

**Testimony of Merri Mooridian, Administrative Officer**  
**HB 1431 Water Infrastructure Revolving Loan Fund**  
**Senate Finance and Taxation Committee**  
**Bismarck, North Dakota – March 17, 2021**

Hello, Madame Chairman Bell and members of the Senate Finance and Taxation Committee. Thank you for this opportunity to testify about House Bill 1431. My name is Merri Mooridian, and I am the Administrative Officer of the Garrison Diversion Conservancy District (Garrison Diversion). Garrison Diversion is a cosponsor of the Red River Valley Water Supply Project with the Lake Agassiz Water Authority (Lake Agassiz).

The Red River Water Supply Project is crucial to protecting North Dakota from the harmful and costly effects of moderate and severe droughts. According to the U.S. Drought Monitor, 80% of North Dakota is in a severe drought and the rest is experiencing moderate drought conditions. When the Red River Valley Water Supply Project is constructed, it will have the ability to save the State approximately \$32 billion in economic impact over the course of a 10-year severe drought, according to the latest REMI model.

Construction began in December 2020 and swiftly moves along as other portions of the project have been and will be bidding this spring. The Project will have \$200 million of shovel ready portions in construction for 2021-2023, but we are only able to go as far as the users can afford.

It is critically important that we maintain affordability for the 35 communities and rural water systems that signed up for the development portion of the Project. The cost to participate in the Red River Valley Water Supply Project is an added expense for the local users of the Project, as they need to continue to maintain and operate their existing water supply facilities.

Garrison Diversion and Lake Agassiz are grateful to be included in HB 1431 under Section 6-09-49 related to both entities being eligible for infrastructure revolving loan funds for essential infrastructure projects. However, since affordability is key to the Project's success, we are asking this Committee NOT to approve the passage of HB 1431 as currently amended.

As it is currently amended, the interest rates start at two percent and increase by one percent every five years, up to a maximum of five percent on a 30-year loan. **This would add approximately \$73 million of interest to the local users' portion of the cost.** Meaning, local residents will ultimately be burdened by the excessive interest rates and render the project unaffordable when they need it most.

We are respectfully requesting the bill to return to as it was originally written, with **interest rates that do not exceed two percent.** In addition, Garrison Diversion and Lake Agassiz ask this Committee to consider increasing the maximum loan term under this section to 40 years. As currently written, HB 1431 puts a cap on loans at 30 years. A long-term, low-interest loan from the State is absolutely necessary to provide affordable and predictable financing for the 35 local users providing vital water service to almost half of North Dakotans.

We agree that "projects not eligible for state revolving loan funds must be given priority for loans from the water infrastructure revolving loan fund", as there are projects, such as the Red River Valley Water Supply Project, that do not qualify for state revolving loan funds.

Garrison Diversion fully supports bonding for large multi-generational projects. These projects will be used for generations and bonding for these projects makes fiscal sense.

Thank you, Madame Chairman Bell and members of the Senate Finance and Taxation Committee.