

TRANSPORTATION COMMITTEE

The Transportation Committee was assigned five studies:

- A study of the truck permitting systems in oil- and gas-producing counties pursuant to Section 5 of 2015 House Bill No. 1377.
- A study of the truck size and weight provisions under North Dakota Century Code Chapter 39-12 relating to size, width, and height restrictions, in order to ensure the state of North Dakota may harmonize its truck size and weight regulations with the regulations of the states in the Western States Transportation Alliance pursuant to Section 10 of 2015 House Bill No. 1012.
- A study of required motor vehicle insurance pursuant to Section 1 of 2015 House Bill No. 1073. The study included a review of all required motor vehicle insurance limits, specifically limits on no-fault benefits.
- A study of special transportation funding distributions to political subdivisions pursuant to Section 41 of 2015 Senate Bill No. 2015.
- A study of the feasibility of placing the Upper Great Plains Transportation Institute (UGPTI) under the administrative authority of the Department of Transportation (DOT) pursuant to Section 17 of 2015 House Bill No. 1020.

The Legislative Management also assigned the committee the responsibility to receive the following reports:

- A report from DOT regarding information collected from transportation network companies during each biennium, pursuant to Section 39-34-05.
- A report from DOT by June 30, 2016, pursuant to Section 12 of House Bill No. 1012, regarding its study of state funding distributions and allocations to public transportation providers.
- A report from DOT, pursuant to Section 18 of House Bill No. 1012, regarding the department's updated North Dakota state rail plan.

The committee members were Representatives Dan Ruby (Chairman), Bert Anderson, Mike Brandenburg, Ben Hanson, Karen Karls, William E. Kretschmar, Lisa Meier, and Mike Schatz and Senators Robert Erbele, Jerry Klein, Joe Miller, David O'Connell, Dave Oehlke, David S. Rust, and George Sinner

UNIFORM TRUCK PERMITTING STUDY

Section 5 of House Bill No. 1377 directed a study of truck permitting systems in oil- and gas-producing counties. The study was to include a review of the North Dakota Association of Oil and Gas Producing Counties' uniform county truck permit program, including the system's integration with the Highway Patrol's online electronic truck permitting and routing system and the communications between county representatives and industry representatives regarding road conditions. The study was to evaluate the appropriateness of additional fees assessed by the board of county commissioners and other local authorities to the oil and gas industry, related to additional road permitting fees and analyze other relevant data regarding uniform truck permitting fees and procedures. The study was to include input from the North Dakota Petroleum Council, the North Dakota Association of Oil and Gas Producing Counties, and other interested persons. Section 6 of the bill placed a moratorium on additional fees for use of county roads to preclude the board of county commissioners and other local authorities having control of roads from imposing any additional fees for the use of county roads, except the fees established in the North Dakota Association of Oil and Gas Producing Counties' uniform county truck permit program, unless an operator, company, or individual requested and agreed to pay the additional fees. However, the board of county commissioners and other local authorities could issue penalties to operators, companies, or individuals who violated posted road restrictions during the 2015-17 biennium.

North Dakota Uniform County Truck Permit System

The committee received information from organizations, including the North Dakota Association of the Oil and Gas Producing Counties, Highway Patrol, North Dakota Petroleum Council, North Dakota Motor Carriers Association, and North Dakota Association of Counties.

The committee learned the North Dakota Uniform County Truck Permit System is a program governed by the Executive Board and Uniform Truck Permit Committee of the North Dakota Association of the Oil and Gas Producing Counties. The committee learned the following 17 counties participate in the permit system--Adams, Billings, Bottineau, Bowman, Burke, Divide, Dunn, Golden Valley, Hettinger, McKenzie, McLean, Mountrail, Renville, Slope, Stark, Ward, and Williams. The committee learned the permit system has been in place since 1984, began as a self-permitting system, which has expanded to an e-permit type system. The North Dakota Association of the Oil and Gas Producing Counties

reported that its system currently shares common information with the Highway Patrol's e-permitting system and on the state system a link is available to the Uniform County Truck Permit System. The committee learned permit requesters can also enter the state permit number into its Uniform County Truck Permit System and the common information will be populated from the state permit system. The committee reviewed the following fee schedule:

**ND ASSOCIATION OF OIL & GAS PRODUCING COUNTIES
UNIFORM COUNTY PERMIT HEAVY WEIGHT FEE SCHEDULE**

Gross Weight	Trucks & Trailers
Under 105,500 but Overwidth or Overlength	20
105,501 - 110,000	30
110,001 - 115,000	40
115,001 - 120,000	50
120,001 - 125,000	60
125,001 - 130,000	70
130,001 - 135,000	80
135,001 - 140,000	90
140,001 - 145,000	100
145,001 - 150,000	110
Over 150,000 (Xcess)	\$5 / ton / mile

Workover Rigs & Cranes	
40,000 - 60,000	\$30
60,001 - 100,000	40
100,001 - 110,000	60
110,001 - 115,000	70
115,001 - 120,000	80
120,001 - 125,000	90
125,000 - 130,000	100
130,001 - 135,000	110
135,001 - 140,000	120
140,001 - 145,000	130
145,001 - 150,000	140
Over 150,000 (Xcess)	\$5 / ton / mile

Earth Moving Equipment (Roaded)	
40,000 - 70,000	\$30
70,001 and over	50

Drilling Rig Move Permit - \$500 per county per move
May be obtained at ndenergy.org

Revised 3/1/2016

Xcess Load Permit - Over 150,000 lbs GVW

For Xcess Loads (150,000 lbs GVW and heavier) the fee is \$5 per ton per mile driven on county (or participating township) roads, on weight over 105,500 lbs.

- Up to 2 business-day waiting period required.

Contact Permit Office for more information.

Formula Example:
 $300,000 \text{ lb. GVW} - 105,500 = 194,500$
 $194,500 \div 2,000 = 97.25 \text{ Tons}$
 $97.25 \text{ Tons} \times \$5.00 = \$486.25/\text{mile}$

Uniform Permits are NOT authority to use county roads if road has been weight restricted by county. See restricted permit information below or contact the Sheriff's Dept. or County Road Superintendent in each county before using any weight-restricted county road.

Restricted Road Permit

To travel overweight on a restricted county road, a company must have a uniform county epermit in their possession, either print-out form or electronic version displayed on a device. The restricted road permit must be an epermit obtained online at ndenergy.org, and approved by the county. The fees are \$5/ton/mile over the restricted road maximum weight (gvw) plus \$1/ton/mile for each axle over the restricted axle

The committee reviewed the following fees charged within the permitting system:

- Drilling rig move permit cost is \$500 into site and \$500 out of site (the drilling rig is also subject to oversize and overweight permit fees).
- Xcess permit assesses a ton per mile fee on loads over 150,000 pounds (lbs) gross vehicle weight (GVW) at a rate of \$5 per ton per mile over 150,000 lbs GVW.
- Restricted road e-permit for all restricted county roads of members at \$5 per ton per mile over the restricted GVW, plus \$1 per ton per mile for each axle over the restricted axle weight.
- Per permit maintenance fee of \$4.

The Highway Patrol reported that in the past 5 years, the North Dakota e-permitting permits have increased by approximately 50,000 permits per year and 97 percent of all permits are initiated and purchased online, of which 87 percent of the routed oversize or overweight permits are issued without Highway Patrol involvement through the e-permit system for state highways. The current e-permit system can be modified to incorporate county permitting by

utilizing the existing infrastructure and the preliminary estimates of the cost to expand the current e-permit system to include county permits is \$2.8 million, but the preliminary estimate does not include costs counties may incur. Counties would pay the state for the use of the system and the enhanced system would need to designate fee collections by county. Each e-permit includes a \$15 service fee, which is applied to routable permits only, and in fiscal year 2014 the motor carrier electronic permit transaction fund collected \$3.4 million in service fees. The motor carrier electronic permit transaction fund is designated for the maintenance and operation of the e-permit system and the majority of the comments from the transportation industry are positive regarding the e-permit system. The Highway Patrol reported it has increased training for the transportation industry to improve e-permit applications and the customers' familiarity with the system.

The committee learned townships and counties are imposing permitting requirements during the freeze/thaw cycle that are beyond the Uniform Truck Permit System developed by the North Dakota Association of the Oil and Gas Producing Counties. There is a lack of consistency among counties which has increased the amount of time companies spend applying for county and township permits. The transportation industry would support a single point access system for permitting and the implementation of a maximum fee for overweight vehicles. The transportation industry's primary concern is the lack of a maximum fee limit in Century Code on county permitting systems.

The North Dakota Association of Counties supported addressing counties' needs for a dynamic overload permit process to meet counties' changing load limits.

Deposit of Overweight Violation Fees

The committee reviewed Section 39-12-14.1 and Section 39-12-20 relating to voluntary settlement of extraordinary road use fee charges and proceeds of sale for overweight violation fees.

Section 39-12-14.1 currently authorizes a peace officer, or a peace officer's designee, to receive the settlement payment for voluntary settlement of extraordinary road use fee charges, which must be deposited in the general fund in the jurisdiction in which the violation occurred and must be used for the support of the road system of that jurisdiction. Under current law, on June 30, 2017, the provisions of this section will also change and the voluntary settlement of extraordinary road use fee charges that did not occur on an interstate or a state highway will be deposited into the state highway fund.

Section 39-12-20 currently provides that the proceeds of sale for a violation that did not occur on an interstate or a state highway in the amount of charges assessed under Section 39-12-17 is appropriated on a continuing basis and must be deposited in the general fund in the jurisdiction in which the violation occurred, and must be used for the support of the road system of that jurisdiction. Under current law, on June 30, 2017, the provisions of this section will also change and the proceeds of the sale for a violation that did not occur on an interstate or a state highway will be deposited into the state highway fund.

The state constitution requires criminal fines for overweight violations to be used for the benefit of common schools, regardless of where the violation occurred, and the sections referenced above only affect the civil penalty associated with the violation. These sections were amended in 2013 Senate Bill No. 2025 to include the current provisions. The fiscal note on the bill indicated a loss of revenue to the state highway fund in the amount of \$1.26 million due to this change.

Recommendation

The committee [recommends a bill](#) [17.0033.02000] to change the deposit of overweight violation fees allowing the civil portion of the penalty to be deposited with the jurisdiction of the road in which the violation occurred rather than the state highway fund.

TRUCK SIZE AND WEIGHT HARMONIZATION STUDY

Section 10 of House Bill No. 1012 directed a study of the truck size and weight provisions under Chapter 39-12 relating to size, width, and height restrictions, in order to ensure the state of North Dakota may harmonize its truck size and weight regulations with the regulations of the states in the Western States Transportation Alliance. The findings of the study were to be used in collaboration with an UGPTI and DOT study of the impacts to the state of harmonizing truck size and weight regulations with states in the Western States Transportation Alliance. This was in regard to standard commercial truck envelope limits of 129,000 lbs GVW or 100-foot cargo carrying length and potential implications. Section 9 of the bill appropriated \$60,000 from the general fund to DOT for a collaborative study with UGPTI for this purpose.

Western States Transportation Alliance

The committee received information from organizations including the Western States Transportation Alliance, UGPTI, and Highway Patrol.

The committee learned the Western States Transportation Alliance is comprised of the following 10 states--Colorado, New Mexico, Utah, Arizona, Oregon, North Dakota, Wyoming, Idaho, Nevada, and Montana. The members entered into an alliance, known as the Multi-State Highway Transportation Agreement, which recommends changes in law or policy with emphasis on compatibility and uniformity of administrative rules or regulations. The Western States Transportation Alliance has a compact to harmonize commercial vehicle weight and size limits for longer combination vehicles with 8 of the 10 members of the alliance, including North Dakota and 6 non-Western States Transportation Alliance states. The committee learned the Intermodal Surface Transportation Efficiency Act of 1991 froze height, width, length, and weight limitations for vehicles on the interstate system. The Act limited interstate gross vehicle weight to 80,000 lbs or up to each states allowable load limit at the time the Act took effect. Congress would need to pass legislation to change current weight restriction imposed on the interstate system to allow 129,000 lbs GVW on the system.

The committee reviewed a comparison of height, width, length, and weight limitations for vehicles in the states of North Dakota, Idaho, Minnesota, South Dakota, Montana, and Canadian provinces of Saskatchewan and Manitoba:

State/Province ¹	Height	Width	Length	State Highway Gross Weight	Interstate Gross Weight ⁵
Idaho	14 ft	8 ft 6 in	97 ft	129,000 lbs ²	105,500 lbs
Minnesota	13 ft 6 in	8 ft 6 in	75 ft	80,000 lbs	80,000 lbs
Montana	14 ft	8 ft 6 in	100 ft	131,600 lbs ³	131,600 lbs
North Dakota	14 ft	8 ft 6 in	110 ft	105,500 lbs	105,500 lbs
South Dakota	14 ft	8 ft 6 in	100 ft	State bridge formula ⁴	129,000 lbs
Manitoba	13 ft 8 in	8 ft 6 in	65 ft 8 in	137,800 lbs	137,800 lbs
Saskatchewan	13 ft 8 in	8 ft 6 in	65 ft 8 in	140,000 lbs	140,000 lbs

¹All states or providences listed provide special permits for height, width, length, and weight loads that exceed the restrictions listed and allow other exceptions.

²Idaho interstate highways are grandfathered up to 105,500 pounds and 129,000 pounds on all state highways, see Idaho section below for further detail.

³Montana allows 131,600 pounds provided that any vehicle carrying a divisible load over 80,000 pounds must comply with the federal bridge formula. Select roads allow 137,800 pounds under the Memorandum of Understanding and Cooperation Between the Government of the State of Montana, United States and the Government of the Province of Alberta, Canada, Respecting the Crown Managers' Partnership, subject to federal regulations.

⁴South Dakota allows 80,000 pounds on interstate highways with the exception of grandfathered routes which allow 129,000 pounds and utilizes the state bridge formula for noninterstate highways.

⁵The Intermodal Surface Transportation Efficiency Act of 1991 froze height, width, length, and weight limitations for vehicles on the interstate system. The Act limited interstate gross vehicle weight to 80,000 lbs or up to each states allowable load limit at the time the Act took effect.

Other Studies Regarding Increasing Vehicle Weight Limits to 129,000 Pounds

The committee reviewed the Idaho Transportation Department's 129,000 lbs GVW pilot project, which took place between 1998 and 2013. The committee learned the Idaho Transportation Department studied the effect of increasing the legal truck weights on Idaho state highways for trucks configured to increase GVW from 105,500 lbs to 129,000 lbs over a combined period of 13 years. The Idaho Transportation Department reported it did not observe any significant effect of the 129,000 lbs pilot project trucks on pavements, bridges, or roadway safety. Project participants reported economic benefits associated with this pilot project and in 2013 the Idaho Legislative Assembly passed legislation to increase GVW from 105,500 lbs to 129,000 lbs.

The Upper Great Plains Transportation Institute reported the preliminary findings of its study of the impacts of harmonizing truck size and weight regulations of the states in the Western States Transportation Alliance. The study indicated that as a result of longer vehicles, roadway intersections would be inadequate because of its geometry to accommodate the longer trucks larger turning radius, and improving those intersections could cost \$130 million to \$306 million statewide. The committee learned shipper costs are estimated to be reduced by \$140 million to \$285 million annually, and it is expected to reduce overall truck vehicle miles of travel for divisible loads of applicable commodities by 31 to 36 percent. A properly loaded vehicle carrying 129,000 lbs GVW, might have a lower weight per axle than a truck carrying 80,000 lbs GVW, because of the number of axles required to allow it to carry the weight. The report also identified the need to update software, websites, and printed materials at a cost of between \$102,000 and \$165,000.

State law requires the use of two different methods of calculating the legal load limit which is determined by the road on which the vehicle is traveling, the outer bridge formula, and the inner and outer bridge formula. The outer bridge formula is used when calculating the weight of a truck to determine legal load limits on state highways, and the inner and outer bridge formula is used to determine legal load limits on the interstate. As a result of the different calculation methods, a vehicle may be legal on one road system but over weight on the other.

Weigh Station Bypass Technology

The committee learned the Highway Patrol is in the process of implementing commercial motor vehicle prescreening technology which would allow certain vehicles to bypass weigh stations. The prescreening technology equipment would be installed at no cost to the state and several vendors' technologies would be used to allow the largest number of users of the system. The committee learned Montana, South Dakota, Minnesota, and Canadian provinces currently use the weigh station bypass technology. The Highway Patrol reported it would designate parameters that users of the system would need to meet in order to bypass a weigh station. The third-party systems maintain a database of its customers driving history and utilize that data to designate vehicles by its risk of being in violation. The Highway Patrol reported the system would allow it to better utilize its resources for vehicles that have a high probability of being in violation.

Conclusions

The committee does not make any recommendations as a result of its truck size and weight harmonization study.

REQUIRED MOTOR VEHICLE INSURANCE STUDY

Section 1 of House Bill No. 1073 directed the Legislative Management to study required motor vehicle insurance. The study included a review of all required motor vehicle insurance limits, specifically limits on no-fault benefits.

State Motor Vehicle Insurance Requirements

The state of North Dakota requires motor vehicle insurance for three situations. Minimum limits are mandated by law for each.

- The first situation is in which the insured person injures another person or damages another person's property. A person must purchase liability insurance (Section 39-08-20) to answer for bodily injury or property damage that arises from this situation. Although liability insurance is a specific kind of insurance, the term is commonly used to include all mandatory coverages, including the uninsured motorist, the underinsured motorist, and basic no-fault insurance. In this report the term will be used in the specific sense.
- The second situation is in which another person injures the insured person and does not have any or enough liability insurance to pay for the bodily injury to the insured person. A person must purchase uninsured and underinsured motorist insurance (Section 26.1-40-15.2) to answer for bodily injury that arises from this situation.
- The third situation is in which the insured person is injured and the insured person's insurance pays for economic loss from bodily injury regardless of fault. A person must purchase basic no-fault or personal injury protection insurance (Section 26.1-41-01) to answer for injuries that arise from this situation.

The committee reviewed the following required motor vehicle insurance minimum coverage levels:

- Liability insurance required minimum limits are \$25,000 per person and \$50,000 per accident for bodily injury and \$25,000 per accident for property damage.
- Uninsured and underinsured motorist insurance required minimum limits are \$25,000 per person and \$50,000 per accident.
- No-fault insurance required minimum limit is \$30,000 which allows for income loss reimbursement of up to \$150 per week, replacement service payments of up to \$15 per day, and death benefits for funeral expenses up to \$3,500.

State Motor Vehicle Insurance Testimony

The committee received information from organizations, including the Association of North Dakota Insurers, Professional Insurance Agents of North Dakota, and the Insurance Department.

The committee learned there is no mandatory coverage for property damage done to the insured person by another person who is not insured.

The committee learned an individual's basic no-fault insurance, or personal injury protection, would pay an individual first along with any occupants of the vehicle and if the other motorist is at fault and expenses exceed \$2,500, the victim can try to recover costs from the insurance of the motorist at fault through litigation. An individual can use all of the personal injury protection coverage and depending on whether the at-fault motorist is underinsured or uninsured, the individual may be able to recover from the individual's own insurance.

North Dakota is currently one of the lowest premium auto insurance states in the nation and is ranked 45th among the 50 states. The average cost to insure a vehicle in North Dakota is approximately \$700 annually. Studies estimate 7 to 15 percent of North Dakota drivers are uninsured. The Association of North Dakota Insurers reported many states have decided no-fault insurance is not necessary because any individual wanting the personal injury protection coverage may purchase it based on each individual's financial situation. Colorado transitioned to an optional program that allows motorists to purchase medical payments coverage ranging from \$5,000 to \$15,000. The Association of North Dakota Insurers reported if minimum coverages are increased, it will result in increased cost of insurance to consumers and an increase in the minimum coverage could potentially increase the number of uninsured motorists in North Dakota. The Association of North Dakota Insurers does not recommend making any changes to the states existing required motor vehicle insurance coverage.

The committee learned 13 states require personal injury protection and 37 states offer med pay, which only covers medical expenses and excludes work loss and funeral cost compensation. The state requires \$30,000 minimum coverage for no-fault insurance and customers can purchase an additional \$80,000 of coverage for a total of \$110,000 of no-fault coverage. The Professional Insurance Agents of North Dakota does not recommend any change to required motor vehicle insurance because individuals have the option to purchase additional coverage.

The Insurance Department indicated, based on the department's analysis, the premium attributable to personal injury protection coverage is approximately 7 percent of the total auto insurance premium. The estimate is based on the top 20 insurance carriers which accounted for nearly 80 percent of the market in 2014.

Committee Discussion and Conclusions

Members of the committee expressed concern that increasing the minimum required amount of motor vehicle insurance could potentially result in more uninsured motorists, and may not improve overall coverage. The committee does not make any recommendations to change existing required motor vehicle insurance coverages.

SPECIAL TRANSPORTATION FUNDING DISTRIBUTIONS TO POLITICAL SUBDIVISIONS STUDY

Section 41 of Senate Bill No. 2015 directed the Legislative Management to study special transportation funding distributions to political subdivisions. The study included a review of the distribution methods including the feasibility and desirability of using UGPTI needs studies, county major collector miles, or a combination of both, if there are future special transportation funding distributions to political subdivisions. The study was to review options to ensure counties are reporting information consistently. The study was to consider methods to ensure that road projects in each county are properly coordinated with state road projects and projects in adjacent counties. The study was to review the use of special transportation funding in comparison to the Legislative Assembly's intent.

Study Analysis

The committee studied the various components identified in the study directives and received information from organizations, including UGPTI; DOT; the North Dakota Association of Counties; and the counties of Burleigh, Emmons, Kidder, McLean, Oliver, and Sheridan.

Distribution Method

County Major Collector Miles

The county major collector system is a network of county roads, which has been identified by the county, and approved by DOT and the Federal Highway Administration. The county major collector system serves as a network of county roads in the collector network typically connecting with state highways. This network is sometimes called the farm-to-market system. Any route designated to be on the county major collector system must be functionally classified as a major collector. Reasonable changes can be made to this system if a route is a major collector and the proposed change fits logically into the existing county network. County major collector miles are added and removed at the request of each county through DOT. and the department reviews the request, and if it is approved, it is submitted to the Federal Highway Administration for final approval or denial. The state has approximately 10,800 county major collector miles.

Upper Great Plains Transportation Institute Infrastructure Needs

The committee learned the November 2014 *Infrastructure Needs: North Dakota's County, Township and Tribal Roads and Bridges: 2015-2034* final report is the third in a series of studies. The study process began with data collection, which included oil, agricultural production, and manufacturing assumptions collected from various federal and state agencies. The Upper Great Plains Transportation Institute also conducted a survey of counties and townships in order to determine unpaved road needs throughout the state and pavement and traffic data were collected with the assistance of DOT, to identify current pavement, bridge and traffic conditions, and updated the 2011-13 traffic models that were developed for the 2011-13 study. An estimate of future road and bridge needs was developed based on the data collected.

Distribution Method History

The 2011 Legislative Assembly provided \$225 million for special transportation distributions to political subdivisions as follows:

- House Bill No. 1012 provided \$60 million from the general fund to oil-producing and non-oil-producing counties which were allocated to counties and cities based on the certificates of title of vehicles registered by residents of the county and townships that received allocations based on its share of roads compared to the length of all township roads in the state.
- House Bill No. 1012 provided \$142 million from the general fund to DOT to rehabilitate or reconstruct county and township paved and unpaved roads. The funding was allocated based on the needs assessment study conducted by UGPTI, titled *Additional Road Investments Needed to Support Oil and Gas Production and Distribution in North Dakota*, dated December 9, 2010.
- Senate Bill No. 2371 provided \$23 million from the general fund for distributions to political subdivisions in non-oil-producing counties. \$6.8 million of the funding was distributed to non-oil-producing counties and cities pursuant to Section 54-27-19(4), \$1.7 million was distributed to counties and townships in non-oil-producing counties pursuant to Section 54-27-19.1, and \$14.5 million was distributed to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for each unorganized township to the county in which the unorganized township is located.

The 2013 Legislative Assembly provided \$388.76 million for special transportation distributions to political subdivisions:

- House Bill No. 1358 provided \$160 million from the general fund for distributions to oil-producing counties. The allocations to counties were made by DOT based on data supplied by UGPTI.
- House Bill No. 1358 provided \$120 million from the general fund for distributions to counties. The allocations to counties were based on county major collector miles for each eligible county. The Department of Transportation was authorized to use data supplied by UGPTI in determining the projects to receive funding.
- House Bill No. 1358 provided \$8.76 million from the general fund for allocations to benefit townships in oil-producing counties. The funding was distributed to counties and townships in oil-producing counties through a distribution of \$15,000 to each organized township and a distribution of \$15,000 for each unorganized township to the county in which the unorganized township is located.

The 2015 Legislative Assembly provided \$464 million for special transportation distributions to political subdivisions, of which \$224 million is for distributions to non-oil-producing counties and \$240 million are for distributions to oil-producing counties:

- House Bill No. 1176 provided \$112 million from the general fund for distributions to non-oil-producing counties. The bill required that one-half of the distributions must be based on county major collector roadway miles as defined by DOT. The distribution to each non-oil-producing county based on county major collector roadway miles must be proportional to each non-oil-producing county's total county major collector roadway miles relative to the combined total of county major collector roadway miles of all the eligible non-oil-producing counties as defined by the bill. The remaining one-half of the distributions must be based on the most recent data compiled by UGPTI regarding North Dakota's county, township, and tribal road and bridge infrastructure needs. The distribution to each non-oil-producing county based on total estimated road and bridge investment needs must be proportional to each eligible non-oil-producing county's total estimated road and bridge investment needs for the years 2015 to 2034 identified by UGPTI relative to the combined total estimated road and bridge investment needs for the years 2015 to 2034 identified by UGPTI of all the eligible non-oil-producing counties.
- Senate Bill No. 2103 provided \$352 million from the strategic investment and improvements fund for special transportation distributions to political subdivisions, of which \$112 million for distributions to non-oil-producing counties and \$240 million to oil-producing counties. The \$112 million for non-oil-producing counties was distributed to each non-oil-producing county based on county major collector roadway miles. The \$240 million for oil-producing counties was distributed to each oil-producing county proportional to each oil-producing county's total estimated road and bridge investment needs for the years 2015 to 2034, identified by UGPTI relative to the combined total estimated road and bridge investment needs for the years 2015 to 2034.

Upper Great Plains Transportation Institute Transportation Needs Study

The Upper Great Plains Transportation Institute reported it is improving its request for information from counties in order to obtain and provide more comparable information between counties, because there had been some differences in reporting gravel costs and other maintenance costs. The information received from the counties is reported as specifically as possible on its transportation needs and each counties needs are based on each counties method for

maintenance, repairs, and replacement in order to present an accurate statewide total of transportation needs. The Upper Great Plains Transportation Institute reported it is working to expand its bridge analysis to include structures which are less than 20 feet in length, because a significant number of bridges are less than 20 feet in length. The committee learned the Federal Highway Administration defines a bridge as being 20 feet or more in length for the National Bridge Inventory and all other bridges or culverts are considered minor structures and complete data is not available on the minor structures. The Upper Great Plains Transportation Institute reported it is attempting to capture some of the maintenance and repair costs of culverts in the normalized maintenance costs.

Use of Funds and County Annual Transportation Reports

The committee received information from a number of counties on their use of special transportation funding provided by the Legislative Assembly. Counties utilized the special transportation funding to improved paved roads by building a roundabout and repaving, improving unpaved roads by adding additional gravel, replacing small bridges with box culverts, raising the grade of a county major collector road, and increasing GVW limit from 80,000 lbs to 105,500 lbs on certain roadways.

The committee reviewed required annual transportation funding reports submitted to the Tax Department by each county in order to determine if the reports could be used to analyze each county's use of special transportation funding in comparison to the county's needs. The report was designed from a federal questionnaire required for DOT and the reported information is often not consistent among counties. The report is at times not being submitted in a timely manner to the Tax Department because the county may not have enough personnel to help complete the report and there is no penalty for failure to submit the report or submit the report on time. The Tax Department reported it does not utilize the report and it only has the responsibility to receive the reports when submitted. The committee learned through testimony from several counties that there is some difficulty in filing the report because the information counties have available is being reported in a manner that is different from its normal reporting process.

Uniform County Financial Reporting

The committee learned that among the state's 53 counties, at least 8 different software platforms are used for maintaining financial records, and at least 10 have transitioned to new software in the last 5 years. The North Dakota Association of Counties reported that from the data available, it is impossible to link expenditures to the specific property taxes, intergovernmental revenues, and charges for services used to support them, but the current data allows the association to review trends.

Department of Transportation Report on Special Transportation Allocations

All 53 counties have submitted approved projects for the counties' allocations provided in Senate Bill No. 2103 and 33 of the 43 eligible counties have submitted approved projects for the counties' allocations provided in House Bill No. 1176. The committee learned funding from Senate Bill No. 2103 could only be used for route connectivity or routes connecting a major state highway to a major county route and funding from House Bill No. 1176 could only be used for roads which connect major traffic generators or areas needing improved safety and could not be used for maintenance. The Department of Transportation reported it considers an improvement to a road of three inches of gravel or more, and that type of improvement is eligible for funding from House Bill No. 1176. Funding made available specifically for townships during the 2015 legislative session allowed the townships to utilize the funds for maintenance or improvements.

Committee Discussion and Conclusions

Several committee members expressed concern regarding limiting the method by which special transportation funding distributions are determined. Each Legislative Assembly should have the flexibility to determine the appropriate method to distribute funding to assist counties, cities, and townships meet their road and bridge needs. The committee does not make any recommendations regarding the special transportation funding distributions to political subdivisions study.

UPPER GREAT PLAINS TRANSPORTATION INSTITUTE CHANGE OF ADMINISTRATIVE AUTHORITY STUDY

Section 17 of House Bill No. 1020 directed the Legislative Management to study the feasibility of placing UGPTI under the administrative authority of DOT. The study was to identify potential efficiencies, potential issues, and current services or benefits provided to UGPTI by North Dakota State University (NDSU).

History of the Upper Great Plains Transportation Institute

The Upper Great Plains Transportation Institute was created by the Legislative Assembly in 1967 to foster a better understanding of transportation's role in the economy. Chapter 54-53 established UGPTI to be administered by and in conjunction with the NDSU of Agriculture and Applied Science and this chapter establishes a transportation council to serve in an advisory capacity. The President and administration of the NDSU of Agriculture and Applied Science are responsible for the selection of personnel for and the administration of the institute.

Upper Great Plains Transportation Institute and North Dakota State University

The Upper Great Plains Transportation Institute was appropriated \$23,022,756 in House Bill No. 1020, of which \$4,847,099 was from the general fund. The Upper Great Plains Transportation Institute is under the administrative authority of NDSU, and it is located on NDSU's campus, which provides approximately 11,392 square feet of office space at no cost to UGPTI, along with critical grant support services and matching funds for federal grants. The Upper Great Plains Transportation Institute and DOT have separate missions, but they do collaborate with research, technical assistance, and training and UGPTI and DOT have an annual strategic meeting. The Upper Great Plains Transportation Institute receives the majority of its funding from federal funding and averages \$10 million per biennium in federal funds. The Upper Great Plains Transportation Institute received state funding of \$4.8 million for the 2015-17 biennium, which included one-time funding of \$750,000. The Department of Transportation reported it has not identified any efficiencies or benefits that would be gained by changing the administrative authority for UGPTI from NDSU to DOT and because administrative authority is with NDSU, UGPTI has more access to federal grants.

Testimony

The committee received information from organizations, including UGPTI, NDSU, DOT, the Associated General Contractors North Dakota, the North Dakota Association of Counties, the American Council of Engineering Companies, the North Dakota Motor Carriers Association, the North Dakota Township Officers Association, and the Public Service Commission.

All information received by the committee supported the administrative authority for UGPTI remaining with NDSU.

Recommendations

The committee recommends the administrative authority of UGPTI remain with NDSU.

OTHER REPORTS RECEIVED

The committee was assigned the responsibility to receive the following reports:

- A report from DOT regarding information collected from transportation network companies during each biennium, pursuant to Section 39-34-05.
- A report from DOT by June 30, 2016, pursuant to Section 12 of House Bill No. 1012, regarding its study of state funding distributions and allocations to public transportation providers.
- A report from DOT, pursuant to Section 18 of House Bill No. 1012, regarding the department's updated North Dakota state rail plan.

Report from the Department of Transportation on Information Collected on Transportation Network Companies

In 2015 House Bill No. 1144, the Legislative Assembly created Chapter 39-34, relating to transportation company networks, which requires transportation network companies to register with the state; requires passengers to be notified of fees before services are rendered; establishes transportation driver requirements; limits disclosure of personally identifiable information of passengers; sets reporting requirements for transportation network companies and DOT; and restricts political subdivisions from imposing taxes, rate restrictions, entry, operational, or other requirements on transportation network companies.

Section 39-34-04 requires transportation network companies to report the following information to DOT:

- A list of political subdivisions in which the transportation network company operates;
- The number of accidents that were reported to the transportation network company during the passenger on-board stage; and
- The number and types of traffic violations and other violations that were reported to the transportation network company during the passenger on-board stage.

Section 39-34-04 also requires DOT to report the information collected from the transportation network companies to the Legislative Management.

A transportation network company as defined in Section 26.1-40.1-01, means a person operating in this state which enables prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with independent participating drivers using a personal vehicle. An example of a transportation network company is Uber.

The Department of Transportation reported the following in July 2016:

- Political subdivisions in which a transportation network company operates:
 - Fargo;
 - West Fargo;
 - Prairie Rose;
 - Frontier;
 - Mapleton; and
 - Reile's Acres.
- The number of accidents that were reported to the transportation network company during the passenger on-board stage--two; and
- The number and types of traffic violations and any other violations that were reported to the transportation network company during the passenger on-board stage--zero.

DEPARTMENT OF TRANSPORTATION REPORTS

Study of State Funding Distributions and Allocations to Public Transportation Providers

Section 12 of House Bill No. 1012 required DOT to study state funding distributions and allocations to public transportation providers. The study was to include a review of distributions and allocations; a review of distribution and allocation formulas; and the public transportation providers use of the funds received from the distributions, allocations, and contingent funding, including uses for operating costs and capital asset purchases. The Department of Transportation was required to report to the committee regarding the results of its study by June 30, 2016.

The Department of Transportation reported 34 public transportation providers are operating statewide, including rural, urban, tribal, and intercity services. The department reported during the 2011-13 and 2013-15 bienniums, approximately \$40.3 million was distributed to transit providers (\$19.5 million of state funding and \$20.8 million of federal funding). The department reported \$34.7 million of the funding provided was used for operating costs and the remaining \$5.6 million was used for capital purchases.

North Dakota State Rail Plan

Section 18 of House Bill No. 1012 required DOT to report to the committee regarding the department's updated North Dakota state rail plan. The bill also required the department to post the updated document to the department's website, and to make the document available to the Legislative Council so that an electronic copy could be posted on the legislative branch public website.

The Department of Transportation reported the North Dakota state rail plan consists of a partnership with the Public Service Commission, Department of Commerce, Department of Emergency Services, North Dakota Pipeline Authority, and UGPTI. The intent of the state rail plan is to provide guidance for the rail systems and services utilized by North Dakota passengers and freight shippers. The committee learned WSP Parsons Brinckerhoff was contracted as the consultant to assist with developing the plan. The committee learned the Public Service Commission hired a track inspector who previously worked with the Burlington Northern Santa Fe Railway and the inspector trained with the chief track inspector of the Federal Railroad Administration and has the same authority as a federal railroad inspector. The state rail plan is currently in phase two of a three-phase process and the study has established the current rail system baseline and is in the process of collecting input from stakeholders and the public along with identifying the state's rail needs and opportunities. Phase three will focus on providing recommendations for the state rail system to address the identified needs and opportunities in alignment with the established vision, goals, and objectives.

Department of Transportation Budget Update

The committee received information from DOT's 2015-17 biennium budget, including changes due to the Governor's 4.05 percent general fund budget allotment and the additional 2.50 percent budget allotment, changes in projected revenues into the highway tax distribution fund, and the effect of the changes made during the 2016 special legislative session. The Department of Transportation received a total general fund appropriation of \$656.4 million for the 2015-17 biennium.

The Department of Transportation reported the February 2016 4.05 percent general fund budget allotment ordered by the Governor reduced the department's general fund appropriations by \$26.6 million and the subsequent August 2016 2.50 percent general fund budget allotment reduced the department's general fund appropriations by an additional \$16.4 million. These allotment amounts were approved by the Legislative Assembly during the August 2016 special legislative session. The committee learned the department's February 2016 revised highway fund revenue forecast

projected a 13 percent decrease from the original 2015-17 biennium projection due primarily to reduced fuel tax collections. The department reported the nation is experiencing declining revenue from gas and diesel taxes because of the increase in the efficiency of vehicles and a reduction in travel. The committee learned other states have increased user fees to offset the decline in usage. The department reported Minnesota imposes a gasoline tax of 28.6 cents per gallon, Montana imposes 27.7 cents per gallon, and South Dakota imposes 30 cents per gallon. The national average is 28.2 cents per gallon and North Dakota imposes 23 cents per gallon. The department reported the annual amount generated from a one-cent gas tax has decreased from \$8.7 million per year in 2015 to \$7.6 million per year in 2016, and the department is projecting an annual amount of \$7.4 million per year for the 2017-19 biennium. The committee learned the highway tax distribution funding to counties has declined from \$70.3 million in fiscal year 2015 to \$60.1 million in 2016 and allocations to cities have declined from \$40 million in fiscal year 2015 to \$34 million in 2016. The department reported it anticipates \$20.9 million in additional federal funding in the August redistribution of federal funding for transportation projects for a total of \$261.7 million during federal fiscal year 2016.

UPPER GREAT PLAINS TRANSPORTATION INSTITUTE

Road Needs Assessment

The committee received UGPTI's *Infrastructure Needs: North Dakota's County, Township and Tribal Roads and Bridges: 2017-2036* draft. The study determined overall ride and pavement ratings on local roads are improving, county participation in transportation studies has improved, pavements are thicker, unit costs are lower than in the last study with no differential between oil-producing counties and non-oil-producing counties, gravel costs have increased, paving costs have decreased, and the conditions of bridges has not changed overall. The institute reported the study has improved the focus on uniform reporting, especially relating to county gravel costs and maintenance costs. The committee learned counties and other gravel users have been transporting gravel further, indicating the supply of gravel in each county's area may not be sufficient. The committee learned DOT and county officials coordinate bridge inspections and determine the status of each bridge on a scale of 1 to 100 and when a bridge receives a rating of 80, it is at a point of rehabilitation and at a rating of 50, the bridge is recommended for replacement.