

Testimony HB 1464
Senate Finance & Taxation Committee
March 22, 2021

Chair Bell and members of the Senate Finance & Taxation committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is a 400-member association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to present this testimony in support of HB 1464. We believe the funding source provided by HB 1464 is a true user fee. The user fees are designated for one purpose – the transportation programs. It has been since 2005 since this user fee was adjusted.

While there are other bills seeking to augment the reliance on federal highway finding, HB 1464 provides much needed state resources to augment the transportation funding which is essentially, currently, the federal program (plus state match) for the NDDOT after several biennium of one-time state funding. In 2017, NDDOT conducted a Transportation Funding Symposium where they presented that North Dakota State Highway transportation funding has a \$14.6 billion funding gap over the next 20 years with \$24.6 billion in infrastructure and service needs versus \$10 billion in revenue with the current funding level. HB 1464 is a step in the right direction to provide much needed resources for transportation funding.

With the current federal transportation act expiring in 2021, there is much uncertainty of the next federal highway program, how it will be funded, and at what level. North Dakota is highly dependent on federal funding for our highway program with an 81% dependence on federal funding compared to a nationwide average of other states of 43% reliance on federal funding. HB 1464 shrinks the gap on federal reliance. Thanks for the opportunity to comment on HB 1464. We respectfully request the committee issue a Do Pass Recommendation. If the committee has questions, I am happy to try to address them.

State Motor Fuel Tax Rates

(January 1, 2021)

	GASOLINE			DIESEL FUEL			GASOHOL			Notes
	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	
Alabama /1 /9	26.0		26.0	27.0		27.0	26.0		26.0	
Alaska	8.0	0.95	8.95	8.0	0.95	8.95	8.0	0.95	8.95	Refining Surcharge
Arizona	18.0	1.0	19.0	26.0	1.0	27.0	18.0	1.0	19.0	/8 LUST Tax
Arkansas	21.5	3.3	24.8	22.5	6.3	28.8	21.5	3.3	24.8	Environmental fee, W. Sales Tax
California	50.5	5.0	55.5	38.5	26.0	64.5	50.5	5.0	55.5	Includes prepaid sales tax /7
Colorado	22.0		22.0	20.5		20.5	22.0		22.0	
Connecticut	25.0		25.0	44.6		44.6	25.0		25.0	Plus a 8.1% Petroleum tax (gas)
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.9% GRT
Florida /2	18.5	14.125	32.625	18.5	15.0	33.5	18.5	14.125	32.625	Sales tax added to excise /2
Georgia /5	28.7		28.7	32.2		32.2	28.7		28.7	/5 Local sales tax additional
Hawaii /1	16.0		16.0	16.0		16.0	16.0		16.0	Sales tax additional
Idaho	32.0	1	33.0	32.0	1	33.0	32.0	1	33.0	Clean Water Fee
Illinois /1/5	38.7	1.1	39.8	46.2	1.1	47.3	38.7	1.1	39.8	Sales tax add., env. & LUST fee /3
Indiana /5	31.0		31.0	51.0		51.0	31.0		31.0	Sales tax additional
Iowa	30.0		30.0	32.5		32.5	29.0		29.0	
Kansas	24.0	0.03	24.03	26.0	0.03	26.03	24.0	0.03	24.03	Inspection fees
Kentucky	24.6	1.4	26.0	21.6	1.4	23.0	24.6	1.4	26.0	Environmental fee /4 /3
Louisiana	20.0	0.125	20.125	20.0	0.125	20.125	20.0	0.125	20.125	Inspection fee
Maine	30.0		30.0	31.2		31.2	30.0		30.0	
Maryland /5	36.3		36.3	37.05		37.05	36.3		36.3	/5
Massachusetts	24.0		24.0	24.0		24.0	24.0		24.0	
Michigan	26.3		26.3	26.3		26.3	26.3		26.3	Sales tax additional
Minnesota	28.5	0.1	28.6	28.5	0.1	28.6	28.5	0.1	28.6	Inspect fee
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.42	17.4	17.0	0.42	17.4	17.0	0.3	17.3	Inspection & Load fees
Montana	32.0		32.0	29.45		29.45	32.0		32.0	
Nebraska	28.7	0.9	29.6	28.7	0.3	29.0	28.7	0.9	29.6	Petroleum fee /5
Nevada /1	24.0	0.805	24.805	27.0	0.75	27.75	23.0	0.805	23.805	Inspection & cleanup fee
New Hampshire	22.2	1.625	23.825	22.2	1.625	23.825	22.2	1.625	23.825	Oil discharge cleanup fee
New Jersey	10.5	40.2	50.7	13.5	44.2	57.7	10.5	40.2	50.70	Petroleum fee
New Mexico	17.0	1.875	18.875	21.0	1.875	22.875	17.0	1.875	18.875	Petroleum loading fee
New York	8.05	16.6	24.65	8.0	14.85	22.85	8.05	16.6	24.7	Petroleum Tax, Sales tax additional
North Carolina	36.1	0.25	36.35	36.1	0.25	36.35	36.1	0.25	36.35	/5 Inspection tax
North Dakota	23.0		23.0	23.0		23.0	23.0		23.0	
Ohio	38.5		38.5	47.0		47.0	38.5		38.5	
Oklahoma	19.0	1.0	20.0	19.0	1.0	20.0	19.0	1.0	20.0	Environmental fee
Oregon /1	36.0		36.0	36.0		36.0	36.0		36.0	
Pennsylvania	57.6		57.6	74.1		74.1	57.6		57.6	Oil franchise tax only /5
Rhode Island /5	34.0	1	35.0	34.0	1	35.0	34.0	1	35.0	LUST tax
South Carolina /9	24.0	0.75	24.75	24.0	0.75	24.75	24.0	0.75	24.75	Inspection fee & LUST tax
South Dakota /1	28.0	2	30.0	28.0	2	30.0	26.6	2	28.6	Inspection fee (gasohol E10)
Tennessee /1	26.0	1.4	27.4	27.0	1.4	28.4	26.0	1.4	27.4	Petroleum Tax & Envir. Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	31.4		31.4	31.4		31.4	31.4		31.4	/4
Vermont /5	12.1	18.36	30.46	28.0	4.0	32.0	12.1	18.36	30.46	Cleanup Fee & Trans. Fee
Virginia /1	21.2		21.2	20.2		20.2	21.2		21.2	/6
Washington	49.4		49.4	49.4		49.4	49.4		49.4	0.5% privilege tax
West Virginia	20.5	15.2	35.7	20.5	15.2	35.7	20.5	15.2	35.7	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	Petroleum Insp. Fee
Wyoming	23.0	1	24.0	23.0	1	24.0	23.0	1	24.0	License tax
Dist. of Columbia	28.8		28.8	28.8		28.8	28.8		28.8	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	18.3	0.1	18.4	LUST tax

SOURCE: Compiled by FTA from various sources. Fee/Taxes column is for comparison purposes and does not include all taxes/fees levied.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 5 cents; SD and TN, one cent; and VA 2.1%.

/2 Local taxes for gasoline and gasohol vary from 0 cents to 6.0 cents. Includes Inspection Fee, SCETS, & Statewide Local Tax.

/3 Carriers pay an additional surcharge equal to IL-11.4 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted annually. The actual rates are: KY, 9%; and UT, 16.5%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.

/6 Large trucks pay an additional (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 5.1%, (d) 6%.

/7 California Gasoline subject to 2.25% sales tax. Diesel subject to a 13% sales tax.

/8 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/9 On July 1, 2021, SC tax will increase to 26 cents; MT will increase to 32.5 cents (g) 29.55 cents (d); and VA tax will increase to 26.2 cents (g) 27 cents (d).

On October 1, 2021, AL tax will increase to 28 cents (g) and 29 cents (d) and DC will increase to 33.8 cents per gallon.