

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
ENGROSSED SENATE BILL NO. 2020**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state water  
2 commission; to amend and reenact subsection 3 of section 61-02-78 and section 61-02-79 of  
3 the North Dakota Century Code, relating to the infrastructure revolving loan fund and the  
4 authorization of a Bank of North Dakota line of credit; to provide for Red River valley water  
5 supply requirements; to provide an exemption; to provide for a report to the legislative  
6 management; to provide conditions on appropriations; to provide a statement of legislative  
7 intent; to provide for a pilot project; and to declare an emergency.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
10 as may be necessary, are appropriated from special funds derived from federal funds and other  
11 income, to the state water commission for the purpose of defraying the expenses of the state  
12 water commission, for the period beginning with the effective date of this Act, and ending June  
13 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
14			
15			
16	Salaries and wages	\$172,688	\$19,831,986
17	Operating expenses	11,711,062	69,755,753
18	Capital assets	56,119,316	180,938,758
19	Project carryover	33,465,921	308,333,818
20	New projects	(169,782,147)	0
21	Water supply - grants	128,000,000	128,000,000
22	Rural water supply - grants	37,200,000	37,200,000
23	Fargo area flood control including the	66,500,000	66,500,000
24	Fargo Moorhead diversion		

Sixty-sixth  
Legislative Assembly

1	Mouse River flood control	0	82,500,000	82,500,000
2	Flood control projects other than Fargo	0	48,000,000	48,000,000
3	area flood control including the Fargo			
4	Moorhead diversion			
5	General water - grants	<u>0</u>	<u>27,093,776</u>	<u>27,093,776</u>
6	Total special funds	\$647,173,475	\$320,980,616	\$968,154,091
7	Full-time equivalent positions	93.00	(3.00)	90.00

8 **SECTION 2. ONE-TIME FUNDING - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE**

9 **ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-  
10 fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding  
11 items included in the appropriation in section 1 of this Act:

12	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
13	Line of credit - Bank of North Dakota	\$75,000,000	\$75,000,000
14	Payoff of outstanding debt	<u>0</u>	<u>25,900,000</u>
15	Total special funds	\$75,000,000	\$100,900,000

16 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget  
17 for the 2019-21 biennium. The state water commission shall report to the appropriations  
18 committees of the sixty-seventh legislative assembly on the use of this one-time funding for the  
19 period beginning with the effective date of this Act, and ending June 30, 2021.

20 **SECTION 3. EXEMPTION - GRANTS - WATER-RELATED PROJECTS - CARRYOVER**

21 **AUTHORITY.** Section 54-44.1-11 does not apply to funding for grants or water-related projects  
22 included in the project carryover, water supply - grants, rural water supply - grants, Fargo area  
23 flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control  
24 projects other than Fargo area flood control including the Fargo Moorhead diversion, and  
25 general water - grants line items in section 1 of this Act. However, this exclusion is only in effect  
26 for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust  
27 fund after that period has expired must be transferred to the resources trust fund and any  
28 unexpended funds appropriated from the water development trust fund after that period has  
29 expired must be transferred to the water development trust fund.

30 **SECTION 4. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION**

31 **APPROVAL.** In addition to the amounts appropriated in section 1 of this Act, any additional

1 amounts in the resources trust fund and water development trust fund which become available  
2 are appropriated, subject to budget section approval, to the state water commission for the  
3 purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and  
4 ending June 30, 2021. Before approving any request, the budget section shall determine:

- 5 1. Approving additional appropriations will not negatively affect the sixty-seventh  
6 legislative assembly's ability to address water-related needs;
- 7 2. The proposed use of the additional income complies with legislative intent; and
- 8 3. The proposed use of the additional income will not result in future funding  
9 commitments.

10 **SECTION 5. CONDITION ON FARGO AREA FLOOD CONTROL LINE ITEM.** The  
11 \$66,500,000 appropriated to the state water commission for Fargo area flood control including  
12 the Fargo Moorhead diversion in section 1 of this Act for the period beginning with the effective  
13 date of this Act, and ending June 30, 2021, may be used only for Fargo area flood control  
14 projects including the Fargo Moorhead diversion, and the appropriation of those funds is  
15 conditioned on having no other funds appropriated in section 1 being expended on Fargo area  
16 flood control including the Fargo Moorhead diversion. This condition does not prohibit the use of  
17 funds appropriated for project carryover in section 1 of this Act for Fargo area flood control  
18 projects, subject to section 7 of this Act.

19 **SECTION 6. CONDITION ON OTHER SECTION 1 LINE ITEMS.** The \$593,320,273  
20 appropriated to the state water commission for salaries and wages, operating expenses, capital  
21 assets, water supply - grants, rural water supply - grants, Mouse River flood control, flood  
22 control projects other than Fargo area flood control including the Fargo Moorhead diversion,  
23 and general water - grants in section 1 of this Act for the period beginning with the effective date  
24 of this Act, and ending June 30, 2021, may be used only for salaries and wages, operating  
25 expenses, capital assets, water supply - grants, rural water supply - grants, Mouse River flood  
26 control, flood control projects other than Fargo area flood control including the Fargo Moorhead  
27 diversion, and general water - grants, respectively, and the appropriation of those funds is  
28 conditioned on the funds not being expended on Fargo area flood control projects including the  
29 Fargo Moorhead diversion.

30 **SECTION 7. CONDITION ON PROJECT CARRYOVER FUNDS.** The \$308,333,818  
31 appropriated to the state water commission for project carryover in section 1 of this Act for the

1 period beginning with the effective date of this Act, and ending June 30, 2021, may be used  
2 only for project carryover, and the appropriation of those funds is conditioned on having no  
3 more than the amount the state water commission approved for Fargo area flood control  
4 including the Fargo Moorhead diversion by April 1, 2019, expended from the project carryover  
5 funds on Fargo area flood control including the Fargo Moorhead diversion.

6 **SECTION 8. CONDITION ON APPROPRIATIONS.** The \$66,500,000 appropriated to the  
7 state water commission for Fargo area flood control including the Fargo Moorhead diversion in  
8 section 1 of this Act and the amount the state water commission approved for Fargo area flood  
9 control including the Fargo Moorhead diversion by April 1, 2019, which amount is included in  
10 project carryover funds appropriated in section 1 of this Act, may not be used for any work  
11 under plan B for the Fargo Moorhead diversion project; except for constructing or repairing  
12 levees and dikes and purchasing land, easements, and options or rights of first refusal to  
13 purchase land, necessary for flood control; until:

14 1. The federal court injunction on plan B is modified to allow construction of plan B to  
15 continue;

16 2. The Congress of the United States appropriates federal funds for construction of  
17 plan B;

18 3. The state engineer approves the mitigation plan for plan B;

19 4. The office of state engineer issues all necessary permits the state engineer requires  
20 for plan B; and

21 5. The Minnesota state legislature appropriates funds for construction of plan B.

22 **SECTION 9. LEGISLATIVE INTENT - FARGO FLOOD CONTROL PROJECT FUNDING.** It

23 is the intent of the sixty-sixth legislative assembly that the state provide a portion of the local  
24 cost-share of Fargo flood control projects, including constructing a federally authorized Fargo  
25 flood control project, and that total Fargo flood control project funding to be provided by the  
26 state not exceed \$750,000,000, which includes \$120,000,000 originally designated for Fargo  
27 interior flood control. It is the intent of the sixty-sixth legislative assembly that the \$379,500,000  
28 yet to be designated by the state for the Fargo flood control project be made available in  
29 installments as follows: \$66,500,000 during the 2019-21, 2021-23, 2023-25, 2025-27, and  
30 2027-29 bienniums, and \$47,000,000 during the 2029-31 biennium.

1           **SECTION 10. FARGO FLOOD CONTROL PROJECT DOWNSTREAM IMPACT**

2   **MITIGATION.** The Fargo Moorhead metropolitan flood risk management project operations may  
3 not cause a downstream federal emergency management agency accredited flood protection  
4 system in North Dakota to lose its accreditation. The metropolitan flood diversion authority shall  
5 take reasonable measures to mitigate downstream impacts to accredited flood protection  
6 systems, existing as of April 1, 2019, located in North Dakota bordering the Red River resulting  
7 from the operations of the Fargo Moorhead diversion. For purposes of this section, negative  
8 downstream impacts to accredited flood protection systems are caused when the water surface  
9 profile passing through such systems is raised by more than one-tenth of one foot for the one  
10 hundred-year event or when the ability of the accredited flood protection system to protect  
11 against a two hundred-year or five hundred-year event is compromised. The metropolitan flood  
12 diversion authority shall collaborate with the state engineer and accredited flood protection  
13 systems in North Dakota to implement this requirement.

14           **SECTION 11. LEGISLATIVE INTENT - MOUSE RIVER FLOOD CONTROL PROJECT**

15   **FUNDING.** Except for funding provided during bienniums prior to the 2017-19 biennium, it is the  
16 intent of the sixty-sixth legislative assembly that the state provide no more than \$193,000,000 of  
17 state funding for Mouse River flood control projects within the city limits of Minot. It is the intent  
18 of the sixty-sixth legislative assembly that the \$193,000,000 be made available during the  
19 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. It is the intent of the sixty-sixth legislative  
20 assembly that of the \$193,000,000, the state provide \$57,713,284 during the 2017-19 biennium  
21 and that the \$135,286,716 yet to be designated by the state for the Mouse River flood control  
22 projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25  
23 bienniums.

24           **SECTION 12. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY**

25   **PROJECT - REPORT TO LEGISLATIVE MANAGEMENT - APPLICATION.** It is the intent of  
26 the sixty-sixth legislative assembly that the state water commission provide, in the form of a  
27 grant, up to \$13,000,000, to the Garrison Diversion Conservancy District for the Red River  
28 valley water supply project, to initiate construction of phase one prioritized project features  
29 identified in accordance with subsections 2 and 3 of section 14 of this Act, for the period  
30 beginning with the effective date of this Act, and ending June 30, 2021. The Garrison Diversion  
31 Conservancy District shall report on a regular basis to the legislative management's water

1 topics overview committee during the 2019-20 interim regarding the progress of the Red River  
2 valley water supply project. The provisions of section 13 of this Act do not apply to the funding  
3 referenced in this section.

4 **SECTION 13. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT.**

5 It is the intent of the sixty-sixth legislative assembly that the state water commission provide no  
6 more than \$30,000,000 to the Garrison Diversion Conservancy District for the Red River valley  
7 water supply project during the 2019-21 biennium and 2021-23 biennium and that the state  
8 funding be provided at a seventy-five percent state cost-share.

9 **SECTION 14. RED RIVER VALLEY WATER SUPPLY PROJECT - REPORT TO**

10 **LEGISLATIVE MANAGEMENT - BUDGET SECTION APPROVAL.** Any funding received by the  
11 Garrison Diversion Conservancy District from the state water commission for the Red River  
12 valley water supply project during the 2017-19 biennium and the biennium beginning July 1,  
13 2019, and ending June 30, 2021, is subject to the following requirements:

- 14 1. Any funding received for the completion of the planning and permitting process of the  
15 Red River valley water supply project must result in the following accomplishments:
  - 16 a. The completed Red River valley water supply plan document, which will be the  
17 basis and justification for project construction, must include alternative selection,  
18 water supply needs, projected project costs, easement acquisitions,  
19 environmental regulation compliance to include issuance of a final national  
20 pollutant discharge elimination system permit, and acquisition of all other state  
21 and federal permits required for the construction of any project features intended  
22 to be constructed with funding provided during the 2017-19 biennium and the  
23 2019-21 biennium;
  - 24 b. A signed bureau of reclamation water service contract agreeing to a minimum of  
25 one hundred sixty-five cubic feet per second over a minimum of forty years or  
26 equivalent to ensure an adequate water source for the project's needs;
  - 27 c. Prioritized project features for phase one construction; and
  - 28 d. A recommendation of funding options for all phases of the Red River valley water  
29 supply project.
- 30 2. The state water commission shall review any associated appeals or litigation before  
31 releasing any funds for the project.

- 1       3. Any funding received to initiate construction of phase one prioritized project features  
2           identified in subsection 1 may be spent and construction of phase one may begin only  
3           after the budget section receives and approves certification from the state water  
4           commission and the state engineer that all items listed in subsection 1 have been  
5           accomplished.
- 6       4. Quarterly progress reports on the Red River valley water supply project from the  
7           Garrison Diversion Conservancy District to the water topics overview committee of the  
8           legislative management, during the 2019-21 interim.

9       **SECTION 15. PILOT PROJECT - IMPLEMENTATION OF A BASINWIDE PLAN -**

10   **REPORT TO THE LEGISLATIVE MANAGEMENT.** Up to \$1,000,000 of the \$48,000,000  
11   appropriated to the state water commission for flood control projects other than Fargo area  
12   flood control including the Fargo Moorhead diversion in section 1 of this Act for the period  
13   beginning with the effective date of this Act, and ending June 30, 2021, may be used to provide  
14   grants under the pilot project in this section.

- 15       1. If all the water resource districts and joint water resource districts in a basin develop a  
16           basinwide water plan identifying water conveyance, flood control, and other water  
17           projects to be undertaken in the basin, the districts jointly may apply to the state water  
18           commission for a grant of up to \$1,000,000 for implementation of the plan. The state  
19           water commission may select a basinwide plan submitted under this subsection for  
20           funding and enter into one cooperative agreement with the water resource districts  
21           and joint water resource districts that submitted the plan.
- 22       2. The cooperative agreement must include the amount of funding the state water  
23           commission will provide, the applicable cost-share requirements, a prohibition on  
24           using funds provided under the agreement for planning or any purpose other than  
25           implementation of the basinwide plan, and the obligations of the state water  
26           commission and each water resource district and joint water resource district in the  
27           basin in implementing the basinwide plan. The agreement also must provide for  
28           monitoring and oversight of the basinwide plan's implementation.
- 29       3. The state water commission shall report to the legislative management on the results  
30           of this pilot project no later than August 1, 2020.

1       **SECTION 16. AMENDMENT.** Subsection 3 of section 61-02-78 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       3. The commission shall approve projects and loans from the infrastructure loan fund,  
4 and the Bank of North Dakota shall manage and administer loans from the  
5 infrastructure loan fund and individual accounts in the fund. The commission may  
6 adopt policies for the review and approval of loans under this section. Loans made  
7 under this section must be made ~~at an interest rate of one and one-half percent~~ at the  
8 same interest rate as the revolving loan fund established under chapters 61-28.1 and  
9 61-28.2.

10       **SECTION 17. AMENDMENT.** Section 61-02-79 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12       **61-02-79. Bank of North Dakota - Line of credit.**

13       The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million  
14 dollars at a rate of one and one-half percent over the three month London interbank offered  
15 rate, but may not exceed three percent to the state water commission. The state water  
16 commission shall repay the line of credit from funds available in the resources trust fund, water  
17 development trust fund, or other funds, as appropriated by the legislative assembly. The state  
18 water commission may access the line of credit, as necessary, to provide funding as authorized  
19 by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and  
20 flood control projects that have approval for funding before June 30, ~~2019~~2021.

21       **SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.