

**Department 770 - State Water Commission
Senate Bill No. 2020**

Executive Budget Comparison to Prior Biennium Appropriations

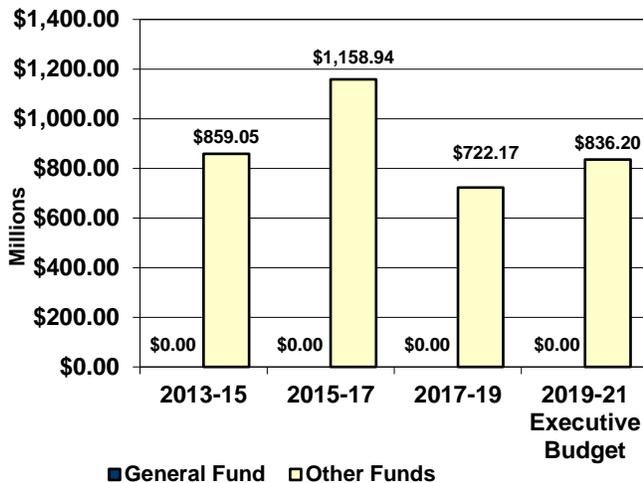
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	90.00	\$0	\$836,198,186	\$836,198,186
2017-19 Legislative Appropriations ¹	93.00	0	722,173,475	722,173,475
Increase (Decrease)	(3.00)	\$0	\$114,024,711	\$114,024,711

¹The 2017-19 biennium agency appropriation amounts have not been adjusted for additional carryover authority of \$63,158,619 for uncompleted water projects authorized under Section 6 of Senate Bill No. 2020 (2015).

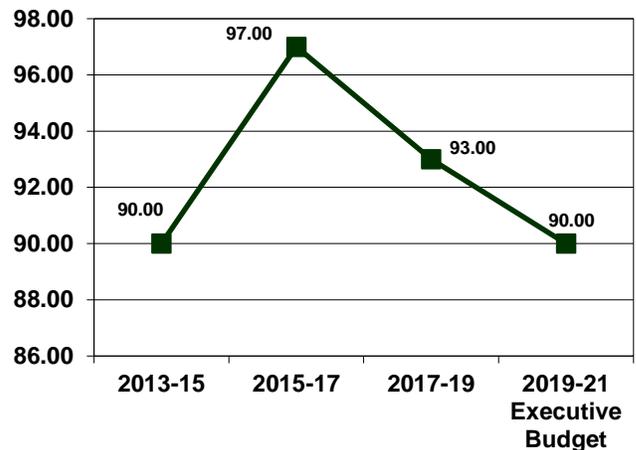
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$836,198,186	\$0	\$836,198,186
2017-19 Legislative Appropriations	647,173,475	75,000,000	722,173,475
Increase (Decrease)	\$189,024,711	(\$75,000,000)	\$114,024,711

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$836,198,186	\$836,198,186
2019-21 Base Level	0	647,173,475	647,173,475
Increase (Decrease)	\$0	\$189,024,711	\$189,024,711

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$799,386 is for salary increases, \$355,238 is for health insurance increases, and \$103,135 is for retirement contribution increases	\$0	\$1,257,759	\$1,257,759
2. Removes funding for 4 FTE unspecified positions	\$0	(\$693,912)	(\$693,912)
3. Adds 1 FTE risk mapping position from federal funds	\$0	\$174,126	\$174,126
4. Adjusts funding available for project carryover to provide a total of \$308,333,818	\$0	\$33,465,921	\$33,465,921
5. Adjusts funding available for new projects to provide a total of \$350,751,493	\$0	\$180,969,346	\$180,969,346

6. Adjusts funding for capital assets, which includes state owned projects, to provide a total of \$113,213,758 (Includes \$41,666,182 of carryover funding for capital asset projects)	\$0	(\$11,605,684)	(\$11,605,684)
7. Adjusts funding for operating expenses to provide a total of \$43,787,553	\$0	(\$14,257,138)	(\$14,257,138)

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Additional income - Section 3 would appropriate any additional federal or other funds available to the State Water Commission during the 2019-21 biennium.

Exemption - Water-related projects - Section 4 would authorize the State Water Commission to continue any unexpended 2019-21 biennium appropriation authority for grants or water-related projects for 2 years beyond June 30, 2021.

Line item transfers - Section 5 would authorize the agency to transfer appropriation authority between line items in Section 1 of the bill.

Loan authorization - Contingent appropriation - Section 6 would extend authorization of a line of credit for the State Water Commission at the Bank of North Dakota, not to exceed \$75 million, at a rate of 1.5 percent over the 3 month London interbank offered rate (LIBOR).

Contingent appropriation - Bank of North Dakota - Section 7 would provide a contingent appropriation of \$75 million for the purpose of funding water projects for the 2019-21 biennium.

Continuing Appropriations

Infrastructure revolving loan fund - North Dakota Century Code Section 61-02-78 established the infrastructure revolving loan fund within the resources trust fund to provide loans for water supply, flood protection, or other water development and water management projects. A total of \$26 million of oil extraction money was deposited in the resources trust fund and, along with loan repayments and earnings of the fund, is available on a continuing basis for infrastructure loans.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1085 - Amends Section 61-34-04 relating to the drought disaster livestock water assistance program, to remove grant amount limitations.

House Bill No. 1086 - Amends Section 61-01-01 to change definitions related to waters of the state.

Senate Bill No. 2090 - Creates several new sections to Chapter 61-04, relating to permits for the appropriation of water; amends several sections under Chapter 61-04, relating to the appropriation of water and to adjust water permit fees; and repeals Sections 61-04-07, 61-04-15.1, 61-04-17, and 61-04-22, relating to appeals of permit application rejections, change in point of diversion or use, surplus water delivery, and a prescriptive water right.

State Water Commission - Budget No. 770
Senate Bill No. 2020
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	93.00	\$0	\$647,173,475	\$647,173,475
2019-21 Ongoing Funding Changes				
Base payroll changes			(\$285,707)	(\$285,707)
Salary increase			799,386	799,386
Health insurance increase			355,238	355,238
Retirement contribution increase			103,135	103,135
Removes 4 FTE unspecified positions	(4.00)		(693,912)	(693,912)
Adds 1 FTE risk mapping position	1.00		174,126	174,126
Adjusts funding available for new projects			180,969,346	180,969,346
Adjusts funding available for project carryover			33,465,921	33,465,921
Adjusts capital assets			(11,605,684)	(11,605,684)
Adjusts operating expenses			(14,257,138)	(14,257,138)
Total ongoing funding changes	(3.00)	\$0	\$189,024,711	\$189,024,711
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(3.00)	\$0	\$189,024,711	\$189,024,711
2019-21 Total Funding	90.00	\$0	\$836,198,186	\$836,198,186

Other Sections for State Water Commission - Budget No. 770

	Executive Budget Recommendation
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development fund that becomes available to the State Water Commission during the 2019-21 biennium.
Exemption - Water-related projects	Section 4 would provide that funds appropriated for grants or water-related projects in Section 1 are exempt from North Dakota Century Code Section 54-44.1-11 for 2 years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund or the water development fund after that period has expired must be transferred to the originating fund.
Line item transfers	Section 5 would authorize the State Water Commission to transfer funds between line items in Section 1 of the bill, when it is cost-effective for the construction of water projects. The department must report transfers to the Office of Management and Budget.
Bank of North Dakota - Line of credit	Section 6 would extend authorization of a line of credit at the Bank of North Dakota, not to exceed \$75 million, at an annual percentage rate of 1.5 percent over the 3 month LIBOR rate, but may not exceed 3 percent to the State Water Commission. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.

Other Sections for State Water Commission - Budget No. 770

Contingent appropriation - Bank of North
Dakota line of credit

Executive Budget Recommendation

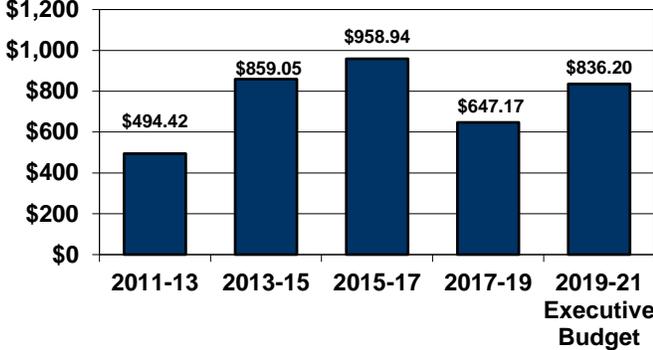
Section 7 would provide a contingent appropriation of \$75 million, from funds obtained through a Bank of North Dakota line of credit, to the State Water Commission for the purpose of funding water projects for the 2019-21 biennium.

Department 770 - State Water Commission

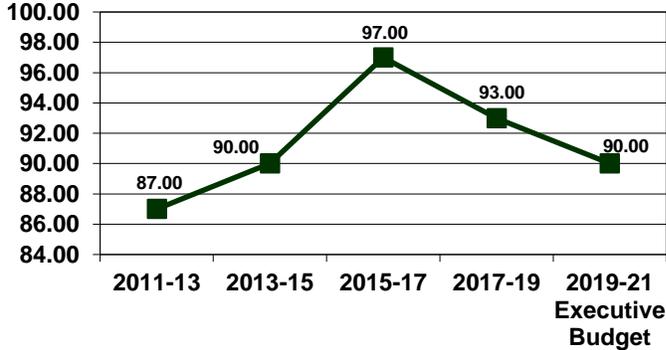
Historical Appropriations Information

Total Ongoing Other Funds Appropriations Since 2011-13

Agency Ongoing Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	\$494,420,221 ¹	\$859,045,805	\$958,935,836	\$647,173,475	\$836,198,186
Increase (decrease) from previous biennium	N/A	\$364,625,584	\$99,890,031	(\$311,762,361)	\$114,024,711
Percentage increase (decrease) from previous biennium	N/A	73.7%	11.6%	(32.5%)	29.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	73.7%	94.0%	30.9%	69.1%

¹Amount excludes \$14,995,199 from the general fund for the 2011-13 biennium for the administration of the State Water Commission.

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium

- 1. Changed funding source for the administration of the State Water Commission from the general fund to the resources trust fund \$17,566,561
- 2. Added funding to provide grants to advance the Stutsman County Rural Water, North Central Rural Water Consortium, and McLean-Sheridan Rural Water projects \$10,350,000
- 3. Added funding to advance additional construction on the Southwest Pipeline Project \$21,000,000
- 4. Added funding for 3 FTE positions \$425,507
- 5. Added funding for the infrastructure revolving loan fund within the resources trust fund \$15,000,000
- 6. Increased funding for professional services \$14,086,303
- 7. Increased funding for utilities \$3,749,426
- 8. Increased funding for capital payments \$131,366,895
- 9. Increased funding for grants \$150,860,165

2015-17 Biennium

- 1. Added funding for 4 FTE water permitting positions \$768,831
- 2. Added funding for 1 FTE regulatory director position \$273,871
- 3. Added funding for 1 FTE water supply project manager position \$229,840
- 4. Added funding for 1 FTE sovereign lands position \$192,784
- 5. Increased funding for professional services \$10,727,828
- 6. Added funding for loan payment on Bank of North Dakota loan to refinance outstanding bonds \$7,000,000
- 7. Increased funding for water projects \$36,132,255

2017-19 Biennium

1. Removed 4 FTE positions and related funding	(\$753,720)
2. Increased funding for Bank of North Dakota loan payments relating to State Water Commission outstanding bonds refinanced through the Bank during the 2015-17 biennium to provide \$7.5 million per biennium.	\$3,693,997
3. Added \$125,000 from the resources trust fund for the Agriculture Commissioner's Wildlife Services program	\$125,000
4. Adjusted funding for operating expenses and water projects	(\$225,437,836)
5. Added funding for a State Engineer study, of which \$15,000 is from the resources trust fund and \$15,000 is other funds received from Ward County	\$30,000

2019-21 Biennium (Executive Budget Recommendation)

1. Removes funding for 4 FTE unspecified positions	(\$693,912)
2. Adds 1 FTE risk mapping position from federal funds	\$174,126
3. Adjusts funding available for new projects to provide a total of \$350,751,493	\$180,969,346
4. Adjusts funding available for project carryover to provide a total of \$308,333,818	\$33,465,921
5. Adjusts funding for capital assets, which includes state owned projects, to provide a total of \$113,213,758 (Includes \$41,666,182 of carryover funding for capital asset projects)	(\$11,605,684)
6. Adjusts funding for operating expenses to provide a total of \$43,787,553	(\$14,257,138)

**GOVERNOR'S RECOMMENDATION FOR THE
STATE WATER COMMISSION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the state water commission for the purpose of defraying the expenses of the state water commission, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$19,651,385	\$460,179	\$20,111,564
Operating expenses	47,608,165	(3,820,612)	43,787,553
Capital assets	112,219,442	994,316	113,213,758
Grants - local cost share	467,694,483	(116,942,990)	350,751,493
Grants- carryover	<u>0</u>	<u>308,333,818</u>	<u>308,333,818</u>
Total all funds	\$647,173,475	\$189,024,711	\$836,198,186
Full-time equivalent positions	93.00	(3.00)	90.00

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Line of credit – Bank of North Dakota	<u>75,000,000</u>	<u>0</u>
Total all funds	\$75,000,000	\$0

SECTION 3. ADDITIONAL INCOME - APPROPRIATION. In addition to the amounts included in the estimated income line item in section 1 of this Act, any additional amounts in the resources trust fund and water development trust fund that become available are appropriated to the state water commission for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. GRANTS - WATER-RELATED PROJECTS - CARRYOVER AUTHORITY. Section 54-44.1-11 does not apply to funding for grants or water-related projects included in the capital assets, capital construction carryover, or grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2021. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources trust fund and any unexpended funds appropriated from the water development trust fund after that period has expired must be transferred to the water development trust fund.

SECTION 5. LINE ITEM TRANSFERS. The chief engineer/secretary of the state water commission may transfer between the salaries and wages, operating, capital assets, capital construction carryover, and grants line item in Section 1 of this Act when it is cost-effective for construction of water projects. The state water commission shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 6. AMENDMENT. Section 61-02-79 of the North Dakota Century Code is amended and reenacted as follows:

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

The Bank of North Dakota shall extend a line of credit not to exceed seventy-five million dollars at a rate of one and one-half percent over the three month London interbank offered rate, but may not exceed three percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to

provide funding as authorized by the legislative assembly for water supply projects approved before June 30, ~~2019~~2021, and flood control projects that have approval for funding before June 30, ~~2019~~2021.

SECTION 7. CONTINGENT APPROPRIATION – BANK OF NORTH DAKOTA LINE OF CREDIT.

The sum of \$75,000,000, or so much of the sum as necessary, from a Bank of North Dakota line of credit included in section 6 of this Act, may be transferred to the state water commission for the purpose of funding water projects for the biennium beginning July 1, 2019, and ending June 30, 2021.