

**FIRST ENGROSSMENT  
with House Amendments**Fifty-sixth  
Legislative Assembly  
of North Dakota**ENGROSSED SENATE BILL NO. 2188**

Introduced by

Senator Traynor

Representatives Brekke, Grosz, D. Johnson

1 A BILL for an Act to create and enact a new section to chapter 61-01 and chapter 61-02.1 of  
2 the North Dakota Century Code, relating to statewide water development goals and the  
3 issuance of bonds to finance construction of flood control projects, the southwest pipeline  
4 project, a Devils Lake outlet, and a statewide water development program; to amend and  
5 reenact subdivision d of subsection 5 of section 61-02-02 of the North Dakota Century Code,  
6 relating to the definition of works; to require the pledging of funds for certain water projects; to  
7 allocate funds from settlements with tobacco product manufacturers; to provide a statement of  
8 legislative intent; to provide for reports to the legislative council; to provide for development of a  
9 statewide water development program; to provide an appropriation; to provide an effective date;  
10 to provide an expiration date; and to declare an emergency.

**11 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

12 **SECTION 1.** A new section to chapter 61-01 of the North Dakota Century Code is  
13 created and enacted as follows:

14 **Statewide water development goals.** The legislative assembly will support to the  
15 extent funds are available from the resources trust fund the comprehensive statewide water  
16 development program developed pursuant to section 2 of chapter 587 of the 1995 Session  
17 Laws and to the state water management plan established under section 61-01-26. In order to  
18 implement the state water management plan, the legislative assembly will support the following:

19 1. During the 1999-2001 biennium:

20 a. Southwest pipeline project: Six million dollars in state funds and eleven  
21 million five hundred thousand dollars in federal funds, assuming Perkins  
22 County water system payment to the state water commission of four million  
23 five hundred thousand dollars.

- 1           b. Northwest area water supply project: Eight million two hundred thousand  
2           dollars in local funds and fourteen million eight hundred thousand dollars in  
3           federal funds, with an option being considered of the state water commission  
4           bonding the local cost-share with local repayment of the total principal,  
5           interest, and cost of issuance of the bonds to the state water commission.
- 6           c. Other municipal, rural, and industrial projects: Twenty-five million five  
7           hundred thousand dollars in local funds and thirty-nine million nine hundred  
8           thousand dollars in federal funds.
- 9           d. Grand Forks flood control: Twenty-five million dollars in local funds,  
10          twenty-five million dollars in state funds, and thirty-eight million five hundred  
11          thousand dollars in federal funds. The state total cost-share of fifty-two  
12          million dollars or so much of the total cost-share that is required may be  
13          bonded, requiring a loan repayment estimated at three million nine hundred  
14          thousand dollars per year with repayment beginning in 2001.
- 15          e. Devils Lake outlet to Sheyenne River and to west Stump Lake: Seventeen  
16          million five hundred thousand dollars in state funds and thirty-two million five  
17          hundred thousand dollars in federal funds. The total state cost-share of  
18          seventeen million five hundred thousand dollars includes mitigation costs and  
19          will be bonded, requiring a local repayment estimated at one million five  
20          hundred thousand dollars per year, with the split between state and local loan  
21          repayment to be determined. Before bonds may be issued for a Devils Lake  
22          outlet, construction of the outlet must be approved by the state water  
23          commission and the federal government must have agreed to participate in  
24          construction of the outlet.
- 25          2. During the 2001-03 biennium:
- 26               a. Water to eastern North Dakota: Seventeen million dollars in federal funds  
27               appropriated under the Garrison Diversion Unit Reformulation Act of 1986  
28               [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or  
29               other federal Act. The local cost has not been determined and will be  
30               determined after project configuration is complete.

- 1            b. Southwest pipeline project: Five hundred thousand dollars in local funds, one  
2            million seven hundred thousand dollars in state funds, and twelve million five  
3            hundred thousand dollars federal funds.
- 4            c. Northwest area water supply project: Eight million seven hundred thousand  
5            dollars in local funds and sixteen million three hundred thousand dollars in  
6            federal funds.
- 7            d. Other municipal, rural, and industrial projects: Seventeen million seven  
8            hundred thousand dollars in local funds and thirty-two million eight hundred  
9            thousand dollars in federal funds.
- 10           e. Grand Forks flood control: Thirty-five million seven hundred thousand dollars  
11           in local funds, twenty-seven million dollars in state funds, and sixty-two million  
12           nine hundred thousand dollars in federal funds; annual bond payments of  
13           three million nine hundred thousand dollars. Components of the Grand Forks  
14           flood control project involve water treatment plant improvements. Those  
15           federal costs are reflected in subdivision d because of potential cost-sharing  
16           using Garrison diversion municipal, rural, and industrial funds. Other projects,  
17           such as greenway, are listed under subdivision G.
- 18           f. Devils Lake outlet to Sheyenne River and to west Stump Lake: Bond  
19           repayments of one million five hundred thousand dollars per year.
- 20           g. General projects: Thirty-one million seven hundred thousand dollars in local  
21           funds, twenty-five million nine hundred thousand dollars in state funds, and  
22           thirty-nine million eight hundred thousand dollars in federal funds.
- 23           3. During the 2003-05 biennium:
- 24           a. Water to eastern North Dakota: Six million dollars in federal funds  
25           appropriated under the Garrison Diversion Unit Reformulation Act of 1986  
26           [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or  
27           other federal Act. The local cost has not been determined and will be  
28           determined after project configuration is complete.
- 29           b. Southwest pipeline project: One million dollars in local funds, five million  
30           dollars in state funds, and eleven million four hundred thousand dollars in  
31           federal funds.

- 1           c. Northwest area water supply project: Eleven million eight hundred thousand  
2                   dollars in local funds and twenty-one million eight hundred thousand dollars in  
3                   federal funds.
- 4           d. Other municipal, rural, and industrial projects: Seventeen million seven  
5                   hundred thousand dollars in local funds and thirty-two million eight hundred  
6                   thousand dollars in federal funds.
- 7           e. Grand Forks flood control: Annual bond payments of three million nine  
8                   hundred thousand dollars.
- 9           f. Devils Lake outlet to Sheyenne River and to west Stump Lake: Bond  
10                  repayments of one million five hundred thousand dollars per year.
- 11          g. General projects: Twenty-four million dollars in local funds, eighteen million  
12                  four hundred thousand dollars in state funds, and five million five hundred  
13                  thousand dollars in federal funds.
- 14          4. During the 2005-07 biennium:
- 15           a. Water to eastern North Dakota: Eighty-four million dollars in federal funds  
16                  appropriated under the Garrison Diversion Unit Reformulation Act of 1986  
17                  [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or  
18                  other federal Act. The local cost has not been determined and will be  
19                  determined after project configuration is complete.
- 20           b. Southwest pipeline project: One million dollars in local funds, nine million five  
21                  hundred thousand dollars in state funds, and nineteen million five hundred  
22                  thousand dollars in federal funds.
- 23           c. Northwest area water supply project: Five million eight hundred thousand  
24                  dollars in local funds and ten million nine hundred thousand dollars in federal  
25                  funds.
- 26           d. Other municipal, rural, and industrial projects: Seventeen million seven  
27                  hundred thousand dollars in local funds and thirty-two million eight hundred  
28                  thousand dollars in federal funds.
- 29           e. Grand Forks flood control: Annual bond payments of three million nine  
30                  hundred thousand dollars.

- 1            f. Devils Lake outlet to Sheyenne River and to west Stump Lake: Bond  
2            repayments of one million five hundred thousand dollars per year.
- 3            g. General projects: Twenty-four million dollars in local funds, eighteen million  
4            four hundred thousand dollars in state funds, and five million five hundred  
5            thousand dollars in federal funds.
- 6            5. During the 2007-09 biennium:
- 7            a. Water to eastern North Dakota: Fifty-nine million dollars in federal funds  
8            appropriated under the Garrison Diversion Unit Reformulation Act of 1986  
9            [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or  
10           other federal Act. The local cost has not been determined and will be  
11           determined after project configuration is complete.
- 12           b. Northwest area water supply project: Three million seven hundred thousand  
13           dollars in local funds and seven million dollars in federal funds.
- 14           c. Other municipal, rural, and industrial projects: Seventeen million seven  
15           hundred thousand dollars in local funds and thirty-two million eight hundred  
16           thousand dollars in federal funds.
- 17           d. Grand Forks flood control: Annual bond repayments of three million nine  
18           hundred thousand dollars.
- 19           e. Devils Lake outlet to Sheyenne River and to west Stump Lake: Bond  
20           repayments of one million five hundred thousand dollars per year.
- 21           f. General projects: Twenty-four million dollars in local funds, eighteen million  
22           four hundred thousand dollars in state funds, and five million five hundred  
23           thousand dollars in federal funds.
- 24           6. During the 2009-11 biennium:
- 25           a. Water to eastern North Dakota: Two million dollars in federal funds  
26           appropriated under the Garrison Diversion Unit Reformulation Act of 1986  
27           [Pub. L. 99-294; 100 Stat. 418], Dakota Water Resources Act of 1998, or  
28           other federal Act. The local cost has not been determined and will be  
29           determined after project configuration is complete.

- 1            b. Northwest area water supply project: One million seven hundred thousand  
2            dollars in local funds and three million three hundred thousand dollars in  
3            federal funds.
- 4            c. Other municipal, rural, and industrial projects: Seventeen million seven  
5            hundred thousand dollars in local funds and thirty-two million eight hundred  
6            thousand dollars in federal funds.
- 7            d. Grand Forks flood control: Annual bond repayments of three million nine  
8            hundred thousand dollars.
- 9            e. Devils Lake outlet to Sheyenne River and to west Stump Lake: Bond  
10           repayments of one million five hundred thousand dollars per year.
- 11           f. General projects: Twenty-four million dollars in local funds, eighteen million  
12           four hundred thousand dollars in state funds, and five million five hundred  
13           thousand dollars in federal funds.
- 14        7. Beyond the year 2011:
- 15           a. Water to eastern North Dakota: The local cost has not been determined and  
16           will be determined after project configuration is complete.
- 17           b. Northwest area water supply project: Eight million seven hundred thousand  
18           dollars in local funds and sixteen million three hundred thousand dollars in  
19           federal funds.
- 20           c. Other municipal, rural, and industrial projects: One hundred thirty million two  
21           hundred thousand dollars in local funds and two hundred forty-one million two  
22           hundred thousand dollars in state funds. The anticipated three hundred  
23           forty-five million dollars in federal cost-share has been used in the previous  
24           bienniums and the remaining cost-share for projects has been identified as a  
25           potential state cost-share.
- 26           d. Grand Forks flood control: A total of fifty-eight million five hundred thousand  
27           dollars in bond repayments is anticipated.
- 28           e. Devils Lake outlet to Sheyenne River and to west Stump Lake: A total of  
29           fifteen million dollars in bond repayments.
- 30           f. General projects: Two hundred twenty million two hundred thousand dollars  
31           in local funds, one hundred fifty-six million four hundred thousand dollars in

1                   state funds, and thirty-four million three hundred thousand dollars in federal  
2                   funds.

3                   **SECTION 2. AMENDMENT.** Subdivision d of subsection 5 of section 61-02-02 of the  
4 North Dakota Century Code is amended and reenacted as follows:

5                   d. All works for the conservation, control, development, storage, treatment,  
6                   distribution, and utilization of water including, without limiting the generality of  
7                   the foregoing subdivisions, works for the purpose of irrigation, flood control,  
8                   watering stock, supplying water for public, domestic, industrial, and  
9                   recreational use, fire protection, and the draining of lands injured or in danger  
10                  of injury as a result of such water utilization.

11                  **SECTION 3.** Chapter 61-02.1 of the North Dakota Century Code is created and  
12 enacted as follows:

13                  **61-02.1-01. Legislative findings and intent - Authority to issue bonds.**

- 14                  1. The legislative assembly finds that some cities suffered serious economic and  
15                  social injuries due to the major flood disaster in 1997 and other recent floods and  
16                  are at significant risk for future flooding; and that construction of flood control or  
17                  reduction projects is necessary for the protection of health, property, and  
18                  enterprises and for the promotion of prosperity and the general welfare of the  
19                  people of the state and that construction of any such projects involves and requires  
20                  the exercise of the sovereign powers of the state and concerns a public purpose.  
21                  Therefore, it is declared necessary and in the public interest that the state by and  
22                  through the state water commission assist in financing the costs of constructing  
23                  flood control or reduction projects through the issuance of bonds.
- 24                  2. The legislative assembly finds that the Devils Lake basin is suffering and facing a  
25                  worsening flood disaster; and that construction of an outlet from Devils Lake is  
26                  necessary for the protection of health, property, and enterprises and for the  
27                  promotion of prosperity and the general welfare of the people of the state; and that  
28                  construction of the outlet involves and requires the exercise of the sovereign  
29                  powers of the state and concerns a public purpose. Therefore, it is declared  
30                  necessary and in the public interest that an outlet from Devils Lake be constructed

1           with financing from the state water commission to provide flood relief to the Devils  
2           Lake basin.

3           3. The legislative assembly finds that there is a critical need to develop a  
4           comprehensive statewide water development program to serve the long-term  
5           water resource needs of the state and its people and to protect the state's current  
6           usage of, and the state's claim to, its proper share of Missouri River water.

7           4. In furtherance of the public purpose set forth in subsection 1, the state water  
8           commission may issue bonds under chapter 61-02 and the proceeds are  
9           appropriated for flood control projects authorized and funded in part by the federal  
10           government and designed to provide permanent flood control or reduction to cities  
11           that suffered severe damages as a result of the 1997 flood or other recent floods  
12           and to repay the line of credit extended to the state water commission under  
13           section 4 of this Act. The commission may issue bonds for a flood control or  
14           reduction project only:

15           a. When:

16                   (1) A flood control or reduction project involves a city that suffered  
17                   catastrophic flood damage requiring evacuation of the major share of  
18                   its populace;

19                   (2) A flood control or reduction project includes interstate features and  
20                   requires acquisition of private property to build permanent flood  
21                   protection systems to comply with federal flood protection standards;

22                   (3) The governing body of a city provides a written certification to the state  
23                   water commission that the city has committed itself to contribute  
24                   one-half or more of the North Dakota project sponsor's share of the  
25                   nonfederal share of the cost to construct the project;

26                   (4) The United States army corps of engineers issues its approval of the  
27                   flood control or reduction project;

28                   (5) A project cooperation agreement, which contains provisions acceptable  
29                   to the state engineer and is approved by the governor, is entered by the  
30                   state of Minnesota or one of its political subdivisions in which the flood  
31                   control or reduction project is to be constructed;



- 1                   (6) A project cooperation agreement, which contains provisions acceptable  
2                   to the state engineer and is approved by the governor, is entered by the  
3                   state or one of its political subdivisions in which the flood control or  
4                   reduction project is to be constructed;
- 5                   (7) The governing body of the city has approved a financing plan for all  
6                   amounts of the nonfederal share of a flood control or reduction project  
7                   in excess of the amounts to be paid by the state;
- 8                   (8) That no order for injunctive relief has been issued by a court of  
9                   competent jurisdiction enjoining construction of the flood control or  
10                  reduction project; and
- 11                  (9) That the flood control or reduction project is designed to be  
12                  cost-effective and that any impact on residential neighborhoods is  
13                  minimized in an amount reasonably practicable as determined by the  
14                  state engineer and approved by the governor;
- 15                  b. When a flood control or reduction project in a city with a population as of the  
16                  1990 federal decennial census of at least eight thousand and not more than  
17                  ten thousand has received significant federal funding through federal grants  
18                  and funds from the United States army corps of engineers and the federal  
19                  emergency management agency; or
- 20                  c. When a flood control or reduction project in a city with a population as of the  
21                  1990 federal decennial census of at least four thousand five hundred and not  
22                  more than six thousand has at least seventy percent of the land within the  
23                  boundaries of the city located within the one hundred year floodplain as  
24                  designated on a flood insurance rate map and the United States army corps  
25                  of engineers issues its approval of the flood control or reduction project.
- 26                  5. The state water commission may issue bonds under chapter 61-02 and the  
27                  proceeds are appropriated for construction of the southwest pipeline project and to  
28                  repay the line of credit extended to the state water commission under section 4 of  
29                  this Act. The commission may only issue bonds under this chapter for continued  
30                  construction of the southwest pipeline project when it is determined that the  
31                  Perkins County water system will not make payment to the state water commission

1           in the amount of four million five hundred thousand dollars or on January 1, 2000,  
2           whichever occurs earlier. If the Perkins County water system makes payment to  
3           the state water commission after January 1, 2000, the payment must be used to  
4           pay principal and interest on bonds issued for continued construction of the  
5           southwest pipeline project as provided in subsection 2 of section 61-02.1-04. If the  
6           Perkins County water system does not make payment to the state water  
7           commission, no benefits may accrue to the Perkins County water system.

8           6. In furtherance of the public purposes set forth in subsections 2 and 3, the state  
9           water commission may issue bonds under chapter 61-02 to finance the cost of one  
10           or more of the projects identified in this subsection, provided that:

11           a. (1) The state water commission may only issue bonds for construction of  
12           an outlet from Devils Lake when the United States authorizes  
13           construction of an outlet and either the state water commission or a  
14           federal agency has developed a plan addressing damage to basic  
15           infrastructure such as roads, culverts, and bridges; riverbank erosion;  
16           downstream flooding; and increased water treatment costs caused by  
17           or resulting from construction of the outlet.

18           (2) The state water commission or the project sponsor must sign a project  
19           cooperation agreement with the United States army corps of engineers;

20           (3) The outlet from Devils Lake to west Stump Lake must comply with any  
21           environmental impact statement or National Environmental Policy Act  
22           provisions required under federal law; and

23           (4) Bonds may not be issued if an order for injunctive relief has been  
24           issued by a court of competent jurisdiction enjoining construction of an  
25           outlet from Devils Lake to the Sheyenne River or to west Stump Lake.

26           b. The state water commission may only issue bonds to finance the nonfederal  
27           cost-share of the Garrison diversion unit when the Congress of the United  
28           States enacts legislation for the completion of the Garrison diversion unit,  
29           which may include the delivery of water to the northwest area water supply  
30           project; southwest pipeline project; Turtle Lake irrigation district;  
31           Nesson-Valley irrigation district; Elk Charbon irrigation district; the Williston

1                   irrigation project; the Oakes irrigation project; other irrigation, municipal, rural,  
2                   and industrial water supply projects; augmented streamflow and ground water  
3                   recharge projects; development of a Red River valley water supply; and  
4                   delivery of Missouri River water to the Sheyenne River.

5           7.   This chapter does not affect the state water commission's authority to otherwise  
6           issue bonds pursuant to chapter 61-02 or 61-24.3-01.

7           8.   Notwithstanding this section, the state water commission may not issue bonds  
8           authorized under subsection 4 or subdivision a of subsection 6 for a project unless  
9           federal funds have been appropriated for that project.

10          9.   Notwithstanding this section, if bonds are issued under this chapter, any bonds  
11          subsequently issued after the first issuance must meet the same conditions as the  
12          bonds initially issued.

13          10. Notwithstanding this section, the state water commission may not issue bonds  
14          under this chapter unless the local project sponsor has agreed to repay the local  
15          project sponsor's share of any bonds issued for the entire nonfederal share of the  
16          cost of a project.

17           **61-02.1-02. Bond issuance amount limited.**

18          1.   The state water commission bonds issued for flood control or reduction projects  
19          meeting the requirements of subdivision a of subsection 4 of section 61-02.1-01  
20          may not exceed forty-five percent and bonds issued for flood control or reduction  
21          projects meeting the requirements of subdivision b or c of subsection 4 of section  
22          61-02.1-01 may not exceed one-half of the North Dakota project sponsor's share of  
23          the nonfederal share of the cost to construct the flood control or reduction project  
24          or, in the aggregate, sixty million three hundred thousand dollars plus the costs of  
25          issuance of the bonds, capitalized interest, and reasonably required reserves,  
26          whichever is less. Of the sixty million three hundred thousand dollars authorized in  
27          this subsection for flood control or reduction projects under subsection 4 of section  
28          61-02.1-01, fifty-two million dollars must be allocated for flood control or reduction  
29          projects meeting the requirements of subdivision a of subsection 4 of section  
30          61-02.1-01, three million five hundred thousand dollars must be allocated for flood  
31          control or reduction projects meeting the requirements of subdivision b of

1           subsection 4 of section 61-02.1-01, and four million eight hundred thousand dollars  
2           must be allocated for flood control or reduction projects meeting the requirements  
3           of subdivision c of subsection 4 of section 61-02.1-01.

4           2. The state water commission bonds issued as provided in subsection 5 of section  
5           61-02.1-01 for continued construction of the southwest pipeline project may not  
6           exceed, in the aggregate, four million five hundred thousand dollars plus the costs  
7           of issuance of the bonds, capitalized interest, and reasonably required reserves.

8           3. The state water commission bonds issued as provided in subsection 6 of section  
9           61-02.1-01 for a Devils Lake outlet to the Sheyenne River and to west Stump Lake  
10           or other projects listed in subdivision b of subsection 6 of section 61-02.1-01 may  
11           not exceed, in the aggregate, twenty million dollars, plus the costs of issuance of  
12           the bonds, capitalized interest, and reasonably required reserves. The state water  
13           commission may use all or part of the proceeds of bonds issued as provided in  
14           subsection 6 of section 61-02.1-01 and the proceeds are appropriated to match, in  
15           a ratio no greater than required by the federal government, any federal funds  
16           available for the projects identified in subsection 6 of section 61-02.1-01 and to  
17           repay the line of credit extended to the state water commission under section 4 of  
18           this Act. The commission may require any political subdivision affected by Devils  
19           Lake flooding to participate in the cost of construction of an outlet from Devils Lake  
20           to the Sheyenne River and to west Stump Lake by providing matching funds in a  
21           percentage of the construction costs determined by the commission to be  
22           reasonable in light of the benefits to be received by that political subdivision in  
23           relation to benefits received by all benefited political subdivisions. Any local  
24           matching fund requirement must be determined by the commission and the  
25           affected political subdivisions must be informed of their matching fund obligation  
26           prior to issuance of bonds pursuant to this chapter.

27           4. For any project that requires federal participation, the state water commission may  
28           issue bonds equal to the estimated project costs less any local participation. If the  
29           state water commission issues bonds for both the state and local cost-share, an  
30           agreement for the local repayment of the local cost-share must be a part of an

1           agreement between the state water commission and the local project sponsor to  
2           issue bonds for the nonfederal share.

3           **61-02.1-03. Limitation of action.** An action may not be brought or maintained in any  
4 court in this state questioning the validity of any bonds issued as provided in this chapter unless  
5 the action is commenced within thirty days after the adoption of the resolution of the state water  
6 commission authorizing the sale of the bonds. The state water commission may commence a  
7 special proceeding any time after the effective date of this chapter in and by which the  
8 constitutionality and validity of the bonds to be issued pursuant to this chapter may be judicially  
9 examined, approved and confirmed, or disapproved and disaffirmed. Proceedings must comply  
10 as nearly as possible with the procedure required for declaratory judgment proceedings.

11           **61-02.1-04. Bonds payable from appropriations and other revenues.**

- 12           1. Principal and interest on bonds issued for flood control or reduction projects as  
13           provided in this chapter are payable from transfers to be made and appropriated  
14           by the legislative assembly from the resources trust fund as provided in section 6  
15           of this Act, from appropriations of other available revenues in the then current  
16           biennium, and from any other revenues the state water commission makes  
17           available during the then current biennium for that purpose, including any federal  
18           moneys received by the state for the construction of flood control or reduction  
19           projects to pay bonds issued for that project.
- 20           2. Principal and interest on bonds issued for continued construction of the southwest  
21           pipeline project are payable from transfers to be made and appropriated by the  
22           legislative assembly from the resources trust fund as provided in section 6 of this  
23           Act, from appropriations of other available revenues in the then current biennium,  
24           or from payment from the Perkins County rural water system, and any other  
25           revenues the state water commission makes available during the then current  
26           biennium for that purpose, including any federal moneys received by the state for  
27           the construction of the southwest pipeline project to pay bonds issued for the  
28           project.
- 29           3. Principal and interest on bonds issued under subsection 6 of section 61-02.1-01  
30           are payable from transfers to be made and appropriated by the legislative  
31           assembly from the resources trust fund as provided in section 6 of this Act or from

1           appropriations of other available revenues in the then current biennium, and any  
2           other revenues the state water commission makes available during the then  
3           current biennium for that purpose, including any federal moneys received by the  
4           state for the construction of an outlet to Devils Lake to pay bonds issued for that  
5           project, or financing a statewide water development program to pay bonds issued  
6           for that project.

7           4. Obligations issued as provided in this chapter do not constitute a debt, liability, or  
8           obligation of the state of North Dakota or a pledge of the faith and credit of the  
9           state of North Dakota, but are payable solely from the sources as described in this  
10           chapter.

11           5. The state water commission shall include in its submission to the governor for  
12           inclusion by the governor in the biennial executive budget of the state for each  
13           year of the respective biennium during the term of any bonds issued as provided in  
14           this chapter an amount fully sufficient to pay the principal and interest required to  
15           be paid in each year of the biennium, if any, from moneys from nongeneral fund  
16           sources. Provided, that should the governor not include in the executive budget  
17           for any reason the amounts required to be included by this section, the state water  
18           commission shall request independently that the legislative assembly amend the  
19           executive budget appropriation so as to include the amounts.

20           **SECTION 4. LINE OF CREDIT - APPROPRIATION.** The Bank of North Dakota shall  
21 extend a line of credit not to exceed \$84,800,000, which is hereby appropriated for the  
22 biennium beginning July 1, 1999, and ending June 30, 2001, to the state water commission for  
23 the purpose of interim financing until bonds are issued under chapter 61-02.1.

24           **SECTION 5. CORPORATE CENTER - CONTRACT TO PLEDGE REVENUES.**

25 Before the issuance of any bonds for any flood control or reduction project in Grand Forks as  
26 provided in chapter 61-02.1, the state water commission shall require a contract be entered  
27 with the city of Grand Forks pledging revenue from the corporate center in that city as follows:

28           1. After all moneys pledged for the repayment of revenue bonds for the corporate  
29 center project have been paid, the city must pledge revenue from the project to the  
30 resources trust fund as repayment for the flood control or reduction project to

- 1 facilitate economic development in this state. This contract must be in compliance  
2 with all applicable federal requirements.
- 3 2. If the corporate center is voluntarily sold, the city must pledge the proceeds of the  
4 sale, subject to the rights of bondholders, to the resources trust fund as repayment  
5 for the flood control or reduction project to facilitate economic development in this  
6 state. The corporate center may not be voluntarily sold without the prior approval  
7 of the budget section of the legislative council.
- 8 3. The revenue to be pledged must be in amounts similar to the amounts previously  
9 dedicated each year for the repayment of the revenue bonds.
- 10 4. The period during which revenue must be pledged under this section is from the  
11 date of the final payment of the revenue bonds until the end of the projected life of  
12 the corporate center, which must be not less than forty years from the date of initial  
13 occupancy.
- 14 5. Any refinancing of debt or any improvements to the corporate center requiring the  
15 incurring of indebtedness cannot be entered without prior approval of the budget  
16 section of the legislative council.

17 **SECTION 6. ALLOCATION OF TOBACCO SETTLEMENT FUNDS.** Thirty-five  
18 percent of any funds received by the state pursuant to the 1998 settlement agreement with  
19 tobacco product manufacturers, or any successor agreement, must be deposited in the  
20 resources trust fund for use in paying for bonds issued as provided in section 3 of this Act and  
21 for other water projects. Any funds from the settlement agreement deposited in the resources  
22 trust fund, and earnings on those funds, must be accounted for separately from any other funds  
23 in the resources trust fund.

24 **SECTION 7. LEGISLATIVE INTENT.** It is the intent of the fifty-sixth legislative  
25 assembly that a total of six million dollars of funding be provided to the state water commission  
26 for the southwest pipeline project through a combination of funding sources. The potential  
27 funding source must include payment from the Perkins County rural water system, bonds  
28 issued by the state water commission, or other available resources.

29 **SECTION 8. APPROPRIATION.** There is hereby appropriated out of any moneys in  
30 the resources trust fund, not otherwise appropriated, the sum of \$84,800,000, or so much of the  
31 sum as may be necessary, to the Bank of North Dakota for the purpose of repaying the line of

1 credit extended to the state water commission under section 4 of this Act, for the biennium  
2 beginning July 1, 1999, and ending June 30, 2001. It is the intent of the legislative assembly  
3 that the funds appropriated in this section are from transfers to be made and appropriated by  
4 the legislative assembly from the resources trust fund as provided in section 6 of this Act.

5 **SECTION 9. EFFECTIVE DATE.** The authority of the commission to issue bonds as  
6 provided in subsection 2 of section 61-02.1-01 becomes effective on the date the state  
7 engineer certifies to the state water commission that the Perkins County water system will not  
8 make a payment to the state water commission in the amount of four million five hundred  
9 thousand dollars or January 1, 2000, whichever occurs earlier.

10 **SECTION 10. REPORTS TO LEGISLATIVE COUNCIL AND STANDING**  
11 **COMMITTEES - COMPREHENSIVE STATEWIDE WATER DEVELOPMENT PROGRAM**  
12 **AND STATE WATER MANAGEMENT PLAN IMPLEMENTATION - BOND ISSUANCE.** The  
13 state engineer shall report periodically to the budget section, any other interim committee  
14 designated by the legislative council, and to the house of representatives and the senate  
15 standing committees on natural resources and appropriations regarding implementation of the  
16 comprehensive statewide water development program and state water management plan and  
17 the issuance of bonds to finance construction of flood control projects, the southwest pipeline  
18 project, a Devils Lake outlet, and a statewide water development program during the  
19 1999-2000 interim. The report must include information on the funding sources used to repay  
20 any bonds issued under chapter 61-02.1.

21 **SECTION 11. STATEWIDE WATER DEVELOPMENT PROGRAM.** The state water  
22 commission shall develop a new comprehensive statewide water development program with  
23 priorities based upon expected funds available from the resources trust fund for water  
24 development projects.

25 **SECTION 12. EXPIRATION DATE.** The authority of the commission to issue bonds as  
26 provided in chapter 61-02.1 is effective through June 30, 2001, and after that date is ineffective  
27 provided, however, that the commission may continue to exercise all other powers granted to it  
28 under this Act and to comply with any covenants entered into pursuant to this Act.

29 **SECTION 13. EMERGENCY.** This Act is declared to be an emergency measure.