

Testimony Prepared for the
Senate Finance & Taxation Committee
Monday, March 22, 2021
By: Terry Traynor, NDACo Executive Director



RE: Engrossed House Bill 1464 – Fuel Tax Increase

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.

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 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.

Highway Distribution Fund Allocations to Counties 2021-23 Increase – Engrossed HB1464 Fiscal Note

COUNTY	Additional \$
Adams	48,766
Barnes	184,815
Benson	75,412
Billings	26,951
Bottineau	131,378
Bowman	69,130
Burke	54,518
Burleigh	1,081,083
Cass	1,274,049
Cavalier	90,694
Dickey	94,789
Divide	55,524
Dunn	114,570
Eddy	45,385
Emmons	73,703
Foster	66,342
Golden Valley	36,674
Grand Forks	470,341
Grant	57,036
Griggs	50,193

COUNTY	Additional \$
Hettinger	60,313
Kidder	56,320
Lamoure	97,455
Logan	43,282
McHenry	117,319
McIntosh	55,905
McKenzie	230,743
McLean	196,588
Mercer	155,473
Morton	429,073
Mountrail	195,364
Nelson	62,341
Oliver	42,664
Pembina	137,648
Pierce	79,464
Ramsey	166,531
Ransom	102,984
Renville	52,390
Richland	268,909
Rolette	140,196

COUNTY	Additional \$
Sargent	83,046
Sheridan	32,960
Sioux	30,684
Slope	22,771
Stark	511,052
Steele	48,623
Stutsman	268,100
Towner	50,264
Traill	136,940
Walsh	188,707
Ward	734,896
Wells	92,939
Williams	606,705
County Total	9,600,000
City Total	5,400,000
NDDOT Total	27,630,000
Township Total	1,200,000
Transit Total	650,000