Testimony Prepared for the
Senate Finance & Taxation Committee
Wednesday, March 17, 2021
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NORTH DAKOTA ASSOCIATION OF COUNTIES

RE: Engrossed House Bill 1380

Chair Bell 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. While I recognize the House removed the Highway Distribution Fund as a recipient of Legacy Fund interest, it is the hope of counties that restoration may be considered.

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."* https://www.ugpti.org/resources/reports/downloads/2020-11-infrastructure-needs.pdf

To put this into perspective, the annual portion of the 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 team 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.