

June 2002

## STATE AND POLITICAL SUBDIVISION COLLABORATIVE HIGHWAY PROJECTS - STATUTORY CHANGES

This memorandum provides information on potential statutory changes to allow the state and political subdivisions to do collaborative highway projects with funding generated from a dedicated revenue source.

### ALTERNATIVE A

To allow the department and political subdivisions to collaborate on highway projects using a dedicated source of revenue, a new statute could be enacted to provide this authority and to establish a special fund for depositing and spending the funds for these collaborative projects. In addition, North Dakota Century Code (NDCC) Section 24-02-36 which precludes state funds from being used for improving, maintaining, or repairing roads not on the state highway system could be amended to provide that this requirement does not apply to these collaborative projects. A copy of NDCC Section 24-02-36 is attached.

### ALTERNATIVE B

North Dakota Century Code Section 24-02-43 authorizes the director of the Department of Transportation to contract and cooperate with other states, political subdivisions, or the federal government to establish, maintain, and operate a multistate infrastructure bank. A copy of NDCC Section 24-02-43 is attached. The bank is authorized by the federal National Highway System Designation Act of 1995 and Related Agencies Appropriations Act of 1997 and was established by the 1997

Legislative Assembly. This section authorizes the state and political subdivisions to deposit funds in the infrastructure bank and use the funds for the purpose of funding highway projects as determined by the entities involved.

The bank has been used only by the state to provide loans for completing state highway projects eligible for federal participation. The funds borrowed have been repaid from subsequent federal allocations and state highway fund money. Although the bank is structured primarily for providing loans for completing federally approved highway projects, representatives of the Department of Transportation have indicated that it may be possible to deposit funds from a dedicated source of revenue into the bank and use those funds for collaborative highway projects involving the state and one or more political subdivisions. A section could be enacted to allow the department to expand the involvement of the infrastructure bank for providing funding for collaborative highway projects involving the state and a political subdivision and to provide that the funds generated from a dedicated revenue source be deposited into the infrastructure bank. North Dakota Century Code Section 24-02-36 could be amended to provide that the requirement that state funds be used only on the state highway system does not apply to the infrastructure bank.

ATTACH:1