

2009 HOUSE TRANSPORTATION

HB 1373

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1373

House Transportation Committee

Check here for Conference Committee

Hearing Date: 01/23/09

Recorder Job Number: 7643

Committee Clerk Signature

*Jeanette Cook*

Minutes:

**Representative Chuck Damschen, District 10**, introduced HB 1373. He provided testimony in support of HB 1373. See attachment #1.

**Representative Delmore:** How far can \$500,000 go in a county to accomplish what we need?

**Representative Chuck Damschen:** I believe that paving is upwards of \$220,000 a mile. So, it would not cover many miles if that is what is going to be done. Paving sections of a gravel roads or sections of paved county roads, it could go quite a ways.

**Representative Delmore:** Is the \$500,000 per county an equitable way to allocate the money, when some counties have more roads and some have heavier traffic flows? What made you enter the equation that way?

**Representative Chuck Damschen:** I used that figure because last session when I visited with DOT, they felt that the maximum amount that could be leveraged from the federal projects would be achieved with \$500,000 per county.

**Representative Weisz:** The DOT currently has a formula that they use for the federal dollars. I'm curious why you didn't look at using that formula.

**Representative Chuck Damschen:** I didn't feel that any county would have a problem spending \$500,000 on roads. As far as the population, it doesn't matter if you have 50 people

or 250 people that need to get somewhere or get their product somewhere, there is a fixed need when it comes to roads.

**Representative Griffin:** Is there any concern that if this \$500,000 went to the county that the county might end up spending the same amount of money on roads and use the money that they did have allocated for roads on something else?

**Representative Chuck Damschen:** I'm not sure that they could do that. Maybe there would be some policing that could be done to guarantee that it wouldn't be done. Maybe it is a concern.

**Chairman Ruby:** Would the townships get any of this, or just the counties?

**Representative Chuck Damschen:** Just the counties would receive this.

**Chairman Ruby:** Could this be used for snow removal or other things?

**Representative Chuck Damschen:** The grant is JUST for road repairs.

**Keith Magnusson spoke on behalf of the North Dakota League of Cities** in opposition to HB 1373. He felt that this is a well intentioned bill to get more money to the counties for roads. Everyone has needs including the cities. The cities are indirectly affected by this bill. The formula that has been figured out gives "everyone" a share by percentage. He feels that the more money that goes into the Highway Distribution Fund, then everyone will get their fair share. He was encouraged that all the "players" had gotten together and agreed on the new formula. The governor has \$120 million in the DOT (SB 2012), that is extra money and all that are concerned will be sharing it. His concern is that this bill is like going back on the agreement to run everything through the formula. This will set up a "free-for-all" again. He wants the agreement and new formula to work. He thinks it is the best way for long range funding.

**Grant Levi, Deputy Director for Engineering for the North Dakota DOT**, spoke in opposition of HB 1373. See attachment #2.

**Representative R. Kelsch:** If the \$120 million is successful in this legislative session, if DOT receives stimulus money, and if the money is reinstated in the Federal Highway Fund and North Dakota is the recipient of a lot of money, do we have the manpower to begin and work on these projects in North Dakota?

**Grant Levi:** The DOT in preparation for the Economic Recovery Stimulus Program is in the process of developing about \$200 million worth of projects for this summer in addition to what would come through their normal program. They have also been working with the cities and counties, and they have been developing projects. In conversations that we have had with the consulting engineers, they can take on the additional work. The contracting industry has indicated that they are ready, willing and able to construct anything that we can put out. We believe that it can be accomplished.

**Representative Vigesaa:** If we get all the money that Representative R. Kelsch mentioned, approximately, how much money will go to the counties?

**Grant Levi:** It is part of HB 2112 and companion bill 2177. I believe that the counties would receive about \$28.3 million in additional state revenue through the formula process. In addition through the Economic Recovery Program the DOT will distribute a portion of what they get to the cities and counties.

**Chairman Ruby:** It is new ground to use general fund dollars to go into distribution funds. Does the DOT have a position on this new line of funding for transportation?

**Grant Levi:** The traditional funding sources haven't been growing to keep up with the rate of inflation. As a result there are new means coming forward through the legislative process to fund transportation needs. The department supports the Governor's budget as it comes

forward. The concern with this bill is that the money is being dedicated and not going through the process.

**Representative Schmidt:** Is \$120 million the **total** general fund dollars?

**Grant Levi:** Yes.

There was no further opposition to HB 1373, and the hearing was closed.

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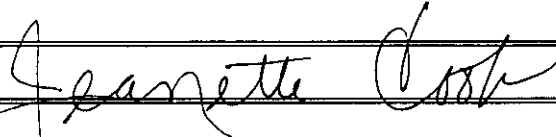
House Transportation Committee

Check here for Conference Committee

Hearing Date: 01/23/09

Recorder Job Number: 7650

Committee Clerk Signature



Minutes:

**Chairman Ruby** reviewed the intent of HB 1373 and called for discussion.

**Representative Weisz** agrees with Rep. Damschen that the counties do need money. He repeated his feeling about the formula. It is designed so that everyone will benefit when transportation is funded. After all the work put into the formula since last session he feels that we have a good formula, and that it should be used.

**Representative Weiler:** I understand that there are a lot of needs, and that they all can't be met with the \$120 million in the Governor's budget. If he had felt the need for more they would have done that. I am going to oppose the bill.

**Representative R. Kelsch:** The stimulus package looks like it will be coming to North Dakota in the excess of \$500 million dollars. Within that stimulus package there is money for infrastructure, and I think that will be a boost to the money that the DOT will receive. Those projects will need to be started right away. I have a problem with something like this.

**Representative Frantsvog** moved a **Do Not Pass** on HB 1373.

**Representative Gruchalla** seconded the motion.

**Chairman Ruby** thinks that without the money going into the formula, it would be problematic.

He feels that it is probably such a small amount to most counties that isn't really a factor.

**Representative Weisz** disagrees with the fact that it is a small amount of money to a county.

He thinks it is a huge amount. It may depend upon the different needs of the county, but \$500,000 is a lot, when you compare it to the Governor's plan where the counties only get \$23.5 million. That will put it in perspective.

A roll call vote was taken. **Aye 13 Nay 1 Absent 0**

**Representative Frantsvog** will carry the bill.

Date: 1-23-09

Roll Call Vote #: \_\_\_\_\_

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1373

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do pass  Don't Pass  Amended

Motion Made By Frantsvog Seconded By Gruchalla

Representatives	Yes	No	Representatives	Yes	No
Representative Ruby - Chairman	✓		Representative Delmore	✓	
Rep. Weiler - Vice Chairman	✓		Representative Griffin	✓	
Representative Frantsvog	✓		Representative Gruchalla	✓	
Representative Heller	✓		Representative Potter	✓	
Representative R. Kelsch	✓		Representative Schmidt		✓
Representative Sukut	✓		Representative Thorpe	✓	
Representative Vigasaa	✓				
Representative Weisz	✓				

Total Yes 13 No 1

Absent 0

Bill Carrier Frantsvog

If the vote is on an amendment, briefly indicate intent:



**REPORT OF STANDING COMMITTEE (410)**  
January 23, 2009 4:55 p.m.

**Module No: HR-14-0885**  
**Carrier: Frantsvog**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1373: Transportation Committee (Rep. Ruby, Chairman) recommends DO NOT PASS**  
(13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1373 was placed on the  
Eleventh order on the calendar.

2009 TESTIMONY

HB 1373

# Attachment # 1

Introduction of HB1373

by Rep. Chuck Damschen, District 10

One-time appropriation of current surplus

\$500,000 for each ND county

Designated for road repairs

Fund from a comprehensive tax relief package - not additional spending

Not intended to cut into Gov.'s proposed DOT budget allowance

Not intended to compete with other proposals to fund county and/or township road needs

Consider:

Similar proposal last session would have leveraged federal dollars that are no longer available

Over the last two years the cost of paving has nearly doubled

If paving and construction costs reflect oil prices this money could do more in the upcoming construction season than it would have in 2008

With the high snowfall county road funds are being further depleted by snow removal costs and will be strained again by wet conditions in the spring

Counties have been unable to provide local match money in a timely manner for road projects

This money would be economic stimulus for the state

Small tax refunds vs infrastructure improvements that benefit many

Road needs will not go away and if unaddressed will become more serious and more costly

Funding details left open-ended for flexibility

Thank you.

Rep. Chuck Damschen

**HOUSE TRANSPORTATION COMMITTEE**

**January 23, 2009**

**North Dakota Department of Transportation  
Grant Levi, P.E., Deputy Director for Engineering**

**HB 1373**

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Good morning, Mr. Chairman and members of the committee. I'm Grant Levi, Deputy Director for Engineering for the North Dakota Department of Transportation (NDDOT). I'm here to oppose HB 1373.

HB 1373 appropriates \$26.5 million dollars from the general fund to the Department for the purpose of providing a \$500,000 grant to each county.

We acknowledge the counties, cities, townships and the state have unmet transportation needs. The Governor recognized the additional transportation needs and has included in SB 2012 (NDDOT's appropriation bill) \$120 million of general funds to be distributed to the state, cities, counties, townships and transit through the Highway Distribution Fund. As a result, we believe that funds appropriated for highway purposes should be inserted in the Highway Distribution Fund and not distributed individually to the counties.

For the committee's information, the Department does distribute a portion of the federal funds it receives to the counties based on a formula that includes: the percent population, land area, federal-aid roads in the county, and the county mill levy. This distribution process for federal funds has served the state well since the 1960s.

Mr. Chairman, this concludes my testimony and I would be happy to answer any questions that the committee may have at this time. Thank you