

**State Water Commission  
Budget No. 770  
House Bill Nos. 1021, 1050, 1069**

|   | <b>FTE Positions</b> | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b>       |
|---|----------------------|---------------------|--------------------|--------------------|
| 2005-07 executive budget (bills as introduced)            | 84.00                | \$2,063,357         | \$110,724,477      | \$112,787,834      |
| <b>2005-07 legislative appropriations</b>                 | <b>84.00</b>         | <b>1,011,220</b>    | <b>125,059,718</b> | <b>126,070,938</b> |
| Legislative increase (decrease) to executive budget       | 0.00                 | (\$1,052,137)       | \$14,335,241       | \$13,283,104       |
| Legislative increase (decrease) to 2003-05 appropriations | 2.00                 | (\$8,374,176)       | (\$25,413,740)     | (\$33,787,916)     |

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

|   | <b>Major Items<br/>FTE Positions</b> | <b>General Fund</b>  | <b>Other Funds</b>  | <b>Total</b>        |
|---|--------------------------------------|----------------------|---------------------|---------------------|
| The legislative action:   |                                      |                      |                     |                     |
| Added funding for state employee salary increases   |                                      | (\$28,258)           | \$69,208            | \$40,950            |
| Reduced funding for state employee health insurance premiums from \$559.15 to \$553.95 per month per policy   |                                      | (10,358)             |                     | (10,358)            |
| Increased the appropriation from the resources trust fund, based on total anticipated available funding, from \$52,863,116 to \$54,013,116  |                                      |                      | 1,150,000           | 1,150,000           |
| Changed funding source for administrative expenses of the State Water Commission from the general fund to the water development trust fund (see <b>Administrative Expenses</b> section below)     |                                      | (1,013,521)          | 1,013,521           | 0                   |
| Increased the appropriation from the water development trust fund, based on total anticipated available funding, from \$24,863,873 to \$29,963,873  |                                      |                      | 5,100,000           | 5,100,000           |
| Authorized the State Water Commission to issue up to \$7 million in bonds, in addition to the \$60 million of authority included in House Bill No. 1153, for statewide water development projects |                                      |                      | 7,000,000           | 7,000,000           |
| Provided funding for defraying the cost of paying military service retirement credit (HB 1069)  |                                      |                      | 2,512               | 2,512               |
| <b>Total</b>  | <b>0.00</b>                          | <b>(\$1,052,137)</b> | <b>\$14,335,241</b> | <b>\$13,283,104</b> |

### FTE Changes

The Legislative Assembly did not change the executive recommendation for 84 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium. The Legislative Assembly approved the executive recommendation to add 2 FTE positions for operating the Devils Lake Outlet.

### Other Sections in Bill

**Resources trust fund** - Section 4 authorizes \$54,013,116 from the resources trust fund. Any additional amount in the resources trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium. See also the resources trust fund analysis in the **Trust Fund Analyses** section of this report.

**Water development trust fund** - Section 5 authorizes \$29,963,873 from the water development trust fund. Any additional amount in the water development trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium. See also the water development trust fund analysis in the **Trust Fund Analyses** section of this report.

**Maintenance shop building** - Sections 6 and 7 provides a continuing appropriation for the sale of land and the existing shop building at the corner of 26th Street and Broadway Avenue in Bismarck. The State Water Commission is authorized to use the proceeds from the land and building sale to purchase land and build a new maintenance shop. The total appropriation for the purchase of land and construction of the new building is not to exceed \$977,100, the same as the 2003-05 and 2001-03 bienniums. Construction of the new maintenance shop building located near the State Penitentiary has started as of May 2005 and is expected to be completed in fall 2005.

**Water-related projects carryover authority** - Section 8 provides that funding appropriated for grants or water-related projects included in the water and atmospheric resources line item may be continued into to the 2007-09 biennium.

**Bank of North Dakota line of credit** - Section 9 authorizes a Bank of North Dakota line of credit of up to \$25 million to the State Water Commission for the 2005-07 biennium. Section 10 provides a contingent appropriation of \$25 million, or so much of the sum as may be necessary, from the water development trust fund, resources trust fund, bond proceeds, or other sources to the State Water Commission for repaying the line of credit.

**Devils Lake Outlet** - Section 11 authorizes the State Water Commission to employ full-time personnel and other such personnel as necessary for operation and maintenance of the Devils Lake Outlet. It also allows funding from the contract fund to be appropriated and disbursed for salaries, equipment, operations, and maintenance costs relating to the Devils Lake Outlet.

**Administrative expenses** - Section 12 provides legislative intent that future funding for administrative expenses of the State Water Commission be from the general fund. The total 2005-07 biennium appropriation for administrative expenses of the State Water Commission is \$10,135,855, of which \$1,011,220 is from the general fund and the remaining \$9,124,635 is primarily from the water development trust fund. The executive budget recommendation provided \$2,063,357 from the general fund for administrative expenses. The 2003 Legislative Assembly provided for total State Water Commission administrative expenses of \$9,522,399 from the general fund and authorized a transfer of \$10,070,373 from the water development trust fund to the general fund.

**Nelson County infrastructure** - Section 13 provides legislative intent that up to \$500,000 be made available for water-related damages to infrastructure in Nelson County.

**Exemption from payment of fees** - Section 14 provides an exemption for the State Water Commission during the 2005-07 biennium from rent, legal, and audit fees paid to the Office of Management and Budget, Attorney General's office, and State Auditor's office.

**Cash advance from the general fund** - Section 15 allows the State Water Commission to receive a cash advance of up to \$5 million from the general fund to pay for administrative expenses if sufficient funding is not available in the water development trust fund for these expenses. The cash advance must be repaid

upon the deposit of additional tobacco settlement collections in the water development trust fund. The cash advance must be repaid in full by the end of the 2005-07 biennium.

#### **Related Legislation**

**Bond issuance** - House Bill No. 1153 makes the statutory changes necessary for the State Water Commission to sell by July 1, 2005, **up to \$60 million** of bonds previously authorized. This amount is in addition to the \$7 million bond issuance authorized for the 2005-07 biennium in House Bill No. 1021.

**Reserved water rights** - Senate Bill No. 2115 provides that the Legislative Council consider studying the process to negotiate and quantify reserved water rights.