

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1020 - Funding Summary**

	<b>Executive Budget</b>	<b>Final Legislative Action</b>	<b>Comparison To Executive Budget</b>
State Water Commission			
Administrative and support services	\$4,042,784	\$4,761,665	\$718,881
Water and atmospheric resources	823,096,248	822,608,366	(487,882)
Accrued leave payments		325,774	325,774
<b>Total all funds</b>	<b>\$827,139,032</b>	<b>\$827,695,805</b>	<b>\$556,773</b>
Less estimated income	809,359,388	827,695,805	18,336,417
General fund	\$17,779,644	\$0	(\$17,779,644)
<b>FTE</b>	<b>90.00</b>	<b>90.00</b>	<b>0.00</b>
Bill Total			
Total all funds	\$827,139,032	\$827,695,805	\$556,773
Less estimated income	809,359,388	827,695,805	18,336,417
General fund	\$17,779,644	\$0	(\$17,779,644)
<b>FTE</b>	<b>90.00</b>	<b>90.00</b>	<b>0.00</b>

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

	<b>Executive Budget</b>	<b>House Changes</b>	<b>House Version</b>
Administrative and support services	\$4,042,784	(\$133,284)	\$3,909,500
Water and atmospheric resources	823,096,248	(756,890)	822,339,358
Accrued leave payments		325,774	325,774
<b>Total all funds</b>	<b>\$827,139,032</b>	<b>(\$564,400)</b>	<b>\$826,574,632</b>
Less estimated income	809,359,388	17,215,244	826,574,632
General fund	\$17,779,644	(\$17,779,644)	\$0
<b>FTE</b>	<b>90.00</b>	<b>0.00</b>	<b>90.00</b>

**Department 770 - State Water Commission - Detail of House Changes**

	<b>Corrects Executive Compensation Package<sup>1</sup></b>	<b>Adjusts State Employee Compensation and Benefits Package<sup>2</sup></b>	<b>Provides Separate Line Item for Accrued Leave Payments<sup>3</sup></b>	<b>Changes Funding Source for the State Water Commission<sup>4</sup></b>	<b>Total House Changes</b>
Administrative and support services	2,160	(86,252)	(49,192)		(133,284)
Water and atmospheric resources	12,314	(492,622)	(276,582)		(756,890)
Accrued leave payments			325,774		325,774
<b>Total all funds</b>	<b>\$14,474</b>	<b>(\$578,874)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$564,400)</b>
Less estimated income	2,026	(81,489)	0	17,294,707	17,215,244
General fund	\$12,448	(\$497,385)	\$0	(\$17,294,707)	(\$17,779,644)
<b>FTE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<sup>1</sup> Funding is added due to a calculation error in the executive compensation package.

<sup>2</sup> This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.

- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

<sup>3</sup> A portion of administrative and support services line item funding from the general fund (\$49,192) and a portion of the water and atmospheric resources line item from the general fund (\$225,468) and from other funds (\$51,114) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

<sup>4</sup> This amendment removes funding from the general fund and provides funding for the operations of the State Water Commission from the resources trust fund.

In addition, this amendment:

- Adds sections to the bill to amend 2011 Session Laws and 2009 Session Laws, previously amended in 2011, related to Fargo flood control funding. The amendments change legislative guidelines for Fargo flood control project expenditures.
- Adds sections to the bill to provide that of the funds appropriated to the State Water Commission for grants and projects for the 2013-15 biennium, \$11 million is for the Red River Valley Water Supply Project and \$100 million is for Fargo flood control projects and that total Fargo flood control project funding to be provided by the state not exceed \$325 million.
- Adds sections to the bill directing the State Water Commission to study the use of ring dikes as part of a flood protection plan for the city of Fargo and water supply needs in the Red River Valley.
- Requires the State Water Commission to adopt policies regarding project development and financing.
- Increases the membership of the Water-Related Topics Overview Committee and directs the committee to prepare a water project priority schedule to be included in the committee's final report to the Legislative Management.
- Requires the State Water Commission to move information technology hardware to the Information Technology Department secure data center.
- Requires the State Water Commission to report to the Budget Section within 90 days of any changes made to the water project priority list presented to the 2013 Legislative Assembly.
- Requires Budget Section approval prior to spending any additional funds that may become available in the resources trust fund or water development trust fund during the 2013-15 biennium.

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

	<b>Executive Budget</b>	<b>House Version</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Administrative and support services	\$4,042,784	\$3,909,500	\$940,509	\$4,850,009
Water and atmospheric resources	823,096,248	822,339,358	769,204	823,108,562
Accrued leave payments		325,774	(325,774)	
Total all funds	<u>\$827,139,032</u>	<u>\$826,574,632</u>	<u>\$1,383,939</u>	<u>\$827,958,571</u>
Less estimated income	<u>809,359,388</u>	<u>826,574,632</u>	<u>1,383,939</u>	<u>827,958,571</u>
General fund	\$17,779,644	\$0	\$0	\$0
FTE	90.00	90.00	0.00	90.00

**Department 770 - State Water Commission - Detail of Senate Changes**

	<b>Restores Executive Compensation Package<sup>1</sup></b>	<b>Removes Separate Line Item for Accrued Leave Payments<sup>2</sup></b>	<b>Increases Funding for Operating Expenses<sup>3</sup></b>	<b>Total Senate Changes</b>
Administrative and support services	86,252	49,192	805,065	940,509
Water and atmospheric resources	492,622	276,582		769,204
Accrued leave payments		(325,774)		(325,774)
<b>Total all funds</b>	<b>\$578,874</b>	<b>\$0</b>	<b>\$805,065</b>	<b>\$1,383,939</b>
Less estimated income	578,874	0	805,065	1,383,939
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

<sup>2</sup> The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

<sup>3</sup> Funding for the following operating expenses is increased to pay fees to other agencies due to the change in funding source for the State Water Commission from the general fund to special funds:

- Audit fees \$53,000 - State Auditor
- Attorney's fees \$321,276 - Attorney General
- Rent \$430,789 - Office of Management and Budget

This amendment removes:

- Sections added by the House to amend 2011 Session Laws and 2009 Session Laws, previously amended in 2011, related to Fargo flood control funding. The House amendments changed legislative guidelines for Fargo flood control project expenditures.
- A section added by the House to provide that total Fargo flood control project funding to be provided by the state not exceed \$325 million.
- Sections added by the House directing the State Water Commission to study the use of ring dikes as part of a flood protection plan for the city of Fargo and water supply needs in the Red River Valley.
- A section added by the House to require the State Water Commission to adopt policies regarding project development and financing.
- A section added by the House which increases the membership of the Water-Related Topics Overview Committee and directs the committee to prepare a water project priority schedule to be included in the committee's final report to the Legislative Management.
- A section added by the House to require the State Water Commission to move information technology hardware to the Information Technology Department secure data center.
- A section added by the House to require the State Water Commission to report to the Budget Section within 90 days of any changes made to the water project priority list presented to the Legislative Assembly in 2013.
- The requirement that the State Water Commission receive Budget Section approval prior to spending any additional funds that may become available in the resources trust fund or water development trust fund during the 2013-15 biennium.

In addition, this amendment:

- Adds a section to provide for a \$40 million loan from the Bank of North Dakota to the Western Area Water Supply Authority for construction of the project, which is declared an emergency measure.
- Adds a section to provide that funds designated by the Legislative Assembly for Fargo flood control are available only for levee and dike protection until the project receives federal authorization, a project partnership agreement is executed, and there is a federal appropriation for construction. In addition, the budget for the Fargo flood control project must be approved by the State Water Commission.

- Adds a section of legislative intent that the state provide one-half of the local cost-share of constructing a federally authorized the Fargo flood control project and that total Fargo flood control project funding not exceed \$450 million.
- Adds a section requiring Fargo-Moorhead Area Diversion Authority reports to the Budget Section.
- Amends guidelines for Fargo flood control project expenditures included in a section added by the House to designate \$100 million for Fargo flood control projects. The guidelines are amended to match the guidelines approved by the 62nd and 61st Legislative Assemblies and to include levees and dikes.
- Allows the State Water Commission to use funding in the resources trust fund to pay off or defease outstanding bond issues when the balance in the resources trust fund exceeds \$287 million rather than \$515 million, as provided in the executive recommendation.

**House Bill No. 1020 - State Water Commission - Conference Committee Action**

	<b>Executive Budget</b>	<b>House Version</b>	<b>Conference Committee Changes</b>	<b>Conference Committee Version</b>	<b>Senate Version</b>	<b>Comparison to Senate</b>
Administrative and support services	\$4,042,784	\$3,909,500	\$852,165	\$4,761,665	\$4,850,009	(\$88,344)
Water and atmospheric resources	823,096,248	822,339,358	269,008	822,608,366	823,108,562	(500,196)
Accrued leave payments		325,774		325,774		325,774
<b>Total all funds</b>	<b>\$827,139,032</b>	<b>\$826,574,632</b>	<b>\$1,121,173</b>	<b>\$827,695,805</b>	<b>\$827,958,571</b>	<b>(\$262,766)</b>
Less estimated income	809,359,388	826,574,632	1,121,173	827,695,805	827,958,571	(262,766)
General fund	\$17,779,644	\$0	\$0	\$0	\$0	\$0
FTE	90.00	90.00	0.00	90.00	90.00	0.00

**Department 770 - State Water Commission - Detail of Conference Committee Changes**

	<b>Removes House Changes to Executive Compensation Package<sup>1</sup></b>	<b>Adjusts State Employee Compensation and Benefits Package<sup>2</sup></b>	<b>Increases Funding for Operating Expenses<sup>3</sup></b>	<b>Total Conference Committee Changes</b>
Administrative and support services	86,252	(39,152)	805,065	852,165
Water and atmospheric resources	492,622	(223,614)		269,008
Accrued leave payments				
<b>Total all funds</b>	<b>\$578,874</b>	<b>(\$262,766)</b>	<b>\$805,065</b>	<b>\$1,121,173</b>
Less estimated income	578,874	(262,766)	805,065	1,121,173
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> Changes made by the House to the executive compensation package are removed.

<sup>2</sup> This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

<sup>3</sup> The Senate did not remove the House funding source change for the administration of the State Water Commission from the general fund to the resources trust fund. Funding for the following operating expenses is increased to pay fees to other agencies due to the change in funding source for the State Water Commission from the general fund to special funds, the same as the Senate version:

- Audit fees (\$53,000) - State Auditor.
- Attorney's fees (\$321,276) - Attorney General.
- Rent (\$430,789) - Office of Management and Budget.

This amendment removes:

- Sections added by the House to amend 2011 Session Laws and 2009 Session Laws, previously amended in 2011, related to legislative guidelines for Fargo flood control project expenditures, the same as the Senate.
- A section added by the House to provide that total Fargo flood control project funding to be provided by the state not exceed \$325 million, the same as the Senate.
- Sections added by the House directing the State Water Commission to study the use of ring dikes as part of a flood protection plan for the city of Fargo and water supply needs in the Red River Valley, the same as the Senate.
- A section added by the House to require the State Water Commission to adopt policies regarding project development and financing, the same as the Senate.
- A section added by the House to require the State Water Commission to move information technology hardware to the Information Technology Department secure data center, the same as the Senate.

In addition, this amendment:

- Restores the requirement that the State Water Commission receive Budget Section approval prior to spending any additional funds that may become available in the resources trust fund or water development trust fund during the 2013-15 biennium, the same as the House. The Senate removed this requirement.
- Adds a section to provide for a \$40 million loan from the Bank of North Dakota to the Western Area Water Supply Authority for construction of the project, which is declared an emergency measure, the same as the Senate.
- Adds a section to provide that funds designated by the Legislative Assembly for Fargo flood control are available only for levee and dike protection until the project receives federal authorization, a project partnership agreement is executed, a federal appropriation is provided for construction, and the budget for the Fargo flood control project is approved by the State Water Commission, the same as the Senate.
- Adds a section to require the State Water Commission enter a cost-sharing agreement with the Fargo flood control sponsor prior to expending any state funds for the Fargo flood control project. The section also provides that state funds may not be used for recreational components of the project or to cost-share with nonfederal entities outside the state. An advance funding agreement between the United States Army Corps of Engineers and the local Fargo Flood control sponsor must precede any state funding used to advance construction work considered to be a federal responsibility. This section was not included in the House or Senate version of the bill.
- Adds a section of legislative intent that the state provide one-half of the local cost-share of constructing a federally authorized Fargo flood control project and that total Fargo flood control project funding not exceed \$450 million, the same as the Senate. In addition, the Conference Committee provided further intent that the \$275 million yet to be designated for Fargo flood control is to be made available in equal installments over the next four bienniums.
- Adds a section which limits Fargo flood control project construction south of the city of Fargo to ring dikes and levees until after July 1, 2014. This section was not included in the House or Senate version of the bill.
- Adds a section requiring the Fargo-Moorhead Area Diversion Authority and the MNDak Upstream Coalition report to the Budget Section, the Senate required only the diversion authority to report.
- Amends guidelines for Fargo flood control project expenditures included in a section added by the House to designate \$100 million for Fargo flood control projects. The guidelines are amended to match the guidelines approved by the 62nd and 61st Legislative Assemblies and to include levees and dikes, the same as the Senate.
- Allows the State Water Commission to use funding in the resources trust fund to pay off or defease outstanding bond issues when the balance in the resources trust fund exceeds \$287 million rather than \$515 million, as provided in the executive recommendation, the same as the Senate.
- Amends a section added by the House to require the State Water Commission to report to the Budget Section within 90 days of any changes made to the water project priority list presented to the Legislative Assembly in 2013 to provide the State Water Commission report every six months. The Senate removed this section.
- Replaces a section added by the House, but removed by the Senate, which increases the membership of the Water-Related Topics Overview Committee and directs the committee to prepare a water project priority schedule to be included in the committee's final report to the Legislative Management. The new section amends Section 54-35-02.7 related to the Water-Related Topics Overview Committee, as amended by Senate Bill No. 2233, to provide the committee study policies regarding the development and financing of municipal projects. In addition, the amendments require the State Water Commission and the State Engineer assist the committee in developing a schedule of priorities with respect to water projects.