

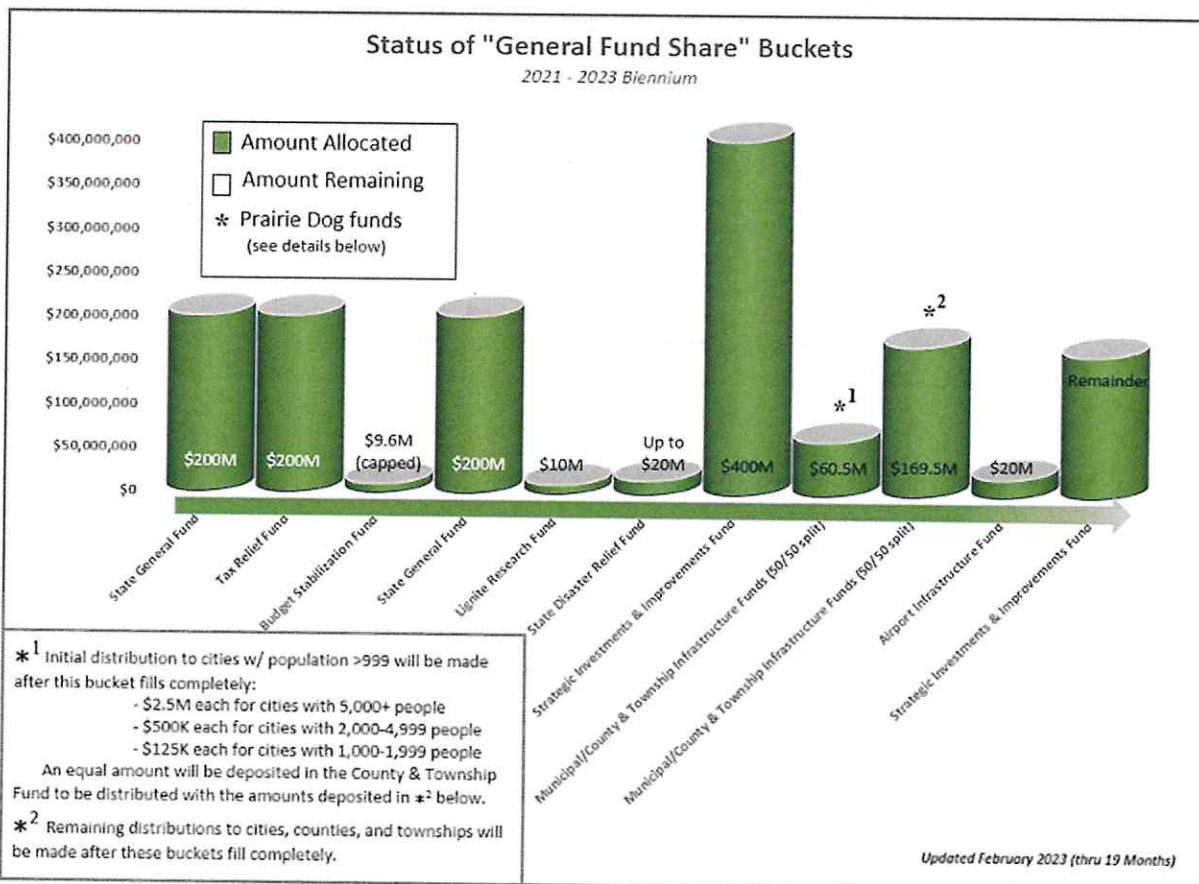
Testimony to
 House Finance & Tax Committee
 March 14, 2023
 Donnell Preskey, NDACo



RE: Opposition to SB 2367 – Increasing State Buckets

Chairman Headland and committee members, I'm Donnell Preskey with the North Dakota Association of Counties. Our counties are concerned about Senate Bill 2367, for the main reason that the actions of this bill will more than likely delay prairie dog funds getting to non-oil counties, cities and townships for infrastructure funding.

This bill will result in an increase of \$170 million into state buckets (two state general fund buckets, the property tax relief fund and the Strategic Investments & Improvements Fund) prior to any oil and gas revenues reaching the buckets created for non-oil counties, cities, townships and airports. As you can see on the chart, there is an additional SIIF bucket after the prairie dog local buckets which fills indefinitely until the end of the biennium.



In 2019, the legislature made a commitment to local infrastructure funding with approval of HB 1066, otherwise known as "Operation Prairie Dog". Four years later, non-oil counties have received their first deposit of prairie dog funds.

While the political subs were never guaranteed those funds, they were hopeful they would receive them in 2020, until the COVID-19 pandemic dramatically impacted the state's oil production. In the first biennium of Prairie Dog's existence, oil and gas tax revenues stopped short of reaching the Prairie Dog buckets.

The need for a permanent funding structure to address roads and bridges is only increasing. The most recent Upper Great Plains Transportation Institute's Local Roads Study identifies a **\$10.5 billion dollar need** for local roads and bridges over the next 20 years, or, on average, an investment of \$525 million each year. For comparison, in 2019, UGPTI's estimate was **\$8.7 billion** investment for local roads and bridges over 20 years or \$440 million a year to maintain their road networks.

NDACo has a resolution to support efforts that will provide greater dependability of Prairie Dog funds as a long-term funding stream to support local infrastructure is one of our greatest priorities. Therefore, we ask this committee to consider adjusting the \$170 million of additional funds proposed in SB 2367 and/or adjust the position of the local prairie dog buckets to provide greater certainty.

Table E: Summary of All Road and Bridge Investment and Maintenance Needs for Counties, Townships and Tribal Areas in North Dakota (Millions of 2022 Dollars)

Period	Unpaved	Paved	Bridges	Total
2022-23	\$ 660.35	\$557.10	\$139.42	\$1,356.87
2024-25	\$ 650.79	\$515.00	\$139.42	\$1,305.21
2026-27	\$ 665.91	\$371.50	\$139.42	\$1,176.83
2028-29	\$ 665.55	\$344.90	\$139.42	\$1,149.87
2030-31	\$ 651.44	\$274.30	\$139.42	\$1,065.16
2032-41	\$ 3,251.62	\$1,186.00	\$18.45	\$4,456.07
2022-41	\$ 6,545.66	\$3,248.80	\$715.57	\$10,510.01

Figure A. Projected Funding Needs Statewide by County 2022-2041 (Millions of 2022 Dollars)

