

April 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED SENATE BILL NO. 2012

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 transportation; to create and enact a new section to chapter 54-27 of the North Dakota Century
3 Code, relating to a legacy earnings fund; to amend and reenact section 6-09.4-10.1,
4 subsection 1 of section 21-10-06, and sections 24-02-37.3, ~~49-17.1-05, 54-27-19.3, 24-02-40.1,~~
5 ~~54-27-19,~~ and 57-40.3-10, subsection 1 of section 57-43.1-02, subsection 1 of section
6 57-43.2-02, and section 57-51.1-07.5 of the North Dakota Century Code, relating to funds
7 invested by the state investment board, the flexible transportation fund, ~~the state rail fund,~~
8 ~~and~~ highway revenue anticipation financing, the highway tax distribution fund, motor vehicle
9 excise tax collections, motor fuels taxes, and the state share of oil and gas taxes; to repeal
10 sections 21-10-12 ~~and~~, 21-10-13, ~~54-27-19.3, and 54-27-19.4~~ of the North Dakota Century
11 Code, relating to legacy fund definitions ~~and~~, a legacy earnings fund, the legacy earnings
12 highway distribution fund, and legacy earnings township highway aid fund; ~~to provide a~~
13 ~~continuing appropriation; to authorize bonding;~~ to provide an effective date; and to provide an
14 exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

16 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
17 as may be necessary, are appropriated from other funds derived from special funds and federal
18 funds, to the department of transportation for the purpose of defraying the expenses of the

department of transportation, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$219,279,648	\$16,710,943	\$235,990,591
New and vacant FTE pool	0	13,364,077	13,364,077
Operating expenses	316,256,474	71,088,648	387,345,122
Capital assets	1,101,395,065	851,594,552	1,952,989,617
<u>New and vacant FTE pool</u>	<u>0</u>	<u>13,788,877</u>	<u>13,788,877</u>
<u>Operating expenses</u>	<u>316,256,474</u>	<u>72,140,540</u>	<u>388,397,014</u>
<u>Capital assets</u>	<u>1,101,395,065</u>	<u>906,594,552</u>	<u>2,007,989,617</u>
Grants	<u>112,821,458</u>	<u>(3,581,000)</u>	<u>109,240,458</u>
Total other funds	\$1,749,752,645	\$949,177,220	\$2,698,929,865
Full-time equivalent positions	1,001.00	3.00	1,004.00
<u>Total other funds</u>	<u>\$1,749,752,645</u>	<u>\$1,005,653,912</u>	<u>\$2,755,406,557</u>
<u>Full-time equivalent positions</u>	<u>1,001.00</u>	<u>5.00</u>	<u>1,006.00</u>

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act, which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>Other Funds</u>
Facility improvements	\$5,970,000
Appointment system upgrade	3,000,000
Inventory tracking system	350,000
Federal formula funds match	171,300,000
United States highway 85 project	100,000,000
<u>United States highway 85 projects</u>	<u>155,000,000</u>
Increased roadway maintenance costs	9,842,212
Walking trail grant	100,000
Equipment	<u>5,872,000</u>

Total **\$296,434,212**

Total **\$351,434,212**

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The department of transportation may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - FLEXIBLE TRANSPORTATION FUND. The office of management and budget shall transfer the sum of \$370,000,000 from the strategic investment and improvements fund to the flexible transportation fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 5. AUTHORIZATION OF BONDING OR OTHER REVENUE SOURCES - UNITED STATES HIGHWAY 85. During the biennium beginning July 1, 2025, and ending June 30, 2027, the department of transportation may utilize bonding authority under section 24-02-40.1 or any other available sources of funding to obtain up to \$155,000,000 of funds for construction projects on United States highway 85.

SECTION 6. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall transfer appropriation authority among the salaries and wages, operating expenses, capital assets, and grants line items in section 1 of this Act as requested by the director of the department of transportation when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the legislative council of any transfers made pursuant to this section.

SECTION 7. ~~ESTIMATED INCOME~~ OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The ~~estimated income~~ other funds line item in section 1 of this Act includes the sum of \$171,300,000 from the strategic investment and improvements fund to match federal highway formula funds ~~and \$100,000,000 from the strategic investment and improvements fund for a United States highway 85 project from reference point 120.3 north to the long x bridge~~ and the sum of \$3,551,824 from the strategic investment and improvements fund for state airplane operations during the biennium beginning July 1, 2025, and ending June 30, 2027.

1 **SECTION 8. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**
4 **finance authority.**

5 There is created in the state treasury the legacy sinking and interest fund. The fund consists
6 of all moneys deposited in the fund under section ~~21-10-13~~1013 of this Act. Moneys in the fund
7 may be spent by the public finance authority pursuant to legislative appropriations to meet the
8 debt service requirements for evidences of indebtedness issued by the authority for transfer to
9 the Bank of North Dakota for allocations to infrastructure projects and programs.

10 **SECTION 9. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century
11 Code is amended and reenacted as follows:

12 1. Subject to the provisions of section 21-10-02, the board shall invest the following
13 funds:

- 14 a. State bonding fund.
- 15 b. Teachers' fund for retirement.
- 16 c. State fire and tornado fund.
- 17 d. Workforce safety and insurance fund.
- 18 e. Public employees retirement system.
- 19 f. Insurance regulatory trust fund.
- 20 g. State risk management fund.
- 21 h. Budget stabilization fund.
- 22 i. Water projects stabilization fund.
- 23 j. Health care trust fund.
- 24 k. Cultural endowment fund.
- 25 l. Petroleum tank release compensation fund.
- 26 m. Legacy fund.
- 27 n. ~~Legacy earnings fund.~~
- 28 o. Opioid settlement fund.
- 29 p-o. A fund under contract with the board pursuant to subsection 3.

30 **SECTION 10. AMENDMENT.** Section 24-02-37.3 of the North Dakota Century Code is
31 amended and reenacted as follows:

24-02-37.3. Flexible transportation fund - Budget section approval - State treasurer distributions to political subdivisions - Report. (Retroactive application - [See note](#))

There is created in the state treasury the flexible transportation fund. The fund consists of eligible federal or state funding and any contributed private funds.

1. The flexible transportation fund must be administered and expended by the director and may be used for the following:
 - a. Providing a match for federal funding obtained by the department of transportation.
 - b. State-funded road and bridge construction and maintenance, and transportation support costs including staffing, facilities, and operational expenditures on the state highway system.
 - c. State-funded road ~~and~~, bridge, and other infrastructure construction and maintenance activities within the state but off of the state highway system. The director shall establish the terms and provisions of the program.
2. All money derived from the investment of the flexible transportation fund or any portion of the fund, must be credited to the flexible transportation fund. The director shall monthly transmit all moneys collected and received under this chapter to the state treasurer to be transferred and credited to the flexible transportation fund.
3. The director must receive budget section approval for any project that utilizes more than ten million dollars from the fund except for projects that match federal or private funds and the amount utilized from the fund is fifty percent or less of total project costs. Any request considered by the budget section must comply with section 54-35-02.9.
4. ~~The director shall allocate at least twenty-five percent of motor vehicle excise tax collections deposited in the flexible transportation fund pursuant to section 57-40.3-10 for non-oil-producing county and township road and bridge projects as follows:~~
 - a. ~~The funds must be allocated by the department to counties for projects or grants for the benefit of counties and organized and unorganized townships;~~
 - b. ~~The department shall establish criteria to distribute the funds;~~
 - c. ~~The funds must be used for the maintenance and improvement of county and township paved and unpaved roads and bridges;~~

- 1 d. Priority must be given to projects that match federal funds and to projects that
2 improve roadways that serve as local corridors;
- 3 e. ~~An organized township is not eligible to receive funding if the township does not~~
4 ~~maintain any roadways or does not levy at least eighteen mills for general~~
5 ~~purposes; and~~
- 6 f. For purposes of this subsection, "non-oil-producing county" means a county that
7 received no allocation of funding or a total allocation of less than five million
8 dollars under subsection 2 of section 57-51-15 in the most recently completed
9 even-numbered fiscal year before the start of each biennium. The director shall
10 allocate a portion of funds deposited in the flexible transportation fund for the
11 benefit of road and bridge maintenance and projects in counties, cities, and
12 townships as follows:

- 13 a. ~~Twelve and one-half percent of state funds deposited in the fund must be~~
14 ~~allocated by the director to non-oil-producing counties for projects or grants for~~
15 ~~the benefit of counties and organized and unorganized townships for the~~
16 ~~maintenance and improvement of county and township paved and unpaved~~
17 ~~roads and bridges~~ Forty-three percent of state funds deposited in the fund must
18 be allocated by the director for grants to counties, cities, and townships in
19 non-oil-producing counties for road and bridge repair and replacement projects.

- 20 b. ~~Six and one-quarter percent of state funds deposited in the fund must be~~
21 ~~allocated by the director for grants to eligible townships located in~~
22 ~~non-oil-producing counties for road and bridge repair and replacement projects~~
23 ~~with priority given for road graveling projects.~~

- 24 ~~c. Twelve and one-half~~ Thirteen and one-half percent of state funds deposited in the
25 fund must be allocated by the director for grants to eligible counties for bridge
26 repair and replacement projects. ~~Grants provided under this subdivision must:~~

- 27 ~~(1) Give priority to projects based on the number of bridge needs for each~~
28 ~~county as identified in the most recent data available from the department's~~
29 ~~bridge condition assessment inventory.~~

- 30 ~~(2) Give priority to projects that include the permanent closure and removal of a~~
31 ~~different bridge in the same county.~~

~~(3) Require counties to provide matching funds equal to ten percent of total project costs except for projects that include the permanent closure and removal of a different bridge in the same county.~~

~~d. Six and one-quarter percent of state funds deposited in the fund must be allocated by the director for grants to eligible cities for road and bridge repair and replacements projects.~~

e.c. The director shall establish criteria to distribute the funds under this subsection, including provisions that consider whether a county, city, or township has adopted an ordinance or policy that exceeds state statute, administrative rule, or policy or interferes, unreasonably restricts, or conflicts with an agriculture or energy infrastructure project that is required to be permitted or approved by a state agency. Priority must be given to projects that match federal or private funds and to projects that improve roadways that serve as local corridors. Priority for organized township road projects must be given to projects located in townships that levy at least eighteen mills for general purposes and have a general fund balance of less than one hundred thousand dollars as of December thirty-first of the prior year. For purposes of determining the mills levied by an organized township, the director shall use the most recent mill rate data published by the tax commissioner.

f.d. The amount allocated to organized townships under this subsection must be paid by the county treasurer to each organized township and the amount allocated for unorganized townships under this subsection must be credited by the county treasurer to a special fund for unorganized township roads.

5. The state treasurer shall allocate a portion of funds deposited in the flexible transportation fund for the benefit of road ~~and~~, bridge, and other infrastructure maintenance and projects in counties, cities, and townships, as follows:

a. ~~Six and one-quarter~~Seven percent of state funds deposited in the fund must be distributed to non-oil-producing counties for the benefit of organized and unorganized township road needs using the distribution method in section ~~54-27-19.4~~54-27-19.1. To receive an allocation under this subdivision, an organized township must levy at least eighteen mills for general purposes and

1 have a general fund balance of less than one hundred thousand dollars as of
2 December thirty-first of the prior year. For purposes of determining the mills
3 levied by organized townships, the state treasurer shall use the most recent mill
4 rate data published by the tax commissioner.

5 b. ~~Six and one-quarter~~Eleven and one-half percent of state funds deposited in the
6 fund must be distributed to non-oil-producing counties ~~and cities~~for road and
7 bridge projects using the formula established in subsection 4 of section 54-27-19.

8 c. Eleven and one-half percent of state funds deposited in the fund must be
9 distributed to cities in non-oil-producing counties for road, bridge, and other
10 infrastructure projects using the formula established in subsection 4 of section
11 54-27-19.

12 6. For purposes of this section, "non-oil-producing county" means a county that had
13 average annual oil production of fewer than ten million barrels based on the average
14 annual oil production in the three-year period ending with the most recently completed
15 even-numbered fiscal year before the start of each biennium.

16 5.7. The director shall provide periodic reports to the budget section regarding the status of
17 the fund and projects receiving allocations from the fund.

18 **SECTION 11. AMENDMENT.** Section 24-02-40.1 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **24-02-40.1. Grant or revenue anticipation financing.**

21 Notwithstanding any other provision of law, the department, whenever needed for ~~the liberty-~~
22 ~~memorial bridge improvement project and the~~ United States highway ~~285~~ project improvements,
23 may arrange with any state-owned or private financing agency or underwriter, including the
24 Bank of North Dakota, grant or revenue anticipation financing of up to one hundred fifty-five
25 million dollars through the issuance of evidences of indebtedness on such terms and conditions
26 as the department determines if construction funds on hand are insufficient to meet current
27 obligations or to achieve cost-savings or efficiencies in road construction. The department may
28 refund the evidences of indebtedness as often as it is advantageous to do so. Evidences of
29 indebtedness may be sold at public or private sale and must mature not more than fifteen years
30 from their date or dates, and the proceeds of the sale may be invested on such terms and
31 conditions as the department determines. Grant or revenue anticipation financing must be in

1 amounts no larger than can be repaid from moneys known or reasonably anticipated to be due
2 and forthcoming. The grant or revenue anticipation financing may not be used in anticipation of
3 increased federal aid highway grants or increased state highway user revenue funds, and the
4 financing may not be obligated for road construction that cannot be financed from known
5 sources of grants or revenue. The department may pledge any federal aid grants received or to
6 be received for debt service and related issuance costs for evidences of indebtedness issued
7 under this section directly to a trustee in trust for payment to holders of the evidences of
8 indebtedness. The department may also pledge any biennially appropriated revenues for debt
9 service on the evidences of indebtedness directly to a trustee in trust for payment to holders of
10 the evidences of indebtedness. Any evidences of indebtedness issued under this section are
11 not general obligations or debt of the state, the department, or any public officer or employee of
12 the department or this state. The principal of and interest on the evidences of indebtedness are
13 limited obligations payable solely from grants or revenues received or to be received by the
14 department. The department may capitalize from proceeds of the evidences of indebtedness all
15 expenses incidental to issuing the evidences of indebtedness, including any reserves for
16 payment of the evidences of indebtedness.

17 ~~— **SECTION 12. AMENDMENT.** Section 49-17.1-05 of the North Dakota Century Code is~~
18 ~~amended and reenacted as follows:~~

19 ~~— **49-17.1-05. Subsidy of railway lines -- Continuing appropriation.**~~

20 ~~— The department, with the approval of the commission, may provide financial assistance,~~
21 ~~within the limits of funds appropriated by the legislative assembly, for the continuation of~~
22 ~~operations and maintenance of any railroad within the state, as provided for in the Railroad~~
23 ~~Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651-~~
24 ~~et seq.], or other relevant federal legislation. Moneys in the state rail fund are appropriated to~~
25 ~~the department on a continuing basis for distributions authorized under this section. The~~
26 ~~department or the commission may act as the agent in cooperation with the federal~~
27 ~~government, any local or regional transportation authority, local governmental units, any group~~
28 ~~of rail users, or any person in any rail service assistance program.~~

29 **SECTION 12. AMENDMENT.** Section 54-27-19 of the North Dakota Century Code is
30 amended and reenacted as follows:

54-27-19. Highway tax distribution fund - State treasurer to make allocation to state, counties, and cities.

A highway tax distribution fund is created as a special fund in the state treasury into which must be deposited the moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes. The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

1. ~~Sixty-one and three-tenths~~Sixty percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. ~~Two and seven-tenths~~Three and four-tenths percent must be transferred monthly to the township highway aid fund.
3. ~~One and five-tenths~~One and sixth-tenths percent must be transferred monthly to the public transportation fund.
4. ~~Thirty-four and five-tenths~~Thirty-five percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
 - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the

1 incorporated cities within the county on a countywide per capita basis. The
2 remaining county allocation amount must be transferred into the county highway
3 tax distribution fund.

4 b. For each county having a city with a population of ten thousand or more, the
5 amount transferred each month into the county highway tax distribution fund
6 must be the difference between the amount allocated to that county pursuant to
7 this subsection and the total amount allocated and distributed to the incorporated
8 cities in that county as computed according to the following formula:

- 9 (1) A statewide per capita average as determined by calculating twenty-seven
10 percent of the amount allocated to all of the counties under this subsection
11 divided by the total population of all of the incorporated cities in the state.
12 (2) The share distributed to each city in the county having a population of less
13 than one thousand must be determined by multiplying the population of that
14 city by the product of 1.50 times the statewide per capita average computed
15 under paragraph 1.
16 (3) The share distributed to each city in the county having a population of one
17 thousand to four thousand nine hundred ninety-nine, inclusive, must be
18 determined by multiplying the population of that city by the product of 1.25
19 times the statewide per capita average computed under paragraph 1.
20 (4) The share distributed to each city in the county having a population of five
21 thousand or more must be determined by multiplying the population of that
22 city by the statewide per capita average for all such cities, which per capita
23 average must be computed as follows: the total of the shares computed
24 under paragraphs 2 and 3 for all cities in the state having a population of
25 less than five thousand must be subtracted from the total incorporated cities'
26 share in the state as computed under paragraph 1 and the balance
27 remaining must then be divided by the total population of all cities of five
28 thousand or more in the state.

29 5. The moneys allocated to the incorporated cities must be distributed to them monthly
30 by the state treasurer and must be deposited by the cities in a separate fund and may
31 only be used in accordance with section 11 of article X of the Constitution of North

Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

SECTION 13. A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.

1. There is created in the state treasury the legacy earnings fund. The fund consists of all moneys distributed by the state treasurer from the legacy fund pursuant to section 26 of article X of the Constitution of North Dakota. The distribution from the legacy fund on July first of each odd-numbered year must be equal to eight percent of the five-year average value of the legacy fund balance as reported by the state investment board. The average value of the legacy fund balance must be calculated using the fund balance at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate ~~seven-eighths of~~ the funding in July of each odd-numbered year in the following order:
 - a. The first one hundred two million six hundred twenty-four thousand dollars or an amount equal to the amount appropriated from the legacy sinking and interest fund for debt service payments for a biennium, whichever is less, to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. ~~The next two hundred twenty-five million dollars to the general fund to provide support for tax relief initiatives approved by the legislative assembly.~~
 - c. ~~The next one hundred million dollars to the legacy earnings highway distribution fund for allocations under section 54-27-19.3.~~
 - d. The remaining amount as follows:
 - (1) ~~Fifty~~Twenty-five percent to the ~~general~~highway fund.
 - (2) The remainder to the ~~strategic investment and improvements fund to be used in accordance with section 15-08.1-08~~legacy property tax relief fund.

~~3. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the remaining one-eighth of the funding in July of each odd-numbered year to the flexible transportation fund for allocations under section 24-02-37.3.~~

~~SECTION 11. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:~~

~~54-27-19.3. Legacy earnings highway distribution fund.~~

~~A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section 21-10-1310 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:~~

~~1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;~~

~~2. Ten percent must be transferred to the legacy earnings township highway aid fund;~~

~~3. One and five-tenths percent must be transferred to the public transportation fund; and~~

~~4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.~~

SECTION 14. AMENDMENT. Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

57-40.3-10. Transfer of revenue.

After the deposits under sections 57-39.2-26.1, 57-39.2-26.2, and 57-39.2-26.3, moneys collected and received under this chapter must be deposited monthly in the state treasury and allocated as follows:

1. Fifty percent to the general fund; and

2. The remaining fifty percent to the flexible transportation **general** fund ~~under section 24-02-37.3.~~

SECTION 15. AMENDMENT. Subsection 1 of section 57-43.1-02 of the North Dakota Century Code is amended and reenacted as follows:

1. Except as otherwise provided in this section, a tax of ~~twenty-three~~twenty-eight cents per gallon [3.79 liters] is imposed on all motor vehicle fuel sold or used in this state.

SECTION 16. AMENDMENT. Subsection 1 of section 57-43.2-02 of the North Dakota Century Code is amended and reenacted as follows:

1. Except as otherwise provided in this chapter, an excise tax of ~~twenty-three~~twenty-eight cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or used in this state. For the purpose of determining the tax upon compressed natural gas and liquefied natural gas under this section, one hundred twenty cubic feet [3.40 cubic meters] of compressed natural gas, and one and seven-tenths gallons [6.44 liters] of liquefied natural gas is equal to one gallon [3.79 liters] of other special fuel.

SECTION 17. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. State share of oil and gas taxes - Deposits.

From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the following order:

1. The first two hundred thirty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;
4. The next two hundred thirty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred~~three hundred seventy million dollars into the strategic investment and improvements fund;
8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;

- 1 9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
2 necessary to provide for twice the amount of the distributions under subsection 2 of
3 section 57-51.1-07.7, into the funds designated for infrastructure development in
4 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
5 percent deposited into the municipal infrastructure fund and fifty percent deposited into
6 the county and township infrastructure fund;
7 ~~10. The next one hundred seventy million two hundred fifty thousand dollars or the amount~~
8 ~~necessary to provide a total of two hundred thirty million dollars into the funds~~
9 ~~designated for infrastructure development in non-oil-producing counties under sections~~
10 ~~57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal~~
11 ~~infrastructure fund and fifty percent deposited into the county and township~~
12 ~~infrastructure fund;~~
13 ~~11. The next twenty million dollars into the airport infrastructure fund; and~~

14 ~~12:~~10. Any additional revenues into the strategic investment and improvements fund.

15 **SECTION 18. REPEAL.** Sections 21-10-12 ~~and~~, 21-10-13, 54-27-19.3, and 54-27-19.4 of
16 the North Dakota Century Code are repealed.

17 **SECTION 19. DEPARTMENT OF TRANSPORTATION - UNITED STATES HIGHWAY 85**
18 **PROJECT - REPORT.** ~~The~~When the request for bids for construction on the last segment of the
19 United States highway 85 project between interstate highway 94 and North Dakota highway 200
20 commences, the department of transportation shall prepare and complete an environmental
21 impact statement ~~process~~ to construct a four-lane highway for the remaining sections of the
22 Theodore Roosevelt expressway as described in section 24-01-54 which do not have four lanes
23 from the South Dakota border to interstate highway 94 and from Williston to the Montana
24 border. The department shall provide reports to the legislative management regarding the costs
25 and status of the impact statement process.

26 ~~—SECTION 15. REST AREA COOPERATIVE AGREEMENT. During the biennium beginning~~
27 ~~July 1, 2025, and ending June 30, 2027, the director of the department of transportation shall~~
28 ~~review options to enter a cooperative agreement pursuant to section 24-02-02.5 to jointly~~
29 ~~administer a rest area at the Theodore Roosevelt national park painted canyon visitor center.~~
30 ~~The director may expend moneys from the state highway fund within the limits of legislative~~

~~appropriations for operational support of the facility and for facility improvements to support year-round operations of the facility.~~

SECTION 20. REST AREA COOPERATIVE AGREEMENT. Notwithstanding any other provision of law, the director of the department of transportation may expend moneys from the state highway fund or any moneys within the limits of legislative appropriations for the purpose of constructing a rest area and visitor center in western North Dakota during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 21. MISCELLANEOUS EXPENSES FOR DEPARTMENT OF TRANSPORTATION FACILITIES. The department of transportation may expend funds for workplace appliances limited to coffee makers, microwaves, and refrigerators, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 22. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$100,000,000 appropriated from special funds for the purpose of road and bridge construction projects in subsection 2 of section 13 of chapter 15 of the 2021 Session Laws;
2. The sum of \$317,000,000 appropriated from federal funds for state, county, and township road and bridge projects in section 7 of chapter 548 of the 2021 Session Laws;
3. The sum of \$61,700,060 appropriated from federal funds for surface transportation grants in subdivision 10 of section 1 of chapter 27 of the 2021 Session Laws;
4. The sum of \$13,660,000 appropriated from special funds for information technology projects in section 1 of chapter 40 of the 2021 Session Laws;
5. The sum of \$9,125,000 appropriated from the general fund in the operating expenses line item relating to information technology projects in section 1 of chapter 12 of the 2023 Session Laws;
6. The sum of \$2,500,000 appropriated from special funds to match funding from the state of Minnesota and other sources for studies, preliminary engineering, and environmental studies to address northern Red River valley infrastructure affected by flooding in section 2 of chapter 12 of the 2023 Session Laws;

1 7. The sum of \$5,000,000 appropriated from special funds for an environmental study of
2 a portion of United States highway 52, in section 1 of chapter 12 of the 2023 Session
3 Laws;

4 8. The sum of \$757,000 included in the deferred maintenance funding pool line item and
5 transferred to the department of transportation pursuant to section 9 of chapter 640 of
6 the 2023 Special Session Session Laws; and

7 9. The sum of \$161,000,000 appropriated from special funds for flexible transportation
8 fund projects in section 1 of chapter 12 of the 2023 Session Laws.

9 **SECTION 23. EFFECTIVE DATE.** Section ~~12~~14 of this Act is effective for motor vehicle
10 excise tax collections transmitted to the state treasurer after July 31, 2025. Sections 15 and 16
11 of this Act are effective for taxable events occurring after June 30, 2025.

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2012 - Department of Transportation - House Action**

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$219,279,648	\$235,990,591		\$235,990,591
New and vacant FTE pool		13,364,077	\$424,800	13,788,877
Operating expenses	316,256,474	387,345,122	1,051,892	388,397,014
Capital assets	1,101,395,065	1,952,989,617	55,000,000	2,007,989,617
Grants	112,821,458	109,240,458		109,240,458
Total all funds	\$1,749,752,645	\$2,698,929,865	\$56,476,692	\$2,755,406,557
Less estimated income	1,749,752,645	2,698,929,865	56,476,692	2,755,406,557
General fund	\$0	\$0	\$0	\$0
FTE	1,001.00	1,004.00	2.00	1,006.00

Department 801 - Department of Transportation - Detail of House Changes

	Adds SIRM Coordinator Position ¹	Adjusts Funding for Airplane Operations ²	Adjusts Funding for Highway 85 Projects ³	Total House Changes
Salaries and wages				
New and vacant FTE pool	\$212,400	\$212,400		\$424,800
Operating expenses		1,051,892		1,051,892
Capital assets			\$55,000,000	55,000,000
Grants				
Total all funds	\$212,400	\$1,264,292	\$55,000,000	\$56,476,692
Less estimated income	212,400	1,264,292	55,000,000	56,476,692
General fund	\$0	\$0	\$0	\$0
FTE	1.00	1.00	0.00	2.00

¹ One FTE position is added for the coordination of statewide interoperable radio network operations.

² One FTE position and operating expenses is added for the operation of state airplanes and the funding source is changed to provide \$3,551,824 from the strategic investment and improvements fund (SIIF).

³ Funding of \$100 million from SIIF for a Highway 85 project is removed and replaced with \$155 million of bonding or other revenue authorization for Highway 85 projects.

Senate Bill No. 2012 - Other Changes - House Action

This amendment also:

- Provides for the deposit of a portion of legacy fund earnings (\$146 million) in the highway fund and legacy property tax relief fund (\$437 million).
- Transfers \$370 million from SIIF to the flexible transportation fund.
- Adjusts allocations from the flexible transportation fund.
- Adjusts the distribution percentages from the highway tax distribution fund.
- Provides for all motor vehicle excise taxes to be deposited in the general fund rather than the flexible transportation fund. This will increase estimated general fund revenues by \$350 million for the 2025-27 biennium.
- Increases motor fuels taxes from 23 cents to 28 cents per gallon, resulting in an estimated \$70 million of additional highway tax distribution fund revenue for the 2025-27 biennium.
- Removes allocations of the state share of oil and gas tax collections to the municipal and county and township infrastructure funds.
- Repeals statutory provision relating to the legacy earning highway distribution fund and legacy earnings township highway fund.
- Removes a section added by the Senate to provide a continuing appropriation from the state rail fund.
- Removes a section added by the Senate that the department review options to jointly administer a rest area of the Painted Canyon visitor's center.

- Authorizes the department to construct a rest area in the western part of the state.
- Authorizes the department to purchase workplace appliances, including microwaves, coffee makers, and refrigerators.