

**Department 770 - State Water Commission**  
**House Bill No. 1020**

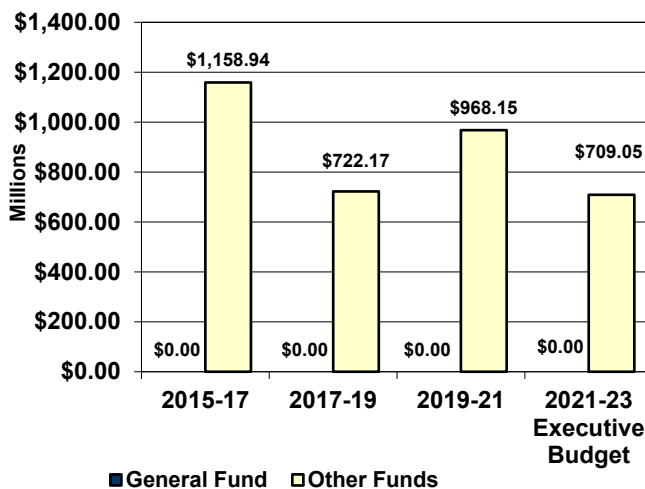
**Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	90.00	\$0	\$709,047,231	\$709,047,231
2019-21 Legislative Appropriations	90.00	0	968,154,091	968,154,091
Increase (Decrease)	0.00	\$0	(\$259,106,860)	(\$259,106,860)

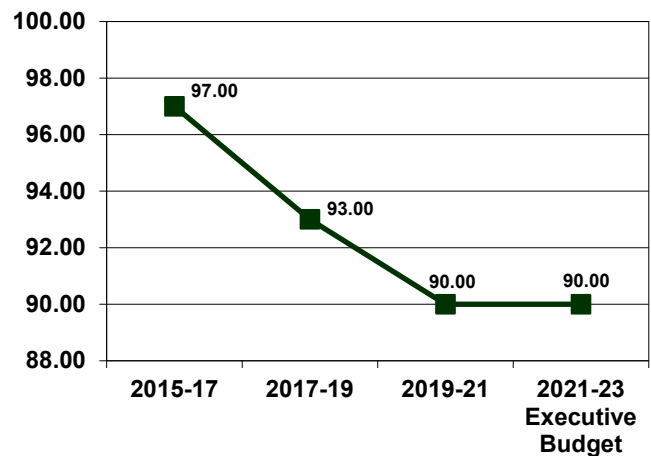
**Ongoing and One-Time Other Funds Appropriations**

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$634,047,231	\$75,000,000	\$709,047,231
2019-21 Legislative Appropriations	867,254,091	100,900,000	968,154,091
Increase (Decrease)	(\$233,206,860)	(\$25,900,000)	(\$259,106,860)

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$709,047,231	\$709,047,231
2021-23 Base Level	0	867,254,091	867,254,091
Increase (Decrease)	\$0	(\$158,206,860)	(\$158,206,860)

**First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights**  
**(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$488,936 is for salary increases, \$4,415 is for health insurance increases, and \$99,685 is for retirement contribution increases. <b>The House added funding for salary adjustments of 1.5 percent per year with a \$100 minimum and \$250 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The House did not add funding for retirement contribution increases.</b>	\$0	\$593,036	\$593,036
2. Removes 1 FTE risk mapping position and related federal funds	\$0	(\$183,884)	(\$183,884)
3. Adds 1 FTE regulatory position and related funding	\$0	\$211,596	\$211,596

4. Reduces funding for state projects in capital assets to provide a total of \$165,284,777. <b>The House removed carryover funding from the capital assets line item providing a total of \$163,467,437.</b>	\$0	(\$11,264,226)	(\$11,264,226)
5. Reduces funding for project carryover to provide a total of \$295,363,183. <b>The House removed carryover appropriations.</b>	\$0	(\$12,970,635)	(\$12,970,635)
6. Reduces funding available for water supply grants to provide a total of \$54,165,877. <b>The House reduced funding for water supply grants to provide a total of \$96,000,000.</b>	\$0	(\$73,834,123)	(\$73,834,123)
7. Reduces funding available for rural water supply grants to provide a total of \$20,225,913. <b>The House increased funding for rural water supply grants to provide a total of \$40,600,000.</b>	\$0	(\$16,974,087)	(\$16,974,087)
8. Removes funding for Fargo area flood control	\$0	(\$66,500,000)	(\$66,500,000)
9. Removes funding for Mouse River flood control	\$0	(\$82,500,000)	(\$82,500,000)
10. Increases funding available for flood control projects to provide a total of \$94,630,512. <b>The House reduced funding for flood control projects to provide \$38,000,000.</b>	\$0	\$46,630,512	\$46,630,512
11. Reduces funding available for general water grants to provide a total of \$15,327,275. <b>The House reduced funding for general water grants to provide a total of \$14,227,275.</b>	\$0	(\$11,766,501)	(\$11,766,501)
12. Increases funding for professional services to provide a total of \$23,421,105	\$0	\$1,817,420	\$1,817,420
13. Increases funding for repairs to provide a total of \$1,604,750	\$0	\$497,250	\$497,250
14. Removes base level funding for Bank of North Dakota debt payment	\$0	(\$7,236,750)	(\$7,236,750)
15. Increases funding for IT and equipment over \$5,000	\$0	\$14,009	\$14,009
16. Adds funding for Microsoft Office 365 license expenses	\$0	\$10,245	\$10,245
17. Adds <b>one-time</b> funding from a Bank of North Dakota line of credit for the Northwest Area Water Supply Project	\$0	\$75,000,000	\$75,000,000

### Other Sections in House Bill No. 1020

**Additional income** - Section 3 appropriates, subject to Budget Section approval, any additional federal or other funds available to the State Water Commission during the 2021-23 biennium.

**Exemption - Water-related projects** - Section 4 authorizes the State Water Commission to continue unexpended funds of \$22,000,000 in capital assets and \$295,363,183 in project carryover into the 2021-23 biennium.

**Carryover funding reports - Legislative Management** - Section 5 creates a new section to North Dakota Century Code Chapter 61-02 to require the State Water Commission to report on carryover projects to the Legislative Management on a quarterly basis.

**Line of credit authorization** - Section 6 extends 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).

**Western Area Water Supply Authority - Revenue bonds** - Section 7 creates a new section to Chapter 61-40 authorizing the Western Area Water Supply Authority to issue revenue bonds.

**Pilot project - Implementation of a basinwide plan** - Section 8 identifies that of the \$1.1 million appropriation for basinwide implementation, up to \$1 million is for grants to water resource districts to develop basinwide water plans and up to \$100,000 is for grants for local administrative costs associated with the implementation of a basinwide plan.

**Directive - Fargo flood control project - Legislative intent** - Section 9 limits total state funds that may be approved by the State Water Commission for the Fargo flood control project to not more than \$850 million and provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed \$850 million. The section provides legislative intent that of the \$850 million, the state has provided \$414.5 million and the remaining \$435.5 million is to be provided from bond proceeds during the 2021-23 biennium.

**Directive - Mouse River flood control project funding - Legislative intent** - Section 10 provides that excluding funding provided for Mouse River flood control projects prior to the 2021-23 biennium, total state funds that may be approved by the State Water Commission for Mouse River flood control may not exceed a total of \$604 million. The section provides legislative intent that of the \$604 million, \$74.5 million is provided from the resources trust fund.

**Legislative intent - Rural water supply** - Section 11 provides legislative intent that in addition to any funds approved for the project prior to the 2021-23 biennium, up to \$1.6 million of the funding appropriated in the rural water supply grants line item be made available during the 2021-23 biennium to the system 4 connection to system 1 rural water supply project sponsored by All Seasons Water District.

**Legislative Management study - Red River Valley Water Supply Project management** - Section 12 provides for a Legislative Management study in conjunction with input from the State Water Commission and stakeholders of the Red River Valley Water Supply Project of an entity to own, manage, and operate the project.

**Legislative Management study - Northwest Area Water Supply Project** - Section 13 provides for a Legislative Management study with input from the State Water Commission, of an entity, other than the state, to own, manage, and operate the Northwest Area Water Supply Project.

**Emergency** - Section 14 declares the bill to be an emergency measure.

### **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.

### **Deficiency Appropriation**

There are no deficiency appropriations for this agency.

### **Significant Audit Findings**

The following two significant audit findings were identified in the agency's audit ending June 30, 2019:

- Improper emergency action plan process for dams
- Dam operating plans are not being tracked or reviewed

### **Major Related Legislation**

**House Bill No. 1063** - Amends Sections 61-24.6-02 and 61-24.6-10 relating to the membership on the Northwest Area Water Supply Advisory Committee and the areas to be served by the Northwest Area Water Supply Project.

**House Bill No. 1353** - Creates a director position and renames the Office of the State Engineer to the Department of Water Resources.

**House Bill No. 1431** - Combines the community water development fund and the infrastructure revolving loan fund within the resources trust fund into the water infrastructure revolving loan fund. The bill also provides funds from bonding to repay \$74.5 million to the resources trust fund for outstanding debt of the Western Area Water Supply Authority and appropriates \$74.5 million from the resources trust fund to the State Water Commission to provide grants for Mouse River flood control projects. The bill also provides \$435.5 million of bond proceeds for the Fargo diversion project.

**House Bill No. 1437** - Creates Section 61-32-03.2 relating to small subsurface water management systems, provides for the permitting of subsurface water management systems and provides for cost-share from the State Water Commission.

**Senate Bill No. 2081** - Amends Sections 61-16.2-06 and 61-16.2-08 relating to permissible uses in the floodway and flood fringe under the national flood insurance program.

**Senate Bill No. 2208** - Provides for a Legislative Management study of water regulation in the state.

**State Water Commission - Budget No. 770**  
**House Bill No. 1020**  
**Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 Biennium Base Level</b>	90.00	\$0	\$867,254,091	\$867,254,091	90.00	\$0	\$867,254,091	\$867,254,091
<b>2021-23 Ongoing Funding Changes</b>								
Base payroll changes		\$0	\$230,410	\$230,410			\$230,410	\$230,410
Salary increase			488,936	488,936			420,224	420,224
Health insurance increase			4,415	4,415			4,415	4,415
Retirement contribution increase			99,685	99,685			0	0
Removes 1 FTE risk mapping position	(1.00)		(183,884)	(183,884)	(1.00)		(183,884)	(183,884)
Adds 1 FTE regulatory position	1.00		211,596	211,596	1.00		211,596	211,596
Adjusts funding for state projects in capital assets			(11,264,226)	(11,264,226)			(13,081,566)	(13,081,566)
Reduce funding for project carryover			(12,970,635)	(12,970,635)			(308,333,818)	(308,333,818)
Reduce funding available for water supply grants			(73,834,123)	(73,834,123)			(32,000,000)	(32,000,000)
Reduce funding available for rural water supply grants			(16,974,087)	(16,974,087)			3,400,000	3,400,000
Remove funding for Fargo area flood control			(66,500,000)	(66,500,000)			(66,500,000)	(66,500,000)
Remove funding for Mouse River flood control			(82,500,000)	(82,500,000)			(82,500,000)	(82,500,000)
Increase funding for flood control projects			46,630,512	46,630,512			(48,000,000)	(48,000,000)
Adds funding for flood control projects			0	0			38,000,000	38,000,000
Reduce funding for general water grants			(11,766,501)	(11,766,501)			(12,866,501)	(12,866,501)
Increase funding for professional services			1,817,420	1,817,420			1,713,735	1,713,735
Increase funding for utility expenses			4,398,015	4,398,015			101,700	101,700
Increase funding for repairs			497,250	497,250			497,250	497,250
Increase funding for IT and equipment over \$5,000			14,009	14,009			14,009	14,009
Adds funding for Microsoft Office 365 license expenses			10,245	10,245			10,245	10,245
Adjusts funding for other operating expenses			(4,379,147)	(4,379,147)			20,853	20,853
Removes base level funding for debt payments			(7,236,750)	(7,236,750)			(7,236,750)	(7,236,750)
Total ongoing funding changes	0.00	\$0	(\$233,206,860)	(\$233,206,860)	0.00	\$0	(\$526,078,082)	(\$526,078,082)
<b>One-time funding items</b>								
Adds funding from Bank of North Dakota line of credit		\$0	\$75,000,000	\$75,000,000			\$75,000,000	\$75,000,000
Adds funding for basinwide plan implementation			0	0			1,100,000	1,100,000
Total one-time funding changes	0.00	\$0	\$75,000,000	\$75,000,000	0.00	\$0	\$76,100,000	\$76,100,000
<b>Total Changes to Base Level Funding</b>	0.00	\$0	(\$158,206,860)	(\$158,206,860)	0.00	\$0	(\$449,978,082)	(\$449,978,082)
<b>2021-23 Total Funding</b>	90.00	\$0	\$709,047,231	\$709,047,231	90.00	\$0	\$417,276,009	\$417,276,009
<i>Total ongoing changes as a percentage of base level</i>	0.0%		(26.9%)	(26.9%)	0.0%		(60.7%)	(60.7%)
<i>Total changes as a percentage of base level</i>	0.0%		(18.2%)	(18.2%)	0.0%		(51.9%)	(51.9%)

**Other Sections in State Water Commission - Budget No. 770**

	Executive Budget Recommendation	House Version
Additional income	Section 3 would appropriate any additional income from the resources trust fund or water development trust fund that becomes available to the State Water Commission during the 2021-23 biennium.	Section 3 provides that in addition to the amounts appropriated to the State Water Commission from the resources trust fund, any additional amounts that become available in the fund are appropriated, subject to Budget Section approval, to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2021-23 biennium.

**Other Sections in State Water Commission - Budget No. 770**

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
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, 2023. Any unexpended funds appropriated from the resources trust fund or the water development trust fund after that period has expired must be transferred to the originating fund.	Section 4 provides that the remaining \$22,000,000 in the capital assets line item and \$295,363,183 in the project carryover line item are exempt from Section 54-44.1-11 and may be carried into the 2021-23 biennium. This section also authorizes the State Water Commission to obtain approval from the Emergency Commission and Budget Section to increase carryover authority of funding from previous bienniums.
Carryover funding reports - Legislative Management		Section 5 creates a new section to Chapter 61-02 to require the State Water Commission to report on carryover projects to the Legislative Management on a quarterly basis.
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, 2023.	Section 6 extends 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, 2023. Add restriction for use on federal reimbursement project
Western Area Water Supply Authority - Revenue bonds		Section 7 creates a new section to Chapter 61-40 authorizing the Western Area Water Supply Authority to issue revenue bonds.
Pilot project - Implementation of a basinwide plan		Section 8 provides that \$1.1 million is to provide up to \$1 million in grants to water resource districts to develop basinwide water plans and up to \$100,000 in the form of grants for local administrative costs associated with the implementation of a basinwide plan.
Directive - Fargo flood control project - Legislative intent		Section 9 provides a limit on total state funds approved by the State Water Commission for the Fargo flood control project to \$850 million and provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed \$850 million. The section provides legislative intent that of the \$850 million, the state has provided \$414.5 million and the remaining \$435.5 million is to be provided from bond proceeds during the 2021-23 biennium.
Directive - Mouse River flood control project funding - Legislative intent		Section 10 provides that excluding funding provided for Mouse River flood control projects prior to the 2021-23 biennium, the total state funds approved by the State Water Commission may not exceed a total of \$604 million. The section provides legislative intent that of the \$604 million, \$74.5 million is provided from the resources trust fund through bond proceeds used to repay outstanding loans of the resources trust fund during the 2021-23 biennium.

**Other Sections in State Water Commission - Budget No. 770**

**Executive Budget Recommendation**

---

**House Version**

---

Legislative intent - Rural water supply

Section 11 provides legislative intent that the state provide up to \$1.6 million to the system 4 connection to system 1, a rural water supply project sponsored by All Seasons Water District, in addition to any funds approved for the project by the State Water Commission in previous bienniums, during the 2021-23 biennium.

Legislative Management - Red River Valley Water Supply Project management

Section 12 provides for a Legislative Management study in conjunction with input from the State Water Commission and stakeholders of the Red River Valley Water Supply Project of an entity to own, manage, and operate the project.

Legislative Management - Northwest Area Water Supply Project

Section 13 provides for a Legislative Management study with input from the State Water Commission, of an entity, other than the state, to own, manage, and operate the Northwest Area Water Supply Project.

Emergency

Section 14 declares the bill to be an emergency measure.

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 - Transfer

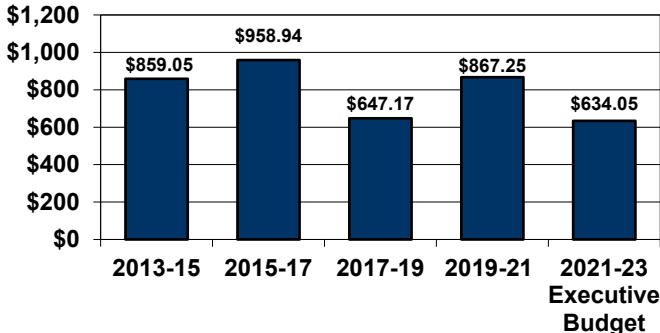
Section 7 authorizes the transfer of \$75 million of proceeds from a Bank of North Dakota line of credit to the State Water Commission during the 2021-23 biennium.

Department 770- State Water Commission

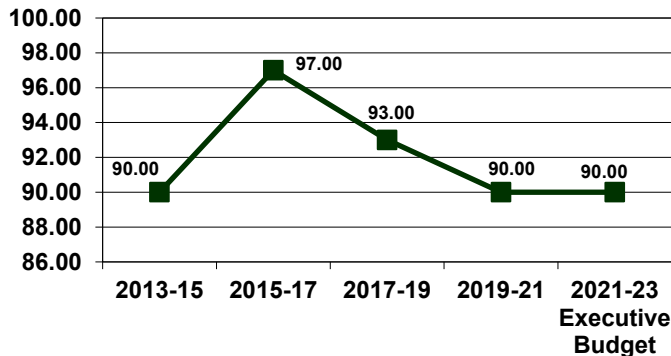
# Historical Appropriations Information

## Total Ongoing Other Funds Appropriations Since 2013-15

Agency Ongoing Funding (in Millions)



FTE Positions



Ongoing Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing other funds appropriations	\$859,045,805	\$958,935,836	\$647,173,475	\$867,254,091	\$634,047,231
Increase (decrease) from previous biennium	N/A	\$99,890,031	(\$311,762,361)	\$220,080,616	(\$233,206,860)
Percentage increase (decrease) from previous biennium	N/A	11.6%	(32.5%)	34.0%	(26.9%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	11.6%	(24.7%)	1.0%	(26.2%)

### Major Increases (Decreases) in Other Funds Appropriations

**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**

- 1. Removed 4 FTE unspecified positions and related funding (\$693,912)
- 2. Added 1 FTE risk mapping position from federal funds \$174,126
- 3. Adjusted funding available for project carryover to provide a total of \$308,333,818 \$33,465,921
- 4. Adjusted funding for capital assets, which includes state-owned projects, to provide a total of \$105,938,758 in ongoing funding (\$18,880,684)

5. Removed funding in the new projects line item, to provide funding for new projects in multiple line items	(\$169,782,147)
6. Added funding for water supply projects	\$128,000,000
7. Added funding for rural water supply projects	\$37,200,000
8. Added funding for the Fargo area flood control project, including the FM Area Diversion Project	\$66,500,000
9. Added funding for the Mouse River flood control project	\$82,500,000
10. Added funding for other flood control projects	\$48,000,000
11. Added funding for general water projects	\$27,093,776
12. Adjusted funding for operating expenses to include a reduction to ongoing operating expenses (\$14,257,138), and additional funding for Microsoft Office 365 licensing expenses (\$68,200)	(\$14,188,938)

**2021-23 Biennium (Executive Budget Recommendation)**

1. Removes 1 FTE risk mapping position and related federal funds	(\$183,884)
2. Adds 1 FTE regulatory position and related funding	\$211,596
3. Reduces funding for state projects in capital assets to provide a total of \$165,284,777. <b>The House removed carryover funding from the capital assets line item providing a total of \$163,467,437.</b>	(\$11,264,226)
4. Reduces funding for project carryover to provide a total of \$295,363,183. <b>The House removed carryover appropriations.</b>	(\$12,970,635)
5. Reduces funding available for water supply grants to provide a total of \$54,165,877. <b>The House reduced funding for water supply grants to provide a total of \$96,000,000.</b>	(\$73,834,123)
6. Reduces funding available for rural water supply grants to provide a total of \$20,225,913. <b>The House increased funding for rural water supply grants to provide a total of \$40,600,000.</b>	(\$16,974,087)
7. Removes funding for Fargo area flood control	(\$66,500,000)
8. Removes funding for Mouse River flood control	(\$82,500,000)
9. Increases funding available for flood control projects to provide a total of \$94,630,512. <b>The House reduced funding for flood control projects to provide \$38,000,000.</b>	\$46,630,512
10. Reduces funding available for general water grants to provide a total of \$15,327,275. <b>The House reduced funding for general water grants to provide a total of \$14,227,275.</b>	(\$11,766,501)
11. Increases funding for professional services to provide a total of \$23,421,105	\$1,817,420
12. Increases funding for repairs to provide a total of \$1,604,750	\$497,250
13. Removes base level funding for Bank of North Dakota debt payment	(\$7,236,750)



**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, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 19,831,986	\$ 851,158	\$ 20,683,144
Operating Expenses	26,619,003	16,747,547	43,366,550
Capital Assets	145,872,567	19,412,210	165,284,777
Project Carryover	308,333,818	(12,970,635)	295,363,183
Water Supply - Grants	105,302,941	(51,137,064)	54,165,877
Rural Water Supply - Grants	37,200,000	(16,974,087)	20,225,913
Fargo Area Flood Control (including the Fargo Moorhead Diversion)	66,500,000	(66,500,000)	0
Mouse River Flood Control	82,500,000	(82,500,000)	0
Flood Control Projects (other than Fargo Area Flood Control including the Fargo Moorhead Diversion)	48,000,000	46,630,512	94,630,512
General Water - Grants	<u>27,093,776</u>	<u>(11,766,501)</u>	<u>15,327,275</u>
Total Special Funds	\$867,254,091	(\$158,206,860)	\$709,047,231
Full-Time Equivalent Positions	90.00	0.00	90.00

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

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Line of Credit – Bank Of North Dakota	\$ 75,000,000	\$75,000,000
Payoff of Outstanding Debt	<u>25,900,000</u>	<u>0</u>
Total Special Funds	\$100,900,000	\$75,000,000

**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 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, 2021 and ending June 30, 2023.

**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, project carryover, water supply – grants, rural water supply – grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water – grants line items in section 1 of this Act. However, this exclusion is only in effect for two years after June 30, 2023. Any unexpended funds appropriated from the resources trust fund after that period has expired must be transferred to the resources 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, project carryover, water supply – grants, rural water supply – grants, Fargo area flood control including the Fargo Moorhead diversion, Mouse River flood control, flood control projects other than Fargo area flood control including the Fargo Moorhead diversion, and general water – grants line items 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 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, ~~2021~~2023 and flood control projects that have approval for funding before June 30, ~~2021~~2023.

**SECTION 7. 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, 2021 and ending June 30, 2023.