

April 23, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED SENATE BILL NO. 2012**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of  
2 transportation; to create and enact a new section to chapter 54-27 of the North Dakota Century  
3 Code, relating to a legacy earnings fund; to amend and reenact section 6-09.4-10.1,  
4 subsection 1 of section 21-10-06, and sections 24-02-37.3, ~~49-17.1-05, 54-27-19.3, 24-02-40.1,~~  
5 54-27-19, and 57-40.3-10, subsection 1 of section 57-43.1-02, subsection 1 of section  
6 57-43.2-02, and section 57-51.1-07.5 of the North Dakota Century Code, relating to funds  
7 invested by the state investment board, the flexible transportation fund, ~~the state rail fund,~~  
8 ~~and~~ highway revenue anticipation financing, the highway tax distribution fund, motor vehicle  
9 excise tax collections, motor fuels taxes, and the state share of oil and gas taxes; to repeal  
10 sections 21-10-12 ~~and~~, 21-10-13, 54-27-19.3, and 54-27-19.4 of the North Dakota Century  
11 Code, relating to legacy fund definitions ~~and~~, a legacy earnings fund, the legacy earnings  
12 highway distribution fund, and legacy earnings township highway aid fund; ~~to provide a~~  
13 ~~continuing appropriation; to authorize bonding~~; to provide an effective date; and to provide an  
14 exemption.

15 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

16 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
17 as may be necessary, are appropriated from other funds derived from special funds and federal  
18 funds, to the department of transportation for the purpose of defraying the expenses of the  
19 department of transportation, for the biennium beginning July 1, 2025, and ending June 30,  
20 2027, as follows:

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
1				
2				
3	Salaries and wages	\$219,279,648	\$16,710,943	\$235,990,591
4	<del>New and vacant FTE pool</del>	<del>0</del>	<del>13,364,077</del>	<del>13,364,077</del>
5	<del>Operating expenses</del>	<del>316,256,474</del>	<del>71,088,648</del>	<del>387,345,122</del>
6	<del>Capital assets</del>	<del>1,101,395,065</del>	<del>851,594,552</del>	<del>1,952,989,617</del>
7	<u>New and vacant FTE pool</u>	<u>0</u>	<u>13,788,877</u>	<u>13,788,877</u>
8	<u>Operating expenses</u>	<u>316,256,474</u>	<u>72,140,540</u>	<u>388,397,014</u>
9	<u>Capital assets</u>	<u>1,101,395,065</u>	<u>906,594,552</u>	<u>2,007,989,617</u>
10	Grants	<u>112,821,458</u>	<u>(3,581,000)</u>	<u>109,240,458</u>
11	<del>Total other funds</del>	<del>\$1,749,752,645</del>	<del>\$949,177,220</del>	<del>\$2,698,929,865</del>
12	<del>Full-time equivalent positions</del>	<del>1,001.00</del>	<del>3.00</del>	<del>1,004.00</del>
13	<u>Total other funds</u>	<u>\$1,749,752,645</u>	<u>\$1,005,653,912</u>	<u>\$2,755,406,557</u>
14	<u>Full-time equivalent positions</u>	<u>1,001.00</u>	<u>5.00</u>	<u>1,006.00</u>

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

**SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act, which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>Other Funds</u>
21 Facility improvements	\$5,970,000
22 Appointment system upgrade	3,000,000
23 Inventory tracking system	350,000
24 Federal formula funds match	171,300,000
25 <del>United States highway 85 project</del>	<del>100,000,000</del>
26 <u>United States highway 85 projects</u>	<u>155,000,000</u>
27 Increased roadway maintenance costs	9,842,212
28 Walking trail grant	100,000
29 Equipment	<u>5,872,000</u>
30 <del>Total</del>	<del>\$296,434,212</del>
31 <u>Total</u>	<u>\$351,434,212</u>

1       **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
2 department of transportation may not spend funds appropriated in the new and vacant FTE pool  
3 line item in section 1 of this Act, but may request the office of management and budget to  
4 transfer funds from the new and vacant FTE pool line item to the salaries and wages line item in  
5 accordance with the guidelines and reporting provisions included in House Bill No. 1015, as  
6 approved by the sixty-ninth legislative assembly.

7       **SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**  
8 **FLEXIBLE TRANSPORTATION FUND.** The office of management and budget shall transfer the  
9 sum of \$380,000,000 from the strategic investment and improvements fund to the flexible  
10 transportation fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

11       **SECTION 5. AUTHORIZATION OF BONDING OR OTHER REVENUE SOURCES -**  
12 **UNITED STATES HIGHWAY 85.** During the biennium beginning July 1, 2025, and ending  
13 June 30, 2027, the department of transportation may utilize bonding authority under section  
14 24-02-40.1 or any other available sources of funding to obtain up to \$155,000,000 of funds for  
15 construction projects on United States highway 85.

16       **SECTION 6. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,  
17 the director of the office of management and budget shall transfer appropriation authority  
18 among the salaries and wages, operating expenses, capital assets, and grants line items in  
19 section 1 of this Act as requested by the director of the department of transportation when it is  
20 cost-effective for construction and maintenance of highways. The department of transportation  
21 shall notify the legislative council of any transfers made pursuant to this section.

22       **SECTION 7. ~~ESTIMATED INCOME~~ OTHER FUNDS - STRATEGIC INVESTMENT AND**  
23 **IMPROVEMENTS FUND.** The ~~estimated income~~ other funds line item in section 1 of this Act  
24 includes the sum of \$171,300,000 from the strategic investment and improvements fund to  
25 match federal highway formula funds ~~and \$100,000,000 from the strategic investment and~~  
26 ~~improvements fund for a United States highway 85 project from reference point 120.3 north to~~  
27 ~~the long x bridge~~ and the sum of \$3,551,824 from the strategic investment and improvements  
28 fund for state airplane operations during the biennium beginning July 1, 2025, and ending  
29 June 30, 2027.

30       **SECTION 8. AMENDMENT.** Section 6-09.4-10.1 of the North Dakota Century Code is  
31 amended and reenacted as follows:

1           **6-09.4-10.1. Legacy sinking and interest fund - Debt service requirements - Public**  
2 **finance authority.**

3           There is created in the state treasury the legacy sinking and interest fund. The fund consists  
4 of all moneys deposited in the fund under section ~~21-10-13~~1013 of this Act. Moneys in the fund  
5 may be spent by the public finance authority pursuant to legislative appropriations to meet the  
6 debt service requirements for evidences of indebtedness issued by the authority for transfer to  
7 the Bank of North Dakota for allocations to infrastructure projects and programs.

8           **SECTION 9. AMENDMENT.** Subsection 1 of section 21-10-06 of the North Dakota Century  
9 Code is amended and reenacted as follows:

10           1. Subject to the provisions of section 21-10-02, the board shall invest the following  
11 funds:

- 12           a. State bonding fund.
- 13           b. Teachers' fund for retirement.
- 14           c. State fire and tornado fund.
- 15           d. Workforce safety and insurance fund.
- 16           e. Public employees retirement system.
- 17           f. Insurance regulatory trust fund.
- 18           g. State risk management fund.
- 19           h. Budget stabilization fund.
- 20           i. Water projects stabilization fund.
- 21           j. Health care trust fund.
- 22           k. Cultural endowment fund.
- 23           l. Petroleum tank release compensation fund.
- 24           m. Legacy fund.
- 25           n. ~~Legacy earnings fund.~~
- 26           o. Opioid settlement fund.
- 27           p-o. A fund under contract with the board pursuant to subsection 3.

28           **SECTION 10. AMENDMENT.** Section 24-02-37.3 of the North Dakota Century Code is  
29 amended and reenacted as follows:

1           **24-02-37.3. Flexible transportation fund - Budget section approval - State treasurer**  
2 **distributions to political subdivisions - Report. (Retroactive application - [See note](#))**

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

- 5           1. The flexible transportation fund must be administered and expended by the director  
6 and may be used for the following:
  - 7           a. Providing a match for federal funding obtained by the department of  
8 transportation.
  - 9           b. State-funded road and bridge construction and maintenance, and transportation  
10 support costs including staffing, facilities, and operational expenditures on the  
11 state highway system.
  - 12           c. State-funded road ~~and~~, bridge, and other infrastructure construction and  
13 maintenance activities within the state but off of the state highway system. The  
14 director shall establish the terms and provisions of the program.
- 15           2. All money derived from the investment of the flexible transportation fund or any portion  
16 of the fund, must be credited to the flexible transportation fund. The director shall  
17 monthly transmit all moneys collected and received under this chapter to the state  
18 treasurer to be transferred and credited to the flexible transportation fund.
- 19           3. The director must receive budget section approval for any project that utilizes more  
20 than ten million dollars from the fund except for projects that match federal or private  
21 funds and the amount utilized from the fund is fifty percent or less of total project  
22 costs. Any request considered by the budget section must comply with section  
23 54-35-02.9.
- 24           4. ~~The director shall allocate at least twenty-five percent of motor vehicle excise tax~~  
25 ~~collections deposited in the flexible transportation fund pursuant to section 57-40.3-10~~  
26 ~~for non-oil-producing county and township road and bridge projects as follows:~~
  - 27           a. ~~The funds must be allocated by the department to counties for projects or grants~~  
28 ~~for the benefit of counties and organized and unorganized townships;~~
  - 29           b. ~~The department shall establish criteria to distribute the funds;~~
  - 30           e. ~~The funds must be used for the maintenance and improvement of county and~~  
31 ~~township paved and unpaved roads and bridges;~~

- 1 d. Priority must be given to projects that match federal funds and to projects that  
2 improve roadways that serve as local corridors;
- 3 e. ~~An organized township is not eligible to receive funding if the township does not~~  
4 ~~maintain any roadways or does not levy at least eighteen mills for general~~  
5 ~~purposes; and~~
- 6 f. For purposes of this subsection, "non-oil-producing county" means a county that  
7 received no allocation of funding or a total allocation of less than five million  
8 dollars under subsection 2 of section 57-51-15 in the most recently completed  
9 even-numbered fiscal year before the start of each biennium. The director shall  
10 allocate a portion of funds deposited in the flexible transportation fund for the  
11 benefit of road and bridge maintenance and projects in counties, cities, and  
12 townships as follows:
- 13 a. ~~Twelve and one-half percent of state funds deposited in the fund must be~~  
14 ~~allocated by the director to non-oil-producing counties for projects or grants for~~  
15 ~~the benefit of counties and organized and unorganized townships for the~~  
16 ~~maintenance and improvement of county and township paved and unpaved~~  
17 ~~roads and bridges~~ The following percentage of state funds deposited in the fund  
18 must be allocated by the director for grants to counties, cities, and townships in  
19 non-oil-producing counties for road and bridge repair and replacement projects:
- 20 (1) Fourteen percent must be allocated for county projects.  
21 (2) Seventeen and one-half percent must be allocated for city projects.  
22 (3) Eleven and one-half percent must be allocated for township projects.
- 23 b. ~~Six and one-quarter percent of state funds deposited in the fund must be~~  
24 ~~allocated by the director for grants to eligible townships located in~~  
25 ~~non-oil-producing counties for road and bridge repair and replacement projects~~  
26 ~~with priority given for road graveling projects.~~
- 27 ~~c. Twelve and one-half~~ Twelve and nine-tenths percent of state funds deposited in  
28 the fund must be allocated by the director for grants to eligible counties for bridge  
29 repair and replacement projects. ~~Grants provided under this subdivision must:~~

- 1 ~~(1) Give priority to projects based on the number of bridge needs for each~~  
2 ~~county as identified in the most recent data available from the department's~~  
3 ~~bridge condition assessment inventory.~~
- 4 ~~(2) Give priority to projects that include the permanent closure and removal of a~~  
5 ~~different bridge in the same county.~~
- 6 ~~(3) Require counties to provide matching funds equal to ten percent of total~~  
7 ~~project costs except for projects that include the permanent closure and~~  
8 ~~removal of a different bridge in the same county.~~
- 9 ~~d. Six and one-quarter percent of state funds deposited in the fund must be~~  
10 ~~allocated by the director for grants to eligible cities for road and bridge repair and~~  
11 ~~replacements projects.~~
- 12 e.c. The director shall establish criteria to distribute the funds under this subsection.  
13 Priority must be given to projects that match federal or private funds and to  
14 projects that improve roadways that serve as local corridors. Priority for  
15 organized township road projects must be given to projects located in townships  
16 that levy at least eighteen mills for general purposes and have a general fund  
17 balance of less than one hundred thousand dollars as of December thirty-first of  
18 the prior year. For purposes of determining the mills levied by an organized  
19 township, the director shall use the most recent mill rate data published by the  
20 tax commissioner.
- 21 f.d. The amount allocated to organized townships under this subsection must be paid  
22 by the county treasurer to each organized township and the amount allocated for  
23 unorganized townships under this subsection must be credited by the county  
24 treasurer to a special fund for unorganized township roads.
- 25 5. The state treasurer shall allocate a portion of funds deposited in the flexible  
26 transportation fund for the benefit of road and, bridge, and other infrastructure  
27 maintenance and projects in counties, cities, and townships, as follows:
- 28 a. ~~Six and one-quarter~~Six and one-half percent of state funds deposited in the fund  
29 must be distributed to non-oil-producing counties for the benefit of organized and  
30 unorganized township road needs using the distribution method in section  
31 54-27-19.454-27-19.1. To receive an allocation under this subdivision, an

1           organized township must levy at least eighteen mills for general purposes and  
2           have a general fund balance of less than one hundred thousand dollars as of  
3           December thirty-first of the prior year. For purposes of determining the mills  
4           levied by organized townships, the state treasurer shall use the most recent mill  
5           rate data published by the tax commissioner.

6           b. ~~Six and one-quarter~~Eleven and one-quarter percent of state funds deposited in  
7           the fund must be distributed to non-oil-producing counties and cities for road and  
8           bridge projects using the formula established in subsection 4 of section 54-27-19.

9           c. Thirteen and one-half percent of state funds deposited in the fund must be  
10           distributed to cities in non-oil-producing counties for road, bridge, and other  
11           infrastructure projects using the formula established in subsection 4 of section  
12           54-27-19.

13           6. Twelve and eighty-five hundredths of state funds deposited in the fund must be used  
14           by the director for any projects eligible for funding under this section.

15           7. For purposes of this section, "non-oil-producing county" means a county that had  
16           average annual oil production of fewer than ten million barrels based on the average  
17           annual oil production in the three-year period ending with the most recently completed  
18           even-numbered fiscal year before the start of each biennium.

19           ~~5.7.8.~~ The director shall provide periodic reports to the budget section regarding the status of  
20           the fund and projects receiving allocations from the fund.

21           **SECTION 11. AMENDMENT.** Section 24-02-40.1 of the North Dakota Century Code is  
22           amended and reenacted as follows:

23           **24-02-40.1. Grant or revenue anticipation financing.**

24           Notwithstanding any other provision of law, the department, whenever needed for ~~the liberty~~  
25           ~~memorial bridge improvement project and the~~ United States highway ~~285~~ project improvements,  
26           may arrange with any state-owned or private financing agency or underwriter, including the  
27           Bank of North Dakota, grant or revenue anticipation financing of up to one hundred fifty-five  
28           million dollars through the issuance of evidences of indebtedness on such terms and conditions  
29           as the department determines if construction funds on hand are insufficient to meet current  
30           obligations or to achieve cost-savings or efficiencies in road construction. The department may  
31           refund the evidences of indebtedness as often as it is advantageous to do so. Evidences of

1 indebtedness may be sold at public or private sale and must mature not more than fifteen years  
2 from their date or dates, and the proceeds of the sale may be invested on such terms and  
3 conditions as the department determines. Grant or revenue anticipation financing must be in  
4 amounts no larger than can be repaid from moneys known or reasonably anticipated to be due  
5 and forthcoming. The grant or revenue anticipation financing may not be used in anticipation of  
6 increased federal aid highway grants or increased state highway user revenue funds, and the  
7 financing may not be obligated for road construction that cannot be financed from known  
8 sources of grants or revenue. The department may pledge any federal aid grants received or to  
9 be received for debt service and related issuance costs for evidences of indebtedness issued  
10 under this section directly to a trustee in trust for payment to holders of the evidences of  
11 indebtedness. The department may also pledge any biennially appropriated revenues for debt  
12 service on the evidences of indebtedness directly to a trustee in trust for payment to holders of  
13 the evidences of indebtedness. Any evidences of indebtedness issued under this section are  
14 not general obligations or debt of the state, the department, or any public officer or employee of  
15 the department or this state. The principal of and interest on the evidences of indebtedness are  
16 limited obligations payable solely from grants or revenues received or to be received by the  
17 department. The department may capitalize from proceeds of the evidences of indebtedness all  
18 expenses incidental to issuing the evidences of indebtedness, including any reserves for  
19 payment of the evidences of indebtedness.

20 ~~— **SECTION 12. AMENDMENT.** Section 49-17.1-05 of the North Dakota Century Code is~~  
21 ~~amended and reenacted as follows:~~

22 ~~— **49-17.1-05. Subsidy of railway lines – Continuing appropriation.**~~

23 ~~— The department, with the approval of the commission, may provide financial assistance,~~  
24 ~~within the limits of funds appropriated by the legislative assembly, for the continuation of~~  
25 ~~operations and maintenance of any railroad within the state, as provided for in the Railroad~~  
26 ~~Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651-~~  
27 ~~et seq.], or other relevant federal legislation. Moneys in the state rail fund are appropriated to~~  
28 ~~the department on a continuing basis for distributions authorized under this section. The~~  
29 ~~department or the commission may act as the agent in cooperation with the federal~~  
30 ~~government, any local or regional transportation authority, local governmental units, any group~~  
31 ~~of rail users, or any person in any rail service assistance program.~~

1       **SECTION 12. AMENDMENT.** Section 54-27-19 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **54-27-19. Highway tax distribution fund - State treasurer to make allocation to state,**  
4 **counties, and cities.**

5       A highway tax distribution fund is created as a special fund in the state treasury into which  
6 must be deposited the moneys available by law from collections of motor vehicle registration  
7 and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes. The  
8 state treasurer shall transfer the first five million five hundred thousand dollars per biennium  
9 from the highway tax distribution fund to the state highway fund for the purpose of providing  
10 administrative assistance to other transferees. After the transfer of the first five million five  
11 hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated  
12 and transferred monthly by the state treasurer, as follows:

- 13       1. ~~Sixty-one and three-tenths~~Sixty percent must be transferred monthly to the state  
14 department of transportation and placed in a state highway fund.
- 15       2. ~~Two and seven-tenths~~Three and four-tenths percent must be transferred monthly to  
16 the township highway aid fund.
- 17       3. ~~One and five-tenths~~One and sixth-tenths percent must be transferred monthly to the  
18 public transportation fund.
- 19       4. ~~Thirty-four and five-tenths~~Thirty-five percent must be allocated to the counties of this  
20 state in proportion to the number of vehicle registrations credited to each county. Each  
21 county must be credited with the certificates of title of vehicles registered by residents  
22 of the county. The state treasurer shall compute and distribute the counties' share  
23 monthly after deducting the incorporated cities' share. All the moneys received by the  
24 counties from the highway tax distribution fund must be set aside in a separate fund  
25 called the "highway tax distribution fund" and must be appropriated and applied solely  
26 for highway purposes in accordance with section 11 of article X of the Constitution of  
27 North Dakota. The state treasurer shall compute and distribute monthly the sums  
28 allocated to the incorporated cities within each county according to the formulas in this  
29 subsection using the incorporated cities' populations as determined by the last official  
30 regular or special federal census or the census taken in accordance with the  
31 provisions of chapter 40-02 in case of a city incorporated subsequent to the census.

- 1           a. For counties having no cities with a population of ten thousand or more, twenty-
- 2           seven percent of the total county allocation must be distributed to all of the
- 3           incorporated cities within the county on a countywide per capita basis. The
- 4           remaining county allocation amount must be transferred into the county highway
- 5           tax distribution fund.
- 6           b. For each county having a city with a population of ten thousand or more, the
- 7           amount transferred each month into the county highway tax distribution fund
- 8           must be the difference between the amount allocated to that county pursuant to
- 9           this subsection and the total amount allocated and distributed to the incorporated
- 10          cities in that county as computed according to the following formula:
- 11          (1) A statewide per capita average as determined by calculating twenty-seven
- 12          percent of the amount allocated to all of the counties under this subsection
- 13          divided by the total population of all of the incorporated cities in the state.
- 14          (2) The share distributed to each city in the county having a population of less
- 15          than one thousand must be determined by multiplying the population of that
- 16          city by the product of 1.50 times the statewide per capita average computed
- 17          under paragraph 1.
- 18          (3) The share distributed to each city in the county having a population of one
- 19          thousand to four thousand nine hundred ninety-nine, inclusive, must be
- 20          determined by multiplying the population of that city by the product of 1.25
- 21          times the statewide per capita average computed under paragraph 1.
- 22          (4) The share distributed to each city in the county having a population of five
- 23          thousand or more must be determined by multiplying the population of that
- 24          city by the statewide per capita average for all such cities, which per capita
- 25          average must be computed as follows: the total of the shares computed
- 26          under paragraphs 2 and 3 for all cities in the state having a population of
- 27          less than five thousand must be subtracted from the total incorporated cities'
- 28          share in the state as computed under paragraph 1 and the balance
- 29          remaining must then be divided by the total population of all cities of five
- 30          thousand or more in the state.

1 5. The moneys allocated to the incorporated cities must be distributed to them monthly  
2 by the state treasurer and must be deposited by the cities in a separate fund and may  
3 only be used in accordance with section 11 of article X of the Constitution of North  
4 Dakota and an incorporated city may use the fund for the construction, reconstruction,  
5 repair, and maintenance of public highways within or outside the city pursuant to an  
6 agreement entered into between the city and any other political subdivision as  
7 authorized by section 54-40-08.

8 **SECTION 13.** A new section to chapter 54-27 of the North Dakota Century Code is created  
9 and enacted as follows:

10 **Legacy earnings fund - State treasurer - Legacy fund distribution - Allocations.**

- 11 1. There is created in the state treasury the legacy earnings fund. The fund consists of all  
12 moneys distributed by the state treasurer from the legacy fund pursuant to section 26  
13 of article X of the Constitution of North Dakota. The distribution from the legacy fund  
14 on July first of each odd-numbered year must be equal to eight percent of the five-year  
15 average value of the legacy fund balance as reported by the state investment board.  
16 The average value of the legacy fund balance must be calculated using the fund  
17 balance at the end of each fiscal year for the five-year period ending with the most  
18 recently completed even-numbered fiscal year.
- 19 2. From the amount distributed to the legacy earnings fund under subsection 1, the state  
20 treasurer shall allocate ~~seven-eighths of~~ the funding in July of each odd-numbered  
21 year in the following order:
- 22 a. The first one hundred two million six hundred twenty-four thousand dollars or an  
23 amount equal to the amount appropriated from the legacy sinking and interest  
24 fund for debt service payments for a biennium, whichever is less, to the legacy  
25 sinking and interest fund under section 6-09.4-10.1.
- 26 b. ~~The next two hundred twenty-five million dollars to the general fund to provide~~  
27 ~~support for tax relief initiatives approved by the legislative assembly.~~
- 28 ~~c. The next one hundred million dollars to the legacy earnings highway distribution~~  
29 ~~fund for allocations under section 54-27-19.3.~~
- 30 ~~d. The remaining amount as follows:~~
- 31 (1) ~~Fifty~~~~Twenty-five~~ percent to the ~~general~~~~highway~~ fund.

(2) ~~The remainder to the strategic investment and improvements fund to be used in accordance with section 15-08.1-08 legacy property tax relief fund.~~

~~3. From the amount distributed to the legacy earnings fund under subsection 1, the state treasurer shall allocate the remaining one-eighth of the funding in July of each odd-numbered year to the flexible transportation fund for allocations under section 24-02-37.3.~~

~~SECTION 11. AMENDMENT. Section 54-27-19.3 of the North Dakota Century Code is amended and reenacted as follows:~~

~~54-27-19.3. Legacy earnings highway distribution fund.~~

~~A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section 21-10-1310 of this Act. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:~~

~~1. Sixty percent must be transferred to the department of transportation for deposit in the state highway fund;~~

~~2. Ten percent must be transferred to the legacy earnings township highway aid fund;~~

~~3. One and five-tenths percent must be transferred to the public transportation fund; and~~

~~4. Twenty-eight and five-tenths percent must be allocated to cities and counties using the formula established in subsection 4 of section 54-27-19. Moneys received by counties and cities must be used for roadway purposes in accordance with section 11 of article X of the Constitution of North Dakota.~~

**SECTION 14. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. Transfer of revenue.**

After the deposits under sections 57-39.2-26.1, 57-39.2-26.2, and 57-39.2-26.3, moneys collected and received under this chapter must be deposited monthly in the state treasury and allocated as follows:

1. Fifty percent to the general fund; and

2. The remaining fifty percent to the flexible transportation ~~general~~ fund ~~under section 24-02-37.3.~~

1       **SECTION 15. AMENDMENT.** Subsection 1 of section 57-43.1-02 of the North Dakota  
2 Century Code is amended and reenacted as follows:

- 3           1. Except as otherwise provided in this section, a tax of ~~twenty-three~~twenty-eight cents  
4           per gallon [3.79 liters] is imposed on all motor vehicle fuel sold or used in this state.

5       **SECTION 16. AMENDMENT.** Subsection 1 of section 57-43.2-02 of the North Dakota  
6 Century Code is amended and reenacted as follows:

- 7           1. Except as otherwise provided in this chapter, an excise tax of ~~twenty-three~~twenty-eight  
8           cents per gallon [3.79 liters] is imposed on the sale or delivery of all special fuel sold or  
9           used in this state. For the purpose of determining the tax upon compressed natural  
10          gas and liquefied natural gas under this section, one hundred twenty cubic feet [3.40  
11          cubic meters] of compressed natural gas, and one and seven-tenths gallons [6.44  
12          liters] of liquefied natural gas is equal to one gallon [3.79 liters] of other special fuel.

13       **SECTION 17. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15       **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

16       From the revenues designated for deposit in the state general fund under chapters 57-51  
17 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the  
18 following order:

- 19           1. The first two hundred thirty million dollars into the state general fund;  
20           2. The next two hundred fifty million dollars into the social service fund;  
21           3. The next seventy-five million dollars into the budget stabilization fund, but not in an  
22           amount that would bring the balance in the fund to more than the limit in section  
23           54-27.2-01;  
24           4. The next two hundred thirty million dollars into the state general fund;  
25           5. The next ten million dollars into the lignite research fund;  
26           6. The next twenty million dollars into the state disaster relief fund, but not in an amount  
27           that would bring the unobligated balance in the fund to more than twenty million  
28           dollars;  
29           7. The next ~~four hundred~~three hundred eighty million dollars into the strategic investment  
30           and improvements fund;

1 8. The next sixty-five million dollars to the public employees retirement fund for the main  
2 system plan;

3 9. ~~The next fifty-nine million seven hundred fifty thousand dollars, or the amount~~  
4 ~~necessary to provide for twice the amount of the distributions under subsection 2 of~~  
5 ~~section 57-51.1-07.7, into the funds designated for infrastructure development in~~  
6 ~~non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty-~~  
7 ~~percent deposited into the municipal infrastructure fund and fifty percent deposited into~~  
8 ~~the county and township infrastructure fund;~~

9 ~~10. The next one hundred seventy million two hundred fifty thousand dollars or the amount~~  
10 ~~necessary to provide a total of two hundred thirty million dollars into the funds~~  
11 ~~designated for infrastructure development in non-oil-producing counties under sections~~  
12 ~~57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal~~  
13 ~~infrastructure fund and fifty percent deposited into the county and township~~  
14 ~~infrastructure fund;~~

15 ~~11.~~ The next twenty million dollars into the airport infrastructure fund; and

16 ~~12.10.~~ Any additional revenues into the strategic investment and improvements fund.

17 **SECTION 18. REPEAL.** Sections 21-10-12 ~~and~~, 21-10-13, 54-27-19.3, and 54-27-19.4 of  
18 the North Dakota Century Code are repealed.

19 **SECTION 19. DEPARTMENT OF TRANSPORTATION - UNITED STATES HIGHWAY 85**  
20 **PROJECT - REPORT.** ~~The~~When the request for bids for construction on the last segment of the  
21 United States highway 85 project between interstate highway 94 and North Dakota highway 200  
22 commences, the department of transportation shall prepare and complete an environmental  
23 impact statement ~~process~~ to construct a four-lane highway for the remaining sections of the  
24 Theodore Roosevelt expressway as described in section 24-01-54 which do not have four lanes  
25 from the South Dakota border to interstate highway 94 and from Williston to the Montana  
26 border. The department shall provide reports to the legislative management regarding the costs  
27 and status of the impact statement process.

28 ~~SECTION 15. REST AREA COOPERATIVE AGREEMENT.~~ During the biennium beginning  
29 ~~July 1, 2025, and ending June 30, 2027, the director of the department of transportation shall~~  
30 ~~review options to enter a cooperative agreement pursuant to section 24-02-02.5 to jointly~~  
31 ~~administer a rest area at the Theodore Roosevelt national park painted canyon visitor center.~~

~~The director may expend moneys from the state highway fund within the limits of legislative appropriations for operational support of the facility and for facility improvements to support year-round operations of the facility.~~

**SECTION 20. REST AREA COOPERATIVE AGREEMENT.** Notwithstanding any other provision of law, the director of the department of transportation may expend moneys from the state highway fund or any moneys within the limits of legislative appropriations for the purpose of constructing a rest area and visitor center in western North Dakota during the biennium beginning July 1, 2025, and ending June 30, 2027.

**SECTION 21. MISCELLANEOUS EXPENSES FOR DEPARTMENT OF TRANSPORTATION FACILITIES.** The department of transportation may expend funds for workplace appliances limited to coffee makers, microwaves, and refrigerators, for the biennium beginning July 1, 2025, and ending June 30, 2027.

**SECTION 22. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$100,000,000 appropriated from special funds for the purpose of road and bridge construction projects in subsection 2 of section 13 of chapter 15 of the 2021 Session Laws;
2. The sum of \$317,000,000 appropriated from federal funds for state, county, and township road and bridge projects in section 7 of chapter 548 of the 2021 Session Laws;
3. The sum of \$61,700,060 appropriated from federal funds for surface transportation grants in subdivision 10 of section 1 of chapter 27 of the 2021 Session Laws;
4. The sum of \$13,660,000 appropriated from special funds for information technology projects in section 1 of chapter 40 of the 2021 Session Laws;
5. The sum of \$9,125,000 appropriated from the general fund in the operating expenses line item relating to information technology projects in section 1 of chapter 12 of the 2023 Session Laws;
6. The sum of \$2,500,000 appropriated from special funds to match funding from the state of Minnesota and other sources for studies, preliminary engineering, and

- 1 environmental studies to address northern Red River valley infrastructure affected by  
2 flooding in section 2 of chapter 12 of the 2023 Session Laws;
- 3 7. The sum of \$5,000,000 appropriated from special funds for an environmental study of  
4 a portion of United States highway 52, in section 1 of chapter 12 of the 2023 Session  
5 Laws;
- 6 8. The sum of \$757,000 included in the deferred maintenance funding pool line item and  
7 transferred to the department of transportation pursuant to section 9 of chapter 640 of  
8 the 2023 Special Session Session Laws; and
- 9 9. The sum of \$161,000,000 appropriated from special funds for flexible transportation  
10 fund projects in section 1 of chapter 12 of the 2023 Session Laws.

11 **SECTION 23. EFFECTIVE DATE.** Section ~~42~~14 of this Act is effective for motor vehicle  
12 excise tax collections transmitted to the state treasurer after July 31, 2025. Sections 15 and 16  
13 of this Act are effective for taxable events occurring after June 30, 2025.