2023 SENATE TRANSPORTATION

SB 2113

2023 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

SB 2113
1/5/2023
Transportation

A Bill relating to the creation of a flexible transportation fund.

1:45 PM **Chairman Clemens** called the meeting to order.
Members present: **Senators Clemens, Conley, Larsen, Paulson, and Rummel**.

Discussion Topics:

- Source of transportation funding
- Use of funds

1:46 PM **Ronald J. Henke, Director of the ND Department of Transportation**, introduced and testified. # 12434

Additional written testimony:
Philp Murphy # 12277

2:07 PM **Senator Paulson** motioned to adopt Amendment LC 23.8121.01001 as presented by **Director Henke**. **Senator D. Larsen** seconded.

Senators	Vote
Senator David A. Clemens	Y
Senator Cole Conley	Y
Senator Doug Larsen	Y
Senator Bob Paulson	Y
Senator Dean Rummel	Y

Motion passed 5-0-0

2:08 PM **Senator D. Larsen** motioned a Do Pass on SB 2113 as amended.
Senator Conley seconded.

Senators	Vote
Senator David A. Clemens	Y
Senator Cole Conley	Y
Senator Doug Larsen	Y
Senator Bob Paulson	Y
Senator Dean Rummel	Y

Motion passed 5-0-0

Senator Conley will carry the bill.

2:05 PM Meeting was adjourned.

Danielle Butler, Committee Clerk

23.8121.01001
Title.02000

Adopted by the Senate Transportation Committee

January 5, 2023

DR
1-5-23
1 of 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2113

Page 1, line 8, after "federal" insert "or state"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2113: Transportation Committee (Sen. Clemens, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2113 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 8, after "federal" insert "or state"

Renumber accordingly

2023 HOUSE TRANSPORTATION

SB 2113

2023 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Room JW327E, State Capitol

SB 2113
3/16/2023

A bill relating to the creation of a flexible transportation fund.

Chairman D. Ruby opened the hearing at 9:48AM.

Members present: Chairman Ruby, Representatives Anderson, Christensen, Dyk, Frelich, Hauck, Koppelman, Murphy, Timmons, Wagner, Weisz, and Dakane. Members absent: Vice Chairman Grueneich and Dobervich.

Discussion Topics:

- State funding
- Construction, operation and maintenance costs
- Flexible Transportation Fund program

Ron Henke, Director of North Dakota Department of Transportation, introduced the bill in support (#25528).

Scott Meske, representing the North Dakota Transportation Coalition, testified in support (#25511).

Geoff Simon, representing the Western Dakota Energy Association, testified in support (#25527).

Phil Murphy, North Dakota Soybean Growers, verbally testified in support.

Larry Syverson, North Dakota Township Officers Association, testified in support (#25519).

Matt Gardner, Executive Director with the North Dakota League of Cities, verbally testified in support.

Additional written testimony:
Genny Dienstmann, North Dakota Association of Counties, testimony in support #25359.

Andrea Pfennig, North Dakota Motor Carriers Association, testimony in support #25055.

Chairman D. Ruby closed the hearing at 10:12AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Room JW327E, State Capitol

SB 2113
3/23/2023

A bill relating to the creation of a flexible transportation fund.

Chairman D. Ruby opened the meeting at 9:07 AM.

Members present: Chairman Ruby, Vice Chairman Grueneich, Representatives Anderson, Christensen, Dyk, Frelich, Hauck, Koppelman, Murphy, Timmons, Wagner, Weisz, Dakane, Dobervich. Members absent: none.

Discussion Topics:

- Funding priority
- Township funds
- Committee vote

Representative K. Anderson moved a Do Pass.

Representative Wagner seconded the motion.

Roll call vote:

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	Y
Representative Karen A. Anderson	Y
Representative Cole Christensen	Y
Representative Hamida Dakane	Y
Representative Gretchen Dobervich	Y
Representative Scott Dyk	Y
Representative Kathy Frelich	Y
Representative Dori Hauck	Y
Representative Ben Koppelman	Y
Representative Eric James Murphy	Y
Representative Kelby Timmons	Y
Representative Scott Wagner	Y
Representative Robin Weisz	Y

Motion carried 14-0-0

Representative Timmons is the bill carrier.

Chairman D. Ruby adjourned at 9:21 AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2113, as engrossed: Transportation Committee (Rep. D. Ruby, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2113 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2113

68th Session Testimony on 2113

Chairman Clemens and Committee,

The ND Soybean Growers support this bill giving the DOT greater flexibility in funding abilities. Too often the rules of governing handcuff agencies without intending to. We need rules for accountability, but we see this bill as allowing common sense to apply funds where they are often critically needed. It is my understanding that the DOT would often help if allowed. For farmers, each mile of road and every bridge outside of the state system provides infrastructure that more efficiently helps their industry. Thank you for considering the passage of this bill.

NORTH Dakota | Transportation
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Senate Bill No. 2113
Senate Transportation Committee
Fort Totten | January 5, 2023, 1:45 p.m.
Ron Henke, Director

Mr. Chairman, and members of the committee. I am Ron Henke, Director of the North Dakota Department of Transportation (DOT). I'm here to introduce and testify in support of Senate Bill 2113.

Historically, funding for transportation in North Dakota has been provided by fuel tax revenues and motor vehicle registration fees allocated to the State Highway Fund from the Highway Tax Distribution Fund. This state funding is constitutionally protected and must be used on the state highway system for construction, operation, and administration costs. These funds are also used to match federal funds given to the Department. As fuel tax revenues have been steadily decreasing, the DOT has prioritized construction over operations, allocating more and more state funding to construction and less funds to operational needs. This has resulted in a decrease in funding available to support staffing, facilities, and other operational expenditures. The inflexibility and decreasing availability of state funding is beginning to impact the DOT's ability to meet the transportation needs of North Dakotans.

In recent years the concept of transportation and an interconnected transportation system has been evolving at the state, city, and local levels. The DOT is facing increased demands at the state level to respond to unanticipated local government needs, economic development opportunities, and federal grant availability. The DOT currently has over $2 billion in unfunded project requests from local governments and others. The Infrastructure Investment and Jobs Act (IIJA) recently passed by Congress included a historic amount of funding for transportation including the largest ever federal investment for public transit, rail, bridges, and roads. This included increases in both federal formula funding and federal discretionary funding. Transportation funding in North Dakota must evolve to meet these changing needs with an increased focused on creating a robust state funded transportation program.

Senate Bill 2113 establishes a new, more flexible transportation fund to complement the State Highway Fund. This new Flexible Transportation Fund will:

- Improve transportation infrastructure on and off the state highway system.
- Provide match for federal funds.
- Provide for support costs including staffing, facilities, and operational expenditures.
- Provide sustainable flexibility to augment traditional funding and deliver projects of significance in a timely manner.

The Flexible Transportation Fund increases the flexibility and availability of state funding for transportation in North Dakota which supports the building and repairing of a statewide interconnected infrastructure system for all users, on and off the state highway system.

At this time, I would also like to request the Committees' consideration of a minor change to Senate Bill 2113. This minor change ensures that federal, state, and private funding can be deposited into the Flexible Transportation Fund. Revised bill language has been included along with this testimony.

This concludes my testimony. Thank You.

23.8121.01000

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE **BILL NO. 2113**

Introduced by

Transportation Committee

(At the request of the Department of Transportation)

A BILL for an Act to create and enact section 24-02-37.3 of the North Dakota Century Code, relating to the creation of a flexible transportation fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 24-02-37.3 of the North Dakota Century Code is created and enacted as follows:

24-02-37.3 Flexible transportation fund

There is created in the state treasury the flexible transportation fund. The fund consists of eligible federal **or state** funding and any contributed private funds.

1. The flexible transportation fund must be administered and expended by the director of the department of transportation and may be used for the following:

   a. Providing match for federal funding obtained by the North Dakota department of transportation.

   b. State funded road and bridge construction and maintenance, and transportation support costs including staffing, facilities, and operational expenditures on the state highway system.

c. State funded road and bridge construction and maintenance activities within the state of North Dakota but off of the state highway system. The director shall establish the terms and provisions of the program.

2. All money derived from the investment of the flexible transportation fund or any portion of the fund, must be credited to the flexible transportation fund. The director shall monthly transmit all moneys collected and received under this chapter to the state treasurer to be transferred and credited to the flexible transportation fund.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2113

Page 1, line 8, after "federal" insert "or state"

Renumber accordingly.

NDMCA
NORTH DAKOTA MOTOR CARRIERS ASSOCIATION

SB 2113
House Transportation Committee
Chairman Dan Ruby
March 14, 2023

Chairman Ruby and members of the Committee, my name is Andrea Pfennig, and I am writing to you on behalf of the the North Dakota Motor Carriers Association (NDMCA), **in support** of SB 2113.

Infrastructure is critical to the trucking industry. NDMCA members support fiscally responsible financing programs for infrastructure development, as well as funding state and county transportation infrastructure from the General Fund and other state revenues.

This bill would enable DOT to have flexibility in structuring financing for infrastructure across the state, allowing for a nimble response to industry needs.

NDMCA thanks the Committee for your consideration and urges a **do pass** recommendation.

Testimony Prepared for the
House Transportation Committee
March 16, 2023
By: Genny Dienstmann, ND Association of Counties

RE: Support for SB 2113 – Flexible Transportation Fund

Chairman Ruby and House Transportation Committee members, thank you for the opportunity to provide testimony in support of SB 2113. County Highway Departments appreciate the working relationship with the ND Department of Transportation and the philosophy of working towards one transportation system in our state.

The Flexible Transportation Fund would give the ND Department of Transportation the ability to provide matching resources for federal grant options and assist local governments with improving their transportation infrastructure by giving opportunities to apply for funding on a state and federal level. The transportation infrastructure needs statewide is over $2 billion and the opportunity to take part in the largest allocation of federal funds for our transportation systems is now. This fund would help reach some of these goals and move our system forward.

Chairman Ruby and House Transportation members, thank you for the opportunity to submit testimony and we respectfully request your support of SB 2113.

NDTC
NORTH DAKOTA TRANSPORTATION COALITION

Advocating for North Dakota's Integrated Infrastructure Network

March 16, 2023

Testimony in SUPPORT of Senate Bill 2113

Chairman Ruby and Members of the House Transportation Committee:

I'm Scott Meske, representing the North Dakota Transportation Coalition and offer our support for Senate Bill 2113.

The North Dakota Transportation Coalition consists of the largest twenty statewide and regional trade associations, agriculture groups, political subdivisions and business entities in the State – all of whom have a vested interest in moving goods, services and people as efficiently and safely as possible. Our purpose is to advance and enhance North Dakota's Transportation infrastructure through advocacy and education efforts resulting in sustainable funding and sound public policy solutions.

SB 2113 creates a structure under which the Department of Transportation has the authority to match incoming federal or private grants as they become available to maximize opportunities as they arise. Maintaining an integrated transportation system is an ongoing process of vision, planning, engineering and construction. The timing of which doesn't always coincide with the legislative session. The flexible transportation fund provides the DOT another tool to meet the ever-increasing demands of our statewide transportation system.

The bill received unanimous support by the State Senate and the NDTC requests a DO PASS recommendation on SB 2113.

Thank you

North Dakota Transportation Coalition Legislative Priorities

NDTC
NORTH DAKOTA TRANSPORTATION COALITION

Primary Priorities

Funding:

Prioritize the political subdivision infrastructure fund (OPD) bucket over the Strategic Investment and Improvement Fund bucket in the oil and gas tax distribution formula, to ensure long-term and consistent funding from this revenue source.

Support utilizing a portion of the Legacy Fund earnings for transportation infrastructure in one-time projects.

Support the Infrastructure Revolving Loan Fund.

Generally, support appropriating general fund dollars to match federal funds when needed.

Ensure NDDOT has the administrative capacity to apply for and manage federal funds, including discretionary funds contained within the Infrastructure Investment and Jobs Act.

Regulatory Environment:

Where appropriate, ease burdensome regulations to ensure fair and balanced oversize overweight fees and permitting.

Secondary Priorities

Continued support for UGPTI.

Support the utilization of Motor Vehicle Excise Tax revenues for transportation infrastructure projects.

Support SB 2113

House Transportation Committee

March 16, 2023

Good morning, Chairman Ruby and Committee members.

I am Larry Syverson from Mayville, I grow soybeans on my farm in Traill County, I am the Chairman of the Board of Supervisors for Roseville Township, and I am also the Executive Secretary of the North Dakota Township Officers Association. NDTOA represents nearly 6,000 Township Officers that serve in more than 1,100 dues paying member townships.

NDTOA supports the creation of the Flexible Transportation Fund to improve transportation infrastructure both on and off the state highway system. To provide matches for federal funds which now may come from diverse sources under IIJA. To provide funding for support activities and operations. And to deliver projects of great significance within shorter timespans.

Chairman Ruby and Committee Members, that concludes my prepared testimony. On behalf of the membership of NDTOA, I ask that you give SB 2113 your favorable recommendation and I will try to answer any questions.

WESTERN DAKOTA ENERGY ASSOCIATION

EXECUTIVE COMMITTEE

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President
Mountrail County

Supt. Leslie Bieber
Vice President
Alexander PSD

Zach Gaaskjolen
City of Stanley

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Coal Conversion Counties

David Montgomery
Williams County

Craig Pelton
Dunn County

John Phillips
Coal Conversion Counties

March 16, 2023

Testimony of:
Geoff Simon, Lobbyist #144
in support of SB 2113 – Flexible Transportation Fund
House Transportation Committee

Chairman Ruby and Committee members:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), we wish to express our support for SB 2113 that would create a flexible transportation fund within the ND Department of Transportation (NDDOT).

As traditional sources of transportation funding such as the motor fuel tax dwindle, and additional demands are placed on NDDOT to support local government needs, a flexible transportation fund would provide the department the ability to respond to unanticipated opportunities. Many of these involve economic development projects, which may be lost because local government lacks the financial resources to respond to the transportation infrastructure needs of the prospective business or industry. NDDOT has indicated in previous testimony that it has more than $2 billion in unfunded project requests from local governments and others.

Flexibility would also allow NDDOT to respond with matching funds to take advantage of federal grant availability. The recently enacted Infrastructure Investment and Jobs Act provides substantial federal investment in transit, rail, bridge and road funding, increasing both the federal funding formula and increasing federal discretionary funding. The flexible fund provides NDDOT the resources to provide matching funds to secure federal grants.

NDDOT has also been financially challenged to maintain day-to-day operations. Flexibility is important to support staffing needs, maintain adequate facilities and meet operational expenses for the benefit of all North Dakota citizens. This is good policy that is responsive to the state's evolving transportation needs.

WDEA urges the House Transportation Committee to give SB 2113 a strong Do Pass recommendation.

Thank you for the opportunity to offer testimony on this important issue.

Executive Director

Western Dakota Energy Association
1661 Capitol Way, Bismarck ND 58501
www.ndenergy.org • 701-527-1832

NORTH Dakota | Transportation
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Senate Bill No. 2113

House Transportation Committee
327F | March 16, 2023, 9:45 am
Ron Henke, Director

Mr. Chairman, and members of the committee. I am Ron Henke, Director of the North Dakota Department of Transportation (NDDOT). I'm here to introduce and testify in support of Engrossed Senate Bill 2113.

Historically, funding for transportation in North Dakota has been provided by fuel tax revenues and motor vehicle registration fees allocated to the State Highway Fund from the Highway Tax Distribution Fund. This state funding is constitutionally protected and must be used on the public highway system for construction, operation, and administration costs. These funds are also used to match federal funds given to the department. As fuel tax revenues have been steadily decreasing, the NDDOT has prioritized construction over operations, allocating more and more state funding to construction and less funds to operational needs. This has resulted in a decrease in funding available to support staffing, facilities, and other operational expenditures. The inflexibility and decreasing availability of state funding is beginning to impact the NDDOT's ability to meet the transportation needs of North Dakotans.

In recent years the concept of transportation and an interconnected transportation system has been evolving at the state, city, and local levels. The NDDOT is facing increased demands at the state level to respond to unanticipated local government needs, economic development opportunities, and federal grant availability. The NDDOT currently has over $2 billion in unfunded project requests from local governments and others. The Infrastructure Investment and Jobs Act (IIJA) recently passed by Congress included a historic amount of funding for transportation including the largest ever federal investment for public transit, rail, bridges, and roads. This included increases in both federal formula funding and federal discretionary funding. Transportation funding in North Dakota must evolve to meet these changing needs with an increased focused on creating a robust state funded transportation program.

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This concludes my testimony. Thank You.