

Good morning, Mr. Chairman and members of the Committee. My name is Chad M. Orn, Deputy Director for Planning for the North Dakota Department of Transportation (NDDOT). I am here to provide information as it relates to the Flexible Transportation Fund referenced in SB 2142.

Line 15 and 16 of page 3 of Senate Bill 1202 proposes to increase the funding going into the Flexible Transportation Fund (Flex Fund) from 50% to 75%. It would be 75% of 100% of the motor vehicle excise tax. I am here to provide information on the Flex Fund.

The Flexible Transportation Fund was established by the 68th Legislative Assembly (NDCC 24-02-37.3) and the current law laid out criteria to help determine eligibility for these funds. It was created in part to assist with road and bridge projects on and off the state system and work towards building a better-connected transportation system throughout the state. The Flex Fund has a dedicated set-aside of 25% of 50% of the motor vehicle excise tax dedicated to county and township road and bridge projects in non-oil producing counties. That amounts to about \$43 million per biennium. In addition to the set-aside, state law also required the NDDOT to establish criteria to distribute the funds.

As a result, the NDDOT established criteria and guidelines, created an application process and website, developed a scoring process, and stood up a committee to evaluate and score the applications. The committee had representation from the NDDOT, ND Department of Commerce, ND Township Officers Association, ND Association of Counties, ND League of Cities, ND Indian Affairs Commission, and the Greater ND Chamber.

Overall, we feel the process was a success as we received 165 applications totaling \$205.5 million in Flex Fund requests for the \$43 million set-aside. Forty-four (44) local entities were awarded projects through the set-aside. NDDOT also created a "partner allocation", where another \$44.1 million was awarded to those eligible for the set-aside plus cities, tribes, and oil producing counties and townships. We received another 97 eligible applications totaling \$225.2 million in Flex Fund dollar requests. Overall, \$87 million was awarded to 66 local entities from the 264 applications asking for \$423.3 million in Flex Fund dollars.

Having a process and guidelines helps to ensure things are fair and transparent for those requesting dollars for their needed projects, as often the dollars are not enough

to cover all the requested needs. The NDDOT is tasked to be the accountable party to independently lead the distribution of funds.

This concludes my testimony - I would be happy to answer any questions. Thank you.