

2011 SENATE TRANSPORTATION

SB 2203

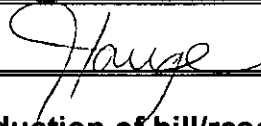
2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2203
January 27, 2011
13551

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

The goal of SB 2203 is that by using the same form townships have been familiar with for years would reduce the work caused by the duplication of reporting requirements and in the end give a more accurate report of the use of funds.

Minutes:

Two attachments

Senator G. Lee opened the hearing on SB 2203 relating to annual reports for transportation funding.

Senator Uglem, District 19, said that SB 2203 was a simple addition saying that the townships may provide a copy of their annual township financial report to the state to satisfy the requirements in section 54-27-26. Adoption of this bill will make a lot of township clerks and treasurers happy because they will have one form that will be acceptable to both the county and the state.

Senator Mathern asked if there had been some copies submitted that were not accepted.

Senator Uglem replied that some counties had submitted the copy of the annual township financial report and it was acceptable but not by law. This bill saves a lot of extra work for volunteer that are working for our townships and puts townships into compliance when they submit their information on this form.

Senator Nething said that some counties don't have county auditors, they have county administrators. He asked how we might deal with that.

Senator Uglem replied that this bill does not affect the counties or the cities; it affects the townships that have to submit the reports.

Senator Nething said that in SB 2203 it refers to county auditor on line 13 of page 1. He said he was in favor of the bill but he wants to make sure it is correct.

Larry Syverson, a farmer from Mayville and Chairman of the Board of Township Supervisors of Roseville Township of Trail County testified in support of SB 2203. Written testimony #1 In conclusion, he said they would welcome an amendment to include small

cities and an emergency clause. He stated that the North Dakota Township Officers Association asks that you so amend SB 2203 and give it your favorable recommendation.

Senator Sitte asked which department developed this form.

Mr. Syverson replied that it was developed by the department of transportation and state tax department.

Senator Sitte asked if there were others that were required to fill out this form besides the townships and small towns.

Mr. Syverson said that any subdivision that receives transportation funding has to fill out the form.

Senator Lee asked if these forms were electronic forms or paper forms.

Mr. Syverson said they were electronic but when they pointed out that a vast number of our township people don't have internet or internet savvy they went to paper.

Jerry Hjelmstad, League of Cities, testified in support of SB 2203. He said they were hoping to find a report form that would work for small cities.

Senator Mathern asked if they were looking for us to amend this bill.

Mr. Hjelmstad said that the form would have to be modified for small cities.

Ken Yantes, Executive Secretary of the North Dakota Township Organization Association testified in support.

Kevin Schatz, North Dakota Tax Department said that they were in a neutral position. He gave background on the forms and the reporting process. He said that their department did not have a problem accepting the type of report that the townships hope to have approved in this bill. He gave an example copy of the summary document for annual township financial report and the ND Transportation Funding report (attachment 2).

Discussion followed on type of forms, required data and what would work for small cities and townships. **Mr. Schatz** said that the important thing is that they get the data from the townships.

Senator Oehlke asked if we needed this bill.

Mr. Schatz said that this bill was introduced because of the language in SB 2012 from the last session that required a Transportation Fund Report.

Senator Lee closed the hearing on SB 2203.

Discussion followed on whether the committee needed to say "auditor" or just "county".

Senator Nething moved to adopt the Nething amendment.

Senator Mathern seconded the motion.

Roll call vote 6-0-0. **Amendment adopted.**

Senator Nething moved a **Do pass as Amended.**

Senator Oehlke seconded.

Roll call vote 6-0-0. **Motion passed.**

Senator Nething is the carrier.

Date: 1-27-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2203

Senate Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number Nothing amendment

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By _____ Seconded By _____

Senators	Yes	No	Senators	Yes	No
Senator Gary Lee	✓		Senator Tim Mathern	✓	
Senator Dave Oehlke	✓				
Senator Dave Nething	✓				
Senator George Nodland	✓				
Senator Margaret Sitte	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Senator Nething

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

REPORT OF STANDING COMMITTEE

SB 2203: Transportation Committee (Sen. G. Lee, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2203 was placed on the Sixth order on the calendar.

Page 1, line 2, after "funding" insert "; and to declare an emergency"

Page 1, line 13, remove "auditor"

Page 1, after line 13, insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2011 HOUSE TRANSPORTATION

SB 2203

2011 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

SB 2203
03/10/11
Job # 15280

Conference Committee

Committee Clerk Signature *Janette Cook*

Explanation or reason for introduction of bill/resolution:

SB 2203 is a bill relating to annual reports for transportation funding; and to declare an emergency.

Minutes:

Attachment #1 and #2

Senator Uglem introduced SB 2203 and spoke to support it. He stated he introduced the bill because his township officers have to send in a report to the tax department last year. It was introduced into law last session when they were granted some money, and it required that they make a report. The township treasurers already make a report to the county auditor that has all the data that the tax department needs. This bill says that they may provide a copy of their township annual financial report to the tax department in lieu of the different format that was made by tax department. Mr. Kevin Schatz from the tax department has agreed that this will work.

Vice Chairman Weiler: Was there something said or done that made your township believe that the same report that they sent to the county would not be accepted by the tax department?

Senator Uglem: The law that went into effect last year said that they needed to send the report that the tax department requested, which was the same numbers but in a different format. So, they had to fill out a new report and do all the totals when they already had one that could serve the purpose. We have a lot of township treasurers that are not too technologically advanced. They don't have a computer to work with, and the reports are done by hand. It becomes an inconvenience for them to fill out a different report.

Chairman Ruby: It does seem like they could send the same report to the tax department. Wasn't it always accepted because it had to be in their form?

Senator Uglem: It has been accepted, but by law they had to do the other form. This bill clarifies that they can use the same report that they send to the county.

Vice Chairman Weiler: If they have to fill out a report for the county and the tax department, could they just send the format for the tax department and use the same one for the county? I don't see the need for this bill. I understand that they do not want to do

two separate reports, but couldn't they take the report that they send to the tax department and send it to the county as well? That way they wouldn't have this issue.

Senator Uglem: The issue is that it is *in law* that they *have* to do both, but this bill says that they can use the same report for both, and the tax department will be changing their format.

Representative Frantsvog: Is the report that is currently being done by the townships being done within the 90 day time limit?

Senator Uglem: I don't know the answer to that.

Kevin Schatz, Supervisor of Motor Fuels, Oil and Special Taxes with the State Tax Commissioner, spoke to support SB 2203 and provided written testimony. See attachment #1.

Chairman Ruby: According to your testimony you received the information, but it was not in the format that you wanted, so your workers had to compile the data so you could use it?

Kevin Schatz: That is correct. The annual financial report that townships submit to the counties has all of their financial detail for all of their transactions, both revenues and expenditures. Our transportation report only collects transportation funds, and a single form was developed that could be used by all three entities: counties, cities, and townships. They will be able to report just their transportation funding revenues and expenditures.

Chairman Ruby: In the past you accepted these forms and extracted the data that you needed, but now we need a bill to allow you to do what you have been doing?

Kevin Schatz: Most of them sent financial reports and refused to send in a transportation funding report. Because they were not sending the transportation funding reports, we pulled the detail off of their budget reports. We also sent out notices to some of the townships, and when they failed to submit the reports, we contacted the counties in which they resided to see if they had the financial reports that we could pull the information. We still have 65 cities and 44 townships that have not provided reports for the 2009 period.

Larry Syverson, a farmer from Mayville and Chairman of the Board of Township Supervisors of Roseville Township of Traill County, provided testimony to support SB 2203. See attachment #2.

Representative Onstad: Could you explain the complication of the form, and speak to the fact that many townships thought that since they had already reported the information to the county, it should be able to be used by the tax department?

Larry Syverson: It was a lengthy form, and there were blanks for items that township officers have no experience with. They didn't understand how their funds compared to the items that were on the report. That was one of the biggest problems.

Representative Onstad: For the committee's information the form was complicated. A typical township receives \$6,000 to \$12,000 in levies that comes from the county. They get a tax distribution fund check. Those things are provided for the county. If they do participate in Impact Aid, that would also be listed on that form. The form is simple and one and one half pages. They questioned the need to fill out the extensive form for the tax department with questions that didn't even pertain to the township. A lot of the requests from the townships were made back to the county saying that we already reported this.

Vice Chairman Weiler: How many townships are not using the form that you gave them and are attempting to use the form that they sent to the county?

Kevin Schatz: We have quite a few townships that did. A lot of those were forms that were submitted to the counties and given to us. I would have to go back to get an exact count. I can get those numbers for you.

Vice Chairman Weiler: I was just wondering if it was a large number or not so many.

Kevin Schatz: I think the majority of them actually sent in the transportation funding report with some help from our staff explaining what was in each of the fields. One of the problems with the report was some of the fields that the Department of Transportation required for Federal Highway questioning was included in the document. Those were the state's requirements for SB 2012, and I don't believe that we would have had to have that much detail. We wanted to satisfy both reporting requirements, and the Department of Transportation required us to put that into that document.

Vice Chairman Weiler: Maybe you could simplify the form.

Kevin Schatz: What we have done for the 2010 fiscal year, is take that report and actually put a short form out there. We crossed out the fields that would apply only to larger cities and counties. There would just be fields on there that the townships and the small cities need. They are starting to use that one. It is much simpler and less confusing.

There was no further support for SB 2203.

There was no opposition to SB 2203.

The hearing was closed on SB 2203.

Representative R. Kelsch moved a DO PASS on SB 2203.

Representative Frantsvog seconded the motion.

A roll call vote was taken. Aye 12 Nay 0 Absent 2

The motion carried.

Representative Frantsvog will carry SB 2203.

Date: 3/10/11

Roll Call Vote #: _____

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2203

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By R. Kelsch Seconded By Frantsvog

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby	X		Representative Delmore	X	
Vice Chairman Weiler	X		Representative Gruchalla	X	
Representative Frantsvog	X		Representative Hogan	X	
Representative Heller	X		Representative Onstad	X	
Representative R. Kelsch	X				
Representative Louser					
Representative Owens	X				
Representative Sukut	X				
Representative Vigesaa					
Representative Weisz	X				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Frantsvog

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

REPORT OF STANDING COMMITTEE

SB 2203, as engrossed: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2203 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2203

1
In support of SB2203:

Good morning Chairman Lee and members of the Senate Transportation Committee.

I am Larry Syverson, a farmer from Mayville and Chairman of the Board of Township Supervisors of Roseville Township of Traill County. I am also the President of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 township officers in 1,340 dues paying member townships.

In the 2009 session Senate Bill 2012 provided some much needed funding to township roads, it also created a reporting requirement that each subdivision that receives funding must report the uses of funding. We feel that the legislature having this information is beneficial to townships; it can only help us when it is known how the great majority of our funds are spent on roads and road maintenance.

A new form "the Transportation Funding Report" was developed for use by all that were required to file. But townships were already reporting their financial details with their county auditors each year, the same numbers on a different form. The new form contains many items that are not used or even understood by local officials that have never had to deal with those items. "Do we have that? I don't even know what that is?" were common questions we faced.

We have learned that in some cases the Tax Department received copies of the form that townships were previously filing with their county auditor and that the Department was able to get the required information from those forms. That is the goal of Senate Bill 2203; that using the same form townships have been familiar with for years would reduce the work caused by

the duplication of reporting requirements and in the end give a more accurate report of the use of funds without so many possibilities of information being entered on the wrong line.

We have been approached by representatives of the League of Cities who said that some of the smallest cities shared the same problems with these reports and would benefit by this adjustment to the requirement, we would welcome and support an amendment to include small towns on this bill as we fully understand their difficulties.

We also request that SB2203 be amended with an emergency clause as the next reporting deadline will occur before this bill would otherwise become effective.

The North Dakota Township Officers Association asks that you so amend Senate Bill 2203 and give it your favorable recommendation.

Thank you Chairman Lee, that concludes my prepared testimony this morning and I will try to answer any questions you or the Committee may have.

2 13

FORM F-66 (ND-3A)
2009
**STATE OF NORTH DAKOTA
SUMMARY DOCUMENT
ANNUAL TOWNSHIP FINANCIAL REPORT**

A. Name of Township

From Dec 31 - 09 To Dec 31 - 09

Section I INCOME		AMOUNT (Omit cents)	Section II DISBURSEMENTS — Continued		AMOUNT (Omit cents)
Beginning balance — Checking and saving accounts		\$ 41701.00	Subtotal — Enter from first column.		\$ 21436.91
General property tax collections received from the county	T01	4519.79	Snow removal	E44	\$ 2340.00
Township road mileage — Total four payments received this year	C46	8394.37	Weed control	E89	- 0 -
State aid distribution	C30	826.60	Fire protection	E24	300.00
Coal development impact fund	C89	- 0 -	Insurance	E89	679.00
Telecommunications	C30	- 0 -	Road construction	F44	- 0 -
Interest earned	U20	323.31	Road equipment purchased	G44	- 0 -
Dividends	U20	- 0 -	Insurance (deducted by county)	E89	- 0 -
Total other receipts	U99	11,045.50	Amounts paid to county for services performed	M89	- 0 -
TOTAL INCOME \rightarrow 25109.57		\$ 66,810.57	All other expenditures	E89	2578.69
Section II DISBURSEMENTS	E23		TOTAL DISBURSEMENTS \rightarrow		\$ 27,334.60
Board salaries	E23	\$ 954.05	Total funds on hand (checking and savings) end of year	W61	\$ 39,475.97
Township association — Dues and meals	E23	105.00	Section III DEBT	19U	
Election board	E89	210.00	Long-term debt outstanding at beginning of this fiscal year.	\$	
Legal notices	E29	57.00	Long-term debt issued during this fiscal year	29U	
Blading and graveling	E44	18518.95	Long-term debt retired during this fiscal year	39U	
Road repair and culverts	E44	1591.91	Long-term debt outstanding at the end of this fiscal year	49U	
Subtotal disbursements \rightarrow		\$ 21,436.91	Interest paid on long-term debt during fiscal year		
Please continue in next column \rightarrow			FILED IN MY OFFICE		

Remarks

MAR 17 2010
AUDITOR RENVILLE COUNTY N.D.
Deput

Section IV DATA SUPPLIED BY

Signature of official _____

Date: 3/16/10 Title: Clerk

Telephone: 70 Area: 70 Extension: _____

North Dakota Transportation Funding Report

Calendar Year (YYYY)	2010
County (required)	
Wishp	
City	

Preparer Name	
Address	
City, State, Zip Code	
Phone Number	
Email Address	

Section 1: Transportation Revenues

Receipts from Local Government	
1. General fund appropriations	
2. Property tax and assessments	
3. Sales tax	
4. Other	
5. Misc. local receipts	
6. Bonds - Original issues	
7. Bonds - Refunding issues	
8. Notes/Loans	
9. (Specify)	
Total	\$

Private Contributions	
10. Contributions	
11. (Specify)	
Total	\$

Receipts from State Government	
12. Highway taxes	
13. State general funds	
14. Other State funds	
15. Misc. State receipts	
16. (Specify)	
Total	\$

Receipts from Federal Government	
17. Federal Highway Administration	
18. Other Federal Agencies:	
a). Forest Service	
b). FEMA	
c). HUD	
19. (Specify)	
Total	\$

Section 2: Transportation Expenditures

Road and Street Transportation Need Expenditures	
20. Capital outlay - right of way	
21. Capital outlay - engineering	
22. Capital outlay - construction:	
a). New facilities	
b). Capacity improvements	
c). System preservation	
d). System enhancement and operation	
23. Maintenance	
24. Traffic control operations	
25. Snow and ice removal	
26. Other road and street services	
27. General administration and engineering	
28. Highway law enforcement and safety	
29. Debt service - bond interest	
30. Debt service - bond redemption	
31. Debt service - note/loan interest	
32. Debt service - note/loan redemption	
33. Transfer payments to State	
34. (Specify)	
Total	\$

Section 3: Summary of Transportation Revenues and Expenditures for Local Governments

Item	Local Government & Private Contributions	State Government	Federal Government	Total
A. Beginning balance				
B. Receipts:				
1). Less amount used for collection expenses				
2). Less amount used for non-highway purposes				
3). Less amount used for mass transit				
4). Total receipts used for highway purposes				
C. Expenditures				
D. Ending balance (Line A + Line 4 - Line C)				

Section 4: Local Highway Debt Status

Item	Opening Debt	Amount Issued	Redemptions	Closing Debt
35. Bonds				
Notes/Loans				
(Specify)				
Total	\$	\$	\$	\$

Section 5: Comments

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Instructions

Fuel Tax Transportation Funding Report

Cory Fong
Tax Commissioner

North Dakota Transportation Funding Report

North Dakota Century Code § 54-27-26 requires an annual report of transportation funding and expenditures by each county, township, and city. This report is required to be submitted ninety days after the close of the calendar year. The report must contain by fund the beginning balance, revenues by major source, expenditures by major category, the ending balance, and any other information requested by the Tax Commissioner.

Use actual revenues received and expenditures paid for calendar year 2010.

The Federal Highway Administration also requires each county, township, and city to submit a Local Highway Finance Report to the North Dakota Department of Transportation. The Local Highway Finance Report provides for the reporting of four basic areas of local highway finance:

1. Disposition of highway-user revenues
2. Revenues used for roads and streets, identified by source and type of funds
3. Road and street expenditures identified by purpose or activity
4. Local highway debt status

The North Dakota Transportation Funding Report has been designed to facilitate the combined reporting for both requirements.

INSTRUCTIONS

(Not all fields may apply to your entity, complete with the information that is applicable and round all reported amounts to the nearest dollar.)

Calendar Year: Enter the 12 month reporting period (i.e., 2010).

County, Township, City:

Townships: Enter the County and Township name. (Leave City field blank.)

Cities: Enter the County and City name. (Leave Township field blank.)

Counties: Enter the County. (Leave City and Township fields blank.)

Preparer Name: Enter the name, address and telephone information of the person preparing the report.

Complete Section 1 (Revenue) and Section 2 (Expenditures) before completing Section 3. Totals from these sections should be used to complete Section 3.

Section 1: Transportation Revenues

Receipts from Local Government

1. **General fund appropriations:** Enter all appropriations from general funds that are used for transportation purposes.
2. **Property tax and assessments:** Enter revenues generated from property tax mill levy and special assessments specifically levied for transportation purposes.
3. **Sales tax:** Enter the amount of local sales tax revenues appropriated for transportation purposes.

22957

North Dakota Office of State Tax Commissioner

PO Box 5509
Bismarck ND 58505-5509

701.328.3126
TDD: 1.800.366.6888

fueltax@nd.gov
www.nd.gov

4. **Other:** Enter any other revenues from taxes or fees appropriated for transportation purposes.
5. **Misc. local receipts:** Enter any miscellaneous local revenues appropriated for transportation purposes such as traffic and parking fines and penalties.
6. **Bonds – Original issues:** Enter the net proceeds received from the sale of bonds issued for transportation purposes.
7. **Bonds – Refunding issues:** Enter the net proceeds received from the sale of bonds issued to retire existing transportation bonds.
8. **Notes/Loans:** Enter the amount received during the reporting period from notes/loans for transportation purposes.
9. **(Specify):** Enter any revenues not included in one of the above categories and identify the source, such as interest from savings, CD's, or other investments.

Private Contributions

10. **Contributions:** Enter all revenues received from the private sector as cash or services for transportation purposes, such as gravel sales or snow removal costs to private individuals.
11. **(Specify):** Enter any revenues not included in the above category and identify the source.

Receipts from State Government

12. **Highway taxes:** Enter the revenues transferred from the State for highway-user taxes and fees including motor fuel taxes, motor vehicle registration fees, motor carrier taxes, and any other taxes and fees used for transportation purposes. Townships commonly refer to this as road mileage revenue.
13. **State general funds:** Enter the allocation and transfer of State general funds for transportation purposes. This revenue is commonly referred to as State Aid.
14. **Other State funds:** Enter all other State funds transferred for transportation purposes such as bond sales, sales taxes, excise taxes, severance taxes, and mineral lease taxes.
15. **Misc. State receipts:** Enter the amount of any other State funds received for transportation purposes.
16. **(Specify):** Enter any amounts not included in one of the above categories and identify the source.

Receipts from Federal Government

17. **Federal Highway Administration:** Enter the amount of all FHWA funds received through the state and used for transportation purposes.
18. **Other Federal Agencies:** Enter all amounts received from other Federal agencies either directly or indirectly through the State.
 - a. **Forest Service:** Enter the amount received from the United State Forest Service that was used for transportation purposes.
 - b. **FEMA:** Enter the amount received from the Federal Emergency Management Agency that was used for transportation purposes.
 - c. **HUD:** Enter the amount received from the United States Department of Housing and Urban Development that was used for transportation purposes.
19. **(Specify):** Enter any amounts not included in one of the above categories and identify the source, such as Federal Stimulus Funds.

Section 2: Transportation Expenditures

Road and Street Transportation Expenditures

- 20. Capital outlay – right of way:** Enter expenditures for right-of-way administration, purchase of land, improvements and easements, and costs of moving and relocating buildings, businesses, and persons.
- 21. Capital outlay – engineering:** Enter expenditures for field engineering and inspections, surveys, material testing and borings, preparation of plans, specifications and estimates, and traffic and related studies.
- 22. Capital outlay – construction:** Enter all expenditures for construction of transportation infrastructure.
 - a. New facilities:** Enter expenditures for new highways, roads, streets, and bridges. This should not include any expenditures on existing highways, roads, streets, and bridges.
 - b. Capacity improvements:** Enter expenditures for improvements that add capacity such as relocation or reconstruction with added capacity, major widening, or bridge replacement or rehabilitation with added capacity.
 - c. System preservation:** Enter expenditures for improvements that preserve an existing system without significantly adding capacity such as reconstruction, rehabilitation, replacement, resurfacing, and minor widening.
 - d. System enhancement and operation:** Enter expenditures for improvements that are not directly related to the physical structure or condition of the transportation infrastructure. These are improvements such as safety, traffic management, traffic engineering, railroad grade crossings, and vehicle weight enforcement facilities.
- 23. Maintenance:** Enter expenditures that are classified as maintenance for transportation infrastructure. The purpose of maintenance is to offset the effects of deterioration from age, weather, use, damage, failure and design and construction faults. Enter expenditures such as graveling, grading, asphalt patching and other maintenance performed by your entity or paid to a third-party. Include equipment operator salaries as maintenance cost.
- 24. Traffic control operations:** Enter all expenditures for operation of traffic control and surveillance systems that are designed to monitor and control traffic by managing vehicle flow. These systems include traffic signal control, roadway and bridge control and surveillance, electronic message boards, sign replacement and repair, etc.
- 25. Snow and ice removal:** Enter expenditures for removal of snow, sanding and chemical deicing applications, and the erection and removal of snow fences, performed by your entity or paid to a third-party. Include equipment operator salaries as snow removal cost.
- 26. Other road and street services:** Enter expenditures for air quality monitoring, highway beautification, mowing, and litter removal.
- 27. General administration and engineering:** Enter general expenditures that are not readily classified as capital outlay, maintenance, or operations such as highway planning, traffic studies, and research activities. Administration would include such things as road/township supervisor salaries and road-related liability insurance.
- 28. Highway law enforcement and safety:** Enter expenditures for highway and police costs that are associated with traffic supervision and the enforcement of highway, traffic, and safety laws.
- 29. Debt service – bond interest:** Enter expenditures for bond interest costs and related financing costs such as agent fees, fiduciary charges, printing costs, and legal opinions.
- 30. Debt service – bond redemption:** Enter expenditures for bond redemption payments at net value (the value after adjustments for discounts and premiums).

31. **Debt service – note/loan interest:** Enter expenditures for note/loan interest costs and related financing costs such as agent fees, fiduciary charges, printing costs, and legal opinions.
32. **Debt service – note/loan redemption:** Enter expenditures for note/loan principal payments.
33. **Transfer payments to State:** Enter the transfer of funds to the State for transportation purposes such as reimbursements, repayments, or contributions.
34. **(Specify):** Enter any amounts not included in one of the above categories and identify the source.

Section 3: Summary of Transportation Revenues and Expenditures for Local Government

- A. **Beginning Balance:** Enter the combined beginning balance of your “road” funds on January 1, 2010. If you only have a general fund, and the primary use is for transportation purposes, enter that balance.
- B. **Receipts:** Enter the Total in the appropriate column for the revenue received during the reporting period from Section 2.
 1. **Less amount used for collection purposes:** Enter the amount of revenues that were deducted for the payment of collection expenses such as administrative costs or third party collection services. If collection expenses were paid from another source, such as local general funds, no amount should be reported in this item.
 2. **Less amount used for non-highway purposes:** Enter the amount of revenues that were used for non-highway and non-transit purposes. This includes amounts that were used for local general purposes, other modes of transportation, or specific non-highway purposes, (i.e., aviation, marine, schools, etc).
 3. **Less amount used for mass transit:** Enter the amount of revenues that were used for mass transit.
 4. **Total receipts used for highway purposes:** This should equal Receipts less the amounts in 1), 2), and 3) in each column.
- C. **Expenditures:** Enter the **Total** expenditures paid during the reporting period from Section 3.
- D. **Ending Balance:** Calculate the ending balance as follows: [Line A - Beginning Balance] + [Line 4] - Total receipts used for highway purposes] - [Line C - Expenditures]. This should equal the ending “road” fund or portion of the general fund that relates to Transportation.

Section 4: Local Highway Debt Status

35. Bonds:

Opening Debt: Enter the amount of bonds outstanding at the beginning of the year.

Amount Issued: Enter the increased amount of bonds issued during the year.

Redemptions: Enter the amount of bond principal reduced during the year.

Closing Debt: Enter the amount of bonds outstanding at the end of the year.
(Opening Debt + Amount Issued - Redemptions = Closing Debt)

36. Notes/Loans:

Opening Debt: Enter the amount of note/loan principal outstanding at the beginning of the year.

Amount Issued: Enter the increased amount of note/loan principal during the year.

Redemptions: Enter the amount of note/loan principal reduced during the year.

Closing Debt: Enter the amount of notes/loans outstanding at the end of the year.
(Opening Debt + Amount Issued - Redemptions = Closing Debt)

37. **(Specify):** Enter any amounts not included in one of the above categories and identify the source.



Section 5: Comments

Enter any additional information or explanations to provide clarification of any of the information provided in the report.


ELECTRONIC FILING

The electronic Online Report appears in the same basic format as the Transportation Funding Report in the Excel spreadsheet format or the paper form, either of which should be used as a worksheet to compile the information to be reported.

The Transportation Funding Online Report is available on the North Dakota State Tax Commissioner's web site at www.nd.gov/tax. Click on "Fuels" then "Transportation Funding", or go directly to www.nd.gov/tax/fuel/transportationfunding/index.html. Click on the link "Access Online Report" to Login, enter **Highway** as the Username and **Fund** as the Password. Either upper or lower case letters are accepted.

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**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE TRANSPORTATION COMMITTEE**

March 10, 2011

Chairman Ruby and members of the House Transportation Committee, my name is Kevin Schatz, Supervisor of Motor Fuels, Oil and Special Taxes with the Office of State Tax Commissioner. I am here to testify in support of SB 2203.

Background:

During the 2009 Legislative Session, SB 2012 was passed requiring counties, townships, and cities to submit a report of transportation funding 90 days after the end of each calendar year. The report must include the beginning balance, revenue by major source, expenditures by major category, and ending balance. The Federal Highway Administration requires the Department of Transportation to collect the same type of information from these same entities and prepare a report on an annual basis.

The Tax Commissioner's Office worked with the Department of Transportation, the Association of Counties, the Township Officers Association, and the League of Cities to develop a single page report using the multiple page Federal Highway report as a template to satisfy both reporting requirements.

A database was designed to store and query the reported transportation funding information. The information is entered to the database as provided by the entities. There is no process to verify the correctness of the information; however, when it is apparent that something is definitely wrong with the submitted information an attempt is made to contact the entity to resolve any issues. An online application was developed so the reporting entities could submit reports electronically. It was our experience that many officials from townships and smaller cities did not have the capability to submit reports electronically so paper reports were received and staff data entered them to the database.

Several complaints were received about having to submit the transportation report when the same information was available in the Annual Township Financial Report submitted to counties. These reports include a summary and detail pages and are in a consistent format used by all townships. Townships have requested that the annual financial report be accepted in place of the transportation funding report. A number of townships submitted annual financial reports instead of the requested transportation funding reports. The township financial reports that were submitted appeared to provide the required information but required compilation of some of the information. Instead of requesting the townships to compile the information and report it on the transportation funding report that was developed, staff compiled the information and entered it to the database. Many counties were very helpful by entering the township information online or providing copies of township financial reports when the townships failed to submit transportation reports.

Conclusion:

This bill would allow townships with limited resources and experience to eliminate the duplication of reporting the same information by allowing the submission of the annual financial report as a substitute for the transportation funding report. The Tax Commissioner's Office recommends a do pass on SB2203.

#2

In support of SB2203:

Good afternoon Chairman Ruby and members of the House Transportation Committee.

I am Larry Syverson, a farmer from Mayville and Chairman of the Board of Township Supervisors of Roseville Township of Traill County. I am also the President of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 township officers in 1,340 dues paying member townships.

In the 2009 session Senate Bill 2012 provided some much needed funding to township roads, it also created a reporting requirement that each subdivision that receives funding must report the uses of funding. We feel that the legislature having this information is beneficial to townships; it can only help us when it is known how the great majority of our funds are spent on roads and road maintenance.

A new form "the Transportation Funding Report" was developed for use by all that were required to file. But townships were already reporting their financial details with their county auditors each year, the same numbers on a different form. The new form contains many items that are not used or even understood by local officials that have never had to deal with those items. "Do we have that?" and "I don't even know what that is!" were common questions and comments we faced.

We have learned that in some cases the Tax Department received copies of the form that townships were previously filing with their county auditor and that the Department was able to get the required information from those forms. That is the goal of Senate Bill 2203; that using the same form townships have been familiar with for years would reduce the work caused by the duplication

of reporting requirements and in the end give a more accurate report of the use of funds without so many possibilities of information being entered on the wrong line.

We appreciate the work the Tax Department has done to help townships comply with this requirement. A few days ago Kevin Schatz gave me some copies of the new "short form" it is rearranged to be a bit easier for the inexperienced to follow and the blanks that are not needed for the basic finances of a township or small city are blacked out. This short form will also be online for townships and small cities that do want to report online. We hope that these changes will reduce the number of help calls that the Tax Department, Transportation Department and NDTOA must field during the reporting period. Improved compliance with more timely reporting will yield a better product, better information. Information that we feel is important to have available here in the Legislature so everyone here can see for themselves that townships spend almost every dime they can get on the roads their citizens need.

Again I thank Commissioner Fong, Kevin Schatz and the rest of the staff of the Tax Department for their understanding and for their efforts to make this report workable for townships.

SB2203 was amended with an emergency clause by the Senate, as the next reporting deadline will occur before this bill would otherwise become effective.

The North Dakota Township Officers Association asks that you give Senate Bill 2203 your favorable recommendation.

Thank you Chairman Ruby, that concludes my prepared testimony this afternoon and I will try to answer any questions you or the Committee may have.