

FISCAL NOTE

Requested by Legislative Council

02/28/2005

REVISION

Amendment to: Engrossed
HB 1458

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$22,010,000		\$22,010,000
Expenditures						
Appropriations						

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$5,580,000	\$3,410,000		\$5,580,000	\$3,410,000	

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

This bill involves two distinct revenue packages that take effect at different times. The first package takes effect with the start of the 05-07 biennium and is effective through 6/30/09. The second revenue package becomes effective on July 1, 2009.

The first revenue package involves three separate components: a \$13 increase in motor vehicle registration fees, with \$8 of each fee increase deposited in the Highway Fund; a 2 cent per gallon fuel tax increase on gasoline and gasohol that is deposited in the Highway Distribution Fund (the tax on diesel fuel remains unchanged); and a repeal of Section 7 of chapter 12 of the 2003 Session Laws. The repeal provision provides that the \$3 of the motor vehicle registration fee that is currently deposited in the Highway fund would subsequently be deposited in the Highway Distribution Fund.

The second revenue package also involves three separate components: a \$25 increase in motor vehicle registration fees, with \$20 of each fee increase deposited in the Highway Fund; a 3 cent per gallon fuel tax increase on gasoline and gasohol that is deposited in the Highway Distribution Fund (the tax on diesel fuel remains unchanged); and a repeal of Section 7 of chapter 12 of the 2003 Session Laws. The repeal provision provides that the \$3 of the motor vehicle registration fee that is currently deposited in the Highway fund would subsequently be deposited in the Highway Distribution Fund.

Additionally, the bill requires biennial transfers from the highway fund to four transportation related funds and provides continuing appropriations for those funds. The four funds are the highway performance classification fund, the state freight rail improvement program fund, the public transportation fund, and the special economic development transportation fund. The bill provides that any shortfall in funding for these funds must be covered through "grant or revenue anticipation financing." The exact details and costs of the bonding are uncertain at this time, as the timing and costs of the related projects will determine the specific bonding circumstances. It is expected that the increases provided by the second revenue package would be used to service and retire the bonds.

The bill also creates a special economic transportation fund committee which will meet to recommend projects for

selection if the total cost of the projects submitted to the department is greater than fifty percent of the funds available from the special economic development transportation fund.

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.*

REVISED

Revenue Impacts for the Second Engrossment – Reengrossed House Bill No. 1458

Prepared by ND Department of Transportation – Financial Management Division

Revised February 28, 2005

Biennial Revenue Impact of Sections 2, 4, and 6

Effective through June 30, 2009

(millions)

	<u>HW Fund</u>	<u>Cities</u>	<u>Counties</u>
\$13 motor vehicle registration fee increase			
\$8 to H/W Fund	\$10.7		
\$5 to H/W Distribution Fund	4.22	\$.94	\$1.54
2 cent motor fuel tax increase (non diesel)	8.6	1.9	3.1
Net impact of repeal provision - Section 6	(1.51)	.57	.94
Total Revenue Impact	<u>\$22.01</u>	<u>\$3.41</u>	<u>\$5.58</u>

Biennial Revenue Impact of Sections 3, 5, and 6

Effective July 1, 2009

(millions)

	<u>HW Fund</u>	<u>Cities</u>	<u>Counties</u>
\$25 motor vehicle registration fee increase			
\$20 to H/W Fund	\$26.8		
\$5 to H/W Distribution Fund	4.22	\$.94	\$1.54
3 cent motor fuel tax increase (non diesel)	12.8	2.9	4.7
Net impact of repeal provision - Section 6	(1.51)	.57	.94
Total Revenue Impact	<u>\$42.31</u>	<u>\$4.41</u>	<u>\$7.18</u>

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: Shannon L. Sauer
Phone Number: 328-4375

Agency: NDDOT
Date Prepared: 03/01/2005