

Mr. Chairman, and members of the committee. I am Ron Henke, Director of the North Dakota Department of Transportation (NDDOT). I'm here to introduce and testify in support of Engrossed Senate Bill 2113.

Historically, funding for transportation in North Dakota has been provided by fuel tax revenues and motor vehicle registration fees allocated to the State Highway Fund from the Highway Tax Distribution Fund. This state funding is constitutionally protected and must be used on the public highway system for construction, operation, and administration costs. These funds are also used to match federal funds given to the department. As fuel tax revenues have been steadily decreasing, the NDDOT has prioritized construction over operations, allocating more and more state funding to construction and less funds to operational needs. This has resulted in a decrease in funding available to support staffing, facilities, and other operational expenditures. The inflexibility and decreasing availability of state funding is beginning to impact the NDDOT's ability to meet the transportation needs of North Dakotans.

In recent years the concept of transportation and an interconnected transportation system has been evolving at the state, city, and local levels. The NDDOT is facing increased demands at the state level to respond to unanticipated local government needs, economic development opportunities, and federal grant availability. The NDDOT currently has over \$2 billion in unfunded project requests from local governments and others. The Infrastructure Investment and Jobs Act (IIJA) recently passed by Congress included a historic amount of funding for transportation including the largest ever federal investment for public transit, rail, bridges, and roads. This included increases in both federal formula funding and federal discretionary funding. Transportation funding in North Dakota must evolve to meet these changing needs with an increased focus on creating a robust state funded transportation program.

Senate Bill 2113 establishes a new, more flexible transportation fund to complement the State Highway Fund. This new Flexible Transportation Fund will:

- Improve transportation infrastructure on and off the state highway system.
- Provide match for federal funds.
- Provide for support costs including staffing, facilities, and operational expenditures.
- Provide sustainable flexibility to augment traditional funding and deliver projects of significance in a timely manner.

The Flexible Transportation Fund increases the flexibility and availability of state funding for transportation in North Dakota which supports the building and repairing of a statewide interconnected infrastructure system for all users, on and off the state highway system.

This concludes my testimony. Thank You.