

**Department of Water Resources  
Budget No. 770  
House Bill Nos. 1020 and 1431; Senate Bill No. 2345**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	90.00	\$0	\$615,799,129 <sup>1</sup>	\$615,799,129
2019-21 legislative appropriation	<u>90.00</u>	<u>0</u>	<u>968,154,091<sup>2</sup></u>	<u>968,154,091</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	0.00	\$0	(\$352,354,962) <sup>3</sup>	(\$352,354,962)

<sup>1</sup>This amount includes \$206,600,000 of one-time funding, of which \$50,000,000 is a line of credit with the Bank of North Dakota, \$74,500,000 is from bond proceeds deposited in the resources trust fund, and \$75,000,000 is from the federal State Fiscal Recovery Fund. Excluding this amount, the agency's ongoing other funds appropriation is \$409,199,129.

<sup>2</sup>This amount includes \$100,900,000 of one-time funding, of which \$75,000,000 is a line of credit with the Bank of North Dakota and \$25,900,000 is to pay off an outstanding loan with the Bank. Excluding this amount, the agency's ongoing other funds appropriation is \$867,254,091.

<sup>3</sup>This reduction reflects the discontinuation of the Legislative Assembly appropriating carryover project funding resulting in a reduction of \$308,333,818 compared to the 2019-21 biennium appropriation.

**Item Description**

**Resources trust fund and water development trust fund** - In Section 3 of House Bill No. 1020, the Legislative Assembly provided that, in addition to the amounts appropriated to the State Water Commission (SWC) from the resources trust fund, any amounts that become available in the fund are appropriated, subject to Budget Section approval, to the SWC for the purpose of defraying the expenses of the commission for the 2021-23 biennium. Section 6 of Senate Bill No. 2345 amended Section 3 of House Bill No. 1020 to include the water projects stabilization fund.

**State Water Commission project funding designations** - The Legislative Assembly, in Section 1 of House Bill No. 1020, designated \$396,160,762 to be used as follows:

- \$148,233,487 for state owned water projects in capital assets;
- \$125,000,000 for water supply - grants;
- \$59,600,000 for rural water supply - grants;
- \$48,000,000 for flood control projects;
- \$14,227,275 for general water - grants; and
- \$1,100,000 for basinwide plan implementation

**State Water Commission discretionary funds - One-time funding** - The Legislative Assembly, in Section 4 of House Bill No. 1020, appropriated one-time funding of \$6 million from the resources trust fund to the SWC for providing discretionary funds for water project grants during the 2021-23 biennium.

**Status/Result**

Through April 2022, the resources trust fund received \$30,491,586, in excess of the 2021 legislative revenue forecast, which has been transferred to the water projects stabilization fund. The increase is due to oil extraction tax collections being more than estimated in the 2021 legislative revenue forecast. The agency does not anticipate requesting Budget Section approval to expend any additional funds during the 2021-23 biennium.

Through March 31, 2022, the SWC has obligated \$128,346,031 in funding, designated as follows:

- \$31,321,203 for state owned water projects in capital assets;
- \$61,568,004 for water supply - grants;
- \$19,657,700 for rural water supply - grants;
- \$12,292,055 for flood control projects;
- \$2,407,069 for general water - grants; and
- \$1,100,000 for basinwide plan implementation

Through March 31, 2022, the SWC has obligated \$4 million of which \$2 million was approved for the Drought Disaster Livestock Water Supply Program, and \$2 million was approved for the Agriculture Department's Emergency Livestock Water Supply Program. The State Water Commission anticipates up to \$1.87 million of the funds approved for these two programs may not be spent.

**Water project carryover** - The 2021 Legislative Assembly did not appropriate water project carryover funding to the SWC as it historically has done. The Legislative Assembly authorized the SWC to continue unexpended appropriation authority for water projects from previous bienniums in Section 5 of House Bill No. 1020 totaling \$317,363,183, of which \$22,000,000 is in capital assets, into the 2021-23 biennium.

**Red River Valley Water Supply Project** - Since the 2017-19 biennium, the state has provided a total of \$117 million for the Red River Valley Water Supply Project, of which \$35 million was provided directly through the Legislative Assembly and \$82 million was approved by the SWC.

**Mouse River flood control project** - Section 11 of House Bill No. 1020 provides legislative intent that the SWC, excluding funding provided for Mouse River flood control projects prior to the 2021-23 biennium, provide a total of \$604 million of state funding for Mouse River flood control projects. Section 7 of House Bill No. 1431 provides \$74.5 million from bond proceeds deposited in the resources trust fund for the Mouse River flood control project during the 2021-23 biennium.

**Fargo diversion project** - The Legislative Assembly has been providing funding to the Fargo diversion project since the 2009 legislative session. The 2021 Legislative Assembly provided legislative intent to provide a total of \$850 million, of which \$414.5 million has been provided through June 30, 2021, in state funding through the SWC for the Fargo diversion project. The Legislative Assembly fully funded the remaining \$435.5 million of the state's share through bond proceeds during the 2021-23 biennium.

**Bank of North Dakota line of credit** - Section 7 of House Bill No. 1020 amends Section 61-02-79 to continue the authorization of a line of credit at the Bank of North Dakota, not to exceed \$50 million, at the prevailing interest rate charged to North Dakota government entities. 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 the Northwest Area Water Supply Project during the 2021-23 biennium.

Through March 31, 2022, the SWC has expended \$143,135,234 of the \$317,363,183 continued from the 2019-21 biennium.

Through March 31, 2022, the SWC has approved \$117,000,000 of which \$54,926,226 has been expended.

Through March 31, 2022, the SWC has approved \$84.5 million, of which \$74.5 million is from bond proceeds deposited in the resources trust fund, for the Mouse River flood control project during the 2021-23 biennium. Of the \$604 million of funding intended for the project, \$519.5 million remains to be provided the project.

Through March 31, 2022, the state has provided a total of \$633.5 million of which \$219 is from bond proceeds approved during the 2021 legislative session. Bonds were sold for the Fargo diversion project in 2021 for a total of \$219 million leaving \$216.5 million yet to sell. The remaining state commitment of \$216.5 million is from bonds that have yet to be sold.

Through March 31, 2022, the SWC has not drawn on the line of credit and does not plan to during the 2021-23 biennium as a result of receiving more federal funds than anticipated for the Northwest Area Water Supply Project.