of the 2011 Session Laws, the western area water supply authority shall, with the assistance of the industrial commission and the Bank of North Dakota, repay its obligations to the Bank of North Dakota and the state water commission through the issuance of revenue bonds or other financing options acceptable to the industrial commission and Bank of North Dakota."

Page 4, remove lines 26 through 31

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 30

Page 8, replace lines 1 through 5 with:

"SECTION 12. AMENDMENT. Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07. Allocation of moneys in oil extraction tax development fund.

Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:

1. Twenty percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources

trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. ~~Five~~Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed ~~one million~~ two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:

- a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
 - b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.
 - c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.
2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.
 3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
 4. Thirty percent must be allocated and credited to the state's general fund.

SECTION 13. AMENDMENT. Section 57-51.1-07 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07. Allocation of moneys in oil extraction tax development fund.

Moneys deposited in the oil extraction tax development fund must be transferred monthly by the state treasurer as follows:

1. Twenty percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the

maximum amount permitted by law which income must be deposited in the resources trust fund. Three percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the renewable energy development fund, not to exceed three million dollars per biennium. One-half of one percent of the amount credited to the resources trust fund must be transferred no less than quarterly into the energy conservation grant fund not to exceed one million two hundred thousand dollars per biennium. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:

- a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
 - b. The industrial commission for the funding of programs for development of renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.
 - c. The department of commerce for the funding of programs for development of energy conservation and for the making of grants and loans relating to energy conservation.
2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North Dakota.
 3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
 4. Thirty percent must be allocated and credited to the state's general fund."

Page 8, remove lines 6 through 30

Page 9, remove lines 1 through 24

Page 9, line 31, replace "twenty-five" with "twenty-six"

Page 10, line 7, overstrike "that" and insert immediately thereafter "of one and one-half percent over the three month London interbank offered rate, but"

Page 10, line 7, overstrike "one and three-quarters" and insert immediately thereafter "three"

Page 10, replace lines 15 through 26 with:

"SECTION 16. AMENDMENT. Section 61-29-06 of the North Dakota Century Code is amended and reenacted as follows:

61-29-06. Management.

Channelization, reservoir construction, or diversion other than for agricultural or recreational, or temporary use purposes and the dredging of waters within the confines

of the Little Missouri scenic river and all Little Missouri River tributary streams are expressly prohibited. Flood control dikes may be constructed within the floodplain of the Little Missouri River. Diking and riprapping for bank erosion control shall be permitted within the confines of the Little Missouri scenic river. The construction of impoundments for any purpose on the Little Missouri mainstream shall be prohibited.

This chapter shall in no way affect or diminish the rights of owners of the land bordering the river to use the waters for domestic purposes, including livestock watering, or any other rights of riparian landowners.

SECTION 17. AMENDMENT. Section 61-40-05 of the North Dakota Century Code is amended and reenacted as follows:

61-40-05. Authority of the western area water supply authority.

In addition to authority declared under section 61-40-01, the board of directors of the western area water supply authority may:

1. Sue and be sued in the name of the authority.
2. Exercise the power of eminent domain in the manner provided by title 32 or as described in this chapter for the purpose of acquiring and securing any right, title, interest, estate, or easement necessary or proper to carry out the duties imposed by this chapter, and particularly to acquire the necessary rights in land for the construction of an entire part of any pipeline, reservoir, connection, valve, pumping installation, or other facility for the storage, transportation, or utilization of water and all other appurtenant facilities used in connection with the authority. However, if the interest sought to be acquired is a right of way for any project authorized in this chapter, the authority, after making a written offer to purchase the right of way and depositing the amount of the offer with the clerk of the district court of the county in which the right of way is located, may take immediate possession of the right of way, as authorized by section 16 of article I of the Constitution of North Dakota. Within thirty days after notice has been given in writing to the landowner by the clerk of the district court that a deposit has been made for the taking of a right of way as authorized in this subsection, the owner of the property taken may appeal to the district court by serving a notice of appeal upon the acquiring agency, and the matter must be tried at the next regular or special term of court with a jury unless a jury be waived, in the manner prescribed for trials under chapter 32-15.
3. Accept funds, property, services, pledges of security, or other assistance, financial or otherwise, from federal, state, and other public or private sources for the purpose of aiding and promoting the construction, maintenance, and operation of the authority. The authority may cooperate and contract with the state or federal government, or any department or agency of state or federal government, or any city, water district, or water system within the authority, in furnishing assurances and meeting local cooperation requirements of any project involving treatment, control, conservation, distribution, and use of water.
4. Cooperate and contract with the agencies or political subdivisions of this state or other states, in research and investigation or other activities

promoting the establishment, construction, development, or operation of the authority.

5. Appoint and fix the compensation and reimbursement of expenses of employees as the board determines necessary to conduct the business and affairs of the authority and to procure the services of engineers and other technical experts, and to retain attorneys to assist, advise, and act for the authority in its proceedings.
6. Operate and manage the authority to distribute water to authority members and others within or outside the territorial boundaries of the authority and this state.
7. Hold, own, sell, or exchange any and all property purchased or acquired by the authority. All money received from any sale or exchange of property must be deposited to the credit of the authority and may be used to pay expenses of the authority.
8. Enter contracts to obtain a supply of bulk water through the purchase of infrastructure, bulk water sale or lease, which contracts may provide for payments to fund some or all of the authority's costs of acquiring, constructing, or reconstructing one or more water supply or infrastructure.
9. Acquire, construct, improve, and own water supply infrastructure, office and maintenance space in phases, in any location, and at any time.
10. Enter contracts to provide for a bulk sale, lease, or other supply of water for beneficial use to persons within or outside the authority. The contracts may provide for payments to fund some or all of the authority's costs of acquiring, constructing, or reconstructing one or more water system projects, as well as the authority's costs of operating and maintaining one or more projects, whether the acquisition, construction, or reconstruction of any water supply project actually is completed and whether water actually is delivered pursuant to the contracts. The contracts the cities, water districts, and other entities that are members of the western area water supply authority are authorized to execute are without limitation on the term of years.
11. Borrow money as provided in this chapter.
12. Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of its powers or in the performance of its covenants or duties or in order to secure the payment of its obligations, but an encumbrance, mortgage, or other pledge of property of the authority may not be created by any contract or instrument.
13. Accept from any authorized state or federal agency loans or grants for the planning, construction, acquisition, lease, or other provision of a project, and enter agreements with the agency respecting the loans or grants. Other than state-guaranteed loans, additional debt that may form the basis of a claim for territorial or franchise protection for industrial water sales for oil and gas exploration and production may be acquired by the authority or member entities only upon approval by the industrial commission and the emergency commission.

14. Contract debts and borrow money, pledge property of the authority for repayment of indebtedness, and provide for payment of debts and expenses of the authority.
15. Operate and manage the authority to distribute water to any out-of-state cities or water systems that contract with the authority.
16. Accept, apply for, and hold water allocation permits.
17. Adopt rules concerning the planning, management, operation, maintenance, sale, and ratesetting regarding water sold by the authority. The authority may adopt a rate structure with elevated rates set for project industrial water depot and lateral supplies in recognition that a large component of the project expense is being incurred to meet the demands of industrial users. The industrial water depot and lateral rate structure must be approved in accordance with section 61-40-11.
18. Develop water supply systems; store and transport water; and provide, contract for, and furnish water service for domestic, municipal, and rural water purposes; milling, manufacturing, mining, industrial, metallurgical, and any and all other beneficial uses; and fix the terms and rates therefore. The authority may acquire, construct, operate, and maintain dams, reservoirs, ground water storage areas, canals, conduits, pipelines, tunnels, and any and all treatment plants, works, facilities, improvements, and property necessary the same without any required public vote before taking action.
19. Contract to purchase or improve water supply infrastructure or to obtain bulk water supplies without requiring any vote of the public on the projects or contracts. In relation to the initial construction of the system and for the purposes of entering a contract with the authority, municipalities are exempt from the public voting requirements or water contract duration limitations otherwise imposed by section 40-33-16.
20. Accept assignment by member entities of contracts that obligate member entities to provide a water supply, contracts that relate to construction of water system infrastructure, or other member entity contracts that relate to authorities transferred to the authority under this chapter.
21. Issue revenue bonds to repay its loan obligations to the Bank of North Dakota and the state water commission.

Page 10, line 30, overstrike "The"

Page 10, line 30, remove "industrial commission shall provide"

Page 10, line 30, overstrike "an industrial water depot and"

Page 10, line 31, overstrike "lateral retail rate"

Page 11, line 2, remove "for the authority which is a competitive, floating, market rate" and insert immediately thereafter "The industrial commission may authorize the authority to contract at competitive, floating, market rates for industrial water depot and lateral retail sales. The authority shall provide a report on the rates to the commission and legislative management's water topics overview committee on a regular basis"

Page 11, line 9, replace "\$25,000,000" with "\$26,000,000"

Page 11, replace lines 11 through 20 with:

"SECTION 20. LEGISLATIVE MANAGEMENT STUDY - OIL AND GAS INDUSTRIAL WATER USE. During the 2017-18 interim, the legislative management shall consider studying industrial water use of the oil and gas industry. The study is to include the recapture of water used in fracking, the recycling of water used in fracking, and other oil and gas activities, fracking methods which do not require the use of water, and taxes or fees other states charge for water used in the oil and gas industry.

SECTION 21. EFFECTIVE DATE - EXPIRATION DATE. Section 12 of this Act becomes effective on July 1, 2017, is effective through June 30, 2019, and after that date is ineffective. Section 13 of this Act becomes effective on July 1, 2019.

SECTION 22. CONTINGENT EFFECTIVE DATE. Section 17 of this Act is contingent on certification by the industrial commission to the legislative council that the industrial commission has determined the western area water supply authority shall, with the assistance of the industrial commission and the Bank of North Dakota, repay its obligations to the Bank of North Dakota and the state water commission through the issuance of revenue bonds, as provided under subsection 2 of section 11 of this Act.

SECTION 23. EMERGENCY. Sections 8, 9, 10, 11, 16, 17, and 22 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1020 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Industrial Commission				
Total all funds	\$0	\$0	\$150,000	\$150,000
Less estimated income	0	0	150,000	150,000
General fund	\$0	\$0	\$0	\$0
State Water Commission				
Total all funds	\$868,935,836	\$860,013,589	(\$137,870,114)	\$722,143,475
Less estimated income	868,935,836	860,013,589	(137,870,114)	722,143,475
General fund	\$0	\$0	\$0	\$0
Bill total				
Total all funds	\$868,935,836	\$860,013,589	(\$137,720,114)	\$722,293,475
Less estimated income	868,935,836	860,013,589	(137,720,114)	722,293,475
General fund	\$0	\$0	\$0	\$0

House Bill No. 1020 - Industrial Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
WAWS industrial water study			\$150,000	\$150,000
Total all funds	\$0	\$0	\$150,000	\$150,000
Less estimated income	0	0	150,000	150,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department No. 405 - Industrial Commission - Detail of Senate Changes

	Adds Funding for WAWS Industrial Water Study ¹	Total Senate Changes
WAWS industrial water study	\$150,000	\$150,000
Total all funds	\$150,000	\$150,000
Less estimated income	150,000	150,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ A section is added appropriating \$150,000 from the resources trust fund for conducting an independent study of the feasibility and desirability of the sale or lease of the industrial water supply assets of the Western Area Water Supply Authority. The Industrial Commission is required to report the findings to the Water Topics Overview Committee by June 1, 2018.

This amendment also:

- Adds a section requiring the Industrial Commission, based on the results of the study, to either develop a timeline to complete the lease or the sale of the Western Area Water Supply Authority's assets or assist the Western Area Water Supply Authority in refinancing its outstanding debt through bonding.
- Adds a section amending North Dakota Century Code Section 61-40-05 to allow, under certain conditions, the Western Area Water Supply Authority to issue revenue bonds to repay its loan obligations to the Bank of North Dakota and the State Water Commission.

House Bill No. 1020 - State Water Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Administrative and support services	\$5,535,618	\$5,635,772	(\$2,586)	\$5,633,186
Water and atmospheric resources	863,400,218	736,077,817	(19,567,528)	716,510,289
Minot flood control loan		110,000,000	(110,000,000)	
Water authority debt payments		8,300,000	(8,300,000)	
Total all funds	\$868,935,836	\$860,013,589	(\$137,870,114)	\$722,143,475
Less estimated income	868,935,836	860,013,589	(137,870,114)	722,143,475
General fund	\$0	\$0	\$0	\$0
FTE	97.00	93.00	0.00	93.00

Department No. 770 - State Water Commission - Detail of Senate Changes

	Adjusts Funding for Health Insurance Increases ¹	Adjusts Funding Available for Water Projects ²	Removes Funding for Flood Hazard Risk Management Study ³	Removes Funding from Minot Flood Control Loan ⁴	Removes Funding from Water Authority Debt Payments ⁵	Total Senate Changes
Administrative and support services	(\$2,586)					(\$2,586)
Water and atmospheric resources	(17,528)	(19,500,000)	(50,000)			(19,567,528)
Minot flood control loan				(110,000,000)		(110,000,000)
Water authority debt payments					(8,300,000)	(8,300,000)
Total all funds	(\$20,114)	(\$19,500,000)	(\$50,000)	(\$110,000,000)	(\$8,300,000)	(\$137,870,114)
Less estimated income	(20,114)	(19,500,000)	(50,000)	(110,000,000)	(8,300,000)	(137,870,114)
General fund	\$0	\$0	\$0	\$0	\$0	\$0

FTE

0.00

0.00

0.00

0.00

0.00

0.00

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is also adjusted to reflect this change.

² Funding of \$19,500,000 from the resources trust fund is removed as a result of the Senate changes to the refinancing of Western Area Water Supply Authority debt. The House included the refinancing of the \$19.5 million loan from the resources trust fund. The Senate provided for refinancing the \$25 million loan from the general fund.

³ Funding of \$50,000 from the resources trust fund is removed for a study by the State Engineer of flood hazard risk management added by the House.

⁴ The \$110 million loan authorization from the Bank of North Dakota provided by the House to the State Water Commission for the Minot flood control project is removed. The Senate included legislative intent that the state provide \$193 million during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums for the Mouse River flood control projects within the city limits of Minot.

⁵ The Senate removed Sections 5, 19, and 20 added by the House related to fresh water royalty payments. The removal of these sections reduces resources trust fund revenues by an estimated \$8.3 million which were appropriated to the State Water Commission.

This amendment also:

- Removes Section 3 which provided for a \$135,000 grant from the resources trust fund to the Game and Fish Department for law enforcement activities on sovereign lands in the state.
- Reduces water-related funding designations in Section 7 from \$299,875,000 to \$298,875,000 and combines the seven designations into three. The Senate designates \$147,125,000 for water supply, \$136,000,000 for flood control, and \$15,750,000 for general water.
- Removes Section 8 related to Northwest Area Water Supply Project funding.
- Removes Sections 9 and 10 related to a \$110 million loan authorization from the Bank of North Dakota and an appropriation of the loan proceeds to the State Water Commission for the Minot flood control project and legislative intent.
- Adds a section providing legislative intent that the state provide no more than \$193 million of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums.
- Adds a section providing legislative intent that the State Water Commission provide \$30 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project which is a 90 percent cost share.
- Changes Section 11 regarding the refinancing of Western Area Water Supply Authority debt, to remove the repayment of a \$19.5 million loan from the resources trust fund, but instead repay a \$25 million loan from the general fund. The section also changes the Western Area Water Supply Authority financial reporting from quarterly to monthly, directs the Western Area Water Supply Authority to abstain from repaying principal on loans from the resources trust fund from July 1, 2017, through June 30, 2018, and changes the interest rate on the \$10 million loan to the Western Area Water Supply Authority from 5 to 2.5 percent.
- Removes Sections 13 and 14 added by the House which appropriated \$50,000 to the State Engineer to conduct a flood hazard risk management study.
- Changes Section 15 to provide for a \$200,000 allocation from the resources trust fund to the energy conservation grant fund for the 2017-19 biennium and restores the allocation to \$1.2million for subsequent bienniums. The House removed all allocations to the energy conservation grant fund.
- Changes Sections 17 and 21 to increase the total allocation to the infrastructure revolving loan fund from \$25 million as provided by the House to \$26 million.
- Changes Section 18 related to the interest rate of the line of credit from the Bank of North

Dakota to the State Water Commission from "may not exceed 1.75 percent" to "1.5 percent over the three month London interbank offered rate which may not exceed three percent."

- Adds a section amending Section 61-29-06 to authorize the State Water Commission to issue temporary use permits within the confines of the Little Missouri Scenic River and all Little Missouri River tributary streams.
- Changes Section 20 to authorize the Industrial Commission to allow the Western Area Water Supply Authority to contract at competitive, floating, market rates for industrial water depot and lateral retail sales. The House version directed the Industrial Commission to get the competitive, floating, market rate.
- Removes Section 22 regarding a Legislative Management study of the Western Area Water Supply Authority's industrial infrastructure.
- Adds a section for the Legislative Management to consider studying the industrial water use of the oil and gas industry.
- Adds an emergency clause.