

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1020**

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 create and enact a new section to chapter 61-02 and a new section to
3 chapter 61-40 of the North Dakota Century Code, relating to reporting requirements for
4 carryover projects and bonding authority of the western area water supply; to amend and
5 reenact section 61-02-79 of the North Dakota Century Code, relating to the authorization of a
6 Bank of North Dakota line of credit; to provide for an exemption; to provide for a legislative
7 management study; to provide for a report to legislative management; to provide for a statement
8 of legislative intent; to provide for a pilot project; to provide for application; and to declare an
9 emergency.

10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
12 as may be necessary, are appropriated from special funds derived from federal funds and other
13 income, to the state water commission for the purpose of defraying the expenses of the state
14 water commission, for the period beginning with the effective date of this Act, and ending June
15 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$19,831,986	\$705,881	\$20,537,867
19 Operating expenses	43,855,753	(489,203)	43,366,550
20 Capital assets	105,938,758	42,528,679	148,467,437
21 Project carryover	308,333,818	(308,333,818)	0
22 Water supply - grants	128,000,000	(3,000,000)	125,000,000
23 Rural water supply - grants	37,200,000	22,400,000	59,600,000
24 Flood control projects	0	48,000,000	48,000,000

Sixty-seventh
Legislative Assembly

1	Fargo area flood control, including the	66,500,000	(66,500,000)	0
2	Fargo-Moorhead diversion			
3	Mouse River flood control	82,500,000	(82,500,000)	0
4	Flood control projects other than Fargo	48,000,000	(48,000,000)	0
5	area flood control, including the			
6	Fargo-Moorhead diversion			
7	General water - grants	27,093,776	(12,866,501)	14,227,275
8	Basinwide plan implementation	<u>0</u>	<u>1,100,000</u>	<u>1,100,000</u>
9	Total special funds	\$867,254,091	(\$406,954,962)	\$460,299,129
10	Full-time equivalent positions	90.00	0.00	90.00

11 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 12 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 13 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
 14 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

15	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
16	Line of credit - Bank of North Dakota	\$75,000,000	\$50,000,000
17	Basinwide plan implementation	0	1,100,000
18	Payoff of outstanding debt	<u>25,900,000</u>	<u>0</u>
19	Total special funds	\$100,900,000	\$51,100,000

20 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
 21 for the 2023-25 biennium. The state water commission shall report to the appropriations
 22 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
 23 biennium beginning July 1, 2021, and ending June 30, 2023.

24 **SECTION 3. ADDITIONAL INCOME - APPROPRIATION - BUDGET SECTION**

25 **APPROVAL.** In addition to the amounts appropriated in section 1 of this Act, any additional
 26 amounts in the resources trust fund which become available are appropriated, subject to budget
 27 section approval, to the state water commission for the purpose of defraying the expenses of
 28 that agency, for the period beginning with the effective date of this Act, and ending June 30,
 29 2023. Before approving any request, the budget section shall determine:

- 30 1. Approving additional appropriations will not negatively affect the sixty-seventh
- 31 legislative assembly's ability to address water-related needs;

- 1 2. The proposed use of the additional income complies with legislative intent; and
- 2 3. The proposed use of the additional income will not result in future funding
- 3 commitments.

4 **SECTION 4. APPROPRIATION - RESOURCES TRUST FUND - STATE WATER**

5 **COMMISSION DISCRETIONARY FUNDING.** There is appropriated out of any moneys in the
6 resources trust fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or
7 so much of the sum as may be necessary, to the state water commission for the purpose of
8 providing discretionary funds for water project grants, for the biennium beginning July 1, 2021,
9 and ending June 30, 2023. This funding is considered to be a one-time funding item.

10 **SECTION 5. EXEMPTION - GRANTS - APPLICATION - WATER-RELATED PROJECTS -**

11 **CARRYOVER AUTHORITY.** Section 54-44.1-11 does not apply to funding of \$22,000,000 in the
12 capital assets line item relating to state-owned projects and \$295,363,183 in the project
13 carryover line item in section 1 of chapter 45 of the 2019 Session Laws. Any unspent funds from
14 these appropriations may be continued into the 2021-23 biennium. Any funds continued may be
15 expended only for the purpose for which it was originally appropriated. The state water
16 commission may seek emergency commission and budget section approval under section
17 54-16-04.2 to increase carryover spending authority of funds appropriated in the 2019-21
18 biennium into the 2021-23 biennium.

19 **SECTION 6.** A new section to chapter 61-02 of the North Dakota Century Code is created
20 and enacted as follows:

21 **Carryover projects - Reporting requirements to the legislative management.**

- 22 1. The state water commission shall report quarterly to a legislative committee
23 designated by the legislative management:
 - 24 a. Each project the state water commission has designated as a carryover project
25 that has had a cost-share agreement in place for at least four years;
 - 26 b. The amount of funds still committed for each carryover project included in the
27 report;
 - 28 c. The total amount of funds reallocated or made available from carryover projects
29 included in a previous report to other projects since the commission's preceding
30 report; and

- 1 d. The status of each carryover project for which the committee has made a
2 recommendation under subsection 2 since the commission's preceding report.
- 3 2. The legislative committee designated by the legislative management to receive the
4 state water commission's reports may make a recommendation to the state water
5 commission that a carryover project included in a report be terminated under section
6 61-02-14.3 and any funds remaining for the carryover project be reallocated and made
7 available for projects with the same general purpose as the carryover project.

8 **SECTION 7. AMENDMENT.** Section 61-02-79 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **61-02-79. Bank of North Dakota - Line of credit.**

11 The Bank of North Dakota shall extend a line of credit not to exceed ~~seventy-five~~ fifty million
12 dollars at a rate of one and one-half percent over the three month London interbank offered
13 rate, but may not exceed three percent to the state water commission. The state water
14 commission shall repay the line of credit from funds available in the resources trust fund, water
15 development trust fund, or other funds, as appropriated by the legislative assembly. The state
16 water commission may access the line of credit, as necessary, to provide funding as authorized
17 by the legislative assembly for ~~water supply projects approved before June 30, 2021, and flood~~
18 ~~control projects that have approval for funding before~~ the northwest area water supply project
19 during the biennium beginning July 1, 2021, and ending June 30, 2024~~2023~~.

20 **SECTION 8.** A new section to chapter 61-40 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Revenue bonds and bonds exempt from taxation.**

- 23 1. The authority shall have the power and authority to issue revenue bonds, to include
24 refunding bonds, for the purpose of financing construction of projects and incidental
25 facilities authorized by this chapter. Revenue bonds issued under this section must be
26 issued as provided in chapter 61-35, and are not subject to section 61-35-15.
- 27 2. Issuance of revenue bonds must be approved by a majority of the members of the
28 board of directors of the authority.
- 29 3. The authority shall pledge sufficient revenue from any revenue-producing facility or
30 other revenue sources, excluding industrial water sales, for the payment of principal
31 and interest on the bonds and shall establish rates for the facilities at a sufficient level.

1 together with any other available funds, to provide for the operation of the facilities and
2 for the bond payments in the manner provided by section 61-40-11.

3 4. Revenue bonds may not be a general obligation of any participating member entity or
4 the state and may not be secured by property taxes.

5 5. The revenue bonds may be issued and sold at public or private sale on the terms and
6 conditions determined by the board of directors.

7 6. Bonds issued under this section and their income are exempt from taxation by the
8 state.

9 **SECTION 9. PILOT PROJECT - BASINWIDE WATER PLAN IMPLEMENTATION -**

10 **REPORT TO LEGISLATIVE MANAGEMENT.** Of the \$1,100,000 in the basinwide plan
11 implementation line item in section 1 of this Act, up to \$100,000 may be provided as a grant to
12 reimburse water resource districts for costs incurred in the development of a basinwide water
13 plan, and up to \$1,000,000 may be used to provide grants for the pilot project authorized in this
14 section, for the period beginning with the effective date of this Act, and ending June 30, 2023.
15 These funds are not subject to state water commission cost-share policies. Water resource
16 districts and joint water resource districts in a basin may develop a basinwide water plan
17 identifying water conveyance, flood control, and other water projects to be undertaken in the
18 basin, and may jointly apply to the state water commission for a grant of up to \$1,000,000 for
19 implementation of the plan. The state water commission may select a basinwide plan submitted
20 under this section for funding and enter into one cooperative agreement with the water resource
21 districts and joint water resource districts that submitted the plan. The cooperative agreement
22 must include the amount of funding the state water commission will provide, a prohibition on
23 using funds granted for implementation of the plan for planning or any purpose other than
24 implementation of the basinwide plan, and the obligations of the state water commission and
25 each water resource district and joint water resource district in implementing the basinwide
26 plan. The agreement also must provide for monitoring and oversight of the basinwide plan's
27 implementation. The state water commission shall report to the legislative management on the
28 results of this pilot project no later than August 1, 2022.

29 **SECTION 10. STATE WATER COMMISSION - FARGO FLOOD CONTROL PROJECT**

30 **FUNDING LIMIT - LEGISLATIVE INTENT.** The state water commission may not approve state
31 funding for Fargo flood control projects, including constructing a federally authorized Fargo

1 flood control project, in excess of a total of \$850,000,000, which includes \$414,500,000
2 provided through June 30, 2021, without legislative approval. It is the intent of the sixty-seventh
3 legislative assembly that the remaining \$435,500,000 is provided from bond proceeds during
4 the biennium beginning July 1, 2021, and ending June 30, 2023.

5 **SECTION 11. STATE WATER COMMISSION - MOUSE RIVER FLOOD CONTROL**

6 **PROJECT FUNDING - LEGISLATIVE INTENT.** Excluding the funding provided for Mouse River
7 flood control projects prior to the 2021-23 biennium, the state water commission may not
8 approve state funding for the Mouse River flood control project in excess of a total of
9 \$604,000,000 without legislative approval. It is the intent of the sixty-seventh legislative
10 assembly that of the \$604,000,000, \$74,500,000 is provided from the resources trust fund
11 through bond proceeds used to repay outstanding loans of the resources trust fund during the
12 biennium beginning July 1, 2021, and ending June 30, 2023.

13 **SECTION 12. LEGISLATIVE INTENT - RURAL WATER SUPPLY.** It is the intent of the

14 sixty-seventh legislative assembly that, in addition to any funds approved for the project by the
15 state water commission in previous bienniums, up to \$1,600,000 of the funding appropriated in
16 the rural water supply - grants line item be made available during the 2021-23 biennium to the
17 system 4 connection to system 1 rural water supply project sponsored by all seasons water
18 district.

19 **SECTION 13. LEGISLATIVE MANAGEMENT STUDY - RED RIVER VALLEY WATER**

20 **SUPPLY MANAGEMENT STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** During the
21 2021-22 interim, the legislative management, with input from the state water commission and
22 from stakeholders of the Red River valley water supply project, shall consider studying the
23 management and operation of the Red River valley water supply project. The study must
24 include consideration of the appropriate entity to own, manage, and operate the project. The
25 legislative management shall report its findings and recommendations, together with any
26 legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

27 **SECTION 14. LEGISLATIVE MANAGEMENT STUDY - NORTHWEST AREA WATER**

28 **SUPPLY.** During the 2021-23 interim, the legislative management with input from the state
29 water commission shall consider studying the northwest area water supply project. The study
30 must include consideration of an entity, other than the state, to own, manage, and operate the
31 project. The legislative management shall report its findings and recommendations, together

1 with any legislation required to implement the recommendations, to the sixty-eighth legislative
2 assembly.

3 **SECTION 15. EMERGENCY.** This Act is declared to be an emergency measure.