

**Department 801 - Department of Transportation  
 Senate Bill No. 2012**

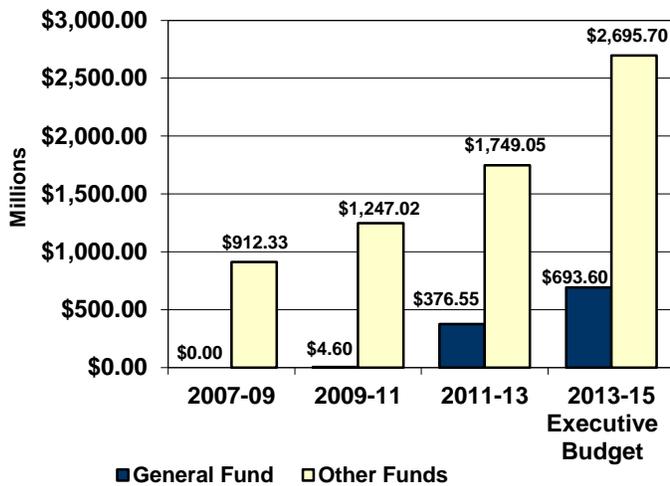
	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	1,079.50	\$693,600,000 <sup>1</sup>	\$2,695,703,578	\$3,389,303,578
2011-13 Legislative Appropriations	1,063.50	376,550,000 <sup>2</sup>	1,749,054,459 <sup>3</sup>	2,125,604,459
Increase (Decrease)	16.00	\$317,050,000	\$946,649,119	\$1,263,699,119

<sup>1</sup>The 2013-15 executive budget general fund amount includes a \$683.6 million transfer from the general fund to the highway fund.

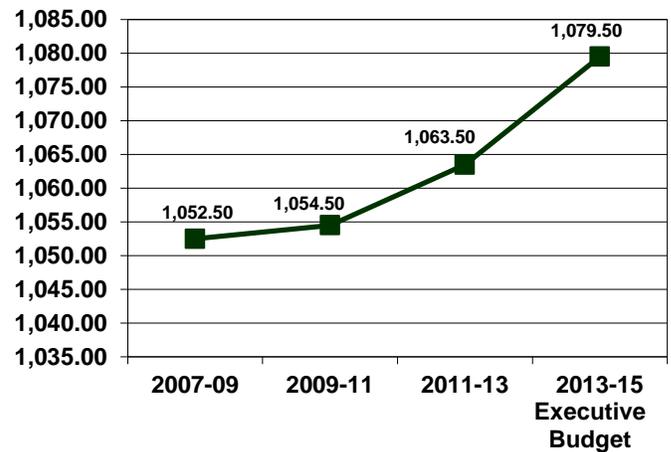
<sup>2</sup>The 2011-13 general fund appropriation amount includes a \$370.6 million transfer from the general fund to the highway fund and a \$100,000 transfer from the general fund to the public transportation fund. The 2011-13 biennium general fund appropriation amount does not include a \$620 million transfer from the general fund to the highway fund included in the executive budget.

<sup>3</sup>The 2011-13 other funds appropriation amount does not include \$392,807,585 of additional special funds authority resulting from Emergency Commission action during the 2011-13 biennium.

**Agency Funding**



**FTE Positions**



**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$0	\$693,600,000	\$693,600,000
2011-13 Legislative Appropriations	0	376,550,000	376,550,000
Increase (Decrease)	\$0	\$317,050,000	\$317,050,000

**First House Action**

Attached is a summary of first house changes.

**Executive Budget Highlights  
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides for <b>one-time general fund transfer</b> to the highway fund during the 2013-15 biennium of \$683.6 million. The executive budget also includes a 2011-13 biennium one-time general fund transfer of \$620 million from the general fund to the highway fund. The transfers provide additional funding in the highway fund for enhanced state highway investments and to continue the county and township road reconstruction program as detailed below. <b>The Senate removed the \$620 million 2011-13 biennium transfer from the general fund to the highway fund. Senate Bill No. 2176 (2013), as approved by the Legislative Assembly, contains a \$620 million general fund appropriation for state highway projects.</b>	\$683,600,000		\$683,600,000

2. Provides <b>one-time funding</b> for enhanced state highway investments in areas affected by oil and gas development, including extraordinary maintenance, truck reliever routes, and upgrading two-lane roadways to four-lane roadways. <b>The Senate reduced funding for enhanced state highway investments by \$620 million. Senate Bill No. 2176 (2013), as approved by the Legislative Assembly, contains a \$620 million general fund appropriation for state highway projects.</b>	\$1,161,600,000	\$1,161,600,000
3. Provides <b>one-time funding</b> of \$142 million to continue the county and township road reconstruction program in areas affected by oil and gas development. This represents the same level of funding as provided during the 2011-13 biennium.	\$142,000,000	\$142,000,000
4. Adds 16 FTE positions including 5 FTE engineers, 4 FTE transportation technicians, 4 FTE motor vehicle licensing specialists, 2 FTE driver's license supervisors, and 1 FTE accounting/budget specialist	\$2,411,973	\$2,411,973
5. Adds funding to replace the motor vehicle registration and titling system	\$9,663,500	\$9,663,500
6. Adds funding to continue the highway building asbestos abatement project	\$6,000,000	\$6,000,000
7. Adds funding for salary enhancements for employees in oil and gas producing areas	\$2,544,999	\$2,544,999
8. Adds funding for rental assistance for employees in oil and gas producing areas	\$1,100,000	\$1,100,000
9. Adds <b>one-time funding</b> to match a federal TIGER III grant to rebuild a segment of railroad track near Church's Ferry	\$10,000,000	\$10,000,000
10. Provides for the following anticipated changes in federal highway aid:		
Federal Highway Administration formula funds (from \$569.5 million to \$532.2 million)	(\$37,300,000)	(\$37,300,000)
Emergency relief (from \$56.2 million to \$116.8 million)	60,600,000	60,600,000
Federal rail funds (from \$6.1 million to \$8.4 million)	2,300,000	2,300,000
National Highway Traffic Safety Administration (from \$11.4 million to \$9.3 million)	(2,100,000)	(2,100,000)
Federal transit funds (from \$13.7 million to \$14.8 million)	1,100,000	1,100,000
Total	\$24,600,000	\$24,600,000
11. Provides funding for state employee salary increases of which \$8,771,730 relates to performance increases and \$959,118 is for market equity adjustments. <b>The Senate added \$24,234 to correct the executive compensation package.</b>	\$9,730,848	\$9,730,848

### Advanced Transportation Funding - Senate Bill No. 2176

Senate Bill No. 2176, as approved by the Legislative Assembly in 2013, provides a \$620 million general fund appropriation to the Department of Transportation for state highway construction and maintenance projects. The bill also provides a \$100 million general fund appropriation to the State Treasurer for special transportation funding distributions to political subdivisions located in non-oil-producing counties.

#### Other Sections in Bill

**Line item transfers** - Section 3 authorizes the Department of Transportation to transfer funds between the operating expenses, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.

**County and township road reconstruction program in areas affected by oil and gas development** - Section 4 continues the county and township road reconstruction program in areas affected by oil and gas development. The section provides that any funding not spent during the 2013-15 biennium may be continued and used during the 2015-17 biennium.

**County and township bridge reconstruction program** - Section 5 provides guidelines for the use of a \$27 million appropriation from the strategic investment and improvements fund for a county and township bridge reconstruction program.

**Highway-rail grade crossing safety projects** - Section 6 provides guidelines for the continuation of previously approved highway-rail grade crossing safety projects into the 2013-15 biennium. The Legislative Assembly in 2009 provided \$2.5 million of one-time funding for highway-rail grade crossing safety projects.

**Contingent transfers to public transportation fund** - Section 7 provides contingent transfers of \$550,000 from the general fund to the public transportation fund on July 1, 2013, and July 1, 2014. The transfers are contingent upon deposits from the highway tax distribution fund into the public transportation fund being \$5 million or less during the preceding state fiscal year.

**Oil-producing township transportation funding grants** - Section 8 appropriates \$10 million to the State Treasurer to provide \$15,000 transportation grants to organized and unorganized townships in oil-producing counties.

**Township transportation funding distributions corrections** - Sections 9 and 10 provide general fund appropriations to the State Treasurer to correct errors in the distribution of special transportation funding to townships as contained in 2011 Senate Bill No. 2371 and 2013 Senate Bill No. 2176.

**General license plate issue** - Sections 11, 12, and 17 provide for a general license plate issue by the Department of Transportation. A general fund appropriation of \$6.2 million is provided to the department for estimated costs associated with the license plate issue. A special fund appropriation of \$4.28 million is provided to the Department of Corrections and Rehabilitation for estimated costs to be incurred by Roughrider Industries related to the license plate issue.

**2013-15 biennium general fund transfer** - Section 13 provides for a \$683.6 million transfer from the general fund to the highway fund during the 2013-15 biennium.

**Carryover authority - Enhanced state highway investments** - Section 14 provides that unexpended 2013-15 biennium appropriations for enhanced state highway investments must be continued into 2015-17 biennium.

**Exemption - Road grade raising grants** - Section 15 provides that funding appropriated from the state disaster relief fund in 2011 Senate Bill No. 2176 for road grade raising grants is not subject to North Dakota Century Code Section 54-44.1-11 and may be continued into the 2013-15 biennium by the Department of Transportation.

**Motor vehicle branch office fees** - Section 16 amends Section 39-02-03 relating to fees charged by Department of Transportation motor vehicle branch offices.

**Study of motor vehicle branch offices** - Section 18 provides for a Legislative Management study of Department of Transportation motor vehicle branch offices.

### **Continuing Appropriations**

There are no continuing appropriations for this agency.

### **Deficiency Appropriations**

**House Bill No. 1023** - Includes a \$36.1 million deficiency appropriation from the general fund to the Department of Transportation. The deficiency appropriation is to repay a loan received from the Bank of North Dakota for emergency relief projects in the state.

### **Significant Audit Findings**

The operational audit of the Department of Transportation conducted by the State Auditor's office for the biennium ending June 30, 2011, included the following significant audit findings:

- The controls surrounding the vehicle and fuel usage at the Department of Transportation are inadequate.
- The reconciliation of the motor vehicle clearing account is inadequate.
- A lack of segregation of duties exists for checks issued from the vehicle registration and titling system.

### **Major Related Legislation**

**House Bill No. 1033 - Department of Transportation airplane replacement** - Provides a \$4.5 million general fund appropriation to the Department of Transportation for the purchase of replacement airplanes for the department's fleet

**House Bill No. 1122 - Redistribution of public transportation funds** - Allows the redistribution of public transportation funds allocated to a county but not expended. The bill also allows the Department of Transportation to use unexpended public transportation funding for transit coordination purposes.

**House Bill No. 1142 - Public transportation fund continuing appropriations** - Provides a continuing appropriation to the Department of Transportation to distribute funds from the public transportation fund

**House Bill No. 1358 - Transportation funding distributions** - Provides a \$150 million appropriation to the Department of Transportation for transportation funding distributions to counties that received less than \$5 million of oil and gas gross production tax allocation during the preceding state fiscal year. The bill also provides a general fund appropriation of \$8,760,000 to the State Treasurer to provide transportation grants to townships in counties that received between \$500,000 and \$5 million of oil and gas gross production tax allocation during the preceding state fiscal year.

**House Bill No. 1425 - Enhanced operator's license** - Provides for the Department of Transportation to issue an enhanced operator's license or nondriver photo identification card upon request and the payment of a fee

**Senate Bill No. 2025 - Extraordinary road use fees** - Provides that extraordinary road use fees for a violation that did not occur on an interstate or a state highway must be deposited in the general fund of the jurisdiction having authority over the road on which the violation occurred and must be used for the support of the road system of that jurisdiction. Currently, all extraordinary road use fees are deposited in the state highway fund.

**Senate Bill No. 2221 - Scenic and recreational roadway funding** - Transfers \$20 million from the strategic investment and improvements fund to the special road fund for grants to counties and townships for improvements to scenic roadways and roadways providing access to recreational areas