



State of North Dakota
OFFICE OF STATE TREASURER
Thomas Beadle, State Treasurer

January 09, 2025

Chairman Longmuir,

Before you is HB 1065, which impacts the formula for the County and Township Infrastructure Fund distribution, part of what is commonly referred to as Operation Prairie Dog.

As a reminder, this fund was created in the 2019 legislative session and is part of the waterfall buckets that are filled as Oil and Gas Gross Production tax revenue comes into the state's coffers. Included in my testimony is a flow chart for the order and current dollar amounts for the buckets that fill as a part of this formula.

The bill before you seeks to change the Township distribution portion of this formula. Under current law, up to \$115,000,000 per biennium is allocated to non-oil producing counties and the townships within the non-oil producing counties. The townships receive 13% or \$14,950,000, to be split evenly among all townships in non-oil counties that maintain road miles. Our office distributes the monies to the Counties, who then transfer it to organized townships within their borders or retain for the benefit of the unorganized townships.

The current formula creates some inconsistencies, first the number of townships does not equally divide into the dollar amount available and second does not seem to align with the needs of the townships. The requirement for the distribution to be equally divided leaves an immaterial remainder. Currently, under guidance from the intent of HB 1066 and legal counsel, the remainder has been placed back into the County and Township Infrastructure Fund to be allocated to the Counties. The needs of townships vary, however for most townships, maintaining roadways is the primary cost incurred. Under current law, the same dollar amount is given to townships whether they have 1 mile of roadway or 20. By using a mileage-based formula, we will align with other distributions made by our office, provide for a cleaner distribution, and more accurately reflect the needs of the townships. Included in the testimony is a breakdown for how the distributions to each county would have been affected by this change.

We do have one amendment that we are asking for that I've attached on the next page. In our drafting we mirrored language that was used for a one-time distribution to townships in 2021 following the same formula. Both in that bill and today, the language stating "criteria set by Department of Transportation" causes unnecessary confusion as the definition of a township road miles is defined by administrative rules and currently the criteria used by the Office of State Treasurer's county township road mileage certification process as guided by NDCC 54-27-19.1. We ask that this committee approve the suggested amendments to be more clear and concise.

Thank you for your consideration and I'm happy to answer any questions the committee might have.

Thomas Beadle
State Treasurer