

**Department of Transportation
Budget 801
Senate Bill Nos. 2012, 2176; House Bill Nos. 1033, 1358**

	FTE Positions	General Fund	Other Funds	Total
2013-15 legislative appropriation	1,079.50	\$1,464,020,000 ¹	\$1,922,512,902	\$3,386,532,902
2011-13 legislative appropriation	<u>1,063.50</u>	<u>412,688,893²</u>	<u>1,749,054,459</u>	<u>2,161,743,352</u>
2013-15 appropriation increase (decrease) to 2011-13 appropriation	16.00	\$1,051,331,107	\$173,458,443	\$1,224,789,550

¹This amount includes a \$541.6 million transfer from the general fund to the highway fund, and a \$1.1 million contingent transfer from the general fund to the public transportation fund.

²This amount reflects a \$370.6 million one-time transfer from the general fund to the highway fund, a \$100,000 one-time transfer from the general fund to the public transportation fund, a one-time \$5.85 million general fund appropriation for Devils Lake area road projects, and a 2011-13 biennium deficiency appropriation of \$36,138,893 to the Department of Transportation to repay loan proceeds received by the department for emergency relief projects during the 2011-13 biennium.

NOTE: The 2013-15 biennium legislative appropriations amounts include \$1,733,468 from other funds for the agency's share of the \$8.5 million funding pool appropriated to the Office of Management and Budget for state agency needs resulting from energy development.

Item Description

Accrued leave payments - In Section 1 of Senate Bill No. 2012, the Legislative Assembly identified \$7,280,897 from other funds for accrued leave payments.

Increases in FTE positions - The Legislative Assembly in 2013 increased the authorized number of Department of Transportation FTE positions by 16 compared to the number of positions authorized for the 2011-13 biennium. The new positions include 5 FTE engineers, 4 FTE transportation technicians, 4 FTE motor vehicle licensing specialists, 2 FTE driver's license supervisors, and 1 FTE accounting/budget specialist.

One-time funding - The Legislative Assembly appropriated \$2,005,620,000 of one-time funding, of which \$1,464,020,000 is from the general fund and \$541,600,000 is from other funds, to the Department of Transportation for the 2013-15 biennium for the following:

	Amount
General fund transfer to highway fund	\$541,600,000
Enhanced state highway investments	1,161,600,000
TIGER III federal railroad program grant match	10,000,000
General license plate issue	6,820,000
Contingent general fund transfers to public transportation fund	1,100,000
Airplane replacement	4,500,000
Transportation distributions to oil-producing counties	160,000,000

Status/Result

The Department of Transportation has spent \$282,610 from the accrued leave payments line item for accrued leave payments through March 2014. The department anticipates transferring funds from the accrued leave payments line item to the salaries and wages line item will be necessary, but the amount is unknown.

The Department of Transportation has allocated the positions to various districts in western North Dakota. Of the 16 new FTE positions, 4 positions are located in Williston and 12 positions in Bismarck.

The following is a summary of the status of the Department of Transportation's one-time funding:

General fund transfer	As of April 2014, the funds have not been transferred. The Office of Management and Budget will transfer the funds after the Department of Transportation has spent the \$620 million provided in Senate Bill No. 2176. See Enhanced state highway investments below.
-----------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Transportation distributions to non-oil-producing counties	120,000,000
Total	\$2,005,620,000

Enhanced state highway investments	The \$1,161,600,000 appropriated to the Department of Transportation includes \$620 million from the general fund in Senate Bill No. 2176 and a transfer of \$541.6 million from the general fund to the highway fund. Of the \$620 million, approximately \$498.5 million has been spent through April 2014. None of the \$541.6 million has been spent as of April 2014, and the department anticipates the \$541.6 million will be transferred in August 2014.
TIGER III federal railroad match	As of February 2014, all of the funds have been spent.
General license plate issue	See the General license plate issue section below.
Contingent transfers to public transportation fund	See the Contingent transfers to public transportation fund section below.
Airplane replacement	See the Airplane replacement section below.
Distributions to oil-producing counties	See the Special transportation funding distributions to counties, cities, and townships section below.
Distributions to non-oil-producing counties	See the Special transportation funding distributions to counties, cities, and townships section below.

Highway tax distribution fund - The Department of Transportation estimated \$592.8 million would be distributed from collections of motor vehicle fuel taxes and registration fees deposited in the highway tax distribution fund to the state highway fund, counties, cities, the township highway aid fund, and the public transportation fund during the 2013-15 biennium.

Special transportation funding distributions to counties, cities, and townships - The Legislative Assembly provided 2013-15 biennium special transportation funding distributions to counties, cities, and townships as follows:

In Senate Bill No. 2176, \$100 million from the general fund was appropriated to the State Treasurer for transportation funding distributions to non-oil-producing counties, cities, and townships. Of the total, \$64 million was to be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4), \$16 million was to be distributed to counties and townships pursuant to Section 54-27-19.1, and \$20 million was to be distributed to counties and townships through a grant of \$15,000 for each organized and unorganized township. To be eligible for a distribution, a political subdivision must have been located in a county that received an oil and gas tax allocation under Section 57-51-15 (oil and gas gross production

Through February 2014, \$181.5 million was available to be distributed from the highway tax distribution fund to the state highway fund, counties, cities, the township highway aid fund, and the public transportation fund. This represents an increase of \$8.5 million, or 4.9 percent, from the original estimates for revenue available for distribution during the same time period.

In February 2013 the State Treasurer distributed \$100 million to counties, cities, and townships in non-oil-producing counties pursuant to Senate Bill No. 2176. The State Treasurer distributed \$385,000 to counties in non-oil-producing counties pursuant to Section 7 of Senate Bill No. 2012 on June 14, 2013.

tax allocations) of \$500,000 or less during state fiscal year 2012. The Legislative Assembly in Senate Bill No. 2012 appropriated an additional \$385,000 from the general fund for distributions to counties and townships pursuant to the provisions of Senate Bill No. 2176.

In House Bill No. 1358, the Legislative Assembly appropriated \$120 million from the general fund to the Department of Transportation for county road and bridge projects in counties that received less than \$5 million of oil and gas gross production tax allocations under Section 57-51-15(2) during state fiscal year 2013. The funding is to be distributed based on the number of miles of roadway located in each county defined by the Department of Transportation as a county major collector roadway.

The Legislative Assembly in House Bill No. 1358 appropriated \$160 million from the general fund to the Department of Transportation for county road and bridge projects in counties that received \$5 million or more of oil and gas gross production tax allocations under Section 57-51-15(2) during state fiscal year 2013. The funding is to be distributed based on data supplied by the Upper Great Plains Transportation Institute.

In House Bill No. 1358, \$8,760,000 from the general fund was appropriated to the State Treasurer for grants to townships located in counties that received between \$500,000 and \$5 million of oil and gas gross production tax allocations under Section 57-51-15(2) during state fiscal year 2013. Each eligible township is to receive a grant of \$15,000 in July 2013 and in May 2014. Although House Bill No. 1358 based the allocations on fiscal year 2012 oil and gas gross production tax allocations, 2013 House Bill No. 1015 amended House Bill No. 1358 to change the year to state fiscal year 2013.

Highway-rail grade crossing safety projects - Section 4 of Senate Bill No. 2012 provides guidelines for the continuation of previously approved highway-rail grade crossing safety projects into the 2013-15 biennium. The Legislative Assembly in 2009 provided \$2.5 million of one-time funding for highway-rail grade crossing safety projects. The Legislative Assembly added appropriation authority of \$640,000 for the estimated costs to continue existing projects into the 2013-15 biennium.

Section 4 of Senate Bill No. 2012 also provides for a pilot program during the 2013-15 biennium for highway-rail grade crossing safety projects on local roadways. Section 15 provides that up to \$500,000 of special fuels excise taxes collected on diesel sales to railroads must be deposited in the highway-rail grade crossing safety projects fund for projects during the 2013-15 biennium. The Department of Transportation is to develop guidelines for the distribution of program funds. An eligible project may be located on a paved or unpaved roadway, and a local match of 10 percent of total project costs must be provided for any approved project that is not located on the state highway system. On June 30, 2015, the State Treasurer is required to transfer any unexpended and unobligated balance in the highway-rail grade crossing safety projects fund to the highway tax distribution fund.

Through April 2014, the Department of Transportation has spent \$18,523,065 for county road and bridge projects in counties that received less than \$5 million of oil and gas gross production tax allocations.

Through April 2014, the Department of Transportation has spent \$90,252,997 for county road and bridge projects in counties that received \$5 million or more of oil and gas gross production tax allocations.

The State Treasurer distributed \$2,805,000 to oil-producing counties on July 26, 2013, pursuant to House Bill No. 1358. The State Treasurer anticipates the same distribution will be made in May 2014. As a result of the change in the fiscal year, Burke County and Stark County were no longer eligible to receive distributions, and the total actual distributions are anticipated to be \$3,150,000 less than the appropriation of \$8,760,000.

The State Treasurer deposited \$250,000 from special fuels excise taxes in the highway-rail grade crossing safety projects fund in March 2014. The Department of Transportation anticipates all of the funds in the highway-rail grade crossing safety projects fund will be spent or obligated by the end of the 2013-15 biennium.

General license plate issue - Sections 8, 9, and 14 of Senate Bill No. 2012 provide for a general license plate issue by the Department of Transportation. A general fund appropriation of \$6,820,000 was provided to the department for estimated costs associated with the license plate issue. A special funds appropriation of \$4.9 million was provided to the Department of Corrections and Rehabilitation for estimated costs to be incurred by Roughrider Industries related to the license plate issue. The general issue may not be made on embossed license plates, and the Department of Transportation is to develop guidelines regarding the development of a new license plate design and the administration of the license plate issue. The department is to provide its recommendation for a new license plate design to the Budget Section for final approval of the design.

Airplane replacement - In House Bill No. 1033, the Legislative Assembly appropriated \$4.5 million for the purchase of replacement airplanes for the Department of Transportation's fleet and created a committee to advise the department on the airplane replacement. Section 3 of House Bill No. 1033 required the department to sell or trade two existing airplanes. Section 5 of House Bill No. 1033 provided that the department needs Budget Section approval if the cost of the replacement airplanes exceeds \$4 million.

Contingent transfers to public transportation fund - Section 5 of Senate Bill No. 2012 provides contingent transfers of \$550,000 from the general fund to the public transportation fund on July 1, 2013, and July 1, 2014. The transfers are contingent upon deposits from the highway tax distribution fund into the public transportation fund being \$5 million or less during the preceding state fiscal year.

Line item transfer - Section 3 of Senate Bill No. 2012 authorizes the Director of the Department of Transportation to make transfers of funds between the salaries and wages, operating expenses, capital assets, and grants line items when it is cost-effective for construction and maintenance of highways.

The Department of Transportation has not spent any of the funds provided for the general license plate issue. The department is in the process of creating new designs for the license plate. The department anticipates presenting the designs to the Budget Section in June 2014.

The Department of Transportation purchased a 1998 KingAir for \$2,737,000 as a replacement for a 1997 Piper Cheyenne aircraft. The department received Budget Section approval in December 2013 to purchase a second replacement aircraft--a 2010 Cessna Caravan--for \$1,725,000 after trading in a 1975 Cessna Skymaster. The total cost to replace both planes was \$4,462,000.

The Office of Management and Budget transferred \$550,000 from the general fund to the public transportation fund in July 2013. The Department of Transportation does not yet know if a transfer will be made in July 2014.

The Department of Transportation transferred \$40.2 million from the operating expenses line item to the capital assets line item in March 2014 because of a change in methodology used to account for state-funded road maintenance projects.