

Department 801 - Department of Transportation
House Bill No. 1012

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$10,375,000	\$2,397,145,833	\$2,407,520,833
2023-25 Base Level	0	1,495,514,727	1,495,514,727
Increase (Decrease)	\$10,375,000	\$901,631,106	\$912,006,106

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Line item transfers - Section 3 authorizes the Department of Transportation (DOT) to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways.

Contingent loan authorization - Section 4 authorizes DOT to borrow up to \$50 million from the Bank of North Dakota to match \$50 million of federal funds for US Highway 85 projects.

Contingent loan authorization - Section 5 authorizes DOT to borrow up to \$28.5 million from the Bank of North Dakota to match funds for northern Red River Valley flood projects.

Strategic investment and improvements fund - Section 6 identifies \$328 million from the strategic investment and improvements fund (SIIF) to match federal highway funding (\$200 million), to establish a flexible state transportation fund (\$115 million), to enhance short line railroad programs (\$8 million), and to conduct northern Red River Valley infrastructure studies (\$5 million).

Rural transit funding - Section 7 identifies \$1.25 million from the general fund for grants to nonurban rural transit providers.

Rest area and visitor center construction - Section 8 authorizes DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.

Motor vehicle excise tax collections - Section 9 amends North Dakota Century Code Section 57-40.3-10 to deposit 50 percent of motor vehicle excise tax collections in the highway fund.

Amendment - 2021-23 biennium appropriation authority - Section 10 amends an appropriation section from the 2021 legislative session to provide for the distribution of funding for township road and bridge projects. Section 11 amends an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds.

Exemptions - Section 12 provides exemptions for various road and infrastructure projects.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Deficiency Appropriations

No deficiency appropriations for this agency.

Significant Audit Findings

The Department of Transportation audit report for the biennium ending June 30, 2021, included the following findings:

- DOT did not properly assign or restrict individual access rights to the computer system related to storage of REAL ID documents which could give employees access to sensitive information without being authorized.
- DOT has not designed and implemented procedures to identify inappropriate access to sensitive personal information in the REAL ID document computer storage system.
- DOT did not have proper procedures in place to track required training and did not have procedures in place to track annual confidentiality policy acknowledgements.

Major Related Legislation

House Bill No. 1080 - Electronic proof of motor vehicle registration - Allows drivers to provide electronic proof of motor vehicle registration.

House Bill No. 1081 - Electronic vehicle charging tax study - Requires DOT to conduct a study of options to implement an electronic charging tax.

House Bill No. 1102 - Federal funds - Provides for the Director of DOT to seek federal grants and discretionary funding.

House Bill Nos. 1117, 1351, 1352, 1354, and 1355 and Senate Bill No. 2146 - Designated names for roads and bridges - Designates names for certain roads and bridges and provides DOT with a continuing appropriation to spend any funds donated for the placements of signs designating the names of the roads and bridges.

House Bill No. 1519 - Uncrewed aircraft and autonomous technology grants - Appropriates \$250,000 from the federal State Fiscal Recovery Fund to DOT for uncrewed aircraft and autonomous technology grants to political subdivisions.

Senate Bill No. 2063 - Federal electric vehicle infrastructure grants - Authorizes DOT to enter agreements for electric vehicle charging infrastructure.

Senate Bill No. 2110 - National park maintenance agreement - Allows DOT to enter an agreement for the joint maintenance of the road network in Theodore Roosevelt National Park.

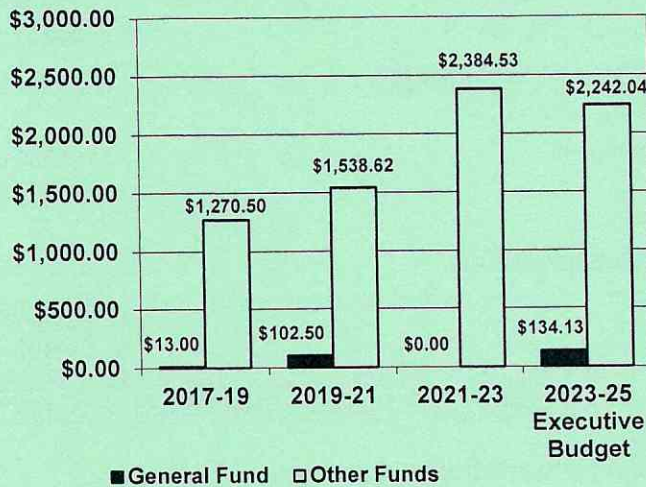
Senate Bill No. 2113 - Flexible transportation fund - Creates a flexible transportation fund for the construction and maintenance of state and local roads.

Senate Bill No. 2329 - County and township highway aid funds - Creates a county highway aid fund and a township highway aid fund and deposits 12.5 percent of motor vehicle excise tax collections in each fund.

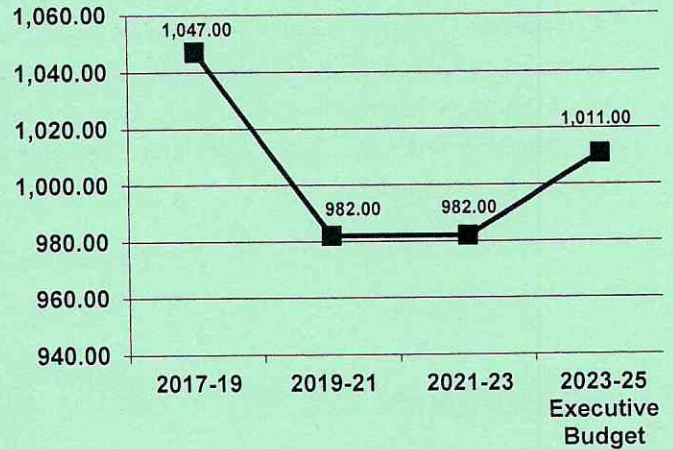
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$1,266,540,461	\$1,269,489,868	\$1,388,445,404	\$1,495,514,727	\$1,652,036,667
Increase (decrease) from previous biennium	N/A	\$2,949,407	\$118,955,536	\$107,069,323	\$156,521,940
Percentage increase (decrease) from previous biennium	N/A	0.2%	9.4%	7.7%	10.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.2%	9.6%	18.1%	30.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Removed 26.5 vacant FTE positions (\$5,363,021)
- Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of eight highway maintenance sections (\$1,286,619)
- Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item \$0
- Adjusted funding for operating expenses, capital assets, and grants \$14,067,380
- Added funding for capital assets \$588,122
- Reduced funding for operating expenses (\$5,013,726)
- Reduced funding for driver's license field sites (\$160,293)

2019-21 Biennium

- Removed 42 unspecified FTE positions and related funding (\$7,979,595)
- Restored 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses (\$3 million), and added 2 FTE positions related to Fargo driver's license operations (\$334,000) \$3,334,000
- Transferred 41 FTE IT positions and related funding to the Information Technology Department (ITD) (\$8,224,012) and adds funding of \$8,284,451 for payments to ITD for the IT unification initiative \$60,439
- Increased funding for capital assets to provide a total ongoing capital asset funding of \$859,725,944 \$87,874,093

5. Increased funding for grants to provide a total of \$95,854,637 \$17,226,607

2021-23 Biennium

1. Increased funding for capital payments to provide a total of \$837,191,709 \$19,416,426

2. Increased funding for building, grounds, and maintenance to provide a total of \$80,402,361 \$11,874,907

3. Increased funding for professional services to provide a total of \$79,008,372 \$10,213,695

4. Increased funding for data processing to provide a total of \$26,176,352 \$6,143,124

5. Increased funding for operating fees and services to provide a total of \$7,840,256 \$4,365,500

2023-25 Biennium (Executive Budget Recommendation)

1. Adds \$115 million for a new state funded transportation program \$115,000,000

2. Adds 29 FTE positions \$5,444,921

One-Time Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time appropriations	\$820,000,000	\$1,015,000	\$73,800,000	\$889,019,357	\$724,125,000

Major One-Time Appropriations

2017-19 Biennium

1. Added one-time funding for an electronic payment processing system to be implemented by ITD, of which \$147,000 is from a Bank of North Dakota loan and \$159,000 is for repayment of the loan. \$306,000

2. Added one-time funding of other funds received from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline \$709,000

2019-21 Biennium

1. Added one-time funding from the highway fund to replace the driver's license system \$22,500,000

2. Added contingent one-time funding from a Bank of North Dakota loan to match federal grants \$50,000,000

2021-23 Biennium

1. Added one-time funding from federal funds as matching funds for road and bridge projects, of which \$35 million is to match funding provided through bonding and \$20 million is to match funding allocated to townships \$55,000,000

2. Added one-time funding from federal funds received under the federal American Rescue Plan Act and other federal funding \$318,609,357

3. Added one-time funding from bond proceeds deposited in the highway fund for state highway bridge projects and for matching federal funds for US Highway 85 \$70,000,000

4. Added contingent one-time funding from a Bank of North Dakota loan to match federal grants for US Highway 85 \$50,000,000

5. Added one-time funding from federal funds for infrastructure improvements to US Highway 85 \$45,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds \$100 million from the general fund and \$300 million from SIIF to match federal funds, including one-time federal funds of \$290 million \$690,000,000

2. Adds \$25 million from the general fund to establish a state funded transportation program \$25,000,000

3. Adds \$6.25 million from the general fund for the roadway information management system project \$6,250,000

4. Provides \$2.01 million from the general fund for automated vehicle locators \$2,010,000

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	982.00	\$0	\$1,495,514,727	\$1,495,514,727	982.00	\$0	\$1,495,514,727	\$1,495,514,727
2023-25 Ongoing Funding Changes			\$9,903,727	\$9,903,727			\$9,903,727	\$9,903,727
Cost to continue salary increases, including cost to continue 2021-23 equity adjustments								
Salary increase			13,726,830	13,726,830			10,268,264	10,268,264
Health insurance increase			5,030,586	5,030,586			5,146,310	5,146,310
Base budget adjustments, including adjustments to federal funding levels			7,415,879	7,415,879			7,415,879	7,415,879
State-funded transportation program		115,000,000		115,000,000				0
New FTE positions	29.00	5,444,921		5,444,921	16.00	3,146,926		3,146,926
Federal matching funds (Motor vehicle excise tax)						169,250,000		169,250,000
Total ongoing funding changes	29.00	\$0	\$156,521,943	\$156,521,943	16.00	\$0	\$205,131,106	\$205,131,106
One-Time Funding Items								
Federal matching funds one-time, including SIIF		\$100,000,000	\$73,736,663	\$173,736,663			\$490,000,000	\$490,000,000
Federal discretionary funds, including SIIF match			516,263,337	516,263,337			115,000,000	115,000,000
State-funded transportation program (SIIF)		25,000,000		25,000,000		\$6,250,000		6,250,000
Roadway information management system project		6,250,000		6,250,000		865,000		865,000
Door security		865,000		865,000		2,010,000		2,010,000
Automated vehicle location		2,010,000		2,010,000				2,010,000
Contingent US Highway 85 loan				0			50,000,000	50,000,000
Short line railroad programs (SIIF)				0		8,000,000		8,000,000
Northern Red River Valley flood projects study				0		5,000,000		5,000,000
Contingent loan - flood projects				0		28,500,000		28,500,000
Rural transit programs				0			1,250,000	1,250,000
Total one-time funding changes	0.00	\$134,125,000	\$590,000,000	\$724,125,000	0.00	\$10,375,000	\$696,500,000	\$706,875,000
Total Changes to Base Level Funding	29.00	\$134,125,000	\$746,521,943	\$880,646,943	16.00	\$10,375,000	\$901,631,106	\$912,006,106
2023-25 Total Funding	1,011.00	\$134,125,000	\$2,242,036,670	\$2,376,161,670	998.00	\$10,375,000	\$2,397,145,833	\$2,407,520,833
Federal funds included in other funds			\$1,219,302,445				\$1,218,905,109	
Total ongoing changes as a percentage of base level	3.0%		10.5%	10.5%	1.6%		13.7%	13.7%
Total changes as a percentage of base level	3.0%		49.9%	58.9%	1.6%		60.3%	61.0%

Other Sections in Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize DOT to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.	Section 3 authorizes the Office of Management and Budget to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items as requested by DOT when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Legislative Council.
Exemption - State highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments, is exempt from Section 54-44.1-11 and may be continued into the 2023-25 biennium.	Not included.
Additional income appropriation	Section 5 would appropriate any additional federal or other funds available to DOT during the 2023-25 biennium.	Not included.
Contingent loan authorization	Section 7 would allow DOT to borrow up to \$50 million from the Bank of North Dakota to match \$50 million of federal funds.	Section 4 allows DOT to borrow up to \$50 million from the Bank of North Dakota to match federal grant funds received for US Highway 85 projects.
Contingent loan authorization	Not included.	Section 5 allows DOT to borrow up to \$28.5 million from the Bank of North Dakota for northern Red River Valley flood projects.
Strategic investment and improvements fund	Section 6 would identify \$300 million from SIFF to be used to match federal highway funding.	Section 6 identifies \$328 million from SIFF to match federal discretionary funds (\$200 million), for a state flexible transportation fund (\$115 million), for the short-line railroad program (\$8 million), and for a flood projects study (\$5 million).
Rural transit funding	Not included.	Section 7 provides guidelines for the distribution of \$1.25 million of additional rural transit funding.
Rest area and visitor center construction	Section 18 would authorize DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.	Section 8 authorizes DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.
Motor vehicle excise tax allocations	The executive budget recommends an amendment to Senate Bill No. 2015 to deposit 25 percent of motor vehicle excise tax collections into the highway fund the 1st year of the 2023-25 biennium and 50 percent of collections during the 2nd year of the biennium.	Section 9 amends Section 57-40.3-10 to deposit 50 percent of motor vehicle excise tax collections in the highway fund. Section 13 provides an effective date for the deposit of collections.
Amendment - 2021-23 biennium township funding allocation	Not included.	Section 10 amends an appropriation section from the 2021 legislative session to allow townships to access road and bridge project funding.
Amendment - 2021-23 biennium appropriation authority	Section 20 would amend an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds.	Section 11 amends an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds.
Exemptions	Sections 8 through 17 would provide exemptions for various road and infrastructure projects.	Section 12 provides exemptions for various road and infrastructure projects.
Emergency clause	Not included.	Section 14 provides an emergency clause for Sections 10 and 11 which amend the 2021 Session Laws.