

# HB 1431 Testimony

North Dakota Department of Transportation In Support Of

Senate Finance and Taxation Committee

March 17, 2021



#### **HB 1431 – Section 10**

#### SECTION 10. APPROPRIATION – HIGHWAY FUND – CONTINGENT TRANSFER

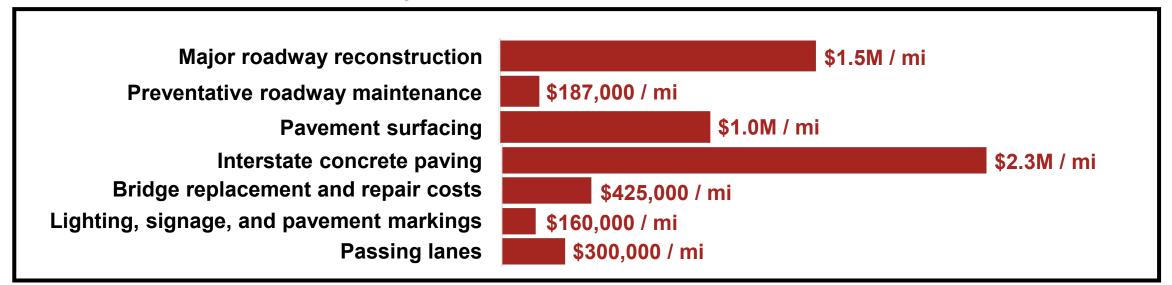
- \$70 million derived from bond proceeds to the department of transportation for state highway bridge projects and for matching funds that may become available for the 21 – 23 biennium.
  - \$35 million designated for state highway bridge projects.
  - \$35 million designated for matching federal funds that may become available for state highway projects.
    - The department of transportation is required to certify to the office of management and budget the amount of funding committed to matching excess federal funds by October 1, 2022. Uncommitted funds will be transferred to the infrastructure revolving loan fund.



# How much does it cost to maintain the system?

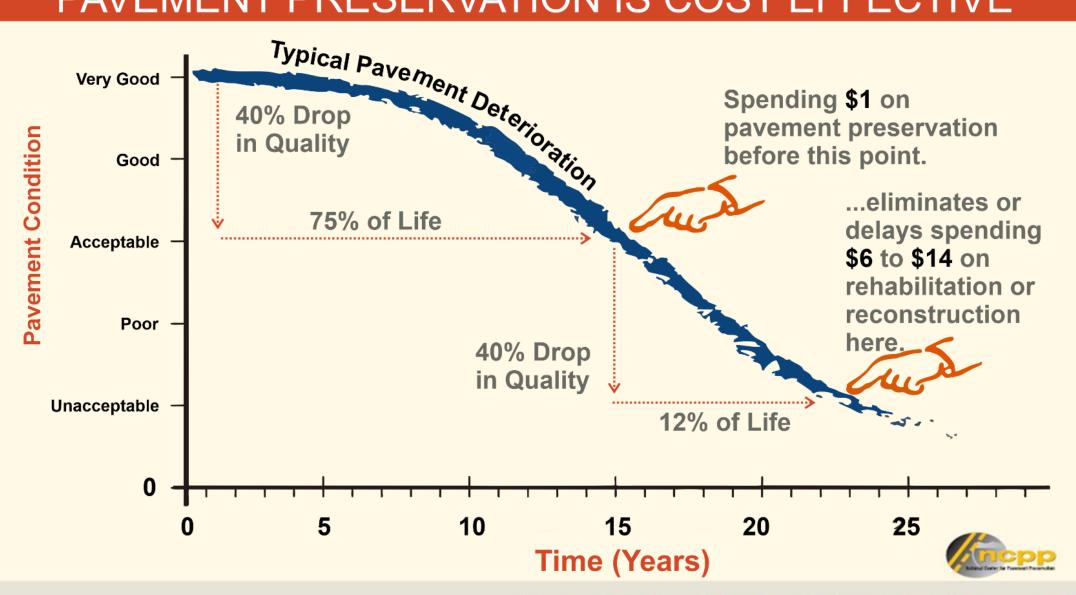
With rising costs of transportation services and construction materials, funding does not stretch as far as it used to. Since 2001, the relative cost of North Dakota construction projects – materials, equipment, and services – has increased by 131%.

#### Chart below shows current costs per mile:





#### PAVEMENT PRESERVATION IS COST EFFECTIVE



Source: National Center for Pavement Preservation.



#### Where should we invest?

NDDOT measures performance on a regular basis so that we invest funds when and where it is needed to maintain the transportation system and meet travelers' expectations. Investments are made to preserve assets in good condition, to minimize future costs, to perform preventative maintenance that limits the risk of future wear-and-tear on asset condition, and to ensure that the system works for you.

The example below highlights the range of outcomes for maintenance and repair activities for state roads and bridges. NDDOT measures road and bridge condition on a regular basis and fixes these roads to maintain performance targets. Today, NDDOT invests enough funding to maintain roads and bridges in fair to good condition. But increased travel and decreased revenue from fuel taxes point towards a long-term decline in the condition and performance of our roads and bridges.

#### **HOW SMOOTH OUR ROADS AND BRIDGES ARE**





#### **10-Year Infrastructure Plan**

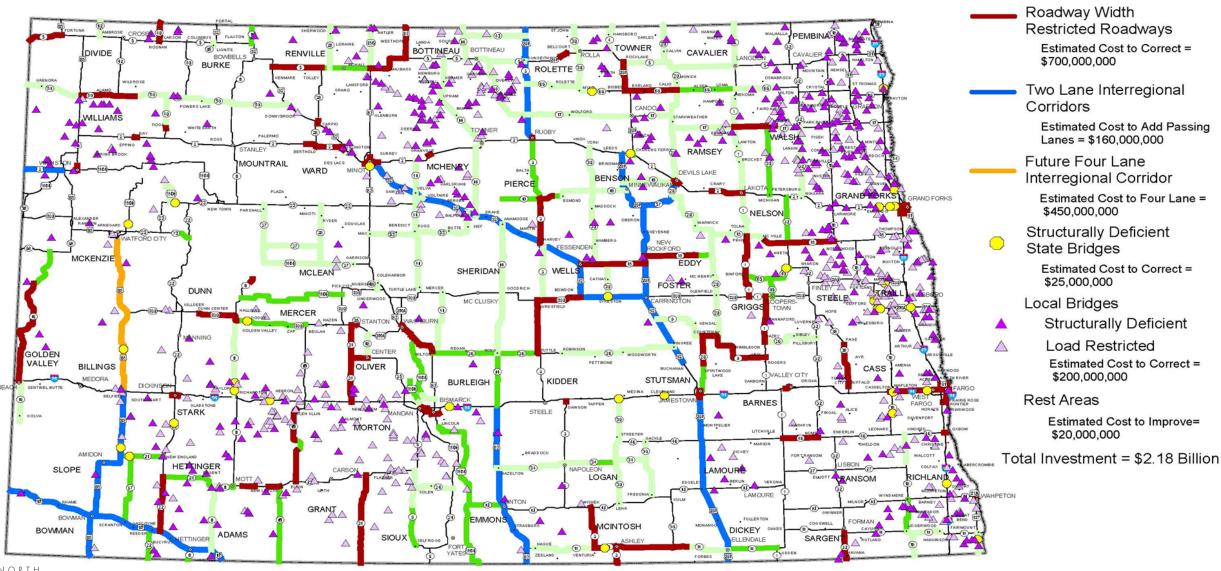
## 10-Year Infrastructure Plan - The proposed plan will provide dedicated state funding for transportation.

- There hasn't been a change in how ND invests in transportation for over 50 years.
- NDDOT has stretched every dollar as far as it can.
- A recent national report ranked North Dakota's transportation system 1st in the nation in overall cost-effectiveness and performance.
- But more work needs to be done, North Dakota ranked 42<sup>nd</sup> for bridges in the nation due to the number of our structurally deficient bridges.
- We need to improve our bridges on state and local roads so that we can reduce the need for load restrictions.





#### **10-Year Infrastructure Plan**

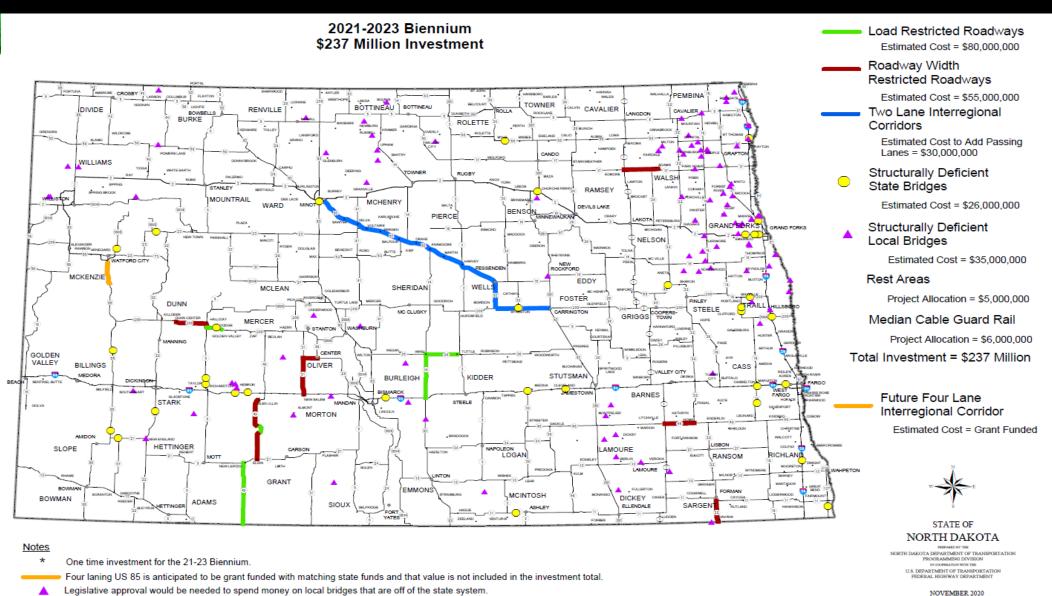


Load Restricted Roadways

\$625,000,000

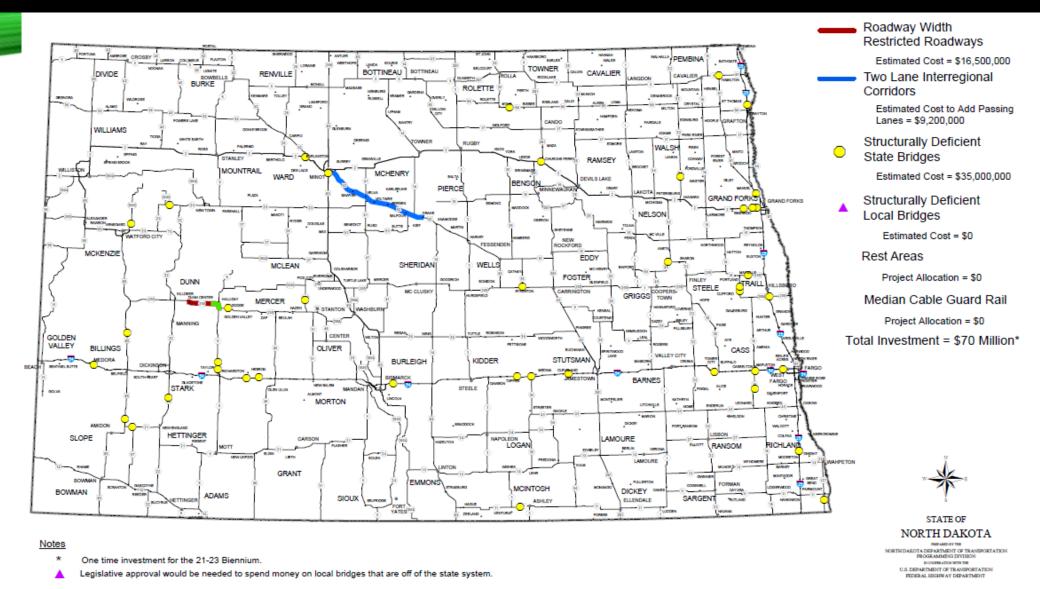
Restricted by Classification
Other Load Restrictions
Estimated Cost to Correct =

## First Phase of 10-Year Plan = \$237M



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## **HB 1431 Bridge and Road Funding = \$70M**



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March 2021

## **Federal Funding**

The NDDOT has the ability to leverage federal funding in conjunction with state funding to increase investment in transportation infrastructure, safety, and innovation across North Dakota.

The NDDOT receives federal funding two primary ways:

- Formula Funding
  - 90% of federal highway assistance is distributed to the states by formula.
  - Rural states significantly benefit from this type of funding.
  - Requires states to provide a 20% funding match.
- Discretionary Grant Funding Programs
  - Awards funding to support projects addressing specific purposes.
  - Distributed through a competitive selection process.
  - Requires states to provide 50% 80% funding match.



### Summary

Built by generations of North Dakotans over that last 122 years, our transportation system is a key component to our economy and daily life.

To raise our families, support our businesses, and remain globally competitive, we'll need to maintain a sound and integrated transportation system.

- We request that HB 1431 be amended to provide the NDDOT with bond proceeds in the amount of \$302 million consistent with the executive budget request.
- This will allow the NDDOT to implement the first phase of the 10-year infrastructure plan and achieve our mission to safely move people and goods.





# Questions?

