

Department 801 - Department of Transportation
House Bill No. 1012

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$134,125,000	\$2,242,036,670	\$2,376,161,670
2023-25 Base Level	0	1,495,514,727	1,495,514,727
Increase (Decrease)	\$134,125,000	\$746,521,943	\$880,646,943

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$13,726,830 is for salary increases and \$5,030,586 is for health insurance increases	\$0	\$18,757,416	\$18,757,416
2. Adds 29 FTE positions, including 8 driver's license examiners, 3 accountants, 4 auditors, and 14 snow and ice control operators	\$0	\$5,444,921	\$5,444,921
3. Adds one-time funding to complete the roadway information management system project	\$6,250,000	\$0	\$6,250,000
4. Provides one-time funding of \$25 million from the general fund and \$115 million of ongoing funding received from motor vehicle excise tax collections for a new state funded transportation program (The executive budget recommends depositing 25 percent of motor vehicle excise tax collections in the highway fund during the 1 st year of the 2023-25 biennium and 50 percent during the 2 nd year of the biennium.)	\$25,000,000	\$115,000,000	\$140,000,000
5. Provides one-time funding of \$100 million from the general fund and \$300 million from the strategic investment and improvements fund to match federal highway funding	\$100,000,000	\$300,000,000	\$400,000,000
6. Adds one-time funding for facility door security	\$865,000	\$0	\$865,000
7. Adds one-time funding for automated vehicle locators	\$2,010,000	\$0	\$2,010,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Line item transfers - Section 3 would authorize the Department of Transportation (DOT) to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways.

Exemption - Enhanced state highway investments - Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments, is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2023-25 biennium.

Appropriation - Additional income - Section 5 would appropriate any additional federal or other funds available to DOT during the 2023-25 biennium.

Strategic investment and improvements fund - Section 6 would identify \$300 million from the strategic investment and improvements fund to match federal highway funding.

Contingent loan authorization - Section 7 would allow DOT to borrow up to \$50 million from the Bank of North Dakota to match \$50 million of federal funds.

Exemptions - Sections 8 through 17 would provide exemptions for various road and infrastructure projects.

Rest area and visitor center construction - Section 18 would authorize DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.

Amendment - 2021-23 biennium appropriation authority - Section 19 would amend an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Deficiency Appropriations

No deficiency appropriations for this agency.

Significant Audit Findings

The Department of Transportation audit report for the biennium ending June 30, 2021, included the following findings:

- DOT did not properly assign or restrict individual access rights to the computer system related to storage of REAL ID documents which could give employees access to sensitive information without being authorized.
- DOT has not designed and implemented procedures to identify inappropriate access to sensitive personal information in the REAL ID document computer storage system.
- DOT did not have proper procedures in place to track required training and did not have procedures in place to track annual confidentiality policy acknowledgements.

Major Related Legislation

House Bill No. 1080 - Electronic proof of motor vehicle registration - Allows drivers to provide electronic proof of motor vehicle registration.

House Bill No. 1081 - Electronic vehicle charging tax study - Requires DOT to conduct a study of options to implement an electronic charging tax.

House Bill No. 1102 - Continuing appropriation for federal funds - Provides a continuing appropriation for any federal grant and discretionary funds received by DOT.

House Bill No. 1103 - General fund matching dollars - Appropriates \$35 million from the general fund to match federal funds.

House Bill No. 1117 - Veterans memorial bridge - Designates a bridge as the veterans memorial bridge and provides DOT with a continuing appropriation to spend any funds donated for the placements of signs designating the name of the bridge.

Senate Bill No. 2063 - Federal electric vehicle infrastructure grants - Provides a continuing appropriation for any federal funds received for electric vehicle charging stations.

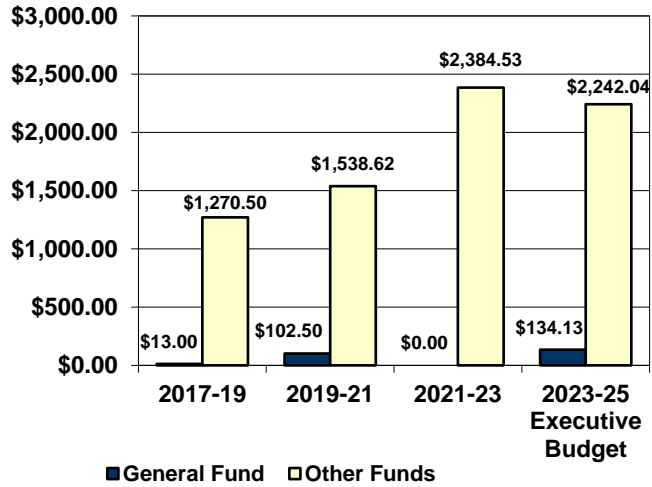
Senate Bill No. 2110 - National park maintenance agreement - Allows DOT to enter an agreement for the joint maintenance of the road network in Theodore Roosevelt National Park.

Senate Bill No. 2113 - Flexible transportation fund - Creates a flexible transportation fund for the construction and maintenance of state and local roads.

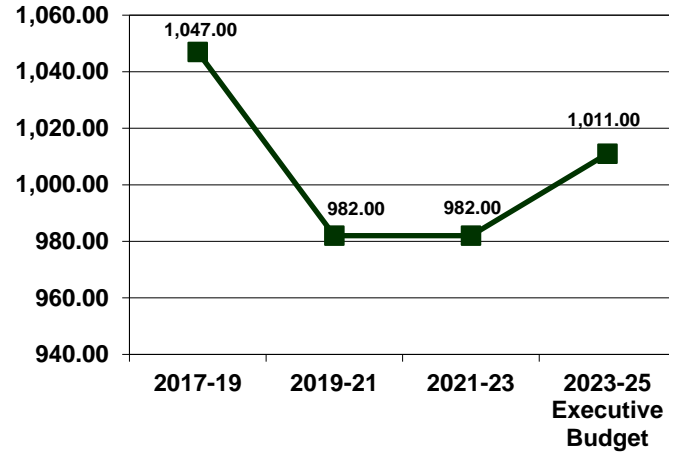
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$1,266,540,461	\$1,269,489,868	\$1,388,445,404	\$1,495,514,727	\$1,652,036,667
Increase (decrease) from previous biennium	N/A	\$2,949,407	\$118,955,536	\$107,069,323	\$156,521,940
Percentage increase (decrease) from previous biennium	N/A	0.2%	9.4%	7.7%	10.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.2%	9.6%	18.1%	30.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

- Removed 26.5 vacant FTE positions (\$5,363,021)
- Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of eight highway maintenance sections (\$1,286,619)
- Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item \$0
- Adjusted funding for operating expenses, capital assets, and grants \$14,067,380
- Added funding for capital assets \$588,122
- Reduced funding for operating expenses (\$5,013,726)
- Reduced funding for driver's license field sites (\$160,293)

2019-21 Biennium

- Removed 42 unspecified FTE positions and related funding (\$7,979,595)
- Restored 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses (\$3 million), and added 2 FTE positions related to Fargo driver's license operations (\$334,000) \$3,334,000
- Transferred 41 FTE IT positions and related funding to the Information Technology Department (ITD) (\$8,224,012) and adds funding of \$8,284,451 for payments to ITD for the IT unification initiative \$60,439
- Increased funding for capital assets to provide a total ongoing capital asset funding of \$859,725,944 \$87,874,093

5. Increased funding for grants to provide a total of \$95,854,637 \$17,226,607

2021-23 Biennium

- 1. Increased funding for capital payments to provide a total of \$837,191,709 \$19,416,426
- 2. Increased funding for building, grounds, and maintenance to provide a total of \$80,402,361 \$11,874,907
- 3. Increased funding for professional services to provide a total of \$79,008,372 \$10,213,695
- 4. Increased funding for data processing to provide a total of \$26,176,352 \$6,143,124
- 5. Increased funding for operating fees and services to provide a total of \$7,840,256 \$4,365,500

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds \$115 million for a new state funded transportation program \$115,000,000
- 2. Adds 29 FTE positions \$5,444,921

One-Time Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time appropriations	\$820,000,000	\$1,015,000	\$73,800,000	\$889,019,357	\$724,125,000

Major One-Time Appropriations

2017-19 Biennium

- 1. Added one-time funding for an electronic payment processing system to be implemented by ITD, of which \$147,000 is from a Bank of North Dakota loan and \$159,000 is for repayment of the loan. \$306,000
- 2. Added one-time funding of other funds received from Adjutant General loan proceeds for law enforcement costs relating to unlawful activity associated with the construction of the Dakota Access Pipeline \$709,000

2019-21 Biennium

- 1. Added one-time funding from the highway fund to replace the driver's license system \$22,500,000
- 2. Added contingent one-time funding from a Bank of North Dakota loan to match federal grants \$50,000,000

2021-23 Biennium

- 1. Added one-time funding from federal funds as matching funds for road and bridge projects, of which \$35 million is to match funding provided through bonding and \$20 million is to match funding allocated to townships \$55,000,000
- 2. Added one-time funding from federal funds received under the federal American Rescue Plan Act and other federal funding \$318,609,357
- 3. Added one-time funding from bond proceeds deposited in the highway fund for state highway bridge projects and for matching federal funds for US Highway 85 \$70,000,000
- 4. Added contingent one-time funding from a Bank of North Dakota loan to match federal grants for US Highway 85 \$50,000,000
- 5. Added one-time funding from federal funds for infrastructure improvements to US Highway 85 \$45,000,000

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds \$100 million from the general fund and \$300 million from the strategic investments and improvements fund to match federal funds, including one-time federal funds of \$290 million \$690,000,000
- 2. Adds \$25 million from the general fund to establish a state funded transportation program \$25,000,000
- 3. Adds \$6.25 million from the general fund for the roadway information management system project \$6,250,000
- 4. Provides \$2.01 million from the general fund for automated vehicle locators \$2,010,000

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	982.00	\$0	\$1,495,514,727	\$1,495,514,727
2023-25 Ongoing Funding Changes				
Cost to continue salary increases, including cost to continue 2021-23 equity adjustments			\$9,903,727	\$9,903,727
Salary increase			13,726,830	13,726,830
Health insurance increase			5,030,586	5,030,586
Base budget adjustments, including adjustments to federal funding levels			7,415,879	7,415,879
State funded transportation program			115,000,000	115,000,000
New FTE positions	29.00		5,444,921	5,444,921
Total ongoing funding changes	29.00	\$0	\$156,521,943	\$156,521,943
One-time funding items				
Federal matching funds one-time, including SIIF		\$100,000,000	\$73,736,663	\$173,736,663
Federal discretionary funds, including SIIF match			516,263,337	516,263,337
State-funded transportation program		25,000,000		25,000,000
Roadway information management system project		6,250,000		6,250,000
Door security		865,000		865,000
Automated vehicle location		2,010,000		2,010,000
Total one-time funding changes	0.00	\$134,125,000	\$590,000,000	\$724,125,000
Total Changes to Base Level Funding	29.00	\$134,125,000	\$746,521,943	\$880,646,943
2023-25 Total Funding	1,011.00	\$134,125,000	\$2,242,036,670	\$2,376,161,670
<i>Federal funds included in other funds</i>			\$1,219,302,445	
<i>Total ongoing changes as a percentage of base level</i>	3.0%		10.5%	10.5%
<i>Total changes as a percentage of base level</i>	3.0%		49.9%	58.9%

Other Sections in Department of Transportation - Budget No. 801

	Executive Budget Recommendation
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.
Exemption - State highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments, is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2023-25 biennium.
Additional income appropriation	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2023-25 biennium.
Strategic investment and improvements fund	Section 6 would identify \$300 million from the strategic investment and improvements fund to be used to match federal highway funding.
Contingent loan authorization	Section 7 would allow the Department of Transportation to borrow up to \$50 million from the Bank of North Dakota to match \$50 million of federal funds.

Other Sections in Department of Transportation - Budget No. 801

Executive Budget Recommendation

Exemptions

Sections 8 through 17 would provide exemptions for various road and infrastructure projects.

Rest area and visitor center construction

Section 18 would authorize the Department of Transportation to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.

Amendment - 2021-23 biennium appropriation authority

Section 20 would amend an appropriation section from the 2021 legislative session to remove the requirements provided for the use of funding received from bond proceeds.

HOUSE BILL NO. 1012
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the department of transportation; to provide for a transfer; to provide exemptions; and to provide an amendment.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 204,109,585	\$ 34,106,064	\$ 238,215,649
Operating Expenses	270,888,188	65,187,630	336,075,818
Capital Assets	902,431,344	778,748,301	1,681,179,645
Grants	<u>118,085,610</u>	<u>2,604,948</u>	<u>120,690,558</u>
Total All Funds	\$1,495,514,727	\$880,646,943	\$2,376,161,670
Less Estimated Income	<u>1,495,514,727</u>	<u>746,521,943</u>	<u>2,242,036,670</u>
Total General Fund	\$ 0	\$134,125,000	\$ 134,125,000
Full-Time Equivalent Positions	982.00	29.00	1,011.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Infrastructure Improvements	\$873,609,357	\$425,000,000
Construction Systems Replacement	9,660,000	6,250,000
Emergency Road Repair Grants	750,000	0
Unmanned Aircraft System Program	5,000,000	0
Automated Vehicle Location	0	2,010,000
Door Security System	<u>0</u>	<u>865,000</u>
Total All Funds	\$889,019,357	\$434,125,000
Less Estimated Income	<u>889,019,357</u>	<u>300,000,000</u>
Total General Fund	\$ 0	\$134,125,000

SECTION 3. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to the remaining \$26,200,669 of the \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2021-23 biennium but not spent by June 30, 2023, must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 6. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income and the capital assets line items in section 1 of this Act include the sum of \$300,000,000 from the strategic investment and improvements fund for infrastructure projects and matching federal formula and discretionary grants.

SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, to match \$50,000,000 of federal funds that may become available, for the biennium beginning July 1, 2023, and ending June 30, 2025. The funds borrowed under this section from the Bank of North Dakota and the federal funds are appropriated to the department of transportation. The department of transportation shall request from the sixty-ninth legislative assembly an appropriation to repay any outstanding loans authorized in this section.

SECTION 8. EXEMPTION - INFORMATION TECHNOLOGY PROJECTS. Section 54-44.1-11 does not apply to the \$13,660,000 in the operating expenses line item relating to the information technology projects in section 1 of chapter 40 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the construction and materials management system, traffic counting and data estimating and analysis program, and the website drupal uplift.

SECTION 9. EXEMPTION - EMERGENCY ROAD REPAIR GRANTS. Section 54-44.1-11 does not apply to the \$750,000 in section 4 of chapter 40 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of providing grants to townships for emergency township road repairs.

SECTION 10. EXEMPTION - TRANSPORTATION GRANTS. Section 54-44.1-11 does not apply to the \$1,609,357 in subdivision 10 of section 2 of chapter 28 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of COVID-19 grants.

SECTION 11. EXEMPTION - DISCRETIONARY MATCH. Section 54-44.1-11 does not apply to the \$100,000,000 in section 13, subsection 2, of chapter 15 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of matching federal discretionary funds.

SECTION 12. EXEMPTION - INFRASTRUCTURE PROJECTS. Section 54-44.1-11 does not apply to the \$100,000,000 in section 13, subsection 3, of chapter 15 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of defraying the expenses of road and bridge construction projects.

SECTION 13. EXEMPTION - INFRASTRUCTURE PROJECTS. Section 54-44.1-11 does not apply to the \$55,000,000 in section 5 of chapter 15 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of road and bridge projects.

SECTION 14. EXEMPTION - INFRASTRUCTURE PROJECTS. Section 54-44.1-11 does not apply to the \$70,000,000 in section 10 of chapter 80 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of state highway bridge projects and for matching federal funds for state highway projects.

SECTION 15. EXEMPTION - INFRASTRUCTURE PROJECTS. Section 54-44.1-11 does not apply to the \$317,000,000 in section 7 of chapter 548 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of road and bridge projects.

SECTION 16. EXEMPTION - INFRASTRUCTURE PROJECTS. Section 54-44.1-11 does not apply to the \$135,000,000 in section 8 of chapter 548 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of road and bridge construction projects.

SECTION 17. EXEMPTION - TRANSPORTATION GRANTS. Section 54-44.1-11 does not apply to the \$61,700,060 in subdivision 10 of section 1 of chapter 27 of the 2021 Session Laws and any unexpended funds must be continued into the biennium beginning July 1, 2023, and ending June 30, 2025, and may be expended only for the purpose of COVID-19 surface transportation grants.

SECTION 18. CONSTRUCTION OF REST AREA AND VISITOR CENTER. 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 the legislative appropriations for the purpose of constructing a rest area and visitor center in western North Dakota, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 19. AMENDMENT. Section 10 of chapter 80 of the 2021 Session Laws is amended and reenacted as follows:

SECTION 20. APPROPRIATION - HIGHWAY FUND —~~CONTINGENT TRANSFER.~~ There is appropriated out of any moneys in the highway fund in the state treasury, not otherwise appropriated, the sum of \$70,000,000, or so much of the sum as may be necessary, derived from bond proceeds to the department of transportation for state highway and state highway bridge projects and for matching federal funds that may become available, for the biennium beginning July 1, 2021, and ending June 30, 2023. ~~Of the \$70,000,000, \$35,000,000 is designated for state highway bridge projects, and \$35,000,000 is designated for matching federal funds that may become available for state highway projects in excess of the federal funds appropriated to the department of transportation as part of its 2021-23 biennial budget. By October 1, 2022, the director of the department of transportation shall certify to the office of management and budget the amount of funding committed to matching excess federal funds from the \$35,000,000 provided under this section. If the amount committed is less than \$35,000,000, the office of management and budget shall transfer any uncommitted amounts to the infrastructure revolving loan fund under section 6-09-49.~~