

**2025 HOUSE FINANCE AND TAXATION**

**HB 1382**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1382  
2/5/2025

Relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

10:10 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

### **Discussion Topics:**

- Other states' tax
- Legacy Fund

10:11 a.m. Vice Chairman Hagert introduced the bill.

10:18 a.m. John Saiki, North Dakota Association of County Engineers, Legislative Committee Member, testified in favor and submitted testimony #34555.

10:23 a.m. Genny Dienstmann, ND Association of Counties, Director of Operations, testified in favor and submitted testimony #35005.

10:25 a.m. Russ Hanson, Associated General Contractors of ND, testified in favor and submitted testimony #35340.

10:28 a.m. Matt Gardner, Executive Director, ND League of Cities, testified in favor.

10:30 a.m. Larry Syverson, North Dakota Township Officers Association, Executive Director, testified in favor and submitted testimony #35256.

10:34 a.m. Mike Krumwiede, American Council of Engineering Companies, testified in favor and submitted testimony #35344.

10:35 a.m. Lance Gaebe, ND Farmers Union, testified in favor.

10:36 a.m. Pete Hanebutt, ND Farm Bureau, testified in favor.

10:36 a.m. Parrel Grossman, ND Soybean Growers Association, testified in favor.

10:38 a.m. Mike Rud, President, ND Petroleum Marketers Association, testified in opposition and submitted testimony #35346.

10:53 a.m. Don Larson, GM, Lobbyist, testified in opposition and submitted testimony #34943.

10:59 a.m. Chris Fitterer, Fitterer Oil Company Inc., testified in opposition.

**Additional written testimony:**

Paul Mutch submitted testimony in opposition #35021.

11:03 a.m. Chairman closed the hearing.

*Janae Pinks, Committee Clerk*

Testimony Prepared for the  
**House Finance and Taxation Committee**

February 5, 2025

By: John Saiki, Morton County Engineer & NDACE Legislative Committee



**RE: Support for HB 1382 – Relating to Special Fuel Excise Tax for County/City/Township Road Fund**

Chairman Headland and members of the House Finance and Taxation Committee, thank you for the opportunity to provide testimony on HB 1382. I am John Saiki, the Morton County Engineer, and I also serve as a member of the legislative committee for the ND Association of County Engineers (NDACE).

NDACE is in favor of this bill as presented. Infrastructure needs continue to increase throughout the state, at all levels of local government, City, Township and County. Legislation such as the Prairie Dog Bill have helped make improvements, but it is only a part of the answer. In Morton County, we are facing increased costs, whether for bridge maintenance and replacements or gravel. We have 200 bridges, many of our oldest bridges are approaching the end of their lives at about the same time, which makes prioritizing replacements a challenge. Gravel is becoming more scarce in the County and is more localized, so when we crush gravel in a location there are significantly higher trucking costs to get the gravel where it is needed. In addition, equipment costs increase, as does fuel and labor. All making maintenance and repairs more challenging.

This bill with the new section 3 will provide additional stable funding and an equitable distribution plan. The non-oil producing Counties, such as Morton will receive distributions based on the needs assessment compiled by the Upper Great Plains Transportation Institute. The Needs Assessment has been an ongoing study in which Counties, Townships and Cities have been providing information. The other changes in the bill provide the needed increases in fuel tax, to better assist in infrastructure maintenance and repairs.

Chairman Headland and committee members, I want to reiterate that we support the bill as written. Approving these changes will mean additional funding and enable Local Highway Departments an opportunity to better schedule maintenance and improve our aging infrastructure.

**General Motors Testimony: HB 1382**  
**North Dakota House Finance and Taxation Committee**  
**February 5, 2024**

Chairman Headland and members of the House Finance and Taxation Committee. My name is Don Larson, and I represent General Motors in North Dakota.

GM does not oppose additional registration fees for electric vehicles, but we want to make sure that any registration fee imposed is fair when compared to the average gasoline vehicle. We can calculate what the average gasoline vehicle pays in fuel tax based on Federal Highway Administration data.

Average vehicle miles	8,395	miles per year
Average fuel efficiency	<u>24.9</u>	miles per gallon
Gallons of gasoline	337	
ND tax per gallon	<u>\$0.23</u>	
Total ND gas tax collected	77.64	

North Dakota already imposes a registration fee of \$120 for electric vehicles and \$50 for plug-in hybrid vehicles. This additional fee paid by electric vehicles more than makes up for the difference in collections between what a typical gasoline vehicle driver would pay over a year. For that reason, we respectfully ask that the committee give a Do Not Pass recommendation to House Bill 1382.

Sources

2024 EPA Automotive Trends Report  
In model year 2023 real-world fuel economy remained at 24.9 mpg  
<https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockkey=P101CUU6.pdf>

VMT DATA <https://www.fhwa.dot.gov/policyinformation/statistics/2022/vm2.cfm>  
Registration Data <https://www.fhwa.dot.gov/policyinformation/statistics/2022/mv1.cfm>

9,179,773,050	Annual Vehicle Miles Traveled in ND (2022)
1,093,509	# of Motor Vehicle Registrations in ND (2022)
<hr/>	
8,395	

Testimony Prepared for:  
**House Finance & Tax Committee**  
February 5, 2025  
By: Genny Dienstmann, NDACo



**RE: Support of HB 1382**

**Special Fuel Excise Tax for County/City/Township Road Fund**

Chairman Headland and members of the House Finance and Tax Committee, thank you for the opportunity to provide testimony in support of HB 1382. I'm Genny Dienstmann with the ND Association of Counties and in my role I also serve as Executive Director of the ND Association of County Engineers and Highway Superintendents.

Infrastructure needs across our state are great and costs associated with these needs continue to grow. Similar to cities and townships, counties across North Dakota need long term, secure funding solutions to better plan and prioritize future transportation projects and meet the needs of the traveling public.

The Legislature has been prudent in its past efforts to address local infrastructure needs with funding through Operation Prairie Dog, Surge Funding and most recently the Flex Fund Program, and for that we are grateful. This bill will improve upon these efforts by bringing forward revenue with a much greater degree of certainty to future funding, which will allow local governments to more effectively plan and maintain our local road and bridge networks.

The Upper Great Plains Transportation Institute 2024 Needs Study gives us a better understanding of the magnitude of our local infrastructure needs. Over the next 20-year span the needs break down as follows with \$6.9 billion in unpaved roads, \$3.5 billion in paved roads, nearly \$1.1 billion in bridges and over \$800 million in minor structures. There is no question the needs are there, and having consistent long-term funding is key in moving the need forward in improving our transportation system.

Chairman Headland and Committee members, we appreciate your consideration and support of HB 1382.

2-4-2025

RE: HB 1382

Mr. Chairman and members of the committee,

My name is Paul Mutch from Larimore. I am urging a NO Vote on HB 1382.

At a time in North Dakota history when the state coffers are full to overflowing with money, it seems odd that we would ask the taxpayers for a tax increase of any sort. If more money is needed for roads and bridges, why not tap the Legacy Fund? I can't think of a better way to invest in our state with the peoples money.

Furthermore, as this body deliberates this legislative session on how best to offer meaningful property tax relief to its residents, it makes little sense to give relief with one hand, and then take it back in the form of a gas tax increase with the other.

Thank you for your consideration.

Paul Mutch  
701-739-3835



Support of HB1382

House Finance and Taxation Committee

February 4, 2025

Good morning, Chairman Headland and Committee members.

I am Larry Syverson from Mayville. I grow soybeans on my farm in Traill County. I am the Chairman of the Board of Supervisors for Roseville Township in Traill County and the Executive Director of the North Dakota Township Officers Association. NDTOA represents 6,000 Township Officers serving more than 1,400 dues-paying member townships.

Thank you for this opportunity for me to say that NDTOA supports this very reasonable fuel tax increase for the benefit of local governments. The buying power of existing funds and levies continues to shrink, and the demands on infrastructure continue to grow.

Of course, much of that demand comes from increased agricultural productivity and livestock development but also from commuting workers living in rural areas who drive to work. Also, the natural resources that people enjoy in our state are primarily out in the counties and townships. When an outdoor enthusiast buys the gear and supplies for whatever they intend to do, it is mainly done in a larger city where local sales tax is imposed. That tax benefits the community where the purchase is made but not the area where the products are actually used. It does nothing to support the county and township roads that bear the traffic. HB1382 would help the rural counties and townships provide the road network that many from outside those districts use for business or pleasure.

Since townships and cities are not included in the needs study, I have requested that the basis for distribution to townships in HB1382 be changed to the maintained mileage formula in use by the state treasurer's office for other township funds. I believe that the League of Cities will provide the appropriate language to cover the distribution to cities. NDTOA would support these amendments.

Chairman Headland and committee members, thank you for this opportunity to testify today. Please give HB1382, with the appropriate amendment, your favorable consideration. This concludes my prepared statement. I will try to answer any questions you might have.

**Testimony HB 1382**  
**House Finance & Taxation Committee**  
**February 5, 2025**

Mr. Chairman and members of the House Finance & Taxation committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is North Dakota's largest commercial construction association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to present this testimony in support of HB 1382. We believe the funding source provided by HB 1382 is a true user fee. The user fees are designated for one purpose – the transportation programs. It has been since 2005 since this user fee was adjusted. Even with the modest increase proposed in this legislation, our state fuel tax would remain below our neighboring state's fuel tax rates and below the national average of \$.33 cents per gallon a quick Google search provided.

While there are other bills seeking to augment Transportation funding, HB 1382 provides needed state resources to add to the transportation funding from a variety of sources but, our transportation funding is still heavily reliant on federal funds. Several years ago, The Upper Great Plains Transportation Institute conducted a study indicating billions of funding shortfall of the current funding revenues verses the needs over the next 10 years.

With the current federal transportation act expiring in a couple of years, there is much uncertainty about the next federal highway program, how it will be funded, and at what level. North Dakota is highly dependent on federal funding for our highway program. The stakeholders are appreciative of the proactive steps the Legislature has utilized to ease the federal funding reliance through creating the Flexible Transportation Fund using 50% of the Motor Vehicle Excise Tax as a funding source as well as the Legacy Fund Earnings infused for transportation funding - HB 1382 helps further shrink the gap on federal reliance.

Thanks for the opportunity to comment on HB 1382. We respectfully request the committee issue a Do Pass Recommendation. If the committee has questions, I am happy to try to address them.

Mike  
Krumwiede



## **House Finance and Taxation**

### **Testimony in Support HB 1382**

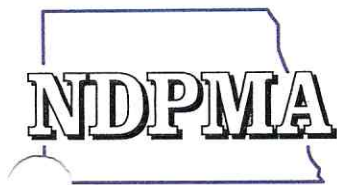
Chairman Headland and Members of the Committee, my name is Mike Krumwiede appearing on behalf of the American Council of Engineering Companies in support of HB 1382. The American Council of Engineering Companies of North Dakota (ACEC/ND) is a nonprofit, voluntary, self-governing organization which represents 27 member firms and nearly 1700 employees. The American Council of Engineering Companies of North Dakota (ACEC/ND) is the business voice of North Dakota's consulting engineering industry.

ACEC North Dakota has long recognized the importance of investing in our state's critical infrastructure needs, including transportation, water, energy, buildings, airports, parks and communication systems. While ACEC North Dakota supports occasional one-time infusions of additional funds in those areas as budgets allow, current funding shortfalls and long-term funding gaps need to be addressed with long-term funding solutions.

ACEC strongly supports the proposed three-cent fuel tax increase. This measure is not only necessary to address the state's growing infrastructure needs but also offers a strategic, sustainable approach to funding the maintenance and improvement of North Dakota's transportation network.

One of the most important aspects of the fuel tax increase is that it is a user-based funding mechanism. The fuel tax directly ties the cost of infrastructure maintenance to those who use the roads the most—drivers. This ensures a fair and equitable approach to funding, as it places the financial responsibility for road upkeep on those who benefit directly from the infrastructure. This user-pays principle means that the revenue generated by the fuel tax will be reinvested directly into transportation projects, from resurfacing roads and replacing bridges to improving safety features.

ACEC of North Dakota supports HB 1382 because this increase will provide the stable funding needed to maintain and improve North Dakota's transportation network and would urge a DO PASS recommendation.



## ND Petroleum Marketers Association

1014 East Central Avenue • PO Box 1956  
Bismarck, ND 58502 • Telephone 701-223-3370  
www.ndpetroleum.org • Fax 701-223-5004

### Testimony- HB 1382

February 5, 2025- House Finance and Tax Committee

Chairman Headland and Members of the House Finance and Tax Committee:

For the record, I'm Mike Rud, President of the North Dakota Petroleum Marketers Association. On behalf of over 650 retail store fronts NDPMA proudly represents, I stand before you urging a **"DO NOT PASS" recommendation on the gas tax portion of HB 1382.**

Like the esteemed group which testified before me in support of this bill, the associations I represent certainly understands the value of a good transportation network.

If I recall correctly, in 2021 ND's legislative body passed both a bonding and a Legacy Funds Streams Bill. I believe both of those bills continue to provide good long-term solutions for road and infrastructure maintenance and development at all levels of government.

With inflationary levels remaining at numbers we haven't seen since the late 1970's this is not the time for any consumer taxes. I highly doubt any members of the 69<sup>th</sup> Legislative Assembly knocked on doors with the pledge to raise their constituent's taxes.

Several NDPMA members sent some insightful comments when I shared HB 1382 with them:

Seems kind of weird to be asking for a tax increase when they've got \$10B in the bank.

One retailer said and I quote "Simply put, the sponsor told her it's because we haven't kept up with our neighboring states. I replied that keeping up with the Joneses isn't enough justification in my opinion to raise taxes."



I recognize we are less than neighboring states on gas tax, so the argument of parity is null. We should oppose this based on the consumer; they are feeling enough pain from inflation for everything they buy. As a matter of principle, we should be strongly opposed.

I am against raising the tax on gas. The counties and cities are getting plenty of money from the increased assessments. The only ones that can claim any suffering are the townships and that's questionable.

When you think about it, these are the same things the average citizen in ND would likely saying about any tax increases. You all know, the general public is rattling the sabers for some property tax relief, and you are going to do all you can to lower those taxes.

I have one more marketer comment to share that really hit home with me in the past few weeks. He said, "while this bill would simply be a pass-through consumer increase on the price of gas, it would needlessly raise business costs by increasing fees on retail credit card transactions. I'm totally opposed to this tax."

I penciled it out. It's projected this 3-cent increase would generate 42 million dollars in revenue. Let's say 90% of total purchases are paid with a credit card at 650 store fronts across the state. The average retailer is paying 3.25% to process roughly \$38 Million dollars worth of sales. It calculates out to about \$1.3 million dollars in additional processing fees. Spread over the biennium, gas retailers would pay \$1,000 more each year in fees because of the 3-cent gas tax increase. So, as my member points out, the business community is not being held harmless in any way with this tax increase.

You take that same 42 Million dollar projection and keep it in consumer pockets it churns through the economy 4-5 times and generates upwards of \$200 million dollars in sales for ND businesses.

Do the right thing for the consumers and businesses in ND. Give a DO NOT PASS recommendation on the gas tax portion of HB 1382.

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1382  
2/10/2025

Relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

2:42 p.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Toman  
Members Absent: Representative Steiner

### Discussion Topics:

- Non-oil producing counties
- Allocation of funds
- Distribution of funds
- Fairness of tax

2:42 p.m. Vice Chairman Hagert proposed an amendment as stated in testimony #36792.

2:43 p.m. Vice Chairman Hagert moved to adopt proposed amendment LC #25.1043.01001.

2:43 p.m. Representative Porter seconded the motion.

2:44 p.m. Voice vote - motion passed.

2:45 p.m. Representative J. Olson moved to amend by striking section 3.

2:45 p.m. Representative Nehring seconded the motion.

2:48 p.m. Representative J. Olson withdrew motion to amend.

2:48 p.m. Representative Nehring withdrew his second.

2:48 p.m. Representative J. Olson moved to amend to include non-oil producing counties.

2:48 p.m. Representative Nehring seconded the motion.

Representatives	Vote
Representative Craig Headland	N
Representative Jared Hagert	N

Representative Dick Anderson	N
Representative Jason Dockter	N
Representative Ty Dressler	Y
Representative Jim Grueneich	N
Representative Mike Motschenbacher	N
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	N
Representative Vicky Steiner	AB
Representative Nathan Toman	N
Representative Austin Foss	N
Representative Zachary Ista	N

2:58 p.m. Motion failed 3-10-1.

2:58 p.m. Representative Grueneich moved a Do Pass as Amended.

2:58 p.m. Representative D. Anderson seconded the motion.

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	N
Representative Jeremy Olson	N
Representative Todd Porter	Y
Representative Vicky Steiner	AB
Representative Nathan Toman	N
Representative Austin Foss	N
Representative Zachary Ista	N

2:59 p.m. Motion passed 8-5-1.

2:59 p.m. Representative D. Anderson will carry the bill.

3:00 p.m. Chairman Headland closed the meeting.

Janae Pinks, Committee Clerk

AS 2/10/25  
5 of 5

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### HOUSE BILL NO. 1382

Introduced by

Representatives Hagert, Brandenburg, Headland, Novak, Stemen, Weisz, Wagner, Nelson  
Senators Myrdal, Wanzek, Weber, Klein

1 A BILL for an Act to create and enact a new section to chapter 54-27 of the North Dakota  
2 Century Code, relating to the creation of the city, county, and township road fund; to amend and  
3 reenact subsection 1 of section 39-04-19.2, section 54-27-19, subsection 1 of section  
4 57-43.1-02, and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating  
5 to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and  
6 special fuels, and the highway tax distribution fund; and to provide an effective date.

### 7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

8 **SECTION 1. AMENDMENT.** Subsection 1 of section 39-04-19.2 of the North Dakota  
9 Century Code is amended and reenacted as follows:

- 10 1. In addition to all other fees required under this chapter for registration of a motor  
11 vehicle, the department shall collect at the beginning of each annual registration  
12 period:
- 13 a. An electric vehicle road use fee of ~~one hundred twenty~~one hundred-fifty dollars  
14 for each electric vehicle registered.
  - 15 b. A plug-in hybrid vehicle road use fee of ~~fifty~~sixty dollars for each plug-in hybrid  
16 vehicle registered.
  - 17 c. An electric motorcycle road use fee of ~~twenty~~five dollars for each electric  
18 motorcycle registered.

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



25  
2 of 5

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

A highway tax distribution fund is created as a special fund in the state treasury ~~into which must be deposited~~. Except as provided in section 3 of this Act, all the moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes must be deposited in the fund. The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

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

RS  
3.5.5

- a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
- b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
  - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
  - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
  - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
  - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five 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 3.** A new section to chapter 54-27 of the North Dakota Century Code is created  
9        and enacted as follows:

10        **City, county, and township road fund.**

- 11        1. There is created in the state treasury the city, county, and township road fund. The  
12        fund consists of three cents per gallon [3.79 liters] of the tax assessed under  
13        subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02.  
14        2. MoneysThe state treasurer shall allocate and distribute two-thirds of moneys in the  
15        fund ~~must be distributed to non-oil-producing counties and cities, counties, and~~  
16        ~~townships~~ in non-oil-producing counties ~~based on the upper great plains transportation~~  
17        ~~institute needs assessment, and used~~ for the purpose of funding road infrastructure  
18        using the highway tax distribution fund formula established in subsection 4 of section  
19        54-27-19.  
20        3. The state treasurer shall allocate one-third of moneys in the fund to non-oil-producing  
21        counties for the benefit of organized and unorganized townships in non-oil-producing  
22        counties for township road and bridge purposes using the formula established in  
23        section 54-27-19.4.  
24        3.4. For purposes of this section, "non-oil-producing county" means a county that received  
25        no allocation of funding or a total allocation of less than five million dollars under  
26        subsection 2 of section 57-51-15 in the most recently completed even-numbered fiscal  
27        year before the start of each biennium.

28        **SECTION 4. AMENDMENT.** Subsection 1 of section 57-43.1-02 of the North Dakota  
29        Century Code is amended and reenacted as follows:

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

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

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

9       **SECTION 6. EFFECTIVE DATE.** Sections 4 and 5 of this Act are effective for taxable  
10 events occurring after June 30, 2025.

**REPORT OF STANDING COMMITTEE  
HB 1382**

**Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS** ([25.1043.01001](#)) and when so amended, recommends **DO PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1382 was placed on the Sixth order on the calendar.

25.1043.01001  
Title.

Prepared by the Legislative Council  
staff for Representative Hagert  
February 7, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### HOUSE BILL NO. 1382

Introduced by

Representatives Hagert, Brandenburg, Headland, Novak, Stemen, Weisz, Wagner, Nelson

Senators Myrdal, Wanzek, Weber, Klein

1 A BILL for an Act to create and enact a new section to chapter 54-27 of the North Dakota  
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3 reenact subsection 1 of section 39-04-19.2, section 54-27-19, subsection 1 of section  
4 57-43.1-02, and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating  
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7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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20 amended and reenacted as follows:

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

A highway tax distribution fund is created as a special fund in the state treasury ~~into which must be deposited~~. Except as provided in section 3 of this Act, all the moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes must be deposited in the fund. The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the 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 3.** A new section to chapter 54-27 of the North Dakota Century Code is created  
9       and enacted as follows:

10      **City, county, and township road fund.**

- 11      1. There is created in the state treasury the city, county, and township road fund. The  
12      fund consists of three cents per gallon [3.79 liters] of the tax assessed under  
13      subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02.
- 14      2. MoneysThe state treasurer shall allocate and distribute two-thirds of moneys in the  
15      fund ~~must be distributed~~ to non-oil-producing counties and cities, ~~counties, and~~  
16      ~~townships~~ in non-oil-producing counties ~~based on the upper great plains transportation~~  
17      ~~institute needs assessment, and used~~ for the purpose of funding road infrastructure  
18      using the highway tax distribution fund formula established in subsection 4 of section  
19      54-27-19.
- 20      3. The state treasurer shall allocate one-third of moneys in the fund to non-oil-producing  
21      counties for the benefit of organized and unorganized townships in non-oil-producing  
22      counties for township road and bridge purposes using the formula established in  
23      section 54-27-19.4.
- 24      ~~3.4.~~ For purposes of this section, "non-oil-producing county" means a county that received  
25      no allocation of funding or a total allocation of less than five million dollars under  
26      subsection 2 of section 57-51-15 in the most recently completed even-numbered fiscal  
27      year before the start of each biennium.

28      **SECTION 4. AMENDMENT.** Subsection 1 of section 57-43.1-02 of the North Dakota  
29      Century Code is amended and reenacted as follows:

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

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

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

9       **SECTION 6. EFFECTIVE DATE.** Sections 4 and 5 of this Act are effective for taxable  
10 events occurring after June 30, 2025.

**2025 HOUSE APPROPRIATIONS**

**HB 1382**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1382  
2/17/2025

A BILL for an Act to create and enact a new section to chapter 54-27 of the North Dakota Century Code, relating to the creation of the city, county, and township road fund; to amend and reenact subsection 1 of section 39-04-19.2, section 54-27-19, subsection 1 of section 57-43.1-02, and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

4:03 p.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

### Discussion Topics:

- Motor Tax
- North Dakota Taxation
- Roads within North Dakota

4:03 p.m. Representative Headland introduced the Bill.

4:11 p.m. Representative Brandenburg moved a Do Pass.

4:11 p.m. Representative Murphy seconded the motion.

4:12 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	N
Representative Bert Anderson	N
Representative Mike Berg	A
Representative Glen Bosch	A
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	N
Representative Scott Louser	N
Representative Bob Martinson	N
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y

Representative Eric J. Murphy	Y
Representative Mike Nathe	N
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	N
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	A
Representative Scott Wagner	Y

4:13 p.m. Motion passed 13-7-3.

4:14 p.m. Representative D. Anderson will carry the Bill.

4:14 p.m. Chairman Vigesaa closed the meeting.

*Sierra Schartz, Committee Clerk*

**REPORT OF STANDING COMMITTEE  
ENGROSSED HB 1382 ([25.1043.02000](#))**

**Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **DO PASS** (13 YEAS, 7 NAYS, 3 ABSENT OR EXCUSED AND NOT VOTING). HB 1382 was placed on the Eleventh order on the calendar.

**2025 SENATE FINANCE AND TAXATION**

**HB 1382**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1382  
3/24/2025

Relating to the creation of the city, county, and township road fund, relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

9:00 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### **Discussion Topics:**

- Inclusion of counties in receiving funds
- Disbursement details of funds
- Unorganized townships

9:01 a.m. Representative Hagert, District 20, introduced HB 1382, testified in favor and submitted testimony #43628.

9:12 a.m. Russ Hanson, Executive Vice President, Associated General Contractors of North Dakota, testified in favor and submitted testimony #43629.

9:14 a.m. Genny Dienstmann, Director, NDACo, testified in favor.

9:16 a.m. Larry Syverson, Executive Director, North Dakota Township Officers Association, testified in favor and submitted testimony #43627.

9:19 a.m. Matt Gardner, Executive Director, North Dakota League of Cities, testified in favor.

9:22 a.m. Michael Krumwiede, Executive Director, American Council of Engineering Companies of ND, testified in favor and submitted testimony #43564.

9:23 a.m. Lance Gaebe, Agriculture and Policy Strategist, North Dakota Farmers Union, testified in favor.

9:24 a.m. Parrell Grossman, Legislative Director, North Dakota Soybean Growers Association, testified in favor.

9:26 a.m. Stanley Dick testified in favor.

9:27 a.m. Nick West, Engineer, Grand Forks County, testified in favor and submitted testimony #43471.

9:30 a.m. Matt Bjornson, Owner, Bjornson Oil, testified in opposition and submitted testimony #43631.



9:36 a.m. Paul Mutch, Owner, Mutch Gas, testified in opposition and submitted testimony #43633.

9:41 a.m. Mike Rud, President, North Dakota Petroleum Marketers Association, testified in opposition and submitted testimony #43635.

9:47 a.m. Alison Ritter, Lobbyist, National Federation of Independent Businesses, testified in opposition and submitted testimony #43610.

9:49 a.m. Don Larson, Lobbyist, General Motors, testified in opposition and submitted testimony #43486.

9:52 a.m. Chairman Weber closed the hearing.

**Additional written testimony:**

John Saiki, NDACE Legislative Committee, North Dakota Association of County Engineers, submitted written testimony in favor #43484.

Lanny Kenner submitted written testimony in opposition #43592.

Sonja Kaye submitted written testimony in opposition #43511.

Gordon Greenstein submitted written testimony in opposition #43558.

Jay Mosbrucker submitted written testimony in neutral #43600.

Annete Behm-Caldwell, Owner, Open Road Honda, submitted written testimony in opposition #43464.

9:59 a.m. Chairman Weber adjourned the meeting.

*Chance Anderson, Committee Clerk*

Annette Behm-Caldwell  
Open Road Honda  
4120 Memorial Hwy  
Mandan, ND 58554

HB 1382

Dear Chairperson [Name] and Members of the Committee,

I appreciate the opportunity to submit written testimony in opposition to House Bill 1382, which proposes an increase in the state gas tax. While I understand the need for infrastructure funding, I strongly believe that raising the gas tax at this time would place an unnecessary burden on North Dakota residents and businesses.

In the course of 2024 business, Open Road Honda used approximately 8,000 gallons of gas. Most of the gas was used in the new sales and service departments. We fill up lawn mowers, snowblowers, trimmers, engines, off road dirt bikes, ATV and UTVs and motorcycles. With a few UTV exceptions, the gas was used in non-roadway machines or motorcycles which do not contribute to road wear and tear.

North Dakota businesses are already dealing with high inflation and increased sales and property taxes. Raising the gas tax will impact businesses across the state and ultimately lead to higher prices for consumers across the state.

I urge the committee to reject HB 1382 and consider more balanced approaches to infrastructure funding that do not disproportionately affect hardworking North Dakota business owners. Thank you for your time and consideration.

Sincerely,  
Annette Behm-Caldwell  
Dealer Principal  
Open Road Honda

Testimony Prepared for the  
**Senate Finance & Taxation Committee**

March 24, 2025

By: Nick West PE, Grand Forks County Engineer & NDACE Legislative Committee



**RE: Support for HB 1382 – Relating to Special Fuel Excise Tax for County/City/Township Road Fund**

Chairman Weber and members of the Senate Finance & Taxation Committee, thank you for the opportunity to provide testimony on HB 1382. I am Nick West, the Grand Forks County Engineer, and I also serve as the past president and a member of the legislative committee for the ND Association of County Engineers (NDACE).

This is a controversial topic, but one that needs to be addressed, so thank you for bringing this topic to light. The Highway user fee account, locally known as 2150, is one of two basic funds we use for day-to-day functioning; we pay for workers compensation, purchase gas & diesel, equipment repair, and make road improvements, etc. This fund is one of our life lines. However, the last time this fund was increased was in 2005. The cost of doing business certainly has increased substantially in the last 20-years. For example, the cost of metal culverts doubled from 2017 to 2022, while this fund remained stagnant. It would be a great help to our system to see a modest increase in this fund. There's no doubt, the State of ND has made improvements to infrastructure the past few years, but the funding is variable, the funding cannot be counted on for day-to-day usage.

Chairman Weber and committee members, the NDACE and Grand Forks County would ask for a Do Pass committee recommendation as it is currently written.

Thank you for your time and service to North Dakota, Nick West.

Testimony Prepared for the  
**Senate Finance and Taxation Committee**

March 24, 2025

By: John Saiki, Morton County Engineer & NDACE Legislative Committee



**RE: Support for HB 1382 – Relating to Special Fuel Excise Tax for County/City/Township Road Fund**

Chairman Weber and members of the Senate Finance and Taxation Committee, thank you for the opportunity to provide testimony on HB 1382. I am John Saiki, the Morton County Engineer, and I also serve as a member of the legislative committee for the ND Association of County Engineers (NDACE).

NDACE is in favor of this bill as presented. Infrastructure needs continue to increase throughout the state, at all levels of local government, City, Township and County. Legislation such as the Prairie Dog Bill have helped make improvements, but it is only a part of the answer. In Morton County, we are facing increased costs, whether for bridge maintenance and replacements or gravel. We have almost 200 bridges, many of oldest bridges are approaching the end of their lives at about the same time, which makes prioritizing replacements a challenge. Gravel is becoming more scarce in the County and is more localized, so when we crush gravel in a location there are significantly higher trucking costs to get the gravel where it is needed. In addition, equipment costs increase, as does fuel and labor, insurance and general overhead. All making maintenance and repairs more challenging.

This bill with the new section 3 will provide additional stable funding using the distribution formula, helping especially the non-oil producing counties, such as Morton. With passage of HB 1065, Morton County will see a significant decrease in our funding for highways in our unorganized Townships. Morton County has only one organized Township and the remaining unorganized Townships are rural with a relatively low number of roadway miles. The funding from this bill will help in offsetting the loss in funding based on HB 1065.

Like sales tax, this will be paid by both visitors and residents, so the cost is shared. Since travelers visiting North Dakota use our road and bridge infrastructure, it makes sense to have the visitors contribute for the maintenance and improvements to our infrastructure.

Chairman Weber and committee members, I want to reiterate that we support the bill as written. Approving these changes will mean additional funding and enable Local Highway Departments an opportunity to better schedule maintenance and improve our aging infrastructure.

**General Motors Testimony: HB 1382**  
**North Dakota Senate Finance and Taxation Committee**  
**March 24, 2024**

Chairman weber and members of the Senate Finance and Taxation Committee. My name is Don Larson, and I represent General Motors in North Dakota.

I stand today in opposition to section one of this bill which addresses registration fees for electric vehicles. GM does not oppose additional registration fees for electric vehicles, but we want to make sure that any registration fee imposed is fair when compared to the average gasoline vehicle. We can calculate what the average gasoline vehicle pays in fuel tax based on Federal Highway Administration data.

Average vehicle miles	8,395	miles per year
Average fuel efficiency	<u>24.9</u>	miles per gallon
Gallons of gasoline	337	
ND tax per gallon	<u>\$0.23</u>	
Total ND gas tax collected	77.64	
With \$0.03 increase	87.62	

North Dakota already imposes a registration fee of \$120 for electric vehicles and \$50 for plug-in hybrid vehicles. This additional fee paid by electric vehicles more than makes up for the difference in collections between what a typical gasoline vehicle driver would pay over a year. For that reason, we respectfully ask that the committee give a Do Not Pass recommendation to House Bill 1382.

**HB 1382 Opposition Testimony**

I am strongly opposed to any increase of fees for electric vehicle owners. I already pay a disproportionately large fee compared to gas-powered cars. My car, which is an older model, is a car I choose not to take on the highway, due to limited range and inadequate charging network in North Dakota. I shouldn't be paying a dime for highway maintenance for use of this vehicle. (I do, however, pay highway maintenance through my husband's vehicle which is not an EV.)

HB 1382

Senate Energy and Natural Resources

I strongly urge a DO NOT PASS on HB 1382. The Fuel taxes are already too much. I think we have enough money in certain Government Funds to cover the city, county, and township fund. What is wrong with you legislators, another tax increase!!!!!!! We are at the point where we can't afford our homes because of the cost of property taxes, they never seem to go down. All the property tax bills are crap, with NO REFORM and VERY LITTLE RELIEF. The problem with most of our North Dakota Legislators is that they all have a spending problem. I haven't seen any bills to cut spending and the budgets should all have been cut by 20% and I haven't seen any bills to cut the size of the North Dakota Government, they need to be DOGE'd I also believe that all State employees should have been told to return to their offices because many of them are screwing the taxpayers. I would like to have some money left over to spend on my family. It is time the North Dakota Legislators reign in their spending and cut the size of government. It is time to STOP subsidizing all these private companies with our tax dollars, because it is Unconstitutional. So, I strongly Urge a DO NOT PASS on HB 1382

Thank You, Gordon Greenstein

US Navy (Veteran)

US Army-NDNG (Retired)



## **Senate Finance and Taxation**

### **Testimony in Support HB 1382**

Chairman Weber and Members of the Committee, my name is Mike Krumwiede appearing on behalf of the American Council of Engineering Companies in support of HB 1382. The American Council of Engineering Companies of North Dakota (ACEC/ND) is a nonprofit, voluntary, self-governing organization which represents 27 member firms and nearly 1700 employees. The American Council of Engineering Companies of North Dakota (ACEC/ND) is the business voice of North Dakota's consulting engineering industry.

ACEC North Dakota has long recognized the importance of investing in our state's critical infrastructure needs, including transportation, water, energy, buildings, airports, parks and communication systems. While ACEC North Dakota supports occasional one-time infusions of additional funds in those areas as budgets allow, current funding shortfalls and long-term funding gaps need to be addressed with long-term funding solutions.

ACEC strongly supports the proposed three-cent fuel tax increase. This measure is not only necessary to address the state's growing infrastructure needs but also offers a strategic, sustainable approach to funding the maintenance and improvement of North Dakota's transportation network.

One of the most important aspects of the fuel tax increase is that it is a user-based funding mechanism. The fuel tax directly ties the cost of infrastructure maintenance to those who use the roads the most—drivers. This ensures a fair and equitable approach to funding, as it places the financial responsibility for road upkeep on those who benefit directly from the infrastructure. This user-pays principle means that the revenue generated by the fuel tax will be reinvested directly into transportation projects, from resurfacing roads and replacing bridges to improving safety features.

ACEC of North Dakota supports HB 1382 because this increase will provide the stable funding needed to maintain and improve North Dakota's transportation network and would urge a DO PASS recommendation.



Lanny Kenner  
District 7

Chairman Weber and members of the Senate Finance and Taxation Committee,

I am requesting NO votes on HB1382.

It looks to me like some of our legislators are worried about giving some of our money back in property tax rebates once HB 1176 is passed so they are trying to take it another way.

Maybe just cut out some of the unnecessary spending going on in ND. Our state far out spends other states per capital just because we are flush with oil money.

Our state is blessed and at the same time cursed because we have so much money!  
It would look very greedy to take more when not needed at all

Please vote NO on HB 1382 and stop the greed!

Thank you, Lanny Kenner

Members of the Senate Finance and Taxation Committee,

Please consider making the tax increase across all types of vehicles the same percent increase. As currently written for a gas vehicle, a \$0.03 increase on \$0.23 current per gallon tax is a 13% increase. For an electric vehicle, a \$30 increase on \$120 current road use fee is a 25% increase. It seems unfair to almost double the increase for one particular vehicle type verses another type.

Thank you for your consideration,

Jay Mosbrucker

West Fargo, ND



**Senate Finance and Taxation Committee**

**03/24/25**

**Testimony in Opposition of House Bill No. 1382**

**Presented by Alison Ritter on behalf of the National Federation of Independent Business (NFIB)**

Chairman Weber and members of the Senate Finance and Tax committee,

My name is Alison Ritter. I'm here today on behalf of NFIB, a nonprofit, nonpartisan, member-driven organization that advocates for the nearly 2,000 small and independent business owners in North Dakota.

A survey of our membership found 74% of our members overwhelmingly oppose an increase in motor fuels tax. Small business owners look to the legislature for policies that lower the cost of doing business, not raising them. Increasing the gas tax, increases the cost of doing business, whether for deliveries, service calls, or commuting employees.

Any time there are added costs to doing business, small business owners must consider raising prices, cutting jobs, or reducing growth opportunities—hurting both businesses and local economies. With 73% of NFIB members in agreement, it's clear that small businesses can't afford another financial burden, especially in an already challenging economy. We need policies that support, not hinder, small business success.

On behalf of NFIB, I'm asking for a do not pass on House Bill 1382.

Thank you.

Support of HB1382

Senate Finance and Taxation Committee

March 24, 2025

Good morning, Chairman Weber and Committee members.

I am Larry Syverson from Mayville. I grow soybeans on my farm in Traill County. I am the Chairman of the Board of Supervisors for Roseville Township in Traill County and the Executive Director of the North Dakota Township Officers Association. NDTOA represents 6,000 Township Officers serving more than 1,400 dues-paying member townships.

Thank you for this opportunity for me to say that NDTOA supports this very reasonable user fee increase for the benefit of local governments. The buying power of existing funds and levies continues to shrink, and the demands on infrastructure continue to grow. Now, the local governments are certain to face added limitations on their ability to levy property taxes; the fuel tax / road-user fee is one way they can partially fill the funding shortage that will be created.

The road user fee/fuel tax is the best way to ensure that out-of-state drivers help support the roads they drive on. Why should the benefits of our Legacy Fund go to providing roads and highways for out-of-state drivers?

I grow soybeans. At harvest, we haul the beans 20 miles to the elevator using tandem trucks. They burn a lot of gas on that trip. The better the yield, the more it costs, and that is okay with me. I pay a lot of tax on all those gallons of gasoline, but if it goes to make the roads better for my trucks, it is worth it. I wouldn't mind paying more if I knew that the resurfacing of Traill County 16 would get done sooner. It would save on my trucks and the driver.

We would support an amendment to include the townships in the oil-producing counties too.

Chairman Weber and committee members, thank you for this opportunity to testify today. Please give HB1382 your favorable consideration. This concludes my prepared statement. I will try to answer any questions you might have.

25.1043.02001  
Title.

Prepared by the Legislative Council  
staff for Representative Hagert  
March 20, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## **PROPOSED AMENDMENTS TO FIRST ENGROSSMENT**

### **ENGROSSED HOUSE BILL NO. 1382**

Introduced by

Representatives Hagert, Brandenburg, Headland, Novak, Stemen, Weisz, Wagner, Nelson  
Senators Myrdal, Wanzek, Weber, Klein

1 A BILL for an Act to create and enact a new section to chapter 54-27 of the North Dakota  
2 Century Code, relating to the creation of the city, county, and township road fund; to amend and  
3 reenact subsection 1 of section 39-04-19.2, section 54-27-19, subsection 1 of section  
4 57-43.1-02, and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating  
5 to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and  
6 special fuels, and the highway tax distribution fund; and to provide an effective date.

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

8 **SECTION 1. AMENDMENT.** Subsection 1 of section 39-04-19.2 of the North Dakota  
9 Century Code is amended and reenacted as follows:

- 10 1. In addition to all other fees required under this chapter for registration of a motor  
11 vehicle, the department shall collect at the beginning of each annual registration  
12 period:
  - 13 a. An electric vehicle road use fee of ~~one hundred twentyone~~ one hundred-fifty dollars  
14 for each electric vehicle registered.
  - 15 b. A plug-in hybrid vehicle road use fee of ~~fifty~~ sixty dollars for each plug-in hybrid  
16 vehicle registered.
  - 17 c. An electric motorcycle road use fee of ~~twenty~~ five dollars for each electric  
18 motorcycle registered.

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

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

A highway tax distribution fund is created as a special fund in the state treasury ~~into which must be deposited~~. Except as provided in section 3 of this Act, all the moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes must be deposited in the fund. The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the 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 3.** A new section to chapter 54-27 of the North Dakota Century Code is created  
9       and enacted as follows:

10      **City, county, and township road fund.**

- 11      1. There is created in the state treasury the city, county, and township road fund. The  
12      fund consists of three cents per gallon [3.79 liters] of the tax assessed under  
13      subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02.
- 14      2. The state treasurer shall allocate and distribute two-thirds of moneys in the fund to  
15      non-oil-producing counties and cities in non-oil-producing counties for the purpose of  
16      funding road infrastructure using the highway tax distribution fund formula established  
17      in subsection 4 of section 54-27-19.
- 18      3. The state treasurer shall allocate one-third of moneys in the fund to non-oil-producing  
19      counties for the benefit of organized and unorganized townships in non-oil-producing  
20      counties for township road and bridge purposes using the formula the township  
21      highway aid fund established in section 54-27-19.454-27-19.1.
- 22      ~~4. For purposes of this section, "non-oil-producing county" means a county that received~~  
23      ~~no allocation of funding or a total allocation of less than five million dollars under~~  
24      ~~subsection 2 of section 57-51-15 in the most recently completed even-numbered fiscal~~  
25      ~~year before the start of each biennium.~~

26      **SECTION 4. AMENDMENT.** Subsection 1 of section 57-43.1-02 of the North Dakota  
27      Century Code is amended and reenacted as follows:

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

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



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

7        **SECTION 6. EFFECTIVE DATE.** Sections 4 and 5 of this Act are effective for taxable  
8        events occurring after June 30, 2025.

**Testimony HB 1382**  
**Senate Finance & Taxation Committee**  
**March 24, 2025**

Mr. Chairman and members of the Senate Finance & Taxation committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is North Dakota's largest commercial construction association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to present this testimony in support of HB 1382. We believe the funding source provided by HB 1382 is a true user fee. The user fees are designated for one purpose – the transportation programs. It has been since 2005 since this user fee was adjusted. Even with the modest increase proposed in this legislation, our state fuel tax would remain below our neighboring state's fuel tax rates and below the national average of \$.33 cents per gallon a quick Google search provided.

While there are other bills seeking to augment Transportation funding, HB 1382 provides needed state resources to add to the transportation funding from a variety of sources but, our transportation funding is still heavily reliant on federal funds. Several years ago, The Upper Great Plains Transportation Institute conducted a study indicating billions of funding shortfall of the current funding revenues verses the needs over the next 10 years.

With the current federal transportation act expiring in a couple of years, there is much uncertainty about the next federal highway program, how it will be funded, and at what level. North Dakota is highly dependent on federal funding for our highway program. The stakeholders are appreciative of the proactive steps the Legislature has utilized to ease the federal funding reliance through creating the Flexible Transportation Fund using the Motor Vehicle Excise Tax as a funding source as well as the Legacy Fund Earnings infused for transportation funding - HB 1382 helps further shrink the gap on federal reliance.

Thanks for the opportunity to comment on HB 1382. We respectfully request the committee issue a Do Pass Recommendation. If the committee has questions, I am happy to try to address them.

## TESTIMONY HB 1382

## Senate Finance and Tax Committee

Chairman Weber and Members of the Senate Finance and Tax Committee thank for the opportunity to testify on HB 1382. My name is Matt Bjornson, my family is in the Petroleum Distribution Business as well in the Real Estate Business. I am here today to testify in strong opposition to the gas tax portion of HB 1382.

We all support good roads. You have heard from a number of professional lobbyists today saying now is the time to catch up with other states and raise taxes. You have heard about all of the generalized needs statements. It's hard for individual tax payers to win battles with state associations largely funded by our own local tax dollars in the form of dues and program revenue. We have some big shooters in the room promoting this increase. Association of Counties with over 7 million in revenue, with 2.3 million dollars in the bank, 2 million in wages and compensation paid for an army of people to help advocate for more taxes. We have the associations for the contractors and engineers that will be the beneficiaries of more taxes being collected.

So, the proponents say they have a great need for more money. I'd like to share some non-generalized, specific examples of increases in revenue that have already occurred for local entities. In dollars paid, right off our property tax statements, here is what we have seen in increase percentages from just 2022-2024.

Pembina County Farmland +13%

Pembina County Commercial Property +24%

Pembina County Rental Property +21%

City of Cavalier Commercial Property +61%

City of Cavalier Rental Property +57%

Grand Forks County Rental Property +20%

Ramsey County Commercial Property +18%

Pembina County Personal Home +62%

City of Fargo Commercial Property +31% in 2021 alone.

So yes, I understand that we are not debating property taxes. But the point is that these increases are now the basis from which any property tax reform will be based on. Whether the increases stem from valuations or mills is irrelevant, the dollars have been paid and received. These increases have brought in substantial revenue to our local government. And now we have the lobbyists for these local entities coming before you seeking more tax dollars.

Also, some of the proponents of more tax have stated that nobody will notice 3 cents more tax. It's time for them to get in touch with the real world that most of our ND citizens living in today. I can tell you from my personal interactions with our customers, our tenants, and my neighbors, the average person in this state is having a hard time making ends meet. They WILL in aggregate miss the \$42 million dollars that this tax will take out of their pocket. It will be \$42 million dollars that they won't have to support their families.

As a conservative, I find it hard to believe that anyone can state with a straight face that now is the time that North Dakota needs to raise any tax of any kind.

Thank you for your time and I'd be glad to take any questions.

## Testimony HB 1382

March 24, 2025- Senate Finance and Tax Committee

Chairman Weber and members of the Senate Finance and Tax committee:

For the record. My name is Paul Mutch from Larimore. I have been associated with the management and ownership of our small family convenience store in Larimore for almost 40 years. I am urging a “Do Not Pass” recommendation on the gas tax portion of HB 1382.

In my mind, there is never a “good” time for a tax increase, however big or small it may be, or how “painless” it is purported to be. Working at our convenience store and interacting with customers on a daily basis, I believe that personal budgets right now are tighter than they have ever been. Many people are living paycheck to paycheck because of our high inflation. Often times, people are paying with a credit or debit card, then finishing off payment with a handful of change. No, I don’t have any scientific data to back this up, and No, it doesn’t happen all the time. But I can tell you that it happens a lot more often than it ever used to. Times are also tougher for the residents of towns like mine who have recently gone through citywide infrastructure improvement projects that have equated to an additional \$1500-2000 in special assessments paid annually for the next 20-30 years.

Many of our local residents commute upwards to 60 miles each day to work, either to the Air Base or Grand Forks. Others in the state drive much farther than that. I suppose it could be argued that they wouldn’t even “feel” such a small 3 cpg gas tax increase, but along with everything else going up, their bank accounts would feel the extra strain.

I don't believe this is the time for a tax increase of any sort. It was just last session that this legislature passed a significant Income Tax Relief Package in HB 1158. It was lauded by Gov. Burgum and legislative leaders as "The largest individual income tax relief package in state history and a huge win for North Dakota taxpayers." Also, "it allows workers across all tax brackets to keep more of their hard earned money." I couldn't agree more.

Now this session, the focus is on Property Tax Relief. Property tax relief will be given because the people have spoken and the state can afford to give it. I applaud the fine work being done by this legislative body, but let's not have meaningful tax relief on the one hand and a tax increase in the other. Quite frankly, many North Dakotans are upset that there is any kind of a proposed tax increase when there are billions of dollars in the bank. I think you would be hard-pressed to find any North Dakotan who would not be in favor of going to the kitty to pay for road and bridge repairs, rather than raising their taxes.

Is the 3 cpg gas tax going to put a dent in anyone's lifestyle in this room? I don't think so. But I would rather have the 42 million dollars being spent at our local grocery stores, co-ops and main street businesses.

For these reasons, I would say keep up the good work on property tax reform, but don't be tempted to vote yes for this gas tax increase.

Thank you for your consideration.



## ND Petroleum Marketers Association

1014 East Central Avenue • PO Box 1956  
Bismarck, ND 58502 • Telephone 701-223-3370  
www.ndpetroleum.org • Fax 701-223-5004

### Testimony - HB 1382

March 24, 2025 - Senate Finance and Tax Committee

Chairman Weber and Members of the Senate Finance and Tax Committee:

For the record, I'm Mike Rud, President of the North Dakota Petroleum Marketers and ND Retail Association. On behalf of over 650 retail convenience stores NDPMA proudly represents, as well another 500 retail outlets the NDRA proudly serves, our joint association members stand before you urging a **"DO NOT PASS" recommendation on the gas tax portion of HB 1382.**

The associations I represent certainly understand the value of a good transportation network. Those testifying in opposition before me did a great job covering key points as to why the gas tax portion of this bill is certainly not needed. I want to tell you why NDRA thinks this money needs to stay in the hands of the ND consumer.

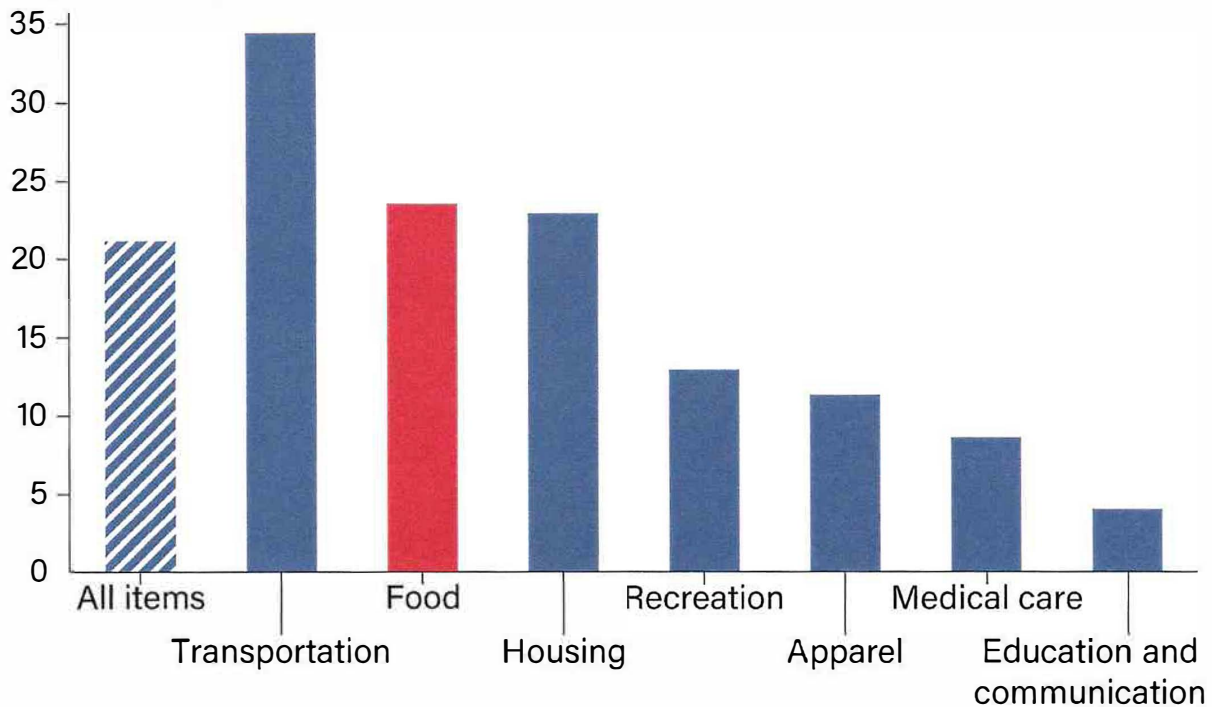
Mr. Chairman and Committee members, you can call this portion of the bill a user fee if you like, but you are just trying to put lipstick on a pig. **This is a \$42M consumer tax on the driving public.** It's just that simple. With all due respect to the state's governing bodies, I highly doubt any members of the 69<sup>th</sup> Legislative Assembly knocked on doors with the pledge to raise their constituent's taxes.

With inflationary numbers remaining at levels we haven't seen since the late 1970's, this is not the time for any consumer tax increases.



### Price change for major Consumer Price Index (CPI) categories, 2020-24

Percent change



Source: USDA, Economic Research Service using U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index data.

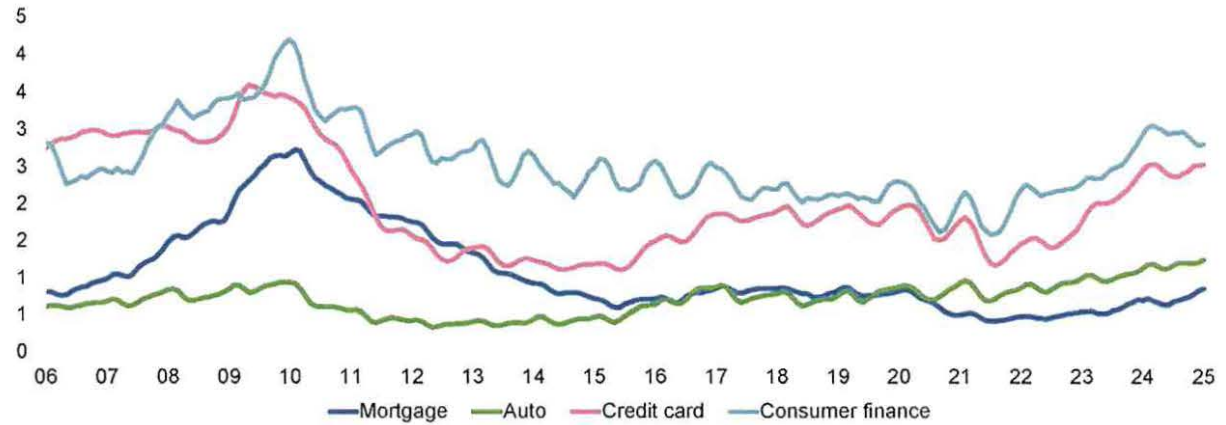
Just last week, I was in an agency bill hearing where the agency director said he had a scared and anxious citizen come into the office and ask, “What should I do? Should I pay the rent? Should I buy food for my family? Should I pay the utility bills? I can’t do them all.”

Mr. Chairman and Committee members, it’s safe to say this ND resident is not alone. Data taken from the most recent legislative economic forecast from Moody’s Analytics should be more cause for concern when it comes to citizen wallets being stretched.



## Borrowers Have Come Under Stress

North Dakota delinquency rate, 60+ days, % of balances, 3-mo MA



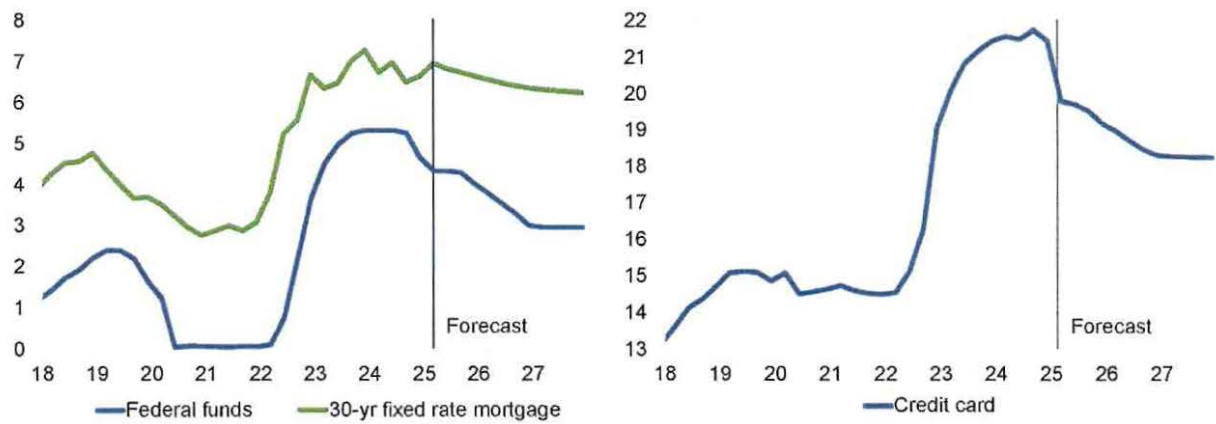
Sources: Equifax, Moody's Analytics

Moody's Analytics

5

## Interest Rates Will Remain Restrictive

Interest rates, %



Sources: Federal Reserve, Freddie Mac, Moody's Analytics

Moody's Analytics

5

Chairman Weber and committee members, the past few legislative bodies have done a great job providing good long-term solutions for road and infrastructure maintenance and development at all levels of government. The work done in the Senate in the first half of the session strengthened those efforts.

Senator Bekkedahl said in testimony on SB 2363, the proposed DOT budget for the next biennium has in it the following:

- \$130M for counties
- \$56M for townships
- \$38M for cities

The Senator said this \$224M figure represents an 83% increase over the past biennium. I've even heard rumors of an amendment to boost the municipal and township buckets associated with the Prairie Dog Bill. These buckets currently provide \$230M dollars total per biennium.

Given all this good work and information, is now really the time to hit the traveling public with a \$42M gas tax increase? This committee and the entire Senate needs to ask itself: Is this money truly needed during the next biennium? If some members of the general public are drowning financially right now, shouldn't we throw them a life preserver instead of an anchor?

You take that same 42-million-dollar projection and keep it in consumer pockets it churns through the economy 4-5 times and generates upwards of \$200 million.

Do the right thing for your constituents in ND. Give a DO NOT PASS recommendation on the gas tax portion of HB 1382.

# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1382  
4/16/2025

Relating to the creation of the city, county, and township road fund, relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

9:04 a.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### Discussion Topics:

- Fund disbursement details

9:04 a.m. Chairman Weber discussed proposed amendment regarding allocation of road funds.

9:06 a.m. Senator Patten moved to adopt Amendment LC#25.1043.02001.

9:07 a.m. Senator Powers seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

9:08 a.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

CO  
4/24/25  
1045

**ENGROSSED HOUSE BILL NO. 1382**

Introduced by

Representatives Hagert, Brandenburg, Headland, Novak, Stemen, Weisz, Wagner, Nelson  
Senators Myrdal, Wanzek, Weber, Klein

1 A BILL for an Act to create and enact a new section to chapter 54-27 of the North Dakota  
2 Century Code, relating to the creation of the city, county, and township road fund; to amend and  
3 reenact subsection 1 of section 39-04-19.2, section 54-27-19, subsection 1 of section  
4 57-43.1-02, and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating  
5 to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and  
6 special fuels, and the highway tax distribution fund; and to provide an effective date.

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

8 **SECTION 1. AMENDMENT.** Subsection 1 of section 39-04-19.2 of the North Dakota  
9 Century Code is amended and reenacted as follows:

- 10 1. In addition to all other fees required under this chapter for registration of a motor  
11 vehicle, the department shall collect at the beginning of each annual registration  
12 period:
- 13 a. An electric vehicle road use fee of ~~one hundred twenty~~one hundred-fifty dollars  
14 for each electric vehicle registered.
- 15 b. A plug-in hybrid vehicle road use fee of ~~fifty~~sixty dollars for each plug-in hybrid  
16 vehicle registered.
- 17 c. An electric motorcycle road use fee of ~~twenty~~five dollars for each electric  
18 motorcycle registered.

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

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

A highway tax distribution fund is created as a special fund in the state treasury ~~into which must be deposited~~. Except as provided in section 3 of this Act, all the moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes must be deposited in the fund. The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:

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



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

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

**SECTION 3.** A new section to chapter 54-27 of the North Dakota Century Code is created and enacted as follows:

**City, county, and township road fund.**

1. There is created in the state treasury the city, county, and township road fund. The fund consists of three cents per gallon [3.79 liters] of the tax assessed under subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02.
2. The state treasurer shall allocate and distribute two-thirds of moneys in the fund to ~~non-oil-producing~~ counties and cities ~~in non-oil-producing counties~~ for the purpose of funding road infrastructure using the highway tax distribution fund formula established in subsection 4 of section 54-27-19.
3. The state treasurer shall allocate one-third of moneys in the fund to ~~non-oil-producing counties for the benefit of organized and unorganized townships in non-oil-producing counties for township road and bridge purposes using the formula~~ the township highway aid fund established in section ~~54-27-19.4~~ 54-27-19.1.
- ~~4. For purposes of this section, "non-oil-producing county" means a county that received no allocation of funding or a total allocation of less than five million dollars under subsection 2 of section 57-51-15 in the most recently completed even-numbered fiscal year before the start of each biennium.~~

**SECTION 4. AMENDMENT.** Subsection 1 of section 57-43.1-02 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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

7        **SECTION 6. EFFECTIVE DATE.** Sections 4 and 5 of this Act are effective for taxable  
8        events occurring after June 30, 2025.



# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1382  
4/24/2025

Relating to the creation of the city, county, and township road fund, relating to the electric and plug-in hybrid vehicle road use fee, the tax imposed on motor vehicle and special fuels, and the highway tax distribution fund; and to provide an effective date.

1:26 p.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### Discussion Topics:

- Gas tax allocation details

1:27 p.m. Vice Chairman Rummel provided discussion regarding an increase in gas tax.

1:27 p.m. Senator Powers moved a Do Not Pass as Amended.

1:28 p.m. Vice Chairman Rummel seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senator Powers will carry the bill.

1:31 p.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*

**REPORT OF STANDING COMMITTEE  
ENGROSSED HB 1382**

**Finance and Taxation Committee (Sen. Weber, Chairman)** recommends **AMENDMENTS** ([25.1043.02001](#)) and when so amended, recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). Engrossed HB 1382 was placed on the Sixth order on the calendar. This bill does not affect workforce development.