

Testimony Prepared for the
House Finance & Taxation Committee
Monday, February 1, 2021
By: Terry Traynor, NDACo Executive Director



RE: House Bill 1464 – Fuel Tax Increase

Chairman Headland and committee members, thank you for the opportunity to briefly address you regarding this bold proposal to invest in our State's infrastructure.

Counties recognize the challenges that state government has with maintaining and improving state infrastructure, and the members of this committee surely recognize that county officials struggle with the same issues for county road infrastructure, but with fewer, and lessor, sources of revenue.

The local roads study, recently completed by the Upper Great Plains Transportation Institute, states: *"...the combined estimate of infrastructure needs for all county and township roads is \$9.3 billion over the next 20 years. If averaged over the next 20 years, the annualized infrastructure need is equivalent to \$466 million per year."*

To put this into perspective, the annual portion of the State Highway Distribution Fund (Vehicle Taxes) that is distributed to all 53 counties is about \$60 million, and the annual road levies from the 53 counties also currently generate about \$60 million (although \$16 million of this will statutorily expire in 2024 unless voter approved). The county share of federal USDOT funding averages about \$12 million per year, for a grand total of \$132 million – to address a \$466 million need.

Granted, we have a handful of counties that have a fourth major revenue source – the local share of gross production tax. This is truly needed and truly appreciated by these counties where the infrastructure is so heavily impacted by the energy industry. For the remainder of the counties however, the unmet need has only been addressed when the Legislature has found it possible to assist.

And indeed, counties did have highway infrastructure revenue to meet the annual need in CY2015 and CY2016, due to the Legislatures “surge” funding. This injection of state funding into local roads was tremendous. Counties were very hopeful that the Operation Prairie Dog legislation would provide this sort of injection on an ongoing basis, but of course, for the near term at least, it could not.

As you discuss and debate the state’s ability to support local road infrastructure, through fuel taxes, the Legacy Fund or bonding, a point in favor of doing something now, rather than later, may be another statement from the UGPTI study comparing costs from four years ago. It states: *“The current 2020 study also shows an increase of approximately \$400 million in 20-year pavement needs compared to the 2016 study. Much of the increase is because of inflation of construction and maintenance costs for pavements over the 4 years.”*

Thank you again for the opportunity to support this important bill.

State Aid Distribution Fund Allocations to Counties 2021-23 Increase – HB1464 Fiscal Note

COUNTY	Additional \$	COUNTY	Additional \$	COUNTY	Additional \$
Adams	48,766	Hettinger	60,313	Sargent	83,046
Barnes	184,815	Kidder	56,320	Sheridan	32,960
Benson	75,412	Lamoure	97,455	Sioux	30,684
Billings	26,951	Logan	43,282	Slope	22,771
Bottineau	131,378	McHenry	117,319	Stark	511,052
Bowman	69,130	McIntosh	55,905	Steele	48,623
Burke	54,518	McKenzie	230,743	Stutsman	268,100
Burleigh	1,081,083	McLean	196,588	Towner	50,264
Cass	1,274,049	Mercer	155,473	Traill	136,940
Cavalier	90,694	Morton	429,073	Walsh	188,707
Dickey	94,789	Mountrail	195,364	Ward	734,896
Divide	55,524	Nelson	62,341	Wells	92,939
Dunn	114,570	Oliver	42,664	Williams	606,705
Eddy	45,385	Pembina	137,648	County Total	9,600,000
Emmons	73,703	Pierce	79,464	City Total	5,500,000
Foster	66,342	Ramsey	166,531	State Share	26,800,000
Golden Valley	36,674	Ransom	102,984	Township Tot.	1,200,000
Grand Forks	470,341	Renville	52,390	Transit Total	700,000
Grant	57,036	Richland	268,909	Grand Total	43,800,000
Griggs	50,193	Rolette	140,196		