

# MICROFILM DIVIDER

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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1158

2001 HOUSE NATURAL RESOURCES

HB 1158

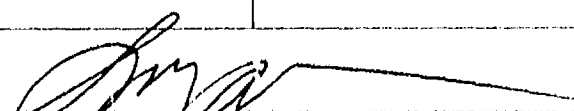
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1158

House Natural Resources Committee

Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
1	x		0 to 2543
Committee Clerk Signature 			

Minutes: Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. Droydal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Chairman Rennerfeldt: I will open the hearing on HB 1158.

James Lennington - SW Pipeline Project Manager for the ND State Water Commission: (See written testimony).

Chairman Rennerfeldt: Any questions of the committee? Thank you.

Don Flynn - SW Water Authority: (See written testimony).

Chairman Rennerfeldt: Does the committee have any questions? Anyone else care to testify in favor of this bill, is there any opposition to this bill?

Mike Dwyer - ND Water Users and ND Water Coalition: I am in favor of this bill. We strongly support this proposal and the one you are hearing at 10:00 as well. Our testimony would be the same on both bills. In 1999 the Legislature passed legislation and created the Water

Development Trust Fund and allocated 45% of the Tobacco settlement dollars for that fund to address state wide water needs. If you go back farther in 1981 the Legislature created the Resources Trust Fund and allocated 10% of the oil extraction tax for water development. When that fund was created it was projected at the height of the oil boom that there would be 25 million dollars per biennium for water, looking ahead about 20 years, we figured it would be an aggressive approach for water in the state. However, oil prices didn't turn out to be what everyone thought they would be and in 1989 the amount of money in the trust fund was about 4 million instead of 25. It turned out not to be nearly the level of funding they projected. In 1986 the Garrison Diversion Reformulation Act was passed which included a 200 million MR & I program and fortunately for ND that act was passed and the SW Pipeline ended up getting about 70 million dollars of that money and NAWS is projected to get some also. As a result we have been able to be fairly aggressive in developing our water needs. But it was pretty clear that that funding was used up. We have been working about five years on the Dakota Water Resources Act which includes an additional 200 million dollars of MR & I funding, but up until now we didn't know if that would pass. We have major opposition from Canada, MN and environmentalists. The Legislature did enact the Water Development Trust Fund with the tobacco dollars and now the Dakota Water Resources Act has been passed and provides an additional 200 million dollars worth of MR & I funding. Now that the DWRA has been passed maybe we don't need to provide the state dollars, but on the contrary if we are to move forward both have to be in place. It is important that we be aggressive. (See NDWC brochure). It gives the priorities of the next two years. The EPA has just come out with a new arsenic rule which will add additional expense around the state and there are areas where they don't have good quality water. We would like to provide a water supply. All of these things fit together and it is

important that the Legislature continue funding so we can provide a state match for these projects. It would be great if we could finish the SW Pipeline without further borrowing with the funding that could be in place. It would enable that project to be finished. It is important that we have funding in place to finish the Devils Lake Outlet, the NAWS project and provide water to the NW and Eastern part of ND. We need all these bills, one doesn't displace the other. The final point I would like to make with respect to HB 1151. In that bill is a provision where the interest in the Water Development Trust Fund should stay in that fund. Interest from special funds should stay in the fund instead of the general fund.

Rep. Hanson: What percent of the SW Pipeline has been completed?

Dwyer: I don't know, about 2/3's.

James Lenington: The testimony I provided showed you that the cost today is 125 million and the estimate for completing it is another 64 million, you can calculate a percentage of completion there of two thirds. If you look at the amount of people it serves it is a lot farther along than that.

Vice Chair Nelson: In regard to arsenic levels, what is the repercussion of cleaning that up. It looks like it will be a fairly expense and time consuming process?

Dave Koland - Exec. Director of ND Rural Water Users: That is a serious question. The arsenic rule had been at 50 parts per billion and EPA had proposed reducing that to 5 parts per billion. Alternately they were looking at reducing that to 3 parts per billion which under their regulations is the lowest feasible water they can detect in water. Our association is arguing that 20 parts per billion was a reasonable level to set it at, and we could afford to meet that expense. The cost of the 10 parts per billion, would cost about 40 million dollars to comply. The regulation becomes effective in five years. A short time to undergo the process to meet that rule. The SW Pipeline is an outstanding example of water meeting that requirement. Small communities exceed the limit.

Nationwide 90% of the areas out of compliance serves less than 10,000 people. So to look at meeting the rule in most cases, they are going to have to look at water treatment or another water source. The most effective means of removing is reverse osmosis, which cost 1 to 1.3 million to build a small plant. Then you need to get rid of the waste water. This rule will be extremely costly to ND to comply with.

Vice Chair Nelson: In the situation you referred to in the rural area if the rural water system will be built within five years will be okay?

Koland: Yes, Wolford and Williston are both on the list for high arsenic and are on the list for the rural water source being built in this area. While I am up here I will let you know we support HB 1158 and HB 1151.

Rep. Klein: Have you had any communities which refused the water when the pipeline came in and now want to receive water? How is this affecting the cost of the pipeline?

Koland: Whether it is communities or individuals not willing to look to the future, every time we build a new water system there are always those who think they don't need it at this time. It causes problems in sizing the pipeline to meet the needs. As the forward thinking planners of the SW Pipeline, they said no, we know that 10 years down the road you will need this pipeline and built it anyway. Unfortunately we have had that problem in many areas of the state.

Rep. Galvin: Do you think these arsenic standards are reasonable? Has there every been any successful reversal of these standards?

Koland: No, I believe the standard is here. When they proposed it at 5 and backed off to 10 as a result of our lobbying that took about twenty communities in ND out of the need to do something immediately. There is no data that shows the level we are at now is unsafe. They based their data on test data done in Taiwan. We tried to encourage testing done in communities in the US for

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House Natural Resources Committee  
Bill/Resolution Number HB 1158  
Hearing Date January 19, 2001

this exposure. I don't believe the current level is endangering the citizens of ND. As water systems we always encourage those more susceptible populations to be aware of the water they are drinking. Elderly people, people in hospitals are more susceptible and need to be more aware of the water quality.

Chairman Rennerfeldt: Any further questions of the committee? Is there anyone else here care to testify for this bill? If not, I will close the hearing on HB 1158.

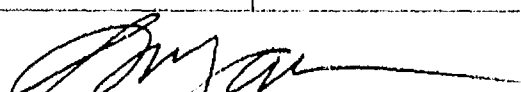
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1158

House Natural Resources Committee

Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
1		x	1823 to 2038
Committee Clerk Signature 			

Minutes: Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. Droydal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich.

Rep. Droydal: I would move Do Pass on HB 1158.

Chairman Rennerfeldt: I will accept that motion. Is there a second?

Vice Chair Nelson: Second.

Chairman Rennerfeldt: I have motion for a Do Pass on HB 1158 from Rep. Droydal, and a second from Rep. Nelson.

Rep. Droydal: I think the testimony is pretty straight forward and it just gives them a chance to continue on with the funds, because of the tobacco tax, the money is there.

Chairman Rennerfeldt: Any further discussion on HB 1158. SW Pipeline Bonding. (call for question.) Call the roll.



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House Natural Resources Committee  
Bill/Resolution Number HB 1158  
Hearing Date January 19, 2001

**MOTION FOR A DO PASS**

**YES 13,            NO, 0**

**2 ABSENT AND NOT VOTING.**

**REP. DROVDAL CARRIES.**

## FISCAL NOTE

Requested by Legislative Council  
12/28/2000

Bill/Resolution No.: HB 1158

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1158 increases the bonding limit for the Southwest Pipeline Project from \$15 to \$25 million. The bonds sold are repaid by revenue generated from water users fees, collected by the Southwest Water Authority, and sent directly to the bond trustee.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Dale Frink	Agency:	Water Commission
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Phone Number: 328-4998

Date Prepared: 12/27/2000

Date: 1-19-01  
 Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1158**

House Natural Resources Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Disputes

Motion Made By Drovdal Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Earl Rennerfeldt - Chairman	✓		Lyle Hanson	✓	
Jon O. Nelson - Vice Chairman	✓		Scot Kelsh	✓	
Curtis E. Brekke	✓		Lonnie B. Winrich	✓	
Duane DeKrey			Dorvan Solberg	✓	
David Drovdal	✓				
Pat Galvin	✓				
George Keiser					
Frank Klein	✓				
Darrell D. Nottestad	✓				
Todd Porter	✓				
Dave Weiler	✓				

Total (Yes) 13 No 0

Absent 2

Floor Assignment Drovdal

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
January 19, 2001 3:46 p.m.

**Module No: HR-09-1347**  
**Carrier: Drovdal**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1158: Natural Resources Committee (Rep. Rennerfeldt, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1158 was placed on the Eleventh order on the calendar.**

2001 SENATE NATURAL RESOURCES

HB 1158

