



Department of Transportation
Department No. 801
2025 Senate Bill No. 2012

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	1,013.00	\$0	\$2,602,488,365	\$2,602,488,365
Base level	1,001.00	0	1,749,752,645	1,749,752,645
Increase (decrease)	12.00	\$0	\$852,735,720	\$852,735,720
Percentage increase (decrease)	1.2%	0.0%	48.7%	48.7%

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Restores the new and vacant FTE funding pool into the department's budget
- Adds \$451,898 of other funds for 2 FTE positions for a data management program
- Adds \$1,006,006 of other funds and 2 FTE positions for additional maintenance costs on US Highway 85
- Adds 1 FTE position and \$249,997 of other funds for a bridge load rating coordinator
- Adds \$284,992 of other funds and 1 FTE position for tribal and public communications and engagement
- Adds \$258,005 of other funds for 1 FTE grant management position
- Adds 1 FTE position and \$249,997 of other funds for a Transportation Management Center position
- Adds \$258,005 of other funds and 1 FTE position for federal compliance activities
- Adds 1 FTE position and \$249,997 of other funds for a local government assistance position
- Increases State Fleet Services spending authority by \$17,500,000 for increased operating and purchase costs
- Provides \$4,000,000 of other funds for rotary snowblower replacements
- Increases authority from the state rail loan fund by \$7,500,000
- Provides \$171,300,000 of one-time funding from the strategic investment and improvements fund to match federal formula funds
- Provides \$150,000,000 of one-time funding from the strategic investment and improvements fund to match federal discretionary funds
- Provides \$33,500,000 of one-time funding from the strategic investment and improvements fund for a facility improvement plan
- Provides \$3 million of one-time funding from other funds for a motor vehicle and drivers license appointment system upgrade

Estimated Highway Tax Distribution Fund Allocations

The following is the estimated amount of allocations from the highway tax distribution fund for the 2023-25 and 2025-27 biennium included in the 2025-27 biennium executive budget:

	2023-25 Biennium	2025-27 Biennium
State highway fund	\$312,900,000	\$317,800,000
Counties	112,300,000	114,000,000
Cities	63,800,000	64,700,000
Townships	13,800,000	14,000,000
Public transit	7,700,000	7,800,000
Total	\$510,500,000	\$518,300,000

Estimated Federal Transportation Funding

The following is the amount of federal transportation funding appropriated in the 2023-25 biennium and the estimated federal transportation funding included in the 2025-27 executive budget.

	2023-25 Biennium Appropriations	2025-27 Biennium Executive Budget
Federal Highway Administration formula funds	\$884,700,000	\$963,800,000
Federal Highway Administration discretionary funds	290,000,000	320,000,000
Federal Transit Administration funds	32,400,000	40,600,000
National Highway Traffic Safety Administration funds	12,100,000	13,600,000
Total	\$1,219,200,000	\$1,338,000,000

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Agency Fees

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency has 125 fees. The agency did not recommend any changes to the fees.

Major Related Legislation

House Bill No. 1037 - Uncrewed aircraft grant appropriation - Provides the Department of Transportation with a \$750,000 general fund appropriation to provide grants to entities to assist law enforcement agencies by monitoring US Highway 2.

House Bill No. 1050 - License plate readers - Authorizes the Department of Transportation to enter agreements with law enforcement agencies to place license plate readers on department-owned or operated equipment.

House Bill No. 1051 - Special road fund - Allows tribal governments to request funds from the special road fund.

House Bill No. 1053 - Length of state highway system - Repeals Section 24-01-01.2 which limits the length of the state highway system to 7,700 miles.

House Bill No. 1056 - Oahe Reservoir bridge - Authorized the Department of Transportation to accept ownership of any bridge constructed over the Oahe Reservoir.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



**Department of Transportation - Budget No. 801
Agency Worksheet - Senate Bill No. 2012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	1,001.00	\$0	\$1,749,752,645	\$1,749,752,645
2025-27 Ongoing Funding Changes				
Base budget adjustments and reductions			(\$11,621,679)	(\$11,621,679)
Salary increase			10,494,333	10,494,333
Health insurance increase			6,095,359	6,095,359
Restore new FTE funding pool			3,545,684	3,545,684
Restore vacant FTE funding pool			14,863,018	14,863,018
Estimated federal funds increase			406,821,876	406,821,876
Data management program	2.00		451,898	451,898
Bridge load rating coordinator	1.00		249,997	249,997
US Highway 85 staffing and equipment	2.00		1,006,006	1,006,006
Federal formula funds positions	2.00		472,004	472,004
Local government assistance position	1.00		249,997	249,997
Federal compliance position	1.00		258,005	258,005
Grants position	1.00		258,005	258,005
Tribal and public engagement position	1.00		284,992	284,992
Transportation management center position	1.00		249,997	249,997
Rail loan fund authority			7,500,000	7,500,000
Local funds match authority			3,800,000	3,800,000
Customer CHATBOT			1,000,000	1,000,000
Increased roadway maintenance costs			3,000,000	3,000,000
Major equipment funding			2,000,000	2,000,000
Increased district contractor payments			6,842,212	6,842,212
Increased information technology operating funds			4,022,016	4,022,016
Rotary snowblower replacements			4,000,000	4,000,000
Engineering equipment replacement			472,000	472,000
Increased state fleet operating costs			17,500,000	17,500,000
Total ongoing funding changes	12.00	\$0	\$483,815,720	\$483,815,720
One-Time Funding Items				
Facility improvements			\$5,970,000	\$5,970,000
Appointment system upgrade			3,000,000	3,000,000
Spring load restriction plan			1,700,000	1,700,000
Inventory tracking system			350,000	350,000
Artificial intelligence for business functions			1,000,000	1,000,000
Federal formula funds match (SIIF)			171,300,000	171,300,000
Federal discretionary funds match (SIIF)			150,000,000	150,000,000
Pavement management van (SIIF)			1,100,000	1,100,000
Facility improvement plan (SIIF)			33,500,000	33,500,000
Grant management software			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$368,920,000	\$368,920,000
Total Changes to Base Level Funding	12.00	\$0	\$852,735,720	\$852,735,720
2025-27 Total Funding	1,013.00	\$0	\$2,602,488,365	\$2,602,488,365

Federal funds included in other funds

\$1,338,004,712

Total ongoing changes - Percentage of base level

1.2%

N/A

27.7%

27.7%

Total changes - Percentage of base level

1.2%

N/A

48.7%

48.7%

Other Sections in Department of Transportation - Budget No. 801

Other Sections in Department of Transportation - Budget No. 801

Section Description	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.
Additional appropriation authority	Section 4 would appropriate any additional funding received by DOT to the agency for the 2025-27 biennium.
Strategic investment and improvements fund	Section 5 would identify \$355.9 million from the strategic investment and improvements fund for matching federal formula funds (\$171.3 million), for matching discretionary funding (\$150 million), for facility repairs (\$33.5 million), and for a pavement management van (\$1.1 million).
Carryover exemptions	Section 6 would provide exemptions to allow carryover authority for various projects.
Rest area and visitor center construction	Section 7 would authorize DOT to construct a rest area and visitor center in western North Dakota utilizing appropriations from the state highway fund.
Subsidy of railway lines	Section 8 would amend Section 49-17.1-05 to provide that moneys in the state rail fund are appropriated to DOT on a continuing basis for the continuation of operations and maintenance of any railroad in the state.
Full-time equivalent authorization	Section 9 would allow DOT to adjust full-time equivalent positions subject to the availability of funds.

Sixty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2012
(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 an exemption; and to amend and reenact section 49-17.1-05 of the North Dakota Century Code relating to the subsidy of railway lines.

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, 2025, and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$219,279,648	\$39,333,520	\$258,613,168
Operating expenses	316,256,474	80,388,648	396,645,122
Capital assets	1,101,395,065	729,194,552	1,830,589,617
Grants	<u>112,821,458</u>	<u>3,819,000</u>	<u>116,640,458</u>
Total special funds	\$1,749,752,645	\$852,735,720	\$2,602,488,365
Full-time equivalent positions	1,001.00	12.00	1,013.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Federal highway funds	\$290,000,000	\$0
State matching funds	114,000,000	171,300,000
Discretionary match/local federal swap program	0	150,000,000
State flexible transportation fund	51,000,000	0
Contingent loans	78,500,000	0
Roadway management system project	6,250,000	0
Automated vehicle location	2,010,000	0
Door security	865,000	0
Short line railroad programs	6,500,000	0
United States highway 52 environmental study	5,000,000	0
Flood projects study	2,500,000	0
Rural transit program grants	1,250,000	0
10-year facilities plan – rest areas	0	33,500,000
Pavement management van replacement	0	1,100,000
10-year facilities plan – buildings	0	5,970,000
Motor vehicle/drivers license appointment system	0	3,000,000
Spring road load restrictions technology	0	1,700,000
Artificial intelligence for core business functions	0	1,000,000
Grant management tracking software	0	1,000,000
Barcoding software/inventory tracking system	<u>0</u>	<u>350,000</u>
Total all funds	\$557,875,000	\$368,920,000

Less estimated income	<u>547,500,000</u>	<u>368,920,000</u>
Total general fund	\$10,375,000	\$0

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 when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 4. 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, 2025, and ending June 30, 2027.

SECTION 5. 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 \$355,900,000 from the strategic investment and improvements fund for the following purposes:

1. The sum of \$171,300,000 for matching federal highway formula funding for transportation infrastructure projects;
2. The sum of \$150,000,000 for matching federal highway discretionary funding for transportation infrastructure projects and for local public agencies federal fund swap program;
3. The sum of \$33,500,000 for repairs and maintenance on the state’s rest area facilities; and
4. The sum of \$1,100,000 for replacement of the pavement management van.

SECTION 6. 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 remaining \$14,147,246 of the \$100,000,000 appropriated from special funds for the purpose of road and bridge construction projects in section 13, subsections 2 of chapter 15 of the 2021 Session Laws;
2. The remaining \$32,254,168 of the \$55,000,000 appropriated from federal funds to match state bond proceeds in section 5 of chapter 15 of the 2021 Session Laws;
3. The remaining \$11,697,962 of the \$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;
4. The remaining \$4,478,557 of the \$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;
5. The remaining \$12,080,513 of the \$13,660,000 appropriated from special funds for information technology projects in section 1 of chapter 40 of the 2021 Session Laws and the remaining \$8,448,243 of the additional \$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 remaining \$2,151,245 of the \$2,500,000 appropriated from special funds to match funding from the state of Minnesota and other sources for studies, preliminary engineering, and environmental studies to address northern Red River valley infrastructure affected by flooding; and the remaining \$2,368,407 of the \$5,000,000 appropriated from special funds for an environmental study of a portion of United States highway 52, in section 1 of chapter 12 of the 2023 Session Laws;
7. The sum of \$757,000 included in the deferred maintenance funding pool line item and transferred to the department of transportation pursuant to chapter 47, section 15 of the 2023 session laws; and

8. The sum of \$82,200,000 appropriated from special funds for flexible transportation fund projects in section 1 of chapter 12 of the 2023 Session Laws.

SECTION 7. 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, 2025, and ending June 30, 2027.

SECTION 8. AMENDMENT. 49-17.1-05. of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-05. Subsidy of railway lines – Continuing appropriation.

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

SECTION 9. EXEMPTION - FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the department of transportation may increase or decrease authorized full-time equivalent positions as needed, subject to availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The department of transportation shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.