

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

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ROLL NUMBER

DESCRIPTION

1012

2007 HOUSE APPROPRIATIONS

HB 1012

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1012 Budget Overview

House Appropriations Committee

Check here for Conference Committee

Hearing Date: January 5, 2007

Recorder Job Number: 675

Committee Clerk Signature



Minutes:

**Chairman Svedjan** opened the hearing on the Budget Overview of HB 1012.

**Francis Ziegler, Director, North Dakota Department of Transportation** pointed out the items distributed to the Committee including: "Testimony Before the House Appropriations Committee 2007-2009 Biennium Budget" (Attachment A), "North Dakota Transportation Handbook (Attachment B), "Strategic Plan 2005-2011" (Attachment C), and "Performance measures Report Card" (Attachment D).

**Mr. Ziegler** reviewed the DOT's employees, strategic plan and Performance Measures and accomplishments and challenges (Attachment A). Mr. Ziegler discussed the REAL ID Act. States are given until May 2008 to accomplish this and failure to comply will result in a state's driver's license and ID cards not being able to be used for "any federal purpose," including getting on an airplane. There is no federal funding for this measure.

**Rep. Wald:** Are we saying that if we don't have this driver's license it would trump a passport?

**Mr. Ziegler:** A passport would supersede this in terms of getting on an airplane.

**Rep. Skarphol:** Has the federal government defined what it is they actually expect yet?

**Mr. Ziegler:** They don't have any program or process for us to follow yet.

**Chm. Svedjan:** This is a real quagmire. In terms of the law and the release of the regulation and timing, the difficulty of ascertaining who a person is to even be photographed for this card. It's a huge unfunded mandate to the states.

**Mr. Ziegler** explained that the DOT believes the best approach to the REAL ID issue is to work with the national organizations and Congress and focus on the rewrite of DL3. The update to DL3 will be written to integrate with the national ID system.

**Rep. Skarphol:** How can you do that when you don't know what it is?

**Mr. Ziegler:** That's why we're working with the national organizations that can help us identify what is intended by the congressional legislation.

**Mr. Ziegler** detailed the one-time adjustments to the DOT budget that will use general fund money (Ref. 20:54).

**Rep. Skarphol:** Don't you have the authority to borrow from the Bank of North Dakota in the event there's a real need?

**Mr. Ziegler:** Yes.

**Rep. Skarphol:** My point is, with regard to the \$5 million rewrite of driver's license system, I have some hesitancy with regard to that. I think we're probably prematurely jumping into this. I'm wondering if you could satisfy this by borrowing from the BND until the next biennium in the event it was decided to move forward?

**Mr. Ziegler:** It's something we could live with.

**Rep. Wald:** Did you put together a cash flow projection for federal money coming to North Dakota for the next two bienniums? Rather than the \$20 million as an outright appropriation, maybe we could loan the DOT general fund monies at a non-interest bearing basis so when you start receiving federal money you could repay the general fund?

**Mr. Ziegler:** The federal program is a 6-year program. We don't know what we'll get for the 07-09 biennium. We're reasonably sure it will be around \$481 million. As we work toward our programs, we use all that federal aid that we project to be getting for our projects. We do have a spending plan for all our projects.

**Rep. Wald:** I think we're setting a precedent we don't want to. I would like to work out another arrangement.

**Mr. Ziegler** brings the charts included in Attachment A to the attention of the Committee.

**Chm. Svedjan:** Re: Salary equity pool – You indicate that the \$1.1 million would be sufficient to handle the equity situation within DOT. Is this \$1.1 million over and above the \$10 million the Governor has in for the equity pool?

**Mr. Ziegler:** No. The \$10 million the Governor has includes the DOT (Ref. 33:15). We've been informed by OMB that we will have to provide this out of our own funding. While it's in there, we won't get any additional funding. We'll simply get spending authority.

**Chm. Svedjan:** Then doesn't that have the effect of increasing the equity pool to \$11.1 million?

**Mr. Ziegler:** The \$1.1 million gives us the spending authority to be able to use the equity fund.

**Chm. Svedjan:** This is not duplicated elsewhere in the budget?

**Joe Morrissette, OMB:** \$1.1 million is part of the \$10 million. There is no duplication.

**Mr. Ziegler** concluded his remarks.

**Chm. Svedjan** adjourned the meeting.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 1/11/07

Recorder Job Number: 938

Committee Clerk Signature

*Kanya Voegele*

Minutes:

Chairman Carlson opened the hearing on House Bill 1012. A bill for an act to provide an appropriation for defraying the expenses of the Department of Transportation.

The committee held a joint meeting in the Fort Totten Room with the House Transportation Committee.

Francis Ziegler, the Director of the Department of Transportation, spoke in support of the bill.

He gave the detailed elements of the DOT budget. See attached testimony 1012.1.11.07A

**Representative Delmore:** Will the new computer system be compatible with the new driver's license system?

**Francis Ziegler:** Yes

**Representative Kempenich:** Have you checked in to the dead spots around the state that you will have with the new radios?

**Francis Ziegler:** The digital radios should be better than the analog radios as far as dead spots.

**Representative Weisz:** Does the DOT amount of money from the bioterrorism money available?

**Francis Ziegler:** We are not sure we will get back to you on that.

**Chairman Carlson:** Are you receiving any Homeland Security money?

**Francis Ziegler:** No, we haven't but we can look at applying for some.

**Representative Ruby:** Was the previous upgrade for computers just for the registration card?

**Francis Ziegler:** That is correct. That was for motor vehicle licenses this is for the driver's licenses.

**Representative Skarphol:** Are all of your FTE positions currently filled?

**Francis Ziegler:** Yes.

**Representative Weisz:** What can the Safe Routes to Schools funding be used for?

**Francis Ziegler:** It can be used for sidewalk repair, traffic signals and signage. We get \$1million in Federal Aid to fund this program.

**Chairman Carlson:** Let's talk about the \$20million from the General Fund. This is a real break from traditional funding of the DOT. I look at the title of One Time Funding and I struggle with the fact that a lot of those projects will have on going expenses. Is that your original request or does it come from the Governor?

**Francis Ziegler:** In working with OMB and with the Governor's Office we looked at our needs and we looked at the funding structure that was in place. What we are looking to do is some of these one time investments that we had a significant need for. I know there is concern about the \$11million to be used for roads. Is that one time? We are looking at it as a one time project from the perspective that we had to delay \$30million in construction in 2006 and \$100million in 2007 because of construction inflation.

**Chairman Carlson:** What are we leveraging with this money? Do any of these have a match?

**Francis Ziegler:** No they are not match. They are preventative maintenance projects.

**Representative Delmore:** Have you figured bids on these projects?

**Francis Ziegler:** We constantly work with the AGC to see what the current prices are.

**Representative Skarphol:** You stated that 27% of federal funds passed through the DOT budget. What was that figure in the past?

**Francis Ziegler:** About the same.

Shannon Sauer testified in support of the bill. See page 4 of 1012.1.11.07A.

**Chairman Carlson:** Could you explain about special fuels, gasoline and gasohol for those who are new?

**Shannon Sauer:** The special fuels tax is essentially diesel tax. It is different in that the special fuels tax is a 2% excise tax. The diesel tax and the special fuels 2% excise tax are up. The diesel tax reflects that the amount of truck traffic is up. The 2% tax reflects that the price of gas is up.

**Representative Weisz:** : Your projecting roughly about \$11 to \$12 million decrease in overall gas tax revenue and about a \$3million increase in the diesel tax so then we're looking at a drop of \$8 or \$9 million in general gas tax revenue is that a fair assumption?

**Shannon Sauer:** We are looking at roughly about \$5 million decrease in the total fuel tax

**Representative Weisz:** I'm not talking about the special fuels excise tax. I'm talking about our road tax, our vehicle, alcohol and gas tax. It's going to have roughly a \$10 million drop via projection.

**Shannon Sauer:** As we've already discussed, people are using less with fuel so costly. There was a \$1.1 million decrease flowing into the fund.

**Representative Kempenich:** Why is there only \$2.5million this coming biennium when there was \$44million last biennium coming from the emergency relief fund?

**Shannon Sauer:** The change is due to the completion of two major projects that were funded with the emergency relief fund. The grade raise on US Highway 281 and the Grahams Island project.

**Chairman Carlson:** Are you paying the bonds off with future highway dollars?

**Shannon Sauer:** The bonds are paid off with a combination of federal dollars and state dollars.

**Chairman Carlson:** So we are leveraging future dollars with the bonding.

**Shannon Sauer:** That is correct.

**Representative Skarphol:** The truck regulatory category (table 4 page 7 of testimony), does that just include the overweight and over width permits?

**Shannon Sauer:** That is correct.

**Representative Skarphol:** Are you saying that the State Fleet is a profit center?

**Shannon Sauer:** No it is a cost recovery agency.

**Representative Skarphol:** Is this a federal requirement?

**Shannon Sauer:** Yes.

**Chairman Carlson:** Can you touch on the Asbestos Abatement? I thought that was long gone.

**Shannon Sauer:** Several bienniums ago, we entered into a settlement of a lawsuit. We received somewhere in the neighborhood of \$2.5million because of asbestos in the central office building. We have not done any specific work on the asbestos abatement at this point. We continue to budget it and we have the cash. The cash is sitting in the highway fund. The intent is to do the asbestos abatement in several offices. The problem is that the whole abatement project is going to cost significantly more than the \$2.5million. That will probably do about a floor and a half.

**Chairman Carlson:** Do you show the same number every budget?

**Shannon Sauer:** Pretty much.

**Chairman Carlson:** When are you going to come and ask for the \$5million to clean it up?

**Francis Ziegler:** We have looked at the levels a couple of weeks ago. We continue to monitor the air in our building. We are going to continue going the way we are.

**Chairman Carlson:** If we knew it was going to cost \$7.4million why did we settle for \$2.5million?

**Francis Ziegler:** It was a court decision.

**Chairman Carlson:** Is the building safe for the employees?

**Francis Ziegler:** Yes.

**Representative Skarphol:** Hasn't it been somewhat proven that encapsulation is a better solution than removal?

**Chairman Carlson:** It depends on where it is at.

**Chairman Carlson:** Your total expected revenue is going to be \$908.4million. How much is that decreased from the last biennium?

**Shannon Sauer:** About \$44.1million.

**Chairman Carlson:** That has not happened in recent years where that number is less. It appears to me that we have always had trouble matching that money instead of having a number that was less.

**Francis Ziegler:** The Four Bears Bridge brought in \$40million of non-matched money. The Memorial Bridge did have some ear marked projects.

**Representative Weisz:** I am not sure that quite adds up because in the 05-07 bienniums you showed \$479million federal administration funds that are not emergency relief and you are looking at a drop to \$453million. That is a \$26million drop.

**Shannon Sauer:** We will get into that in further testimony.

**Representative Skarphol:** How can we use the \$2.5million from Asbestos Abatement as a revenue source every year?

**Shannon Sauer:** We have been including it as a revenue source and expenditure. It is reflected in the capital assets line of the budget.

**Vice Chairman Carlisle:** On the million dollars or roughly 10% of the equity pool for DOT, is OMB going to have strings or are they going to give you the million dollars and you figure out how you are going to disperse it?

**Shannon Sauer:** That has not been determined yet.

**Chairman Carlson:** For the Transportation Committee's information, every budget that we hear includes the 4 & 4 salary package. That is 4 & 4 fully funded health and then some of the agencies have the opportunity to access a \$10million equity pool to adjust inequities in the salaries of the employees. DOT has historically had a problem dealing with how to keep and retain engineers and various people within the department. They have had equity pools before. Now you are saying they access to that pool, is it designated to a million dollars or not?

**Joe Morrissette:** That is just an estimate at this time.

**Chairman Carlson:** So you have not pre-committed any of the money to any agencies so they are on a first come, first serve basis.

**Representative Skarphol:** Because of the fact that you have not increased the budget in the past several biennium, has the fleet aged?

**Shannon Sauer:** No.

**Representative Kroeber:** The federal funding for the Safer Schools Routes, did I hear you say there is a million dollars there that the schools can access if they, assumingly this person that coordinates this identifies problems then the schools can try to access this million dollar fund, is that correct?

**Francis Ziegler:** Yes. Stop at our office and we can give you more information.

**Representative Kroeber:** How much money is in this? I know you said there is a million dollars that you get but how often do you get the million?

**Tim Horner:** It is one million dollars per federal fiscal year.

**Shannon Sauer:** To answer Representative Williams' question earlier regarding revenue enhancements that the legislature enacted last session provided for the DOT.

**Representative Williams:** I understand legislation plays a part in this, my concern is that we had 17 conference committees last time over the revenue projection from fuel tax and license changes, how much new money was that supposed to generate from that bill.

**Shannon Sauer:** The portion of the pickup motor vehicle fee increase that went into effect last biennium was to generate about \$5.2million. The \$10 additional motor vehicle registration fee that goes directly to the DOT was designed to provide about \$14million.

**Chairman Carlson:** Did you meet the projections that you set?

**Shannon Sauer:** I was just told that \$5.2million is where we are right now. It was projected to be about \$3million so we are up right now.

**Vice Chairman Carlisle:** With the Safe Routes to Schools, how many schools have accessed it so far?

**Francis Ziegler:** None yet. We just got the person in place to supervise the project.

The DOT will make sure to get brochures to the House Education, Appropriations and the Transportation Committees.

**Representative Weisz:** I have a couple of questions, first one is concerning the additional \$3.5 million for Federal Transit Fund, I assume that is new money and what is that being earmarked for? The other question has to do with the \$4million new money for the Federal Rail Fund. I am curious where that is going.

**Tim Horner:** The growth in transit dollars came from an overall policy change with SAFETEA-LU. Rural states, as far as the rural component of transit, there is an urban component and a rural component. The rural component doubled for North Dakota as far as how much was allocated to the state each year. This provision increase provides for that increase in rural transit dollars. We basically reimburse when the costs are incurred by the transit provider. The Federal Rail Fund is basically delayed money that we had projects proposed last time and again those are pass through dollars.

**Chairman Carlson:** Would you please submit the breakdown between states, counties, and cities and show us how you broke it down for funding in roads?

**Representative Weisz:** Could you have a sample sheet so everyone see where the money goes and how the money is broken down?

**Francis Ziegler:** I want to thank you for the opportunity for meeting with both committees and I will let you know today that we make ourselves available if anybody has any questions about our testimony that we will be available to walk you through it again.

**Chairman Carlson:** Rep. Weisz and I have just a few things that we'd like to have you submit so that we have the information for the committee so that we don't have to go over it at this time. I think it's important that everyone understand the breakdown of the money between the state, the county and the cities. Where this money goes, this large pool of money, Many times we don't realize how much of this money goes back to the cities of the sharing that we do with the revenue. And then I think it's important to understand how that money is leveraged. Is it 90-10, is it 80-20, just some general information I think is very valuable to look at because as you take this home to your constituents, if they understand that the money doesn't all stay here the money goes and is distributed in many ways.

**Representative Welsz:** I would like to agree with this because my committee deals a lot with funding for roads in cities counties. It is important to see where the federal state and city money goes. If we could have a simple sheet so that everyone could see where the money goes and how it's broken down.

The committee went back to the Great Plains Room to continue the meeting with the House Appropriations-Government Operations Subcommittee.

**Chairman Carlson:** About that \$20million, are we 100% matched on available federal funds with our existing revenues?

**Francis Ziegler:** We are 100% matched.

**Chairman Carlson:** So this is in addition to the 100% match

**Francis Ziegler:** That is correct.

**Chairman Carlson:** If we were to take your program for the pavement preservation, is that legitimate now to use federal dollars on highways for that? Are you able to secure a match to do that work if you had more federal money?

**Francis Ziegler:** Yes we can use federal money for thin lift overlays. What we cannot use that money for is crack sealing, seal coats and those types of things that would extend the life of the road. Those are preventative maintenance projects where typically don't get federal aid.

**Chairman Carlson:** Can we do the chip seal projects under the federal match?

**Francis Ziegler:** Only the first time after a federal abate project is completed but after that it is considered maintenance and the state has to take care of that.

**Chairman Carlson:** How about state highways and county highways, can they secure a match with their money for that?

**Francis Ziegler:** Yes they can but for the first time only.

**Chairman Carlson:** So you are saying that this \$11million could be used only on state highways.

**Francis Ziegler:** Only on state and federal highways. Not on county highways.

**Chairman Carlson:** I struggle with the precedent we are starting with General Fund dollars, especially when we take our excised dollars tax off of the new car and used car sales and put in the General Fund which are user dollars actually because of the vehicles. I don't have any trouble with the project I have the trouble with how we are funding the project.

**Representative Kroeber:** If we came up with a different funding source you could care less right?

**Chairman Carlson:** How would you have funded this? Was this the Governor's proposal or yours?

**Francis Ziegler:** First of all, our job at the DOT is to make sure that system is constructed and maintained. We need to make sure that we have the tools to do that. The funding mechanism comes from the Executive Budget. We worked with OMB to make it happen.

**Chairman Carlson:** It was not your proposal though this \$11million?

**Francis Ziegler:** We showed the need for the \$20million and then we worked together.

**Chairman Carlson:** How were you going to fund it? In your original proposals when you start discussions how would have you funded it?

**Francis Ziegler:** Tough question. We went to the Governor's office and said that we were going to have an unbalanced budget because of certain needs.

**Chairman Carlson:** Do you feel confident with the number the federal government has given that will be available for highway funds in the next biennium?

**Francis Ziegler:** We have \$481.6million. There are times when you are able to project the federal aid and have a great degree of certainty. They are currently on a continuing resolution.

**Chairman Carlson:** So there is a possibility that it could go up.

**Francis Ziegler:** There is a possibility that it would go down not up.

**Representative Skarphol:** The optional requests package summary appears to me like everything that is on there was included in their budget. Is that correct? If that is the case are they listed in order of priority to the department?

**Joe Morrissette:** They are listed in priority order.

**Representative Skarphol:** Regardless, Mr. Ziegler, your lowest priority on this list is the driver's license re-write program for \$5million. My question is if we were to not fund that, would that reduce the \$20million General Fund request?

**Francis Ziegler:** Yes by \$5million.

**Chairman Carlson:** Is that program required by federal with the real id thing going on?

**Francis Ziegler:** Our current driver's license system is twenty years old, if it breaks down could take 2-3 days to repair because of the difficulty of finding people that can repair the mainframe system.

Chairman Carlson reviewed the green sheet with the committee.

Chairman Carlson closed the hearing.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. Joint Hearing on NDDOT Budget-HB 1012

House Transportation Committee

Check here for Conference Committee

Hearing Date: January 11, 2007

Recorder Job Number: 940

Committee Clerk Signature

*Laurel A. Baranko*

Minutes:

**Chairman Weisz:** We're having a joint hearing with the Appropriations ,Government Ops Section and for the purpose of hearing the DOT budget. At this time I'm gonna turn the meeting over to Rep. Carlson and he'll take care of the proceedings.

**Chairman Carlson:** Thank you. We discussed when we realized we had the budget that because this takes to being a combined conference committee when we get to the end of the session that it would be best if everybody heard the funding mechanism for the DOT so we asked the department if they would be so kind as to give their presentation to both of us and that's why they're here today and Mr. Ziegler will open the hearing on House Bill 1012.

**Francis Ziegler :** Thank you I'm the Director if the Department of Transportation, it is a privilege for me to be here today to tell you what we're looking for on HB 1012.

Last week in our testimony before the House Appropriations Committee we talked about DOT employees and the challenge of making an over-view of the budget.

**Chairman Carlson:** There are some people here who are new members here and new to the legislature and new to the funding formula and the distribution. So hopefully you'll highlight that for us. It's also a good refresher for those of us who have had it before.

**Rep. Weisz:** He recognized all of the hard work put into making the budget and added that they were going to go into it in detail, especially the one-time \$20 million general fund request staffing, revenue and expenditures. The revenue and expenditures is where we get into that formula.

**Chairman Carlson :** Will you be open to questions as we go along if the committee so chooses?

**Mr. Zeigler:** Certainly, Mr. Chairman. Before we get into the details of the funding apparatus of the DOT, we'd like to present additional budget details on the \$20 million dollar general fund request. We believe it's appropriate to explain the on-time request again. The \$ 20 million dollars that would be funded as a one-time appropriation to the DOT budget is essential to the state funding needs to the transportation system. The majority of the general funds \$11.2 million will be used to protect the state's infrastructure and its road-way system.

**See Printed Testimony.**

**Rep Delmore:** With the new federal regulations, would we make sure that we're compatible with it if we're spending that type of money? Will we have the capability to fit in with what ever they do with the new driver's license?

**Mr. Ziegler:** Yes, we will. There's enough in the national legislation so that we know what they're looking for and there are companies out there that are starting to realize they know how to innovate too. Our game plan is to make sure that our system compliments theirs.

**Printed testimony cont:**

**Chairman Carlson:** Do we have any dead spots in the state? With the digital?

**Mr. Zeigler:** Yes we did. We checked with our IT supervisor and we do have some dead spots in our towers and so what we found out was that new digital equipment will not make those any worse. In fact we're looking at making them better.

**Rep Weisz:** Does DOT get any money from bioterrorism?

**Mr. Zeigler:** We don't know.

**Chairman Carlson:** Any Homeland Security money?

**Rep. Ruby:** This will upgrade computers only for driver's licenses?

**Mr. Zeigler:** Only Motor Vehicle.

**Printed Testimony Cont:**

**Rep. Skarphol:** Do we have money for the safe schools project?

**Rep. Weisz:** Do you want to expand a little bit on the safe routes for schools and how that's funded? I know there's concern about adding more for that position but how the funding arrives and what it can and can't be used for.

**Mr. Zeigler:** The Safe Routes for Schools has had an interesting beginning. It started out with obesity. They wanted safe routes so kids could walk home and get some exercise. This includes sidewalks, signal signs, whatever it takes to make sure we have safe routes to school. But there was also a requirement that each state hire one person to work just on this issue. There is one mill levy in federal aid to take care of this program and work on grants. We got \$1 million dollars to hire a person and fund this program. She goes out to the communities and provides the information on it to see if there is any interest or any applicants for the grants that are available for this project.

**Chairman Carlson:** I look at the one-time funding and I struggle a little bit looking at the fact that a lot of those are gonna have on-going expenses. Was that your original request or did it come from the Governor's office? Give me some more rationale behind "We didn't want to raise any fees, so we'll take it out of the general fund."

**Mr. Zeigler:** We're working with OMB and the Governor's office. We looked at our needs and we looked at the funding structure that is in place. Some of these one-time investments that

were where we had a significant need and since there is \$540 million or thereabouts balance in the budget that could take some of that and put it into a one-time needs group to get those out of the way. There's the issue of the \$11 million that's going to be used for roads. We had to delay \$30 million and \$100 million worth of projects in past years. We need to look for help to finish. Inflation is hurting us. We need to do something to the system to maintain it..

**Chairman Carlson:** What are we leveraging?

**Mr. Zeigler:** Nothing. We are doing preventative maintenance projects.

**Chairman Carlson:** Nothing is getting leveraged at all.

**Mr. Zeigler:** In my testimony, I'll answer this.

**Chairman Carlson:** But \$11 million doesn't go very far at how much a mile, \$ 80,000 you said?

**Mr. Zeigler:** \$80,000 to \$100,000.

**Chairman Carlson:** I thought some of that would be leveraged That's why I said those that.

**Rep. Delmore:** Have you figured out the bids on this, Have you talked any of the people that traditionally do the work for you, to know what the bids would be in order to determine how much you can do?

**Mr. Zeigler:** We constantly work with the AGC but at the same time for every bid opened we're constantly analyzing where are costs are, to see what the prices will be. At \$100,000 a mile, we're constantly working on improvements.

**Printed Testimony Cont:**

**Rep. Williams:** During the last session of the legislature, with licensing and fuel taxes, how much money did you raise last session?

**Rep Skarphol:** So what changed in the federal and state fund?

**Mr. Zeigler:** What happened with that is as the operations costs go up wheat profits go up as our snow plow operations, the state funding part of it gets used up faster. The federal aid has been relatively consistent We've had some growth in federal aid over the past biennium but today that on February 15 we have a continued resolution which is at the 2006 levels. Why we put \$481 million in here for federal aid we're hoping, we're working with our Congressional delegation to make sure that during this biennium maybe we'll get some federal aid. But given the situation in Washington which isn't ideal but in here we do have the \$481 million.

**Shannon Sauer:** This morning I'm going to give you an overview of our revenue structure and I'll also discuss some of these significant changes that have occurred in our revenue. Then after that I'll give you a brief overview of our budget requests.

**Printed Testimony Cont:**

**Chairman Carlson:** Could you explain about special fuels, gasoline and gasohol for those who are new?

**Mr. Sauer:** The special fuels tax is essentially diesel tax. It is different in that the special fuels tax is a 2% excise tax. The diesel tax and the special fuels 2% excise tax are up. The diesel tax reflects that the amount of truck traffic is up. The 2% tax reflects that the price of gas is up.

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## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 1/30/07

Recorder Job Number: 2269

Committee Clerk Signature *Amya Voegle*

Minutes:

Chairman Carlson opened the hearing on House Bill 1012.

Francis Ziegler, Director of the ND DOT, spoke in support of the bill.

### State Fleet

**Chairman Carlson:** With regards to the state fleet, who has the authority to purchase the vehicles?

**Francis Ziegler:** The DOT.

**Chairman Carlson:** Are they under capital assets or operating expenses?

**Francis Ziegler:** Capital assets.

**Chairman Carlson:** Is the appreciation in that line item as well?

**Francis Ziegler:** Yes, it is a calculation on the rate.

**Chairman Carlson:** How much of the capital assets line item is vehicles?

**Francis Ziegler:** I will have to get back to you on that.

**Chairman Carlson:** Do you contract for things like oil changes, ect. ?

**Francis Ziegler:** We do have some contracts. We have a contract with the city of Bismarck.

The contracts are set up in the individual district locations.

**Representative Skarphol:** Are you allowed to retain so many months worth of revenue?

**Francis Ziegler:** No, we are a no-profit agency.

**Representative Kempenich:** Does everything (ie. fuel) run through the State Fleet?

**Francis Ziegler:** Yes, all of the money spent runs through the State Fleet then we bill the agencies from there.

**Chairman Carlson:** Do you pay fuel taxes at your own pumps?

**Francis Ziegler:** Only Federal. No State. With the fuel cards, when fuel is pumped from another station other than the State pumps, Mansfield oil pays the company then they bill the State Fleet for the fuel minus the Federal Fuel Tax. Even at the state pumps Mansfield oil owns the fuel and bills the State Fleet for the full used.

**Representative Kempenich:** How long are the contracts? How often do you adjust the rates?

**Francis Ziegler:** We adjust the rates by the back price.

**Representative Skarphol:** Is the administrative fee a percentage?

**Francis Ziegler:** I believe it is 4.3 cents per gallon.

**Representative Skarphol:** Is that renegotiated on a regular basis?

**Francis Ziegler:** This contract will expire June 30<sup>th</sup> so we are currently working with OMB for a RFP for the fuel contract.

**Representative Kempenich:** How many vendors are out there?

**Francis Ziegler:** Two.

**Representative Kempenich:** How has the resale on trucks been?

**Francis Ziegler:** It really has not changed. It depends on the supply and demand.

**Representative Skarphol:** How do you determine the depreciation? Is it by the number of years for replacement or mileage?

**Francis Ziegler:** The vehicles are grouped together in different classes based on the type of vehicle, the average number of miles put on, fuel usage and resale prediction.

**Representative Skarphol:** Does the agency have a choice on which class of cars they can use?

**Francis Ziegler:** Yes.

The committee requested a chart of the vehicle group rates.

**Chairman Carlson:** What year did they consolidate the motor pool?

**Francis Ziegler:** The State Fleet was created in 1984. In 1995, we increased the number of units in the fleet.

**Representative Skarphol:** Does any agency own their own vehicles?

**Francis Ziegler:** There is one in Wahpeton. Students repair it and the fleet doesn't want the liability.

**Representative Skarphol:** The ATVs that the Extension Center uses for research, are they owned by the fleet?

**Francis Ziegler:** No, it must be a registered vehicle.

**Chairman Carlson:** When you figure the total rate is 12¢ per mile a typical rate?

**Francis Ziegler:** Yes.

**Chairman Carlson:** How does the group pay for a wreck?

**Francis Ziegler:** The cost is spread out among the users in that group.

**Chairman Carlson:** Is there money left over or do these numbers reflect the exact costs?

**Francis Ziegler:** These are the exact costs.

**Chairman Carlson:** Is it competitive with the open market?

**Francis Ziegler:** Yes.

**Representative Kempenich:** The Highway Patrol for example, why are they using sixty-three cents for their budget when you are charging fifty-five cents?

**Joe Morrissette:** The agency used an average because the state fleet can adjust their rates every quarter.

**Chairman Carlson:** How much total money do you collect from agencies?

**Francis Ziegler:** \$54.2 million.

**Chairman Carlson:** How many of the vehicles are E-85 compatible?

**Francis Ziegler:** I will get back to you.

**Representative Skarphol:** Also will you find out what percentage of the drivers use E-85?

**Francis Ziegler:** Yes.

**Representative Kempenich:** Who do you run the self insurance through?

**Francis Ziegler:** It is run through the State Fleet office.

**Chairman Carlson:** Do you have a catastrophes policy?

**Francis Ziegler:** Yes, on the higher priced vehicle we carry a liability policy through Risk Management.

### DL3 System

**Representative Skarphol:** Why do CDL licenses have to be kept for 55 years after the person's death?

**Francis Ziegler:** In case someone finds the license they cannot use it.

**Chairman Carlson:** Is this because of 9-11?

**Francis Ziegler:** No it is part of the Motor Carrier Safety Improvement Act of 1999.

**Kempenich,** all states must be able to access our system, correct?

**Francis Ziegler:** Only the points system.

**Representative Skarphol:** Is there any reason this cannot be a fee based system?

**Francis Ziegler:** The law would need to be changed. Currently if someone needs a driver's record they are charged a \$3.00 fee.

**Representative Skarphol:** Could you get us a proposal for a fee based system?

**Francis Ziegler:** I will see what I can do.

**Chairman Carlson:** Can we meet the requirements set by the federal government?

**Francis Ziegler:**

**Representative Skarphol:** How many IT people work on this particular system?

**Francis Ziegler:** Out of the 23 IT people, 1.5 work on this system.

**Representative Kempenich:** Is there any federal money available for this project?

**Francis Ziegler:** No.

**Representative Kempenich:** What would the life expectancy be for the new system?

**Francis Ziegler:** The new system will last roughly 20-25 years because it is easier to update.

**\$11,000,000 projects.**

**Representative Williams:** What is the longevity of micro surfacing?

**Francis Ziegler:** 7-10 years.

**Chairman Carlson:** What would you do if we gave you \$10 million instead of \$20 million?

**Francis Ziegler:** We would reprioritize. We probably would not do the DL 3 project. We would make a commitment to put as much on the roads as possible.

**Representative Skarphol:** What is the cost of micro surfacing?

**Francis Ziegler:** \$65,000-\$70,000 per mile.

**Representative Skarphol:** Do you grind the road first?

**Francis Ziegler:** No.

**Representative Skarphol:** Is there any prospect for construction materials to be more stable in price?

**Francis Ziegler:** I don't have an answer for that at this point.

**Representative Kroeber:** What if we were to take the \$20 million out of the Permanent Oil Trust fund?

**Francis Ziegler:** We have not had a lot of conversation about that.

**Representative Skarphol:** You asked for eight FTE's during the interim; what were these for?

**Francis Ziegler:** Four of them we hired for maintenance, three were engineers, and one was for the Safe Routes for Schools.

The hearing was closed.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 2/2/07

Recorder Job Number: 2673

Committee Clerk Signature

*Kanya Voegede*

Minutes:

Chairman Carlson opened the discussion on House Bill 1012.

**Chairman Carlson:** Allen, 13 & 14 on the back of the green sheet, I know that things have gone up and they were all absorbed in their other parts of the budget but it just seems that \$18million is high. I don't remember them coming in for a deficiency on fuel. It seems odd to me that that is such a huge increase especially now when prices are starting to decline.

**Allen Knudson:** The thing between Fleet Services and DOT is that they have separate budgets. Fleet Services has decided in their budget that \$18,336,254 is what fuel will cost them. The \$10,484,983 is what DOT is estimating on Fleet Services rates.

**Representative Skarphol:** What is their budget looking like for this biennium? Are they going to be short?

**Allen Knudson:** They had to defer some of the road projects to future bienniums to transfer money to cover expenses.

A motion was made by Representative Williams, seconded by Representative Skarphol to adopt an amendment removing \$20million dollars and the projects associated with numbers 1-4 on the green sheet because another funding source could not be found

**and it is the agreement of the committee the using of General fund money for these projects. Motion carried by voice vote with opposition.**

Representative Delzer submitted an amendment proposal (78012.0102) to increase the operating expenses line item by \$50,000 for the Department of Transportation to contract with the Lewis & Clark Foundation for the maintenance of the Lewis & Clark Interpretive Center facility in Washburn.

**Chairman Carlson:** Where did you come up with the \$50,000?

**Representative Delzer:** I had some discussion with Mr. Ziegler from the DOT. The average cost of maintenance on rest areas that they take care of is about \$29,000 per year.

**Chairman Carlson:** How many rest areas around the state do they not take care of off of major highways?

**Representative Delzer:** From my discussion with Mr. Ziegler, this is the only one.

**Representative Kempenich:** Why can't we contract with Tourism?

**Representative Delzer:** You could do that.

**Representative Skarphol:** I don't see why we have to require the money come from the General Fund. Let's just tell them that they have to do it.

**Representative Delzer:** That's fine. The only reason I said that is that when I talked to him he said if you make it come out of my funding I will fight you on it. So I said I would propose it this way and let you guys make the decision.

**Vice Chairman Carlisle:** I met with Mr. Goettle yesterday; several of us had talked that he had a discretionary fund that has \$580,000 in this biennium. He is spending \$200,000 on the Grand Forks project. I gave him a list of suggested ideas totaling \$195,000. If we are not going to add

General Fund, we either do it as Representative Skarphol said or there is still money left to do this.

**Chairman Carlson:** What are the wishes of the committee?

**Representative Kempenich:** I think we should contract it. Put it in tourism.

**Vice Chairman Carlisle:** It would come out of the discretionary fund. It has \$1.4million next biennium.

**Representative Skarphol:** Mr. Speaker is there a contractor that would be willing and able to this up to the standard that we would expect of DOT?

**Representative Delzer:** The Lewis & Clark Foundation has been taking care of this and that is part of the deal. They have been doing that obviously up to the standards of the DOT for a long time and there is no contract in place. The only reason there is wording "contract" and that might not be the right word but if the money came through DOT, you would need some way to transfer it. They could either grant it or contract it. The way it is done out of Tourism is a direct grant to the Lewis & Clark Foundation.

**Chairman Carlson:** In my opinion it belongs in Parks & Rec or DOT because they maintain all kinds of parks. This happens to be a park, an area where you can stop and park plus it is a way side rest.

**Representative Delzer:** I think you are looking at a different spot. This is actually in the Lewis & Clark Interpretive Center building. That is listed on the highway as a rest area. You really don't separate the two because they are part of the same building. That was how they sold using the highway beautification dollars for the Lewis & Clark Interpretive Center is to make that a rest area. Then they closed the one that you were talking about, the one that used to be south of Washburn. The only rest area between here and the border on 83 is this one.

**Representative Skarphol:** So this is in fact a rest area?

**Representative Delzer:** It is.

**Representative Skarphol:** Then why are they not taking care of it?

**Representative Delzer:** Because that was part of the deal. They said that when they spent \$800,000 on the building they would not have to take care of it. The only problem is that even though it is a listed rest area, the DOT does not have physical control of it.

**Representative Glassheim:** The point is to get it into the permanent DOT doing correct?

**Representative Delzer:** To get it into a permanent funding somewhere I don't care where.

**Representative Glassheim:** Since we don't want General Fund money in the DOT the only other choice is to just say we want them to do it and put in intent language that says they have to do it.

**Representative Kroeber:** Whoever has control over it should be the one's to do it.

**Representative Delzer:** The problem is that the facility is controlled by the Lewis & Clark Foundation. It is a listed rest area on the highway. DOT considers it a rest area but the control is by the Lewis & Clark Foundation and there is no state agency that controls them.

**Representative Glassheim:** So they would have to contract with Lewis & Clark Foundation to do it.

**Representative Delzer:** Right.

**Chairman Carlson:** When we have a rest area does the State of North Dakota own the land?

**Representative Delzer:** Depends on where it is. Here the state does not own the land.

**Chairman Carlson:** But in most areas do we not own the land?

**Representative Kempenich:** Yes.

**Representative Kempenich:** Do they contract the other ones?

**Representative Delzer:** They contract them with contracts around \$29,000.

**Chairman Carlson:** We have two options. If you want the DOT to take care of it, you either have to tell them they have to do it or you find the \$50,000. So what are our wishes here?

**Representative Delzer:** The problem is when I visited with Mr. Ziegler; he said the DOT will oppose this if you make them do it. Of course he is going to say that.

**Chairman Carlson:** Who plows the snow out of it today?

**Representative Delzer:** I would guess DOT but I can't answer that question.

**Vice Chairman Carlisle:** What kind of language would we need?

**Allen Knudson:** If you want them to spend \$50,000 to contract with the Lewis & Clark Foundation, I would suggest you change the line items.

**Representative Delzer:** Is there granting in their line items?

**Allen Knudson:** Yes

**Representative Delzer:** I would change it to a grant.

**Representative Kempenich:** That whole building would not be the responsibility of the DOT. I think we should put \$25,000-30,000 and call it good. They are just taking care of a small part of that.

**Representative Delzer:** It is not the maintenance of the whole building. The only reason I came up with those numbers is that's what the DOT is paying on the average for the other rest areas.

**Representative Skarphol:** Did you ask the Foundation what it is costing them to do the maintenance right now.

**Representative Delzer:** No. I don't have any idea what their added costs are.

**Allen Knudson:** If you want them to grant, whatever amount, it could come from the Highway Fund instead of General Fund.

**Vice Chairman Carlisle:** I think what Representative Kempenich was saying is do you need the whole \$50,000. Isn't that right?

**Representative Kempenich:** I am saying \$25,000.

**Chairman Carlson:** How do we justify the \$50,000 for the biennium?

**Representative Kempenich:** I am saying \$25,000 total. If DOT is spending roughly \$58,000 to go out there and once you start replacing like the toilet paper and things like that. The parking lot and things like that could be rolled up with the Foundation. So the costs should not be as much as the other rest areas.

**Representative Kroeber:** My thought would be not to put it in DOT but to keep it with Commerce.

**Representative Delzer:** If you put it in Commerce, it would be just a grant to the Lewis & Clark Foundation.

**Vice Chairman Carlisle:** I will talk to Commerce.

**Chairman Carlson:** This is your deal to work with the numbers, Mr. Speaker.

**Representative Delzer:** I don't have any problems. The only thing that I was hoping to be able to do is kind of like the maintenance on the North Dakota Veterans Cemetery at Fort Abraham Lincoln. Eventually it ended up being a line item where we didn't have to deal with it every year. That is the only reason I brought this forward.

**Chairman Carlson:** Ok we are going to take that to the Commerce budget bill.

**A motion was made by Representative Skarphol, seconded by Representative Thoreson to recommend a DO PASS AS AMENDED to the House Appropriations Full Committee.**

**The committee vote was 8 Yeas, 0 Nays, and 0 Absent and Not Voting. The bill will be carried by Representative Kempenich.**

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1012

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 7, 2007

Recorder Job Number: 3086

Committee Clerk Signature *Holly N. Sand*

Minutes:

**Chm. Svedjan** opened the hearing on HB 1012.

Amendment .0103 (Attachment A) was distributed.

**Rep. Kempenich** reviewed the Department 801 – Department of Transportation budget green sheet Executive Budget Highlights and amendment .0103.

**Rep. Kempenich** motioned the adoption of amendment .0103. **Rep. Carlson** seconded the motion.

**Rep. Carlson** explained that this is a 100% match of the dollars available. No fees were raised. That money is also down about \$44 million so there will be less money going into the roads. The budget is fully funded.

**The motion carried by voice vote and amendment .0103 was adopted.**

Amendment .0101 is distributed (Attachment B).

**Allen Knudson, Legislative Council** explained amendment .0101 in Rep. Carlson's absence. This amendment caps the amount of the motor vehicle excise tax collections that goes to the general fund at \$120 million per biennium. Any money over and above will go into the highway distribution fund.

**Rep. Skarphol** motions to adopt amendment .0101. **Rep. Klein** seconded the motion.

**Rep. Carlson** explained the rationale behind amendment. This sets a precedent that part of the money that's used from the sale of cars should be used for the roads.

**Rep. Ekstrom:** Heard car sales are down, they're flat, inventories are up. Has anyone evaluated what the effect of this might be?

**Rep. Kempenich:** Forecast was for \$130 million and that has dropped to \$126 million.

**Rep. Kroeber:** For clarification, the money goes in the highway fund, not the highway distribution fund.

**The motion to adopt amendment .0101 carried by voice vote and the amendment was adopted.**

**Rep. Kempenich motioned a Do Pass as Amended. Rep. Carlson seconded the motion.**

**Rep. Williams:** We will be hearing this again in Conference Committee, I'm sure. \$20 million is an issue.

**The motion carried by a roll call vote of 24 ayes, 0 nays, and 0 absent and not voting.**

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/26/2007

Amendment to:           Engrossed  
                                  HB 1012

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$12,600,000)	\$12,600,000		
<b>Expenditures</b>				\$15,980,390		
<b>Appropriations</b>				\$15,980,390		

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1012 is the DOT appropriation bill. This fiscal note pertains to the amendments that impact revenue to the NDDOT, the counties for public transportation purposes, and the state's general fund.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Conference Committee amended the House engrossed version as follows:

- The Conference Committee restored \$14,980,390 of the \$20 million of appropriation authority that had been removed by the House.
- The Conference Committee provided that 10% of the motor vehicle excise tax be deposited in the State Highway Fund after moneys are deposited in the state aid distribution fund. The Conference Committee implemented an expiration date of June 30, 2009 for the transfer of revenue. This will also reduce general funds by a like amount.
- The Conference Committee also approved a transfer of \$1,000,000 from the highway fund to the public transportation fund for the biennium beginning July 1, 2007 and ending June 30, 2009.
- The Conference Committee amended the distribution of funds for public transportation so each county receives a base amount of four-tenths of one percent of the appropriation for the program versus eighteen thousand three hundred dollars.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Conference Committee provided that 10% of the motor vehicle excise tax be deposited in the State Highway Fund, \$12,600,000, after moneys are deposited in the state aid distribution fund. The Conference Committee implemented an expiration date of June 30, 2009 for the transfer of revenue. This will also reduce general funds by a like amount.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Conference Committee restored \$14,980,390 of the \$20 million of appropriation authority that had been removed by the House. In addition, grants were increased \$1,000,000 to be transferred to the public transportation fund from the highway fund in a manner addressed in section 10.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The appropriation has been increased \$15,980,390 over the House engrossed version.

<b>Name:</b>	Patty Schock	<b>Agency:</b>	NDDOT
<b>Phone Number:</b>	328-1933	<b>Date Prepared:</b>	05/02/2007

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/05/2007

Amendment to:           Engrossed  
                                  HB 1012

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$550,000)	\$550,000		
<b>Expenditures</b>				\$550,000		
<b>Appropriations</b>				\$550,000		

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1012 is the DOT appropriation bill. This fiscal note pertains to those amendments introduced on the Senate floor on 4/4/07 (version 78012.0204).

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The amendment introduced on the Senate floor on 4/4/07 provides the DOT an appropriation from the general fund in the amount of \$550,000 for the purpose of providing a grant to Nelson County for critical road and infrastructure projects.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The amendment provides \$550,000 of revenue from the general fund.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The amendment increases expenditures \$550,000 for NDDOT to provide the grant to Nelson County.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The amendment increases the NDDOT appropriation by \$550,000.

<b>Name:</b>	Shannon L. Sauer	<b>Agency:</b>	NDDOT
<b>Phone Number:</b>	328-4375	<b>Date Prepared:</b>	04/05/2007

# FISCAL NOTE

Requested by Legislative Council

04/05/2007

Amendment to:           Engrossed  
                                  HB 1012

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$14,000,000)	\$14,000,000	(\$14,000,000)	\$14,000,000
<b>Expenditures</b>				\$14,980,390		\$14,980,390
<b>Appropriations</b>				\$14,980,390		\$14,980,390

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1012 is the DOT appropriation bill. This fiscal note pertains to the amendments introduced in the Senate Appropriations Committee.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Senate Appropriations Committee amended the House engrossed version as follows:

1. The Senate restored \$14,980,390 of the \$20 million of appropriation authority that had been removed by the House.
2. The House engrossed version provided that motor vehicle excise tax in excess of \$120 million each biennium be deposited in the State Highway Fund. The Senate Appropriations Committee amended so that the first \$14 million of motor vehicle excise tax collections each biennium be deposited in the State Highway Fund. This will also reduce general funds by a like amount.
3. The Senate added an amendment authorizing the DOT to join the Multistate Highway Transportation Agreement.
4. The Senate added an amendment allowing the State Fleet to begin purchasing new vehicles out of the 2007-2009 appropriation prior to July 1, 2007.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The House engrossed version provided that motor vehicle excise tax in excess of \$120 million each biennium be deposited in the State Highway Fund. The Senate Appropriations Committee amended so that the first \$14 million of motor vehicle excise tax collections each biennium be deposited in the State Highway Fund. This will also reduce general funds by a like amount.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Senate restored \$14,980,390 of the \$20 million of appropriation authority that had been removed by the House.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a*

*continuing appropriation.*

The appropriation has been increased \$14,980,390 over the House engrossed version.

<b>Name:</b>	Shannon L. Sauer	<b>Agency:</b>	NDDOT
<b>Phone Number:</b>	328-4375	<b>Date Prepared:</b>	04/05/2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 17, replace "36,180,257" with "36,230,257"

Page 1, line 20, replace "\$47,713,282" with "\$47,663,282"

Page 1, line 22, replace "20,000,000" with "20,050,000"

Page 2, line 6, replace "179,717,273" with "179,767,273"

Page 2, line 9, replace "907,295,066" with "907,345,066"

Page 2, line 11, replace "20,000,000" with "20,050,000"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 801 - Department of Transportation**

HOUSE - The operating expenses line item is increased by \$50,000 from the general fund for the Department of Transportation to contract with the Lewis and Clark Foundation for maintenance of the Lewis and Clark Interpretive Center facility in Washburn.





February 2, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 17, replace "36,180,257" with "17,591,177"

Page 1, line 18, replace "(108,147,421)" with "(109,558,341)"

Page 1, line 20, replace "all" with "special" and replace "(\$47,713,282)" with "(\$67,713,282)"

Page 1, remove lines 21 and 22

Page 1, line 24, remove "out of any moneys in the general fund in the state"

Page 2, line 1, remove "treasury, not otherwise appropriated, and"

Page 2, line 6, replace "179,717,273" with "161,128,193"

Page 2, line 7, replace "548,721,098" with "547,310,178"

Page 2, line 9, replace "all" with "special" and replace "907,295,066" with "887,295,066"

Page 2, remove lines 10 and 11

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	(\$18,589,080)	161,128,193
Capital assets	548,721,098	(1,410,920)	547,310,178
Grants	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	(\$20,000,000)	\$887,295,066
Less estimated income	<u>887,295,066</u>		<u>887,295,066</u>
General fund	\$20,000,000	(\$20,000,000)	\$0
FTE	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of House Changes**

	REMOVES ONE-TIME FUNDING <sup>1</sup>	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses	(\$18,589,080)	(\$18,589,080)
Capital assets	(1,410,920)	(1,410,920)
Grants		
Total all funds	(\$20,000,000)	(\$20,000,000)
Less estimated income		
General fund	(\$20,000,000)	(\$20,000,000)
FTE	0.00	0.00

<sup>1</sup> This amendment removes the following one-time funding items included in the executive budget from the general fund:

GENERAL  
FUND

Road patching maintenance and materials	(\$11,169,972)
Equipment	(2,021,860)
Driver's license computer system rewrite	(5,019,610)
Other information technology projects	(1,788,558)
	<hr/>
Total	(\$20,000,000)

Date: 2/7/07  
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1012

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 78012, 0103

Action Taken Adopt amendment 0103

Motion Made By Kempernich Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellow			Representative Kerzman		
Representative Kredt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*Voice Vote - carries*

78012.0101  
Title.

Prepared by the Legislative Council staff for  
Representative Carlson  
January 30, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, after "transportation" insert "; and to amend and reenact section 57-40.3-10 of the North Dakota Century Code, relating to motor vehicle excise tax collections"

Page 2, after line 18, insert:

**"SECTION 5. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. Transfer of revenue.** All moneys collected and received under this chapter after moneys are deposited in the state aid distribution fund under section 57-39.2-26.1 must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited ~~to the general fund.~~ as follows:

1. The first one hundred twenty million dollars received during a biennium must be deposited in the state general fund.
2. Amounts received in excess of the amount allocated under subsection 1 must be deposited in the state highway fund."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

HOUSE - A section is added providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and that any additional amounts be deposited in the highway fund.

Date: 2/7/07  
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1012

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 78012.0101

Action Taken Adoption of Amendment .0101

Motion Made By Skarphol Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvoid		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*Voice Vote - Carries*

Date: 2/7/07  
 Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1012

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Kemperich Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kemperich	✓				
Representative Wald	✓		Representative Aarsvoid	✓	
Representative Monson	✓		Representative Gulleson	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 24 No 0

Absent 0

Floor Assignment Kemperich

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1012: Appropriations Committee (Rep. Svedjan, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (24 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1012 was placed on the Sixth order on the calendar.

Page 1, line 2, after "transportation" insert "; and to amend and reenact section 57-40.3-10 of the North Dakota Century Code, relating to motor vehicle excise tax collections"

Page 1, line 17, replace "36,180,257" with "17,591,177"

Page 1, line 18, replace "(108,147,421)" with "(109,558,341)"

Page 1, line 20, replace "all" with "special" and replace "(\$47,713,282)" with "(\$67,713,282)"

Page 1, remove lines 21 and 22

Page 1, line 24, remove "out of any moneys in the general fund in the state"

Page 2, line 1, remove "treasury, not otherwise appropriated, and"

Page 2, line 6, replace "179,717,273" with "161,128,193"

Page 2, line 7, replace "548,721,098" with "547,310,178"

Page 2, line 9, replace "all" with "special" and replace "907,295,066" with "887,295,066"

Page 2, remove lines 10 and 11

Page 2, after line 18, insert:

**"SECTION 5. AMENDMENT.** Section 57-40.3-10 of the North Dakota Century Code is amended and reenacted as follows:

**57-40.3-10. Transfer of revenue.** All moneys collected and received under this chapter after moneys are deposited in the state aid distribution fund under section 57-39.2-26.1 must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited ~~to the general fund~~ as follows:

1. The first one hundred twenty million dollars received during a biennium must be deposited in the state general fund.
2. Amounts received in excess of the amount allocated under subsection 1 must be deposited in the state highway fund."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	(\$18,589,080)	161,128,193

**REPORT OF STANDING COMMITTEE (410)**  
**February 10, 2007 8:15 p.m.**

**Module No: HR-26-2804**  
**Carrier: Kempenich**  
**Insert LC: 78012.0104 Title: .0200**

Capital assets	548,721,098	(1,410,920)	547,310,178
Grants	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	(\$20,000,000)	\$887,295,066
Less estimated income	<u>887,295,066</u>		<u>887,295,066</u>
General fund	\$20,000,000	(\$20,000,000)	\$0
FTE	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of House Changes**

	REMOVES ONE-TIME FUNDING <sup>1</sup>	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses	(\$18,589,080)	(\$18,589,080)
Capital assets	(1,410,920)	(1,410,920)
Grants		
Total all funds	(\$20,000,000)	(\$20,000,000)
Less estimated income		
General fund	(\$20,000,000)	(\$20,000,000)
FTE	0.00	0.00

<sup>1</sup> This amendment removes the following one-time funding items included in the executive budget from the general fund:

	GENERAL FUND
Road patching maintenance and materials	(\$11,169,972)
Equipment	(2,021,860)
Driver's license computer system rewrite	(5,019,610)
Other information technology projects	(1,788,558)
Total	(\$20,000,000)

A section is added providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and that any additional amounts be deposited in the highway fund. Based on the February 2007 revenue forecast, an estimated \$6,197,000 will be deposited in the highway fund rather than the general fund during the 2007-09 biennium.

2007 SENATE APPROPRIATIONS

HB 1012

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-12-07

Recorder Job Number: 4854

Committee Clerk Signature



Minutes:

Chairman Holmberg opened hearing on HB 1012.

Francis Ziegler, Director, ND DOT, distributed written testimony (1) in support of HB 1012, expressing concerns about staffing needs and thanked the committee for passing SB 2189 and expressed concerns about HB 1174 asking the committee to oppose that bill. He discussed the strategic plan, the major accomplishments during 2005-07, the challenges they are faced with as to inflated rates for construction, transportation and the hiring and retention of employees, a budget overview for 2007-09 and a request for funding to be reinstated. Senator Robinson asked what micro surfacing is. The response was a course mix of oil, rock, and cement to create a harder product for filling ruts to possibly get another 10-15 years of use. The seal coat, seals cracks and prevents water from getting in.

Senator Robinson asked what the process was. The response was it goes straight over the top.

Senator Seymour questioned when looking at the high costs of constructing roads what are the top two contractors. The response was Industrial Builders, Swengen, Northern Improvement, PCI, and Anderson. They all indicate costs are going up for the same reasons and they are very competitive bids.

Mr. Ziegler then discussed the funds that be used during the 2007-09 biennium and the highway tax distribution fund.

Senator Krauter questioned the reductions and the changes in the federal match. The response was the biggest change is the funding for Devils Lake.

Senator Krauter asked if the committee could be provided with a schedule of what the \$58 million.

Grant Levi, Director, Engineering, responded to the question indicating the reduction was in the federal programs and \$41.5 million in emergency relief in addition to other decreases and increases the total being 58.6 million in federal funding but they will provide a schedule.

Senator Lindaas asked about the \$20 million in the Governor's budget, coming from general fund appropriations. He didn't recall general funds being put into this before and asked for a historical perspective on that. The response was that this is the first itme to their knowledge but in working with the Governor's office, we didn't want to increase any fees when there is a surplus in the budget so it was elected to go through the general fund this biennium.

Senator Bowman indicated during the last two biennium's it was what fees do we raise to match the federal dollars and we wanted to match the maximum amount. If we raised enough for that match and the federal government cut that amount what happened to the extra money. The response was the match money was used to pay for the increased inflationary issues. Thus, the matched money had to be used for general operations.

Mr. Ziegler went into discussing the one time funding budgets.

Senator Krauter questioned what he attributed the decrease in gas to. The response was that as gas prices rose, there was less driving and the efficiency with newer vehicles.

Senator Bowman presented something for consideration indicating with the \$20 million from te general fund, highway 85 is the road where so much oil traffic is on and would it be unfair to

target part of that money to maintaining that infrastructure. The response was we prefer not to target, but we can target. We do look and that is why we mention our systems and our equipment and determine the roads getting the most use.

Chairman Holmberg indicated the committee would be looking at other bills out there that affect DOT. He then questioned the license plates and asked for an update. The response was that in preparing the budget this was discussed, the roads are more important at this time. Dan Dietrich, Executive Vice President, Industrial Builders, President, Buildings Inc., testified in support of HB 1012 indicating that since last sessions their inflationary rate has gone up 70%. He indicated that if the funding was not done now for the projects, it will be far more expensive later.

Senator Bowman questioned if we should bid roads earlier for material so that contractors can buy.

Senator Krebsbach indicated ND is not alone in inflation and the federal funding decrease and she is concerned with where in the future should we be looking at other types of revenue for road construction.

Mr. Ziegler discussed his Washington DC trip and the meeting to discuss highway system and the future needs. The major message was a need to fix the congestion on the coastal states. He will be on the commission to draft the next bill and the federal level, Some of what is talked about at that level is not dealt with in North Dakota

Senator Lindaas asked if this program gets full federal match. The response was yes.

Tom Balzer, ND Motor Carriers, testified in support of HB 1012 commending the DOT staff on the proposed budget. He indicated he does not like the idea of increasing taxes as it is already 2 cents higher than Minnesota. He definitely opposes toll roads. He also indicated that trucking is getting less efficient.

Chairman Holmberg closed the hearing on HB 1012 and indicated the subcommittee would be  
Senators Wardner, Krebsbach and Tallackson.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

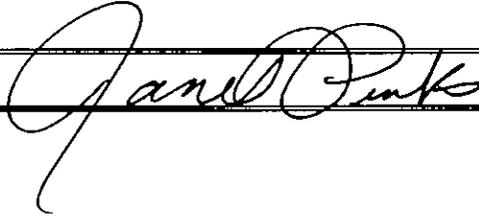
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-12-07

Recorder Job Number: 4855

Committee Clerk Signature



Minutes:

Chairman Holmberg opened a hearing on HB 1012.

Odell Flaagan, Chairman, Nelson County Commissioners, presented written testimony in support of HB 1012 and testified in support of HB 1012 as amended. He discussed the 18 miles of county road that has been lost because of the rising waters of Stump Lake.

Chairman Holmberg questioned how much the mill brings in for Nelson County. The response was \$11,000.

Chairman Holmberg indicated that last session there was money earmarked for roads in Nelson County. The response was the Governor had to be contacted because the Water Department wanted the full amount of money appropriated.

Senator Mathern questioned the long-term consequence for county roads if the water recedes. The response was the roads are underground and if the water does recede it will take years to regain use of the roads.

Senator Fischer indicated Nelson County may want to invest in guard rails because the road will be 25 feet above water if the water recedes.

Senator Seymour asked if anything would ever happen to fix this. The response was they can't get permits to dig out.

Senator Bowman questioned how many farms are underwater. The response was four.

Senator Bowman asked how many other roads need roads to gain access. The response was many.

Senator Kilzer indicated in the early 1960's he was a water chemist evaluating the water in that area and at the time Stumpf Lake was completely dry. Have you proposed anything to the Governor? The response was we did not want to go against DOT's budget.

Senator Fischer how many acres are underwater. The response was 11,000 acres in all of Nelson County a little over 100,000 acres.

Senator Tallackson questioned the future of the resorts. The response was they are loosing ground at the park big time. They have met with the Governor. The estimate on moving the pavilion is about \$200,000.

Chairman Holmberg indicated the subcommittee will look at the request.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-14-07

Recorder Job Number: 5083

Committee Clerk Signature



Minutes:

**Chairman Wardner** opened the subcommittee hearing at 3:55 pm on March 14, 2007.

Senator's Krebsbach and Tallackson were also present. The first thing I'd like to do is have you do an overview of right now where the bill is with the House amendments, where the money is coming from, and we know there is a shortfall and I'd like to discuss that and some of the options we have available and then where the money goes. We will not get a chance to come back until next week. He asked Francis to talk about the revenue.

**Francis G. Ziegler, DOT** stated that where HB 1012 is currently it came out of the House without the \$20 million that was slated from the general fund. But there are other bills that have a positive impact for us. One of those is HB 1495 and it will kind of offset the \$20 million in this bill. HB 1049 which is removal of the excise tax, and that will have a negative impact on DOT.

**Senator Wardner** asked about HB 1495 and the 14% of the excise tax and the figure of increased funding.

Francis gave the amount it would increase the funding and submitted Summary Sheet (1) a listing of Major Bills Impacting DOT Revenues and Expenditures He further explained the summary sheet.

**Senator Tallackson** stated that HB 1049 is a Do Not Pass.

Francis stated there is one issue that is important and that there is another amendment to HB 1012 that would have provided funding to the DOT in the amount of \$6.2 million and that's for anything in excess of the \$120 million in MV excise tax. Right now we are seeing MV excise taxes down 9%. We are not too sure it is going to get to that \$120 million next biennium.

**Senator Wardner** asked Francis to go through the yellow book on chart 3 page 14 (2) which shows the way it started out and then chart 5 on page 15 (3) which shows the way it is. These charts were explained to the committee. Francis then submitted written testimony (4) which shows the application of revenue and matching funds with attachments explaining each colored portion of the pie. The chart explains the funding splits with federal/state/ and local. The attachment shows the allocation of funds. He stated that there have been several questions concerning the federal aid match and that is in the blue portion of the pie chart and shows the dollar amount the state needs to match its federal aid.

**Senator Wardner** asked if they were able to match the federal aid. He was informed that they took the money out of operations to make sure we met the match. He mentioned that there is a construction inflation problem There were some other issues with the IT efforts, normally we do have IT issues and we fix those things as we go along, but this upcoming biennium we are going to be short. The biggest part of the IT is the Driver's License, the DL3. Our program is inadequate as it is in excess of 20 years old and a one time fix would be good for another 20 years.

**Senator Tallackson** asked them to go through the changes that the House made and what you would like us to do. He was informed they would like the \$20 million reinstated and then as we move forward into the conference committees we could address these issues as a group. HB 1495 is in concert with this bill and there may be other bills out there that the combined group can work together on and ultimately come up with a good solution.

**Senator Wardner** asked him to explain chart 4 on page 15 (3) concerning the \$1.1 million balance. He was informed that in their testimony they explained the \$1.1 million and that would be used up for the equity. He then explained what happened on the engrossment which is chart 6 in testimony. **Senator Wardner** asked if they had to hold that much plus the other amount. Francis stated they have been concerned with all due respect to OMB that they will not get to the \$120 million in the next biennium. Senator Wardner had questions regarding pages 15 and 17 in testimony concerning expenses.

**Grant Levi, Director of Engineering of DOT** referred the committee back to pages 7 and 8 of their testimony they provided to the committee the funding that is identified in our one time adjustments. So it is the \$11.2 million that was for roadways, \$5 million for DL3 system, so they removed that funding and they removed it in the corresponding areas that you see on the chart. That is what we are asking you to restore.

**Senator Wardner** asked where they talked about highway programs, about \$12 million, would that reflect that \$11 million in that one time spending and did your highway programs come down too. He was informed that is correct. Where the reductions have incurred is a result of making reductions in the one time adjustments.

**Senator Tallackson** asked if they removed the \$20 million. He was told in essence what they did is remove the \$20 million which was the one time general fund request they had. That is why you see a difference between the engrossed version that was forwarded to you from the House and what we had in the executive recommendation.

**Senator Wardner** stated if you look at your administrative programs on page 17 where it say \$27.5 million and then down in the highway programs it comes up to about \$20 million. I

understand but my question was about the \$7.3, I couldn't understand why that was left but I

understand that now because you didn't have spending authority for the \$6.2 plus you needed \$1.1 million for the salaries.

**Senator Tallackson** had questions regarding the excise tax. He was informed the excise tax doesn't come up to that \$20 million or if any other enhancements don't come up to the \$20 million then we have to some place or another take it out. **Senator Tallackson** commented the excise tax has gone down over the last three years. That was confirmed. There was further discussion regarding authority on spending and whether there was an oversight regarding the authority.

**Grant Levi** explained the projects on page 7 in the testimony (yellow book), talked about preventive maintenance and the trouble it will cause if these things are not fixed.

**Keith Magnusson, DOT** explained the Mainframe system is 24 years old and can't be updated. Very few people can work on the mainframe, it is such outdated technology. He stated there are more federal mandates with many changes and the mainframe cannot handle all these updates. He gave the example of an employer who was checking the status of his employee, a truck driver, and his abstract showed many violations. The computer assigned the wrong information, and they did get it straightened out before there were any serious consequences and DL is not even sure if the proper driver was ever charged out with these offenses. If people end up in jail and their record is clean, it could mean a law suit.

**Tim Horner, Deputy Director Human Resources, DOT** gave testimony why the Mainframe is obsolete, stating it cannot keep up with the law changes. If there would be no changes, and there were 11 federal changes just recently and 9 state changes in the law, this system is a solid program. But it is outdated and needs to be replaced with a new system. Several agencies depend on accurate records including law enforcement, Game and Fish, Attorney General, Insurance, Secretary of State, just to name a few, and that involves updating the

software and this system really can't handle any more changes. It deserves high attention as far being a fairly modern and accurate system. He talked about the security of the storage of the source records doesn't have a lot to do with how these records are handled in the software.

**Senator Tallackson** asked if there was enough money to invest in the new system.

**Senator Wardner** informed him we've got to reinstate the \$20 million. I am going over this so we know where that \$20 million is going and so one is to preserve roads and save money and the other is this DL3.

**Tim Horner** stated the DL3 is really a one-time investment. The last two bullets there on page 8 is a request for about \$2 million to update the department's data collection equipment, purchase digital radios and lab equipment. The data collection equipment is the equipment we use to make sure that we look at every mile of highway every year so that when we are setting priorities that we have the right information. This equipment is typically upgraded as years go on and it's turn to be upgraded again. The digital radios are for today. Homeland Security got some digital money and they put some equipment on the towers but now we need to get into the digital radios for our trucks and for cars that are using these radios. This is a standard replacement operation. Lab equipment is used to test everything we put out on the road whether it is asphalt, cement, all of that is tested and this request is for updating the lab equipment. We don't ask for it unless it's something needed. We are proud of the group we've got, Grant Levi manages that group, and they were #1 last year in the Round Robin Testing in all 50 states have this testing package and they ranked very high in the testing. But some of their equipment is getting old and needs replacing.

The last bullet there is \$1.78 million to enhance the Information Technology tools. The software gets outdated and needs to be replaced. The biggest part of it is for Roadway

Information Management System(RIM). The previous bullet he talked about, the equipment to make sure we have the state of the art to know which roads are bad and which ones need repair, this RIM system would take that data in and put into priority form. One piece of equipment picks up the information from the road the other sorts through it and prioritizes it.

**Senator Wardner** stated that what we have gotten is an overview of the difference between the executive budget and the House version, and the reasons for that shortfall of \$20 million plus we've got a couple of bills out there and we are not sure what's going to happen on those. My plan is to meet next Tuesday.

**Senator Krebsbach** asked for an organizational sheet from DOT. They said they would provide that to her.

**Senator Wardner** closed the subcommittee hearing on HB 1012.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: March 21, 2007

Recorder Job Number: 5386

Committee Clerk Signature



Minutes:

**Chairman Wardner** opened the sub-committee hearing on HB 1012. All members of the sub-committee (Sens. Wardner, Krebsbach, Tallackson) were present.

**Chairman Wardner** brought the sub-committee up to date on related bills [03:10]: HB 1049 and HB 1348. HB 1049 was amended so that the fiscal note will read 1.57 million instead of 5.3 million [03:57], but an official fiscal note will be provided before the bill goes to the floor. The new number (1.57 million) will be used in calculating the hit to the Highway Distribution Funds.

**Senator Krebsbach** asked if it would be the same as one-fourth?

**Chairman Wardner** said yes, it would be one-fourth of the normal reduction in the budget. Also explained that he is using the same graphic that Department of Transportation used and that nothing was done to the 10% of the motor vehicle excise tax to the Highway Tax Distribution Fund.

**Chairman Wardner** continued to discuss the status of other bills that would affect the DOT budget. [05:30] The House has not yet taken action on SB 2375 and the Public Transportation bill was killed in the House. Discussion will be held regarding how to put money in there. When you add up all of the numbers, it comes out to 2.2 million. It works out well because the House put 4.4 million into the Highway Patrol budget from the general fund, so that will not

10/2

have to come from the Tax Distribution Fund. They will come out with a little increase, so they are okay. The Governor put 20 million into the Highway Fund and the House took it out and put 6.2 million from the motor vehicle excise tax [07:50] with some requirements. We want to reinstate that money. Recommended that the motor excise tax receives priority because of the difference between the Governor's budget and the amount that the House appropriated.

**Senator Krebsbach** asked if the final adjustments included the changes in HB 1348?

**Chairman Wardner** said that he did include the changes and estimated the figures.

**Senator Krebsbach** clarified that the main difference would be that instead of the 20 million coming from the general fund, it would come all from excise tax.

**Chairman Wardner** asked for other ideas and welcomed further discussion.

**Senator Tallackson** asked if the 19 million would still be from the general fund?

**Chairman Wardner** said that it would be from the motor vehicle excise tax, but it would essentially come from the general fund [10:53].

**Francis Zeigler (DOT)** [11:20] said we are 9% under motor vehicle excise tax collection. We don't see that go beyond the 129 million. Due to the higher price of gas, the larger vehicles probably will not sell. It is hard to develop a program based on reaching a certain limit. If you take 20 million from motor vehicle excise tax or from the general fund, it is essentially the same. Basically what this does is reinstate the executive budget.

**Chairman Wardner** asked Mr. Zeigler to comment on the gasoline tax.

**Mr. Zeigler** stated that the gasoline tax is more than 9 million low. Total projection is 13.4 million due to less travel, higher fuel prices, and higher mileage on cars. The revenues are flat and dropping and that is a nation-wide issue, yet transportation needs do not decrease.

**Senator Tallackson** stated that when you look at the excise tax, you know that they are selling fewer cars. The car dealers cannot make it.

1072

**Chairman Wardner** said that they would work to make sure that the DOT would get the same amount of money (19 or 20 million) as they continue to watch the related bills.

**Senator Tallackson** asked about the possibility of raising gas tax?

**Mr. Zeigler** [15:50] said that he had not heard about that, but has heard about keeping our finger on the pulse nationally as to what is happening. National DOT has asked which states would support a gas tax from a national perspective.

**Chairman Wardner** said that 11.2 of the 20 million we'll talk about as if it's the 20 million the Governor put in. There is 6.2 million in the bill now. Asked Mr. Zeigler to go over again what the 11.2 would be.

**Mr. Zeigler** [16:56] stated that the 11.2 million is to go onto the highway. Projects have been pushed off due to costs and now we need to keep the system going. We are looking at a "thin lift overlay" which is basically preventive maintenance to make sure that the roads last until we can reconstruct them. The 11.2 million is to protect the system.

**Chairman Wardner** commented that if you look at the national system, you can see that funding for highways is going to be in trouble. By spending this money now, we are being proactive in taking care of these roads. We have to call it "motor vehicle excise tax" if we are using it for construction.

**Chairman Wardner** brought up the DL3, not the Real ID Act.

**Mr. Zeigler** [18:44] stated that Keith Magnuson was in Chicago to get further information on the Real ID Act. We will be pushing to receive funding for the Real ID Act from the national perspective. The system we have now is over 20 years old and it is called the DL3 system. It handles all the records for every driver in the state. It is very expensive to fix and has had to be fixed often. Examples of problems followed. Mr. Zeigler continued to discuss the

equipment currently used by the DOT as it compares to the more updated equipment that is now available. Upgrading equipment is a cost of doing business.

**Chairman Wardner** asked Mr. Zeigler to comment on Information Technology.

**Mr. Zeigler** [24:58] said that Microstation is the software package that all of the engineers and consultants in the state use to design projects. Windows and Microstation change very quickly and we will need to update to Microstation XM this year. That will be another cost of doing business. The project management tool is a \$200,000 program and we believe that we will be able to do better staff management with that. Explanation of the project management program followed. Roadway Information Management Systems (RIMS) is the equipment that manipulates the collected data and tells you what the right fix is at the right time.

**Chairman Wardner** said that if all of these bills pass, we will have to put 19 million in there.

You will get an extra million from the Highway Tax Distribution Fund. In the end it will be about the same. The key was when the House moved the Highway Patrol money to general fund: that helped.

**Chairman Wardner** asked for input on Public Transportation that was killed in the House [28:27]. This bill could be a vehicle . . .

**Mr. Zeigler** said that we are just facilitators of the money, but we have customers. It seems like it might be more of a local issue. Examples followed [29:30]. The fees that are charged cannot be used to match federal aid to improve the 6.2 million to buy the vehicles. The whole issue goes back to whose responsibility it is and that would be up to the policy makers. From our perspective, we like to see local buy in on issues. We bring the federal aid into the cities and counties to those transit facilities, but we certainly understand the need for operating. We support whatever the committee decides.

10/2

**Chairman Wardner** said that it is separate from you, whether we use this bill as a vehicle or some other bill. You are neutral on that?

**Mr. Zeigler** said yes, they are neutral on that.

**Chairman Wardner** asked for questions from the sub-committee. No questions. Chairman Wardner said that he would have amendments drafted, assuming they would pass. We will add another 12.8 million to the House's budget, changing the 6.2 million to 19 million. We will check with Grant [Grant Levi, Department of Transportation] to make sure that that number corresponds.

**Mr. Levi** stated that the House gave it to us in the manner that it was at the tail end of the excise tax. You are talking about moving it right up front?

**Chairman Wardner** said yes, they would move it right up front. The first 19 million comes right off the top. I thought about doing it other ways, but was not comfortable with it.

**Senator Krebsbach** said that they looked at the other ways, but there was no guarantee it is going to reach those levels. Rather than put you in jeopardy, we said we'll put it down here and the general fund will be the one at risk.

**Chairman Wardner** spoke about using a percentage, but that is not growing.

**Mr. Zeigler** asked if they should attempt to do an amendment? We can help you with the amending.

**Chairman Wardner** stated that he had talked to Allen Knudson and he is aware of what is going on. Will have Mr. Knudson contact DOT. I want to make sure the numbers are right.

**Senator Tallackson** stated that the committee recommendation needs to be out by Friday.

**Chairman Wardner** said that he will make sure that Mr. Knudson gets the right number.

Question was raised regarding the million dollar transfer out of the Highway Distribution Fund [34:50].

1012

**Chairman Wardner** stated that it is because of the general fund monies that are put into the Highway Patrol to relieve those dollars. That is where it came from and it had to be counted with some of these bills that took money away. Actually you pick up a little bit compared to what they have in the executive budget.

**Chairman Wardner** adjourned the subcommittee meeting on HB 1012.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 3-23-07

Recorder Job Number: 5544

Committee Clerk Signature

*Janet Perkins*

Minutes:

Chairman Holmberg opened the hearing on 1012.

Senator Wardner distributed amendment 0203 on HB 1012 and discussed the amendment. He indicated there are two funds that are being dealt with, the highway tax distribution fund and the highway fund.

There are several bills affecting the highway tax distribution fund in a negative way, but it was offset because over in the House, they brought \$4.4 million into highway fund which ended up being a plus to the highway tax distribution fund. The only thing we are going to be talking about is the highway fund.

In the beginning, the Governor put in \$20 million in general fund money. The House took the money out and replaced it with \$6.2 million of the motor vehicle excise tax and that was to be generated after the motor vehicle excise tax reached \$120 million. There were projects tied to the original \$20 million and so we didn't fund the DLT. An emergency was placed for motor vehicle purchases.

Senator Wardner moved a do pass on the amendment .0203, Senator Tallackson seconded. Discussion was held.

Chairman Holmberg asked if the amount of money in this amendment is a match or do we leave federal money on the table. The response was the match is taken care of.

Senator Wardner distributed an additional letter which comes from DOT in which they felt they could not make exceptions on the request from Nelson County.

Senator Mathern questioned the subcommittee on the reconsideration of the gas tax. The response was that was not talked about.

Senator Tallackson did talk about gas tax in MN which is not done deal.

Senator Krauter questioned the FTE's that were eliminated and the funding for the FTE's.

Senator Wardner discussed FTE's and indicated that hopefully the bill in the House goes away and we can take away the funds. We need to remember that in the conference committee.

An oral vote of the amendments was taken and the motion passed.

Senator Wardner moved a do pass on HB 1012 as amended, Senator Mathern seconded. A roll call vote was taken resulting in 13 yes, 0 no and 1 absent. The motion carried and Senator Wardner will carry the bill.

Chairman Holmberg closed the hearing on HB 1012.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

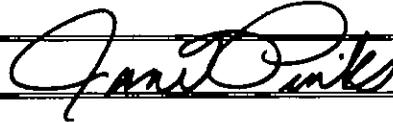
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-26-07

Recorder Job Number: unknown

Committee Clerk Signature



Minutes:

Chairman Holmberg reopened the hearing on HB 1012.

Senator Robinson moved to reconsider the decision made on HB 1012, Senator Krauter seconded.

Senator Wardner presented a brief review of what had transpired and discussed what the House related.

When the conference committee meets we need to watch for exemption bills. The concern was with the highway fund because \$20 million is needed. He also stated in all due respect to OMB, they don't think we will get to over \$120.

Senator Mathern indicated we are making the change, he understands what they are saying.

Senator Wardner indicated this is the state highway fund, not tax fund, and they are \$50 million down from last time

Senator Robinson indicated this is a critical issue for all of us, the way to fix it so we have equity

An oral vote was taken on the motion and it passed.

Senator Grindberg moved a do pass on HB 1012, Senator Christmann seconded. A roll call vote was taken resulting in 8 yes, 5 no, and 1 absent. The motion passed and Senator Wardner will carry the bill.

Chairman Holmberg closed the hearing on HB 1012.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 04-03-07

Recorder Job Number: 5683

Committee Clerk Signature

*Alice Pelzer*

Minutes:

**Chairman Holmberg** opened the hearing with roll call. All committee members were present.

The hearing was on HB 1012 regarding the DOT joining the Multi-state Highway

Transportation Agreement (MHTA). He introduced the amendment. He stated that HB 1399 is

a bill that would give \$10,000 of general fund money to DOT for membership in the MHTA and if you recall they came down and testified in favor of having a membership in that organization.

What this amendment in HB 1012 would say is that the DOT may join the MHTA, Legislative Council shall appoint a member of the house standing transportation committee and a member of the senate standing transportation committee as the legislative members representing this state to the cooperating committee formed by the agreement. Would some one make a motion that we reconsider the action we passed on HB 1012.

**Senator Grindberg so moved, Seconded by Senator Fischer. Motion carried.**

**Chairman Holmberg** asked Allen Knudson regarding the amendments, stating this is draft 7, and is this an addition to or is it the new amendment.

**Allen Knudson, Legislative Council** said it is the new amendment. This will replace the amendment you documented before because this has everything in it that you adopted before and we also added the MSHA. So you would reconsider your action where you amended it.

**Chairman Holmberg** asked if someone would move that we reconsider the action by which we amended HB 1012.

**Senator Wardner so moved, seconded by Senator Fischer. The motion carried.**

**Chairman Holmberg** passed out the new amendment and stated this is the same amendment we passed before only the addition of this authorization.

**Senator Robinson** asked if the plan was to put this amendment on and then recall 1399.

**Chairman Holmberg** stated what we would do is, we can't change our recommendation on the calendar, which is WITHOUT COMMITTEE RECOMMENDATION, but we would have 1399 on the calendar after 1012, and I'm carrying the bill and I would just say that with the consensus of the committee that we amended it into 1012 and the committee is comfortable.

**Senator Krauter** had questions regarding a memo they received where it identified all the organizations that DOT could be a member of. Do they individually have authorization to do all those, and is it necessary that we have this one? He also asked if it expires in 09.

**Chairman Holmberg** said he didn't know if they need to have authorization. The list was like 17 or 18 organizations that they belong to. We could ask them.

**Francis Ziegler, Director DOT** explained to the committee that typically we can join these organizations and they are used to help in our business model. This particular situation, the group has in their bylaws that they need authorization from the legislative body. Since it is in their bylaws, we needed to come to you for the approval.

**Allen Knudson** stated this will go into statute. So this will be permanent.

**Senator Seymour** asked if this is unusual that the legislators might want to go to this meeting but the DOT director decides if they have money that year. Is that the way it will be?

**Chairman Holmberg** stated that if the Legislative representatives went they would be authorized by the chairman of the Legislative Council. And the reason these other changes are

made is typically you want to give the Legislative Council some flexibility as to who is going to be a member of a particular organization like this because sometimes you have chairs of committees that don't want to participate and then you might have someone else on the committee that truly does.

**Senator Krauter** had questions regarding the expenses involved and who pays them.

**Chairman Holmberg** stated the expense to the DOT is the membership and the Legislative Council will pay for it's members that go and they have to get authorization from the Legislative Council to do that. We have the amendment. All in favor of it say aye, 1 nay, amendment carried. Could we have a motion on the bill as amended?

**Senator Grindberg moved a DO PASS AS AMENDED, Seconded by Senator Wardner. A roll call vote was taken resulting in 14 yeas, 0 nays, 0 absent. The motion carried.**

**Senator Wardner will carry the bill.**

**Senator Wardner** asked if this will be on the 6<sup>th</sup> order. He was told yes.

**Chairman Holmberg** closed the hearing on HB 1012.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 2, after line 14, insert:

**"SECTION 5. APPROPRIATION - GRANT TO NELSON COUNTY.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of providing a grant to Nelson County for critical road and infrastructure projects, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 801 - Department of Transportation**

SENATE - A section is added providing \$800,000 from the general fund for providing a grant to Nelson County for critical road and infrastructure projects.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, remove the first "and"

Page 1, line 3, after "collections" insert "; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 21, replace "(\$67,713,282)" with "(\$52,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 7, replace "887,295,066" with "902,275,456"

Page 2, replace lines 21 through 24 with:

- \*1. The first fourteen million dollars received during a biennium must be deposited in the state highway fund.
2. Amounts received in excess of the amounts allocated under subsection 1 must be deposited in the state general fund.

**SECTION 6. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	181,128,193	\$13,569,470	174,697,663
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098
Grants	<u>51,412,500</u>	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	\$887,295,066	\$14,980,390	\$902,275,456
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>14,980,390</u>	<u>902,275,456</u>
General fund	\$20,000,000	\$0	\$0	\$0
FTE	1052.50	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of Senate Changes**

	RESTORES FUNDING <sup>1</sup>	TOTAL SENATE CHANGES
Salaries and wages		
Operating expenses	\$13,569,470	\$13,569,470
Capital assets	1,410,920	1,410,920
Grants		

Total all funds	\$14,980,390	\$14,980,390
Less estimated income	<u>14,980,390</u>	<u>14,980,390</u>
General fund	\$0	\$0
FTE	0.00	0.00

1 This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The Senate is providing funding for these items from the highway fund.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	<u>11,169,972</u>
Total	\$14,980,390

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that the first \$14 million of these collections be deposited in the highway fund and any additional amounts in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$14 million.

An emergency clause is added allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007.

amend  
0203

Date: 3/23  
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DP as Amend

Motion Made By Wardner Seconded By Mathern

0203

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann			Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Wardner

If the vote is on an amendment, briefly indicate intent:

**FISCAL NOTE  
REQUIRED**

13  
4-4-7

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

In addition to the amendments adopted by the Senate as printed on pages 1262-1263 of the Senate Journal, Engrossed House Bill No. 1012 is amended as follows:

Page 2, after line 7, insert:

**"SECTION 4. APPROPRIATION - GRANT TO NELSON COUNTY.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$550,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of providing a grant to Nelson County for phase one of critical road and infrastructure projects, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 801 - Department of Transportation**

SENATE - A section is added providing \$550,000 from the general fund for providing a grant to Nelson County for Phase 1 of critical road and infrastructure projects.

Date:  
Roll Call Vote #: 2

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DP as was

Motion Made By Grind Seconded By Christ

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter		✓
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas		✓
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern		✓
Senator Randel Christmann	✓		Senator Larry J. Robinson		✓
Senator Tom Fischer	✓		Senator Tom Seymour	<del>✓</del>	✓
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson		
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 8 No 5

Absent 1

Floor Assignment Wardner

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1012, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1012 was placed on the Sixth order on the calendar.**

Page 1, line 2, remove the first "and"

Page 1, line 3, after "collections" insert "; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 21, replace "(\$67,713,282)" with "(\$52,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 7, replace "887,295,066" with "902,275,456"

Page 2, replace lines 21 through 24 with:

- "1. The first fourteen million dollars received during a biennium must be deposited in the state highway fund.
- 2. Amounts received in excess of the amounts allocated under subsection 1 must be deposited in the state general fund.

**SECTION 6. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098
Grants	<u>51,412,500</u>	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	\$887,295,066	\$14,980,390	\$902,275,456
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>14,980,390</u>	<u>902,275,456</u>
General fund	\$20,000,000	\$0	\$0	\$0
FTE	1052.50	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of Senate Changes**

	FUNDING 1	CHANGES
Salaries and wages		
Operating expenses	\$13,569,470	\$13,569,470
Capital assets	1,410,920	1,410,920
Grants		
Total all funds	\$14,980,390	\$14,980,390
Less estimated income	<u>14,980,390</u>	<u>14,980,390</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The Senate is providing funding for these items from the highway fund.

	HIGHWAY FUND
information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
Total	\$14,980,390

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that the first \$14 million of these collections be deposited in the highway fund and any additional amounts in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$14 million.

An emergency clause is added allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

In lieu of the amendments adopted by the Senate as printed on pages 975 and 976 of the Senate Journal, Engrossed House Bill No. 1012 is amended as follows:

Page 1, line 2, replace the first "and" with "to create and enact a new section to chapter 24-02 of the North Dakota Century Code, relating to authority of the director of the department of transportation to join the multistate highway transportation agreement;"

Page 1, line 3, after "collections" insert "; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 21, replace "(\$67,713,282)" with "(\$52,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 7, replace "887,295,066" with "902,275,456"

Page 2, after line 14, insert:

**"SECTION 5.** A new section to chapter 24-02 of the North Dakota Century Code is created and enacted as follows:

**Multistate highway transportation agreement.** The director may join the multistate highway transportation agreement to promote uniformity among participating jurisdictions in vehicle size and weight standards. The legislative council shall appoint a member of the house standing transportation committee and a member of the senate standing transportation committee as the legislative members representing this state to the cooperating committee formed by the agreement.

Page 2, replace lines 21 through 24 with:

- "1. The first fourteen million dollars received during a biennium must be deposited in the state highway fund.
2. Amounts received in excess of the amounts allocated under subsection 1 must be deposited in the state general fund.

**SECTION 7. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098
Grants	<u>51,412,500</u>	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	\$887,295,066	\$14,980,390	\$902,275,456
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>14,980,390</u>	<u>902,275,456</u>
General fund	\$20,000,000	\$0	\$0	\$0
FTE	1052.50	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of Senate Changes**

	RESTORES FUNDING <sup>1</sup>	TOTAL SENATE CHANGES
Salaries and wages		
Operating expenses	\$13,569,470	\$13,569,470
Capital assets	1,410,920	1,410,920
Grants		
Total all funds	\$14,980,390	\$14,980,390
Less estimated income	<u>14,980,390</u>	<u>14,980,390</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The Senate is providing funding for these items from the highway fund.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
Total	<u>\$14,980,390</u>

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that the first \$14 million of these collections be deposited in the highway fund and any additional amounts in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$14 million.

A section is added authorizing the department to join the Multistate Highway Transportation Agreement.

An emergency clause is added allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007.

Date: 4/3/07  
Roll Call Vote #: 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1012**

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number do pass as amended.

Action Taken \_\_\_\_\_

Motion Made By Grundberg Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grundberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Wardner

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1012, as engrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1012, as amended, was placed on the Sixth order on the calendar.**

In lieu of the amendments adopted by the Senate as printed on pages 975 and 976 of the Senate Journal, Engrossed House Bill No. 1012 is amended as follows:

Page 1, line 2, replace the first "and" with "to create and enact a new section to chapter 24-02 of the North Dakota Century Code, relating to authority of the director of the department of transportation to join the multistate highway transportation agreement;"

Page 1, line 3, after "collections" insert "; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 21, replace "(\$67,713,282)" with "(\$52,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 7, replace "887,295,066" with "902,275,456"

Page 2, after line 14, insert:

**"SECTION 5.** A new section to chapter 24-02 of the North Dakota Century Code is created and enacted as follows:

**Multistate highway transportation agreement.** The director may join the multistate highway transportation agreement to promote uniformity among participating jurisdictions in vehicle size and weight standards. The legislative council shall appoint a member of the house standing transportation committee and a member of the senate standing transportation committee as the legislative members representing this state to the cooperating committee formed by the agreement.

Page 2, replace lines 21 through 24 with:

1. The first fourteen million dollars received during a biennium must be deposited in the state highway fund.
2. Amounts received in excess of the amounts allocated under subsection 1 must be deposited in the state general fund.

**SECTION 7. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195
Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098
Grants	<u>51,412,500</u>	<u>51,412,500</u>		<u>51,412,500</u>
Total all funds	\$907,295,066	\$887,295,066	\$14,980,390	\$902,275,456
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>14,980,390</u>	<u>902,275,456</u>
General fund	\$20,000,000	\$0	\$0	\$0
FTE	1052.50	1052.50	0.00	1052.50

**Dept. 801 - Department of Transportation - Detail of Senate Changes**

	RESTORES FUNDING <sup>1</sup>	TOTAL SENATE CHANGES
Salaries and wages		
Operating expenses	\$13,569,470	\$13,569,470
Capital assets	1,410,920	1,410,920
Grants		
Total all funds	\$14,980,390	\$14,980,390
Less estimated income	<u>14,980,390</u>	<u>14,980,390</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The Senate is providing funding for these items from the highway fund.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
Total	<u>\$14,980,390</u>

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that the first \$14 million of these collections be deposited in the highway fund and any additional amounts in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$14 million.

A section is added authorizing the department to join the Multistate Highway Transportation Agreement.

An emergency clause is added allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007.

2007 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1012

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

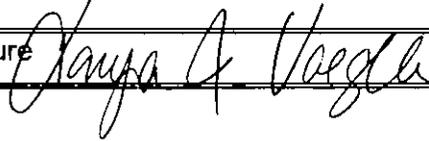
House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/11/07

Recorder Job Number: 5922,

Committee Clerk Signature



Minutes:

**Chairman Carlson** opened the discussion on House Bill 1012.

All members were present except Representative Williams.

**Senator Wardner** explained the changes the Senate made. He worked off of amendment 78012.0203. All we did is increase the amount of money from the motor vehicle excess tax, the house had 6.2 million and we increased it to 14 million. In the house version 6.2 million came into the fund after 120 million. That was the estimated at that time by the department and OMB as to the revenue that would be generated by the motor vehicle excess tax during the next biennium. What we did was we put a total of 14 million in there and the first 14 million received during the biennium must be deposited in the State Highway Fund.

The items that we talked about where this money would go for, is the Information Technology Project which was presented to both the House and the Senate, also the equipment which is the RIMS and the CADD Programs, road patching and maintenance. It came out to approximately 14.9 million.

He also explained amendments 78012.0204, this was a floor amendment and it appropriated a grant to Nelson County for a sum of \$550,000 for a road that is endangered of going under water and was a General Fund appropriation.

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Amendment 78012.0207 put on by Senate appropriation and taken down to committee and that was the multi state transportation agreement. This comes out of the budget of the Department of DOT.

**Representative Weisz:** Did you take this language directly from 1399? The bylaws FHT are very clear that the legislature has to join.....It has to be a legislative action and I am not sure this language does that.

**Senator Wardner:** I guess I can't answer that because I didn't draft it.

**Chairman Carlson:** Would you like that clarified?

**Representative Weisz:** Yes.

**Chairman Carlson:** Mr Knudson and Mr Smith would you clarify that for us, if the language is correct for us to join that or be part.

**Lost audio recording**

**Allen Knudson:**

**Chairman Carlson:**

**Representative Weisz:**

Senator Wardner explained the chart that was distributed. 1012.4.11.07 A

**Senator Wardner:**

**Chairman Carlson:**

**Senator Wardner:**

**Chairman Carlson:**

**Senator Wardner:** It does have a small positive effect to the cities and the counties. I know it is not a lot but it is something.

**Chairman Carlson:**

**Senator Wardner:**

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**Representative Weisz:** The house also did pass 13million of excise tax and that was killed in the senate.

**Chairman Carlson:** And this was killed in the Senate?

**Senator Wardner:** That is correct. Is that the 15% bill? Or was it 10%? The only reason it was killed was because we put it in here. We didn't kill it because we didn't think it was a good idea.

**Chairman Carlson:** Tell me the other issues that you want to talk about besides Nelson County.

**Senator Wardner:** Nelson County which is in the bill, the multi-state compact which will get that corrected and then Public Transportation, which is not in the bill and there is no increase in here however the DOT guys distribute the money.

**Chairman Carlson:** I have received e-mails requesting another 500,000 dollars because of the expansion of the city and bus system.

**Representative Weisz:** SB 2015 that takes out 1,6million. The bio field road Infer structure Fund.

**Allen Knudson:** I believe it puts that into a special fund and it is takes some additional revenue from the.....Fund Registrations.

**Chairman Carlson:** And it put it into a new fund called the Bio Field maintenance fund.

**Representative Weisz:** Is that coming out of the refund dollars.

**Allen Knudson:** No it is coming out of Fund vehicle registrations, I believe. Right now we are 40% of the Fund Vehicle Registration goes to the ethanol fund. This takes another 20% and puts it to the .....Fund.

**Representative Weisz:** It is coming out of the Highway Distribution Fund.

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**Chairman Carlson:** I would like to have a copy of the chart displayed and I would like to know the status of the eight bills that affect the Motor Vehicle fees and Fuel Tax

Representative Williams arrived.

**Chairman Carlson:** the one thing I want to talk about is the Nelson County Project.

**Senator Wardner:** It was presented to the Senate Appropriations and it was not put on because we got a communicate from the DOT, which indicated that the staff has reviewed conditions of Nelson County 23 and has learned the lowest point on Nelson county 23 is an elevation of 1454.5. ND DOT has been building all the roads in the area to the elevation of 1455. In our opinion there is no need to raise the elevation of Nelson County 23 at this time. If a major moisture event should occur that would require the States and Nelson County roadways above elevation 1455. We would expect that another disaster would be declared and hopefully Federal Funding would become available to raise these roadways above the current level. This is why the appropriations did not put it into the bill. (1835)

**Chairman Carlson:** Which ones are higher?

**Senator Wardner:** The DOT's .....

**Senator Talleckson:** I know that area quite well and what is happening is that the lake is rising and they are worried that if the area is under water they will not be able to have a base to reconstructed the road.

**Senator Talleckson:** The commission is so concerned now because if they wait to long and get special funding the area will have difficulty receiving ambulance service, emergency services and long routes for services.

**Chairman Carlson:** Are there DOT dollars going into other projects?

**Francis Ziegler:** Not to raise the grade. Right now Devils Lake is relatively stable and all of the projections are that they will be in the neighborhood of 1447. With the roads being at 1454

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and 55 we are not anticipating anything. What is happening the Roads are used as Dams issues. We had to put in a filter blanket to make sure the dams that were seeping would not blow out and create property and physical harm. We are doing one at Acorn Bridge which is at Highway 20 south of Devils Lake.

**Chairman Carlson:** If the water rises, this road is about 5 feet above lake level.

**Francis Ziegler:** There is about 8 feet above the lake level.

**Chairman Carlson:** About eight feet above. What is the probability of getting federal dollars to work in that area? Disaster dollars?

**Francis Ziegler:** Typically if there is another event that happens than we have another declaration of emergency and then we go back into Emergency Relief Funding and FEMA also gets involved.

**Chairman Carlson:** I have seen two different pictures of this road. They show to be very different. One showed water closer than the other one did.

**Francis Ziegler:** We wanted to make sure that you had the appropriate facts so we had some pictures taken with a better panoramic view. These were taken to Kadmas, Lee and Jackson to inspect to make sure you had all the facts and that you could see the correct pictures.

**Chairman Carlson:** In your opinion is that road in immediate danger?

**Francis Ziegler:** No. If it would be, I would be standing in front of you and telling you that we are going to have 26 miles of State Highway that are going to be in big trouble too.

**Senator Wardner:** Is there anybody that can estimate how high the water is going to rise.

**Francis Ziegler:** We will get that, the first prediction came out of Mid February and they keep updating the predictions and we will get that for you.

**Chairman Carlson:** Without the 14 million dollar infusion from Motor Vehicle Excises tax, are we 100% matched on our Federal Funds for Highways?

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**Francis Ziegler:** What the DOT did in appropriation in of its budget we made sure that we matched Federal Aid. What we did was stripped a lot of the maintenance efforts that we typically do, as patching etc to match Federal Aid. That is how we balanced our budget. Yes the Federal Aid was matched.

**Francis Ziegler:** You went through the amendments there are 2 amendments that we presented to you that we would like to see added. One is the Single State Insurance Registration System that congress is working on. We would like to make sure that we are able to continue to collect those. It is a couple million dollars. We will give you copies of these before the next meeting. The other one is the emergency clause in the fleet.  
Hearing was closed.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/13/07

Recorder Job Number: 6001

Committee Clerk Signature

*Lisa M Thomas*

Minutes:

Chairman Carlson opened the hearing on House Bill 1012.

All members are present.

**Chairman Carlson:** We have kind of narrowed our focus, but there are some amendments floating around out there that we probably should address so that we are looking at the total picture on the bill.

**Francis Ziegler** explained the amendments that he is proposing.

**Chairman Carlson:** Is it on the bill already?

**Representative Weisz:** Didn't the Senate put it on?

**Chairman Carlson:** No I am not seeing it.

**Allen Knudson:**

**Chairman Carlson:**

**Representative Weisz:** This is twenty five million relating to fees.

**Chairman Carlson:** The third one is covered in the bill.

**Representative Weisz:** I do have an amendment that covers one of the amendments that Mr. Ziegler needed that slightly changes the language on the MHTA and I did contact the organization to ensure and then it added in the language for the Midwest Rail Compact.

**Chairman Carlson:** That was the only one. Just give your explanation of how you crafted this. Make sure it covers what Rep. Weisz is looking for.

**Allen Knudson:** Actually, our legal staff drafted these but basically section five is the section that Francis Ziegler just went over and they may negotiate the dues.

**Chairman Carlson:** So we really don't need section five of this, unless we adopt this instead of his? Is the language the same?

**Allen Knudson:** Yes, and then section six deals with the state highway agreement and it says that the director shall join and the Senate indicated the director *may* join. I think this also includes that the members from the state would be the chairman of the standing committees and the Transportation Standing Committees.

**Chairman Carlson:** So that would change the existing section five of the bill? Section six of the amendments would cover section five of the bill?

**Allen Knudson:** Yes.

**Chairman Carlson:** Because the only changes made was *may to shall*? I'm on the .0400 version of the bill.

**Senator Wardner:** It changes more than that, it changes who is responsible for the membership.

**Chairman Carlson:** It changes the language but it says your version from the Senate said it would appoint a member of the House Standing Transportation Committee and a member...

**Representative Weisz:** Because that is in the by law that the chairman of the standing committee be.

**Chairman Carlson:** No changes in the dollars?

**Allen Knudson:** No.

**Senator Wardner:** Legislative Study. (passes out amendment) This is not a biggy, this is Sen. Cook asked if we would put this on, it's a study and it says that legislative council shall consider studying during the 2007-2008 interim traffic fines imposed by state and local governments. The concern is that local governments are sometimes charging higher fees than the state and it's not kosher or lawful.

**Chairman Carlson:** What happened to the bill in the Senate?

**Rep. Weisz:** It's still there; I just talked to them this morning.

**Chairman Carlson:** Anything else?

**Senator Wardner:** I have one more that I would like you to look at.

Senator Wardner explained amendment 78012.0211.

**Chairman Carlson:** This came from Sen. Nothing the way it looks.

**Senator Wardner:** Yes, it has to do with public transportation grants and as you can see it appropriates some of one million four hundred thousand from the community health trust fund and also appropriated a sum of six hundred thousand that may be necessary to the Department of Transportation for the purpose of providing any moneys in the community health trust fund and the state treasury.

**Representative Weisz:** Two different funds?

**Senator Wardner:** Yes, you have to look closely. One is the healthcare trust fund and one is the community health trust fund. One is for 1.4 million and one is for six hundred thousand. So we present them for consideration.

**Chairman Carlson:** The conference committee, what is that bottom statement of purpose about?

**Senator Wardner:** The conference committee, this amendment appropriates an additional two million to public transportation grants as provided to provide a total of 6.7. They already get 4.7

million, there is already funneled through the DOT. This would add another two million to that and it would provide 6.7 million then total for grants in the 2007-2009 biennium and it says the 4.7 comes from the DOT'S public transportation fund and the other 1.4 million from the health care trust fund and six hundred thousand from the community health trust fund.

**Chairman Carlson:** The balance would be one million four twenty six?

**AI:** Yes sir.

**Chairman Carlson:** And on the other trust fund that was 1. 4 million left.

**Representative Weisz:** The community health trust fund would be, even at the current rate, we will be bankrupt by 2011. And then 2009-2011 biennium we will be down to six hundred thousand.

**Chairman Carlson:** When I saw these I was wondering if there was any money left because everybody has been reaching in the cookie jar and taking out of those funds, so the fact that there is anything left, both chambers are very guilty of the fact that if you don't want it to look like your general fund spending went up, you take it out of a fund and don't run it through the general fund and then it supposedly disappears, but it is not imaginary money. I guess I have not been on the debates in the policy committees about the level of funding for the public transportation so my view is only going to be about the money because I haven't heard the debate about the need and I did receive a message from my city that said because of the sprawling city that we are having and the campus moving downtown and off campus, there is a need to expand public transit so they were hoping to get five hundred thousand dollars more and so I said the bill is in process and I don't know what the status is, but we will address this when we address the other amendments, have you defeated a bill such as this in the Senate?

**Representative Weisz:** Our committee did pass a three dollar registration fee increase for public transit which was 4.7 million. That did pass the Senate and the House did defeat that bill

and the main reason that the House defeated it was the three dollar registration fee increase. There was a lot of objection to raising a fee when we have a surplus. That is where the debate was in the House Transportation Committee. I think there definitely was support in the committee for increases dollars for public transportation. One of the reasons is depending on how you work the numbers there is probably going to be close to eleven million dollars more federal funds available to public transit, unlike the roads, public transit is at a one hundred percent increase in federal funding available and there is currently some dollars left on the table already today in public transit. Not much but there is some finding it hard to match with federal bucks.

**Chairman Carlson:** So if you were to pass this it could be leveraged for how much?

**Representative Weisz:** 50/50 match. Operating expenses of public transit are a 50/50 match.

**Chairman Carlson:** So if we put in two million, we get four million back?

**Representative Weisz:** Well, but purchases of buses and other equipment it is an 80/20 match. I will be up front. I can't say that at this point I would support robbing the community health trust fund or the healthcare trust fund. To do it, obviously I need to look at that but I would be pretty leery about doing that one but I do agree there is a need out there.

**Chairman Carlson:** Francis, why don't you come to podium to explain to me DOT's role in the public transportation.

**Francis Ziegler:** The DOT's role is to bring the federal aid to ND and to distribute it to the communities. The communities then have to come up with their participating share which is either fifty percent for operations

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**Chairman Carlson:** And you did or did not request any additional funding for public transportation this time?

**Francis Ziegler:** We did not. What we saw was increased federal aid as was mentioned.

Considerable increase in federal aid and so we didn't ask for anything.

**Chairman Carlson:** But the only way to access the federal aid is through the match?

**Ziegler:** That is correct.

**Rep. Carlson:** So you had 4.7 originally in your budget, how much did you have last biennium?

**Ziegler:** 4.7

**Rep. Carlson:** So the same number?

**Ziegler:** Yes sir.

**Representative Williams:** There is more money available. Do you have enough in your budget for the potential federal dollars to match?

**Francis Ziegler:** Again, what we do is we simply move the money through our organization. We don't do the match. The match has to come from local government or cities but we do have the spending authority to bring the increased federal aid and make that distribution provided that the locals have the match.

**Representative Williams:** Do you know if the political subdivisions have the money for these matches?

**Francis Ziegler:** I do not know that.

**Senator Krebsbach:** I think my question was answered. I wanted to know whether or not they could go direct to the city or the cities could directly go with a match rather than the state being involved. Does there have to be state dollars involved with the match or can the dollars come strictly from the local for federal match?

**Francis Ziegler:** The match typically comes from the local the state does not have to be involved.

**Chairman Carlson:** You are handing this money out to the locals and then they are carrying the match?

**Francis Ziegler:** That is correct.

**Chairman Carlson:** But her question was is can they raise money besides the money that the state has to enhance the match? Could the locals, say we only gave Fargo a million dollars but they really wanted to have a million five so they could access more money, could they not have their mill levy to do that?

**Francis Ziegler:** We have the formula that we make the distribution on and once we are out of the money and the formulas are gone then if they want additional transit services they would have to fund those locally.

**Chairman Carlson:** My only concern here is if there has been bills to this regard that have been defeated in both chambers, I have a little trouble superseding it by us all of the sudden being smarter because we found some money. So I am going to have council tell me what has been defeated if they can in regard to public transit and then we can more accurately address this.

**Senator Wardner:** Currently there is a \$3.00 fee per each vehicle that is collected that makes up the 4.7 million dollars.

**Chairman Carlson:** And they tried to raise that to six dollars in our chambers and it did not pass.

**Senator Wardner:** That is correct. It passed the Senate and was defeated in the House to increase it three more dollars from three to six and that was what was defeated. Rep. Weisz was right, if you add two million into the fund and raise it from 4.7 to 6.7 it allows the state, not the locals to leverage more federal money.

**Chairman Carlson:** It allows the state to send more money back to the locals and then the locals do their match from there.

**Senator Wardner:** Okay, but it puts more money into the pot.

**Chairman Carlson:** It gives everybody two million dollars more money for them to distribute out to whoever has public transit and then they can go after the match.

**Francis Ziegler:** That is correct.

**Representative Weisz:** There is a fair amount of federal dollars that don't pass through the DOT. The urban transit program that goes straight to the city so there is a pot of money that the DOT doesn't even handle, either way it all has to be matched and yeah, whether it is the state that hands the money to the locals or if the locals have to raise taxes to meet the match if you want that federal money you are going to have to get it from somewhere.

**Chairman Carlson:** But the feds in reality have put more money on the table?

**Rep. Weisz:** A lot more money. Correct.

**Senator Tallackson:** How do they distribute the money to the communities?

**Francis Ziegler:** We have the formula for the larger MPOs and we have a formula for the communities under 5000. Basically it is a request and we work with Dakota Transit Authority to help us with that issue but if your community wants a bus, yes, you ask for a grant request and then you get put into the group with the rest of them and then we make the distribution.

**Chairman Carlson:** Any other amendments committee members?

**Representative Weisz** distributed and explained amendment 78012.0210. Currently now, an enrolled member of the tribe does not pay excise tax, but under the way the law is, the only way they get that exemption, the dealer has to drive the vehicle onto the reservation. You don't pay the sales tax, but if they go and pick it up at the dealer then they have to pay the excise tax. What this amendment does is that if it acquired at any location within the state by an

individual who is an enrolled member of a federally recognized Indian Tribe, they don't have to deliver the vehicle. It's not changing the fact that they don't have to pay excise tax; it changes the fact that currently right now, the dealers are obviously going to deliver the vehicle because an enrolled member is not going to pay that five percent so the reality of this is that it is helping the dealers out.

**Tape lost. One minute remaining, unable to type with no sound.**

**Chairman Carlson:** We will come back next time and we will talk about the Nelson county amendments and try to resolve some of this. The biggest issue out there is that the right distribution of the excise tax into the highway fund. We will meet again.

Discussion closed.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/16/07

Recorder Job Number: 6033

Committee Clerk Signature

Minutes:

All members were present.

**Chairman Carlson** opened the discussion on House Bill 1012. We have a lot of amendments to the bill and for us to make some headway on the bill we are going to have to start addressing them. When the bill left the house we had taken the \$20M out and the general fund dollars that were to go into the highway fund dollars and had allowed for some excise tax to go in and then as it left the Senate you restored some funding for ITD projects, equipment and road patching (about \$14.9M) from the excise tax.

**Chairman Carlson:** Let's talk a bit about the Nelson County amendment first and see if we can get somewhere on all these amendments we received on Friday.

**Representative Weisz:** This amendment takes us down a direction that we have never gone or have wanted to go. We don't want to earmark general funds for special projects. There are many counties that have problems and could use the money.

**Senator Talleckson:** We all know that ?county's problems have been pretty much take care of by FEMA and now they're dumping this water into Nelson county with no help. This is one specific road that needs to be brought up from the water so they can drive on it. We've done it before on Highway 2 and some other projects too, so it's not the first time.

**Representative Williams:** The water is going into Stump Lake. In the next year how high is that lake going to rise up - how many more feet before it's a real problem.

**Francis Ziegler**(passed out some charts) I was asked for two things regarding Nelson County. It indicates what the elevation numbers are predicted to be. The other thing that I was asked about were the pictures you were shown by DOAT. There was a picture that was given to you from a Grand Forks Herald reporter. That is not the area where the road is going to be raised. The road that's going to be raised or intended to be raised is here - if Nelson County 23 gets into trouble so do a lot of other roads in that area 57, 20, Highway 2.

**Chairman Carlson:** Have we ever designated money for county highways in a budget?

**Ziegler:** Not to my recollection, but I may be wrong.

**Chairman Carlson:** Highway 2 is a state highway, Bowman county is oil impact dollars.

**Ziegler:** Highway 2 was only a recommendation.

**Chairman Carlson:** Persuasive legislators from Minot and Williston.

**Senator Wardner:** Let's say the water comes up and you have to start working on the state highways. What is the process of federal money? Did you expect to get some federal money to help you that would also help the counties?

**Ziegler:** What happens is when the water comes up, dept of transportation comes into it. An emergency declaration can be declared.

**Senator Wardner:** Would this be correct that if the state highways one of them over topped you're going to take into consideration all the roads in the area.

**Ziegler:** Once a road gets overtopped an emergency is declared and from there every road in that jurisdiction or area is looked at.

**Senator Talleckson:** The other subject to mention, how much money is in the budget right now?

**Ziegler:** We have \$11.8M (see attachment A)

**Senator Talleckson:** This amendment with Senator Nething would be above what is in the budget?

**Ziegler:** That is correct.

(There was some unidentified, unstructured conversation here

**Representative Weisz moved to remove the \$550,000 that is in the budget as it came from the Senate**

**Senator Wardner seconded the motion**

**Motion Passes (No totals were heard on the tape)**

**Senator Wardner read aloud amendment 0213 and explained it**

**Senator Wardner moved amendment 0213**

**Seconded by Rep Williams**

**Motion passes (no totals announced)**

**Senator Tallakson made a motion to pass the high speed rail amendment**

**Senator Krebsbach seconded the motion**

(A discussion was held on the advisability of continuing to pay dues and belong to the group.

Mr. Ziegler's staff ranked it a low priority)

**Motion passed unanimously**

**Senator Wardner moved a Do Pass on Amendment 0210**

**Senator Krebsbach seconded the motion**

(no fiscal note involved - simply clarification for the dealer)

**Motion passed unanimously**

**Rep Weisz moved amendment 212(?) (Multi-state highway transportation agreement)**

**Senator Tallackson seconded the motion**

(objectionable "shall join" - Rep Weisz wants language changed - "shall" to "may") (Rep Weisz's comments are difficult to hear on the tape)

**Rep Wardner:** I feel that the representatives should come from the legislative council.

**Chairman Carlson:** Would you please draft some language to let the legislative council be aware of the guidelines for this committee when choosing the committee representatives.

Revision language was discussed and voted on. The committee will review it before sending the packet to the chambers.

**The motion passed unanimously**

The committee adjourned for the day.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/17/07

Recorder Job Number: #6098

Committee Clerk Signature

Minutes:

Chairman Carlson opened the discussion on House Bill 1012.

All members are present.

Chairman Carlson: We are going to continue our with the amendments and get them resolved except the very large one at the end which is the one transfer of the money from Excises Tax into the Highway Fund.

Representative Koppelman handed out a memo regarding the Midwest Interstate Passenger Rail Commission. (this is the second amendment) He explained the memo. Let me make clear from the on set, I am certainly comfortable with the concern the committee has about the new structure. An apparently they have asked for them to go up and I think that is something we can deal with. I just think that the way the amendment reads is the wrong way to deal with it. ND membership in the Midwest Interstate Passenger Rail Commission is the result of 2 occasions where the entire Legislature passed the Interstate Rail Compact. It did have a sunset clause on it and after the expiration of the sunset we passed it again. What that does it gives us some legal obligations which I think these amendments violate.

The other part of the history is that there have been plans a foot. Midwest Interstate Passenger Rail Commission serves 2 purposes. Its primary purpose is to improve passenger

rail in the Midwest. I think it is a lot able goal and I think it is something ND certainly should be interested in and while rail is not our prime means of transportation for some years. I think its role in the future is a little bit up in the air.

There is also a plan on the board for a high speed rail corridor in the Midwest. Similar to what they have in the NE. If we leave this compact, we leave our opportunity to have a seat at that table.

I did have a chance to talk to the Governor to talk briefly about this and I plan to talk to Mr Ziegler about this issue.

North Dakota really did not have representation on this panel for a number of years. I was involved with the House appointed commissioner, (3 commissioners) and was the only one that actively participated. With the lack of participation, I suspect that this is why our dues went up. I was the one who initially negotiated the reduction in dues. We don't stand to benefit the same way Illinois and some other states do. We are a lower populations and there for we should have lower dues. I don't think we should ask the government to do it is the right approach for a couple of reasons: one I think it violates our separation of powers, advocates Legislative authority to the Executive Branch and the compact calls for those 3 appointees, one from the Executive, 2 from the Legislative, and secondly I think it is illegal because, in order to withdraw from the compact we would have to take Legislative action and I don't think we can delegate that to the authority to the Governor as this amendment would do.

Chairman Carlson: So do you have an amendment for this?

Representative Koppelman: Yes I do.

Representative Koppelman distributed amendment 78012.0217.

Representative Weisz: Is there any other bang or buck we are getting out of this?

Representative Koppelman: There are several. If you look at the amount of miles rail in the state. Most of those are lines that have passenger rails running on them, not all do but most do. I do think we stand to benefit by what ever happens to improve and enhance the passenger rail. If we don't have a seat at the table what ever happens with rail in the future we are going to be out of the loop.

Chairman Carlson: We will go back to the sheet that we had with the amendments we had yesterday.

#### Amendment #5

A motion was made by Senator Wardner, seconded by Senator Krebsbach to adopt amendment number five regarding a Legislative Study on traffic fines.

#### Amendment #6

Adds \$2million to help leverage more federal dollars for public transportation

Chairman Carlson: How do the grants get distributed?

Representative Weisz: There is currently a bill out there right now limits the ability of Home Rule cities.

Any other Discussion if not the clerk will take the roll.

Passed as 6 yes and 0 no.

Chairman Carlson: We are now on 6 on the list. So if Senator would explain to us what is going on here?

Senator Wardner: Adds 2 million dollars of funding from the State to help reach more the Feds to help with Public Transportation. 1.4 million dollars would come from the Health Trust Fund and .6 million would come from the Community Health Trust Fund.

Chairman Carlson: How do the grants get distributed? We have 1.9 in the Health Trust Fund unless we have taken something out in the last few days. The Community Health Trust Fund

has 1.4 million in it. We have taken 7.5 million out of the Health Trust Fund and we have taken 1.3 million out of the Health Trust Care trust Fund. So there would 26 million left. The other one would have 800,000 left when we are all done.

Representative Weisz: The grants are divided in two ways. One there is a specific dollar amount to each county flat and the rest is based on the population.

Chairman Carlson: So if you add this 2 million on here how much total is in public transit today?

Allen Knudson: There is 4.7 million in the current budget and this would add 2 million for a total of 6.7.

Chairman Carlson: Lets see what is in the Health Care Trust Fund. 1.39 Unless we have taken something out in the last few days. The Community Health Trust

Senator Tallackson: How does the money get into the funds?

Allen Knudson: The Community Health Trust Fund is the 10% of the tobacco money. The Health Care Trust Fund that came from the Medicaid program a couple of years ago. It is not getting any additional revenue through Medicaid any more but there were some loans made out of it, so it getting about 800,000 from the repayment of those loans.

Chairman Carlson: Give me a little history this.

Senator Wardner: This was kicked around in appropriation as far as putting on or using General Fund dollars. I guess I can't say for sure if there is another bill that did this besides the \$3.00 registration where we increased it from 3 to 6 dollars for Public Transit. It did pass the Senate. The House defeated the bill.

Chairman Carlson: The Public Transportation Fund, Allen is that just Federal dollars?

Allen Knudson: No. Public Transportation Fund, that is where the \$3.00.

Chairman Carlson: Before we leave this topic Rep Weisz has some money in this same concept to put into Public Transportation.

Amendment 78012.0218 was distributed.

Representative Weisz: While the amendment looks relatively complicated, what this is doing is it would have the same amount of money in for Public Transit as the amendment we just considered. It would be 6.7 million total. We would no longer fund Public Transit by the \$3 registration fee that currently in place. So we take it out of there and it becomes a line item. The \$3 would go into the Highway Fund that didn't go away. 4.7 million would now go into the Highway fund which was being transferred into the Public Transit Fund.

There is a line item that would be taken out 6.7 million out of the Highway Fund that would be taken out for public Transportation. The formula for distribution to make it a lot easier is changed to a base of 4/10 of 1%, which is basically the same. Currently any time that they got an increase you had to change the base rate up to what ever. If the line item change, the formula change accordingly and distribution is still work out the same. This information is on page 5.

Chairman Carlson: What is this \$13 to \$16 on the top of page 5.

Representative Weisz: That \$3 now is going to the Highway Fund currently now \$13 and \$3 now it is \$16.

Representative Weisz: All this is doing is taking 2 million out of the Highway Fund.

Chairman Carlson: When the house had it we didn't spend any time discussing public transportation. It just never came up.

Representative Weisz: The House Transportation committee did discuss public transportation Committee. Obviously the Senate bill had the \$3.00 increase. We defeated the bill because

nobody supported an additional \$3.00 increase in registration. There was support to find some additional money what ever the money may be. There wasn't a vehicle at the time.

Senator Wardner: Could you explain to me, currently the \$3 is collected from the Motor Vehicle Registration? This goes to a little fund in the DOT?

Representative Weisz: Correct.

Chairman Carlson: Is that an actual amount? Because it could be different than if for the 4.7 more than the \$3.00, registration could be up or down from that?

Representative Weisz: That is correct.

Chairman Carlson: I asked a question of Connie Sprynczynatyk, what she insinuated that there is matching dollars being left on the table for Public Transit that we are not accessing because they don't have enough money. She was going to give me those numbers. One of my questions would be, as I understand it Public Transit money is a 50/50 match. Is that correct?

Representative Weisz: Operating expenses are covered 50/50. Equipment requires a 20%.

The only revenue dollars that they come up with for match, is either from the State or raising a local tax. This is their only source of revenue.

Chairman Carlson: My question is there match we are leaving on the table.

Senator Wardner: It was my understanding that they asked for an additional \$3 to make it \$6 so they could raise another 4.7 million and that would take care of the entire match. So us dealing with 2 million we would not be accessing at all.

Representative Weisz: That is correct. I think the question is we leaving match on the table now? There is some Public Transit that now don't have match currently.

Senator Tallackson: I would like the commissioner to comment on this

Francis Ziegler: I have not seen the amendment but what our concerns are just listening to it is that ultimately it taken from the Highway Fund.

(Passed out charts for the committee- see attachments)

As you can see from the red there is quite a few dollars coming out of the Highway Trust Fund and some out of the Highway Fund. Our concerns are that as we keep draining away, as we have told both the Senate and the House, are inflation factors are so tremendously high that we are concerned for the roads. As we keep draining funds out our tasks become more difficult. While we support all these other things it has become more difficult, in fact at the bottom line of the chart we are down to point where we can't even fund the salary equity pool that was provided by this legislative session. We are at the rock bottom.

What the DOT did to prepare this budget was to strip out everything we could in operations to match Federal Aid and then at that time we worked with the Governors office to insert that 20 million and what ever happens, happens. This is the tightest budget I have seen in 37 years.

Senator Krebsbach: You gave us a sheet here the other day that indicates that there is a total of 15,888,000 going into Public Transit Funding, plus another 6,600,000 to the 3 urban cities in the state, there fore we have a total of 22,488,000 for Public Transit Funding. How does this compare to the last biennium?

Francis Ziegler: The last biennium is also on that chart. It has increased by 3 million dollars.

Chairman Carlson: Adjourned meeting.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/18/07

Recorder Job Number: 6104

Committee Clerk Signature

Minutes:

**Chairman Carlson** opened the discussion on House Bill 1012.

All members are present except **Representative Williams**.

**Chairman Carlson** reviewed what the committee discussed yesterday.

**Connie Sprynczynatyk, League of Cities:** (could not get a lot of information off the tape)

**Representative Williams** arrived.

**Connie Sprynczynatyk:**.. What you are looking at in 1012 is whether or not there would be sufficient match in the future.

**Chairman Carlson:** There have been additional requests in two different amendments for an additional \$2. Is there a need for that money to match federal money and are we talking dollar for dollar here and that's important to me as I look at the process.

**Connie Sprynczynatyk:** I have some information from the DOT that I just got this morning that may give you additional insight.

**Chairman Carlson:** If you go back to Fargo and Bismarck to the 250 and 500. I'm not following what that means. I got an email from Fargo that said we need \$500,000. Why?

**Connie Sprynczynatyk:** I will find that out.

Grant Levi distributed and explained a chart regarding local match for transit programs.

**Chairman Carlson:** Where on this 50-50 match would this new money be?

**Grant Levi:** There are increases in all of the categories

**Chairman Carlson:** Basically between the two there is \$30M in public transit money - federal and city.

**Grant Levi:** In the upcoming biennium there are approximately \$19M federal funds and \$13M local match that would be required.

**Chairman Carlson:** How do I know what the local effort is? What's the local effort?

**Grant Levi:** That is why we put the revised total on the bottom of the chart - the legislative body as already passed \$3M motor vehicle registration fee and the local effort of 2005-07 was \$6.5M and the local effort in 2007-09 will be about \$9M.

**Chairman Carlson:** It will be - but how do they get to that? Why are we asked for \$2M more at the state level? Do they are do they not have the ability to raise it - they have mill levy authority and probably transit.

**Senator Wardner:** Where it says... Is that the three dollars that was proposed and defeated?

**Grant Levi:** That is the motor vehicle registration that is already in place. That already exists.

**Senator Wardner:** Right now where it says total the \$13.7 million we know that the locals will more than likely come up with as a match for the \$19M.

**Grant Levi:** That is the question that the committee has been asked to consider. For the most part they have been able to match the funding for the 05-07 biennium. But they have had some challenges and that was shared previously.

**Chairman Carlson:** Do the local subdivisions have the ability to raise the funds or are they capped by statute? I want to know if they have the ability to do this.

**Grant Levi:** All of us have to make decisions on how we use the state funding that comes to us. If you refer to the charts that we distributed earlier there are funds that come to the cities and counties through highway tax distribution funds.

**Chairman Carlson:** Mark, do you have any comments on this.

**Mark Johnson, Association of Counties:** We have mill levy authority and that is how we match the federal dollars. They like to do the roads first.

**Chairman Carlson:** There in lies the different between the two proposals. The bill was killed for an increase in the house and do we have the mindset to add \$2M more. I'm not sure yet.

**Representative Weisz:** Grant, can you explain what happened in the 5309 Earmarked Urban program?

**Grant Levi:** In 2007 they did not earmark funding. We're anticipating that they will be earmarking funds in 2008.

**Chairman Carlson:** I see that the rural went up and the urban funding went down.

**Grant Levi:** The information that we presented is contained in this table. There is an increase in the program that I pointed out to you. The earmarked funds for 2008 could be higher. At this point in time we settled in on the number we presented to you - but they could be higher.

**Senator Krebsbach:** Is the 6.6million that goes directly to the urban communities included in the urban dollars in the lower part of your chart?

**Grant Levi:** That is correct. We have separated them. That comes from our budget. The urban goes directly to them.

**Senator Krebsbach:** When we're talking on the match and the dollars is it equally divided between the two areas?

**Grant Levi:** We anticipate that the urban program will grow more than the rural program.

**Chairman Carlson:** Run it by me one more time how the city is going to raise the match.

**Connie Sprynczynatyk:** (Unable to understand the answer)

**Chairman Carlson:** Are we leaving money on the table that we cannot match?

**Ken Tupa:** I can answer the question for Fargo specifically. The \$100,000 is federal money that they cannot match.

**Chairman Carlson:** Why can't they match it?

**Ken Tupa:** They don't have the funds to match it.

**Chairman Carlson:** The counties have the mill levy authority. So they have not prioritized that in their budget as being a priority.

**Senator Tallackson:** The counties have the mill levy - but they have to get the vote of the people.

**Mark Johnson:** Yes they do.

**Chairman Carlson:** If they want to exceed what they currently have. But we have not set a cap.

**Mark Johnson:** There is a specific mill levy authority for (?)

**Chairman Carlson:** That's not one we rolled into the big number is it?

**Mark Johnson:** No.

**Chairman Carlson:** So public transit is a separate mill and there is a cap on what they can raise.

**Mark Johnson:** Yes, 3 mills.

**Chairman Carlson:** I heard someone was at 2

**Terry Traynor, Association of Counties:** The counties rely on the (?) services levy, primarily a match, which is a voter established levy.

**Senator Wardner:** Mr. Tupa, is my assumption correct? The locals came up with 6.5million.

**Ken Tupa:** (?)

**Representative Weisz:** There is 500.000 that they have not matched in Fargo. They haven't generated the full amount yet. They could still match it.

**Senator Wardner:** Did the rural come up with the 4.7million?

**Grant Levi:** Yes.

**Chairman Carlson:** So our assumption would be that they would have the ability to raise 4.7 again.

**Senator Wardner:** So then going to this biennium in the perfect situation hopefully to make up the money for Bismarck and Fargo and take care of the rurals. You're saying down here on the bottom, the difference between the 6.5M and 9.1M - that's what you need.

Discussion closed.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/20/07

Recorder Job Number: 6219

Committee Clerk Signature

*Kanya J. Voegels*

Minutes:

Chairman Carlson opened the discussion on House Bill 1012.

All members were present.

Representative Koppelman explained amendment 78012.0222.

**A motion was made by Senator Krebsbach, seconded by Representative Williams to adopt amendment 78012.0222 to House Bill 1012. Motion carried.**

Amendment 78012.0220.

Chairman Carlson read the amendment.

Keith Magnusson explained the amendment

**Representative Weisz:** Do you know how much is in the motorcycle safety education fund?

**Keith Magnusson:** I do not. I know there is at least \$1000.

Amendment 78012.0221

Francis Ziegler explained the amendment.

**Chairman Carlson:** What is your reaction to this study?

**Francis Ziegler:** I think it is a good idea.

**A motion was made by Representative Weisz, seconded by Senator Wardner to adopt amendment 78012.0221 to House Bill 1012.**

**MOTION CARRIED**

**Chairman Carlson:** We have had two different versions of the Public Transportation dollars. We have had the cities and the counties in. They both talk about the same amount of money but they have different sources of funding.

**Senator Wardner:** To be honest with you, I would like that we settle the amount of money that we are going to put into the highway fund before we do this. I would like this to be last because even though I think we maybe should put some into Public Transportation I think the Highway Fund has a higher priority.

**Chairman Carlson:** We can address it that way. Go to the last chart we got I think the latest version was 4/16/07. Just go through the red reductions. It was my understanding in 2015 when we put that \$1.6million that could be used for infrastructure at the ethanol plants that that money was not new money, that was money that was there from the countercyclical payments but you are showing it as a deduction of \$1.6million.

**Francis Ziegler:** We are showing at a deduction of \$1.6million because we believe it comes out of the Highway Distribution Fund.

**Representative Weisz:** When we passed 2015 out of the House yesterday the percentage that came out of Ag went from 40% to 60% so we took an additional 20% out of the Distribution Fund.

**Francis Ziegler:** We agree with that.

**Chairman Carlson:** Let's just go through the deductions to make sure that we understand if there are adjustments. I am not suggesting that this is what we do but if 2015 has the money and we were to change the formula in here what supersedes the other one?

**Allen Knudson:** The last one passed takes precedence.

**Chairman Carlson:** We could do that in here. We would just have to work with 2015 to correct that. I guess I am still confused because my understanding is that was countercyclical money.

**Representative Weisz:** The original language takes 40% of the farm registration and puts it into the Ethanol Incentive Fund. The amendment says that an additional 20% of that farm registration now goes into that Biofuels Road Infrastructure Fund. So we are now 60% never hits the highway fund.

**Chairman Carlson:** You could undo that in here and deal with it in 2015. That was an add on by our section in appropriations. That was an amendment brought to us in addition to the OMB bill. My assumption was that it was already taking what we had and redirecting it.

**Representative Weisz:** If I could make a suggestion. I am not against the Biofuels Road Infrastructure Fund but I think like you mentioned you thought it was part of that original \$3.2million or whatever is already coming out of the highways and just sits there under ethanol. Nothing says we can't do that but that would take that \$1.6million out of the \$3.2million

**Chairman Carlson:** Then it becomes zero.

**Representative Weisz:** No there would still be \$1.6million left.

**Senator Wardner:** What he is saying is right. We would be working with where it says deductions before distribution. The ethanol would drop the \$1.6million and you would come out of the top and the \$1.6million would go under dedicated under other state's revenue sources.

The committee discussed the other bills that will affect the DOT.

Amendment 78012.0216

Representative Weisz explained the amendment.

**Representative Williams:** When we met in January we all voted against using General Fund per say. The point is we all know that we have to maintain the roads. We were hoping that something would pop up but it hasn't. We need to do something.

**A motion was made by Representative Williams, seconded by Representative Weisz to adopt 78012.0216 to House Bill 1012.**

**Chairman Carlson:** What is the excise tax supposed to collect for us next biennium?

**Allen Knudson:** The estimate is about \$126million.

**Representative Weisz:** It would be about \$37.5million dollars then with this amendment.

**Representative Williams:** As I am sure Mr. Ziegler spoke to both sides the same way. Inflationary costs out stripped the budget from last biennium. I don't think there is much possibility is not going to continue. If we don't see into this problem now it's only going to get worse. We have to do something and there is no best way.

**Senator Wardner:** I don't disagree with the previous speakers. I am just trying to be a little bit realistic. As we are winding down this session we have other budgets where we are arguing smaller amounts. I am just wondering if you have checked with the house to see if they will go along with it. I know I need to check with the Senate. This would be great if we could get the support to back it but I don't think it is there.

**Representative Weisz:** That is why I put it forward, to see if there is any support in the respective caucuses.

**Chairman Carlson:** I cant, I am like Senator Wardner. I cant believe that what has been said is wrong but I also don't believe that we are going to make this quantum leap of \$40million out of the General Fund. At this point in time I don't think there is the support to do that. When we made our committee, and in the House we have been kind of traditional that we take the appropriators and put the chairman of the Transportation committee on because he deals with all of the policy sides and things that we don't. We tend to look with balancing the budget and the numbers and he gets all the overload bills and all the regulations and all of the federal requirements that we don't see. I understand Representative Weisz's perspective, I just could not. I was the one in our committee who made the motion to take anything over \$120million of excise tax goes automatically into the Highway Fund. I have not said that that is a bad concept. What this is doing is this is taking 30% and obviously next biennium we could change our formula if we wanted but once you start down this road, in my opinion, you better be fairly committed to staying down that road otherwise his problem gets worse. You could make an argument that you shouldn't raise fees, but you can also make an argument that it is user fees that pay for highways. I would have a hard time supporting that much money. I did not have a hard time looking at the \$14million as it came from the Senate. I do have trouble looking at the \$37million when we are looking at like Senator Wardner said making all of the budgets balance, making our revenues work. We have spent a lot. What is more important, Human Services or a road? Unfortunatly those are the kinds of decisions that we have to make. I know Representative Weisz has a completely different view on that.

**Representative Weisz:** First it is only an \$18million increase. The Governor already had \$20million in the budget so we are not looking at \$40million. We spent, in fact we are meeting about every half hour, talking property taxes. This bill is going to offer property taxes. If we

don't do something and I already got a notice in my county, they are going to have to have a major mill levy increase for roads. Why because their roads went up 30% too.

**Representative Williams:** What Representative Weisz is saying is probably 100% correct. You have expressed some reservations on it. So has Senator Wardner. You indicated that there was some potential to acceding to the Senate amendments.

**Chairman Carlson:** We are not going to take a vote on this right now. We are going to let everybody go back to their respective caucuses and see what they think.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/20/07

Recorder Job Number: 6236

Committee Clerk Signature

Minutes:

**Chairman Carlson** opened the discussion on House Bill 1012.

All members are present. Senator O'Connell replaced Senator Tallackson.

**Chairman Carlson:** Our last discussion Representative Weisz brought in an amendment and he asked for 30% of the money collected in this chapter for the excise tax put into the highway distribution, the tax distribution fund which would amend 24 million for the state and 13 million for the counties. I was having a little trouble with those numbers. To be fair we should take a vote on this. Your action on the floor for OMB bill did give us a bit of an opportunity to address the 1.6 million dollars. After we were explained the amendment it was different than we thought it was. We did put some money in the excise tax, but nearly that amount when it left the chambers. We are going to take a vote on that amendment. I think there are other options that have a better chance of passing our chambers. We will take the roll. The motion fails. You can offer another one, but first I would like to address, Allan I am glad you are here I Don't know how to address this. On the spread sheets we have now there was 1.6 million dollars that was taken out of the highway tax distribution fund, because of the money that we had put into 2015 for the increasing the formula on the counter cyclical. 20% would increase that and we would put into a special road fund for access roads for ethanol plants. That has

been defeated in the senate at this point. I was wondering what we could do to make sure that that formula stayed the same and the money didn't move and stayed in the highway tax distribution fund. I need some suggestions of how we could make that happen. In know it is gone but if you reconsider your actions and bring it back than it is back.

**Allen Knudson:** I guess if your wanting 1.6 million to go for the buy of fuel or those roads to those different plants, and you are still wanting some money to go to ethanol, I am not sure if you just wanted to split the 3.2 and have the 1.6 million to go to the new fund that is being set up and keep 1.6 million in the ethanol fund?

**Chairman Carlson:** I want the language to assume now that that money is gone. We don't have to remove it here. Actually it is back in the bill now is it now if they killed that bill?

**Allen Knudson:** Again the 1.6 you can take off the sheet.

**Representative Weisz:** Just a suggestion if there is a concern of that 1.6 coming back and if indeed you wanted to do something for the bio fields road infrastructure fund. You could take some money out of the 3.2 ethanol fund. I guess you could argue your preempting in saying some of that incentive funds should go for road access for the plants.

**Chairman Carlson:** I would rather they fought there won battle. I was shocked when it showed up because the explanation to us is it is just existing money and it wasn't going to take and in reality it was new money. As we re due this formula and when we are done taking action we take on the bill I am assuming Frances will give an updated sheet to us. The 1.6 will disappear form there. The public transit I think I agree with Senator Wardner and Senator Krebsbach when they said we should wait on the public transit to do anything until we decide what we are doing on the dollar side from the excise tax. Rep. Weisz do you have any other proposals you want to make?

**Representative Weisz:** Obviously the 30% didn't go well and we have looked at approximately 14 to 15 million dollars seem to be a figure that whether I agree with it or not that seems to be a figure of the max we are willing to put in the DOT. I would propose if we did 20% of the revenue of the excise tax, put it in the distribution fund. That generates about 15 million for the DOT. That at least puts about 8 million into the cities and counties. I would put the money in the highway distribution fund. So at least we will get about 15 million. You came in at 14 million this would put 15 million in the state DOT and about 8 million would go back to cities and counties.

**Chairman Carlson:** What is the exact amount?

**Allen Knudson:** \$25.2million which would be a total 15.9 million for public fund.

**Representative Weisz:** 15.9 for the highway fund and it leaves approximately 9.3 from the cities and counties. To me that is a start. Maybe there is some left that we could look at public transit.

**Senator Krebsbach:** What is the source of this?

**Chairman Carlson:** It comes from the excise tax. If you take the excise tax which is about 126 million biennium, 10% 12.6 million 20% is 25.2 million. That is based on projections for car sales in the next biennium. The senate came in at 14 million the house came in, we took out the 20million in general fund. The governor had 20 million in general fund and we took it out. You added 14 million back in from excise tax. There was 14 million different cause we took the whole 20 out, 6 less than the Governor had with your proposal.

**Representative Weisz:** This would be the only budget we would be looking at that actually has a decrease from the Governor's budget. If you look at total revenue they give you total revenue from last year's biennium, I am not sure if we are even breaking even.

**Chairman Carlson:** It does make a significant change on the revenue picture for all the other programs we have funded along the way, at 25 million.

**Representative Weisz:** It would be about a 5 million difference. The Governor had 20 million in to start with. I guess I will make a motion at least.

**Senator Wardner:** I like it if it is acceptable. We would have to check with our people.

**Chairman Carlson:** I could to but I know the reactions I am going to get and that is too much. I am trying to find a way to put some money in and I sympathize with the fact he would like to not just have it all in one fund. I have a little interest in doing something for the public transit because I have heard from a number of people that they could access more money if they had more money. I hear it from big cities as well as the rural people so you kind of have a dilemma there whether that is the right number. I asked Representative Weisz what is most important to people, public transit or having more money in the highway distribution fund. It is a tough choice for them to make as well. What I would prefer doing is to take that proposal back to your leader and I will take it to mine and look if this can be reconciled. I could not vote for it right now and you may not either with out checking with some of your people. I am hoping that when we complete our work we don't have to take it to the floor and kill it.

**Senator Wardner:** that is correct. As much as I like it and I also know that Rep. Weisz has talked about the money going to cities and counties does effect property tax back there. The real world around here is we are closing down and we are counting dollars and looking at budgets at the end and balancing the ending fund balance.

**Chairman Carlson:** We will adjourn.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/21/07

Recorder Job Number: 6255

Committee Clerk Signature

Minutes:

**Chairman Carlson:** opened the discussion on House Bill 1012.

All members were present with Senator O'Connell replacing Senator Tallackson, Representative Kroeber replacing Representative Williams and Senator Flakoll replacing Sen Krebsbach. We're attempting to deal with the differences between the House and the Senate on the money that went into DOT from the excise tax. The House had removed the \$20M general fund money in the Governor's budget and we had added a statement in there that said that any amount over \$120M in the excise tax would go into the highway fund and that was removed by the Senate and \$14M was deposited from the excise tax into the highway fund by the Senate and that's really the difference we're down to here. We're here to finalize our last bit of business...we've got all the charts and information we need. We've had several motions by Rep Weisz at different levels of the excise tax...we've also had different levels with the public transit money...those have been defeated. I'm looking for a motion to take...at this point we're trying to wrap this up.

**Senator Wardner:** I would move that the Senate Recede from it's Amendments and further amend...and that we appropriate \$7M from the Motor Vehicle excise tax and to the State Highway Fund a 1 time appropriation.

**Chairman Carlson:** Is there a second?

?: I second it.

**Chairman Carlson:** The motion being that the Senate recede from their amendments and further amend by changing the \$14M from the excise tax to \$7M and it goes directly to the highway fund, so it wouldn't effect the distribution side of the money and it's a 1 time appropriation.

**Representative Weisz:** We go from bad to worse...we could just as well put nothing else in there. I still don't know where I'm at...we were at (*not able to understand*) I can't argue with it.

**Chairman Carlson:** Just from actions that I am aware of because we did it in our committee...this is a \$4.2M in the Highway Patrol that we've been fighting for years to see how much of the highway patrol can be funded out highway dollars and how much funded through the general fund. We made a significant effort to try identify what safety dollars are required for the duties of highway patrol and then fund the rest of the duties that are not required and we'd assume that was \$4.2 to whatever the other number was, so we did pump \$4.2 M back into the distribution fund, so there was some offsets there...that being the biggest one.

**Representative Weisz:** That was a good thing and that will put roughly \$3M into the highway but prior to that it was. .... We are still 60million less for our roads

**Senator O'Connell:** I feel the same as Representative Weisz, I think we have money in other places that we could bring in here, in fact I'll see how this goes for public transportation. I'll wait until this one goes one way or another.

**Roll Call Vote**      Yes 4      No 2      Absent 0

**Chairman Carlson:** **Motion Passes** ... Sen O'Connell, do you have another amendment?

**Senator O'Connell:** I don't have an amendment; I'm just going to run it by you 1<sup>st</sup>. If we'd make that \$8M out of that motor vehicle excise tax and give the \$1M to public transportation...if that flies, LC would get the amendments.

**Chairman Carlson:** \$1M additional from excise to go directly, not into the formula, but directly to public transit line, which right now is \$5.7M. Any thoughts on this Sen Wardner?

**Senator Wardner:** I think they should have some...did we get a 2<sup>nd</sup> on that?

**Chairman Carlson:** Was there a 2<sup>nd</sup> on that?

?: I'll 2<sup>nd</sup> it.

?: They're going to leave some money on the table, they could have used a total of \$4.7...this helps get them leverage for a few more dollars.

?: I know it's completely different between rural and urban, but I've had plenty of contact from the people in my town saying that with the public transportation and our expanding city from north to south and the campus moving downtown...there's been an increased demand and I've received more than my share of that.

**Representative Weisz:** I guess I am curious how you plan to do this...*(can't understand)*

**Senator Wardner:** How does it work...I'd just assumed they were grants.

**Representative Weisz:** There is a formula for the grants and that's spelled out in the legislation...my amendment changed it to 4/10 of 1% to the counties and then prorated by population.

**Chairman Carlson:** Would you not just pump more money into the existing formula?

**Representative Weisz:** You can't under the current legislation...you'd have to change the formula numbers because they're fixed per county and per population. My amendment and this amendment got rid of that so no matter where you ended up at...whether there's \$1 or 2M more...you don't have to go in and change all the formulas.

**Chairman Carlson:** Francis, do you want to comment on that?

**Francis Ziegler:** I am not exactly sure. I would have to go back and look at the formulas to see how they're worked out...if there were shortages after the formula distribution then the Million would simply work out, but if after the formulas are out there and there isn't a shortage, then we have to look at the formula itself.

**Grant Levi:** As I understood what Senator O'Connell indicated...he was talking about increasing the excise transfer to \$8M and then taking \$1M of that and putting into the public transportation fund. If that were to occur, that would increase that amount to \$5.7M available, depending on how Legislative Council drafted it. Those additional funds would go into the state aid for public transportation distribution formula that's established in state statute and we shared a document with you earlier, which indicated how that money is distributed...the money is distributed based on a face amount to each county and after the base amount, the remaining portion is distributed based on population within that county...we'd just have a bigger pot to distribute from.

**Chairman Carlson:** That would be my understanding...you just use the existing formula and add more money.

**Representative Weisz:** It will skew it because currently, there's \$18,300 as the base number so with a \$3.00 increase that the Senate passed (*can't understand*) so if we're going to add a million there's 2 ways to do it...#1 you can do it the way my amendment did was to change the base to 4/10 of 1% of the corporation so you no longer have to get in there and change each number. That's what my amendment did, that's why I was asking if you want to use that language and then whatever the number of your (*can't understand*) ...the formula reflects any increase to the base program.

**Chairman Carlson:** Do you need to change the formula to add more money?

**Grant Levi:** That depends on what the intent of the committee is, but what Rep Weisz has indicated, that would be a means to insure that the base did go up and then the distribution would occur.

**Chairman Carlson:** But the base then would be up for every future time we'd have to add more money to keep it up.

**Representative Weisz:** No, when we did public transit, the whole idea was to set a base per county, so every county, regardless of their size (*can't understand*) so they were assured of getting some money for their public transit and then the rest was distributed out on a per population...every county would increase the money to public transit...we bump the base up by the same percentage that we increase the money to public transit and that we distributed the rest of the increase by population.

**Chairman Carlson:** So you are saying it would be more fair if we put you (*can't understand*) a million dollars..

**Representative Weisz:** I am not saying that it would be more fair but it would be easier because now you no longer have to go in and change that base rate because you're going to add money to public transit...it will just under 4/19 of 1% so you add the Million bucks it will increase \$4000 (roughly) to every county and then the rest of that increase goes out on population.

**Francis Ziegler:** For those of you that still have this document...there are 2 parts to the formula...1 is the base that Rep Weisz is talking about and then there's the distribution formula. The distribution formula takes the available funds and divides it by the most recent census for that county and that equals then the per capita for distribution, so what you have is the base, which in our example is \$18,300 plus the mathematics of (*can't understand*) per capita and that gives that particular entity \$23,278, so you can increase the bases as

suggested or if you go to \$1M and simply add it in as Sen O'Connell had said and then the formulas change...we simply need to change that formula based on the available dollars.

**Representative Weisz:** That is in statute so you don't have the authority to change that.

**Grant Levi:** The present state statute is very specific in that each county will receive \$18,300, so that's.... *interrupted*

**Chairman Carlson:** Within the amendments, would it be better to change the formula and statute then to increase the base and change the formula.

**Grant Levi:** It depends philosophically on what this committee would like to accomplish...if the committee wants to insure that each county receives and increase, proportionately of the additionally of the million dollars, you would take the amendment from Rep Weisz, because then the base is based on a percentage rather than \$18,300 and that's what Rep Weisz suggested...this is the 1<sup>st</sup> time we've seen the amendment, so then basically what he would do is change it from \$18,300 to a base amount of 4/10 of 1% of the appropriation for the program, so as the dollar amounts went up in the program the base amount would change and that was his intent. As I understood Sen O'Connell's motion, it was to increase the dollar amounts available...if you did that, the base would stay the same and that each county would receive the additional funds, based on the population within that county.

**Senator O'Connell:** What would the base go up to on one million dollars?

**Allen Knudson:** \$22,800, comparatively to \$18,300 increments.

**Chairman Carlson:** About \$4000

**Representative Weisz:** That's why 4/10 of 1%...it's actually the same thing without us having to address that base every time they look at increasing.

**Chairman Carlson:** Sen O'Connell, **do you want to change your motion.**

**Senator O'Connell:** I would.

?: I'll second it.

**Chairman Carlson:** Your motion would reflect that the million dollars would be changed based upon 0218, which was Rep Weisz's amendment...the changes in that would be the Million Dollars instead of the \$2M, but the formula application would be the same.

**Roll Call Vote**      Yes 5      No 1      Absent 0      **Motion Carries**

**Chairman Carlson:** Anything else that we want for amendments?

**Representative Weisz:** As long as we're here...I offered to bring this back again. This is a different version than what we killed earlier...this was for that \$1000...this was taken out of (*can't understand*) appropriated out the Federal Safety Fund.

?: We had this bill before us before and it was \$1000 ...transferred ...educating driver education instructors... Rep Kelsh coming out of the motorcycle safety fund and this time it comes out of the federal safety funds.

**Representative Weisz:** I'll move the amendment

**Chairman Carlson:** A quick answer here because we're about out of time.

?: If I had my preference I'd rather have it come out of motorcycle safety because they've already set criteria for federal safety funds...we may be violating that and we couldn't do it anyway. We do problem identification to determine what we're going to spend the federal safety funds on and that is approved by the National Highway Traffic Safety Administration and we have no problem ID on this type of thing so I guess you're better off taking it out of the motorcycle funds which I'm sure the motorcycle community didn't like.

?: I'll second it.

**Roll Call Vote**      *Can't hear all of the votes*

**Chairman Carlson:** Do we have any other amendments on 1012? If not, is there a motion?

?: I move that the Senate recede and adopt the amendments discussed

Senator Flakoll: I'll second it.

Roll Call Vote      Yes   5      No   1      Absent   0

2007 HOUSE STANDING COMMITTEE MINUTES

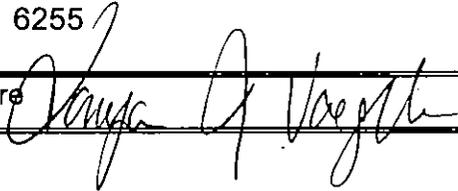
Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/21/07

Recorder Job Number: 6255

Committee Clerk Signature 

Minutes:

Chairman Carlson opened the discussion on House Bill 1012.

All members were present with Senator O'Connell replacing Senator Tallackson and Representative Kroeber replacing Representative Williams.

Chairman Carlson recapped what we had heard in the previous meeting.

Senator Wardner recapped the motion from the previous meeting.

**A motion was made by Representative Weisz, seconded by Senator O'Connell to add 20% of the excise tax to the Highway fund. MOTION FAILED.**

**A motion was made by Representative Weisz, seconded by Senator O'Connell to adopt 78012.0218 to House Bill 1012. MOTION FAILED.**

**A motion was made by Senator Wardner, seconded by Representative Weisz to adopt 78012.02?? to House Bill 1012. MOTION FAILED.**

**A motion was made by Senator Wardner, seconded by to move \$7million from the Motor Vehicle Excise Tax to the Highway Fund.**

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/23/07

Recorder Job Number: 6297

Committee Clerk Signature
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Minutes:

**Rep. Carlson** opened the discussion on House Bill 1012.

All members are present.

**Rep. Carlson:** Francis I have just a couple of questions for you at the podium. There was a lot of discussion on the house side today. I'm sure there could have been various reasons why the house could not agree with the conference committee report. One of them was for a full understanding if in fact the way the budget came to us that we are fully funded to meet our federal match. There is question whether or not that in the bill if there were some requirements that there was a listed spending that you would have to do for micro surfacing and some computer programs. That language was still in the bill but the money was reduce from \$14.9 to \$7 million. I guess there were concerns that we were shortchanging our match to do some 1 to 1 funding for the state. I guess if you can clarify any of that before we do anything I would appreciate that.

**Francis Ziegler:** Director of Transportation. We did prepare a new chart.

**Rep. Carlson:** We like charts did you bring it for us?

**Francis Ziegler:** Yes we do have copies. I will give as many as I have got here. What has happened as we go back and look up on top of here where we showed the \$14 before and

take those times the \$7? I shared that with the governor too. The expenditure side is getting to the bottom side of the second sheet where it is a minus \$5.7 million. I have always made the commitment and we will work hard to keep it. We will slip out like we said before. We will strip out the operations money to max. Until we get in this deep where we are at a minus \$5.7 to the equity issue we are close to serious issues that we are going to have to handle to make things match. I don't want to say we can't. At the same time you can only take so much out and all of a sudden maintenance operations are going to be stalemate. This was put tighter this afternoon. That is why we are slowly doing this. That has become more concerning for us. What we will have to do is continue to strip out of operations to make the match. I did share this with those folks.

**Rep. Carlson:** Let's talk just absolute basics right now. Let's take that \$7 million back to the \$14 million and we are fully matched?

**Francis Ziegler:** Yes we are. That was yesterday's chart and that has a \$1.4 million reserve.

**Rep. Carlson:** What does it do to those projects that were on there for the information project equipment and road patching maintenance materials?

**Francis Ziegler:** We will have to look at the minus \$5.7 million and then reprioritize those technology projects along with the other projects. Some of the technology needs to go because the software packages aren't going to supportive anymore. We know we need to continue to commit. As I stand before you I can't give you a good handle on how much of the \$7 million that we can put on but I know it's a good half for sure.

**Rep. Carlson:** How were you going to handle the \$14.9 that was in the bill that I took to the floor? It had \$11.1 for road patching, \$2 for equipment, and \$1.7 for IT. How are we going to handle that beings it was only a \$7 million change.

**Francis Ziegler:** The bill that you had that came out of the house was without the \$20 million. When it came out of the Senate it had \$14.9 million. Basically that took out the DL-3. We were going to do without it. It wasn't going to be an issue. What we are still doing is using the \$11.2 for the road, and the \$1.788 to the technology, and the \$2 for equipment.

**Rep. Carlson:** Where were you taking it from? That is where I am confused on this whole thing because it doesn't balance for me.

**Francis Ziegler:** We were going to take it from the \$14 million. It was either from the general fund for the excise taxes.

**Rep. Carlson:** But when it ended up at \$7 million it was still in the bill.

**Francis Ziegler:** What we would have had to do is ended up at \$7 on Saturday. We calculated this on these sheets. We are going to have to take some more out of operations.

**Rep. Carlson:** So you would have still done the \$11.1 on the roads but you would have taken it out of operations?

**Francis Ziegler:** We aren't sure if we could take that much out of operations. I shared with another person in that group today that we had already taken \$7 million to fund the fuel. We are getting right down to our limit.

**Rep. Carlson:** You would have taken it out of it and wrote the project somewhere else?

**Francis Ziegler:** That is correct.

**Rep. Weisz:** Just to clarify you said you were going to take it out of operations?

**Francis Ziegler:** Where we had normally started that in projects. The first thing we are going to do is look at the idea and see where we can get by without. Then we will have to look up the road. The first thing is looking at the operations and contract out as much we can. The next thing is that some more projects have to be dropped.

**Sen. O'Connell:** I need a little more wisdom on this bill. To get the money it comes from a trust fund?

**Chairman Carlson:** The new money that was on top of what was raised by registrations and gas tax would have come from the excise tax. It would have come \$7 million of the excise tax would have been transferred over plus \$1 million would have been transferred over from public transit. So \$8 million would have come out of there. The house took out the \$20 million in general funds and sent it to the Senate. The Senate added \$14 million worth of excise tax. When we got down here there was a motion to remove \$7 million of the \$14 which was done. We added one back in for transit and that is where the bill sits today that was rejected on the floor of the house. I don't know where we are at.

**Rep. Weisz:** Just to get the ball rolling I would like to make a motion that we put 15% of the Motor Vehicle excise tax into the highway distribution fund. That will generate approximately \$18 million. About 11.9 of that will be from the DOT and about \$7 million from the tax. It leaves the trust fund and goes straight into the highway fund.

**Rep. Carlson:** Now you have to go back.

**Rep. Weisz:** My motion would be to transfer \$10 million out of the oil tax trust fund into the highway fund and the 15% of the motor vehicle expedited tax and use it for highway distribution.

**Roxanne Woeste:** 15% of the tax of \$126 million would be \$19 million. Only 63% of that goes to the state so that would be \$12 million and \$7 million to the cities and counties.

**Rep. Carlson:** So we have a motion before us.

**(?):** I second that.

**Rep. Carlson:** We have 15% of the excise tax with \$7 million to the counties basically and \$12 million to the highway fund. Then there was an additional \$10 million from the permanent oil trust fund that went directly to the highway fund was not divided.

(?): And that covers the \$7 million.

**Rep. Carlson:** So that would add on top of that. The \$7 would be gone and we are starting over from zero. We would have \$22 million going into the highway fund and we would have \$7 million going into the distribution fund.

(?): And to the cities and counties.

**Rep. Carlson:** Yes and the 19 distribution would be divided 7 and 12. So you add the 10 and 12 for the highway fund and 7 would go to the cities and counties if I have calculated that correctly.

(?): I want to make sure the \$1 million is still in.

**Rep. Carlson:** The \$1 million is not there anymore. We are making this motion.

**Sen. Krebsbach:** That was a separate motion.

(?): That is what I wanted to know.

(?): The reality is that the \$22 million is at that.

(?): I want to make sure the \$1 million is in there for the public transportation.

(?): Public transportation will still get their million. They get their million out of the \$22 million.

(?): That is correct.

**Sen. Krebsbach:** This would be \$21 million.

(?): Well \$22 million still goes into the highway fund. But an additional million is coming out of the highway fund. It has a net increase for the DOT of \$21 million. I realize there is some opposition but I think this is a good start that we just pass this. We are going to have to face the music. That is the reason I am trying to bring this. It's not going to solve a whole lot of

problems but it gets the ball rolling. We will be back next session to see what we have to do and continue without complications.

**Rep. Williams:** After listening to this the replacement that is taking place is to compound the problem. It is new ground we are breaking. I am going to support this motion simply because we can't let it get away on us. I don't know where else to go.

**Rep. Carlson:** I'm not going to support this until I see where everything is shaking out. I just can't commit that kind of money. I can't disagree with some of what Rep. Weisz is saying. I understand his passion for making sure that our roads aren't falling apart. This is \$19 million, \$12 million more off of our ending fund balance basically. We are taking that revenue away. I really don't have much heartburn over the permanent oil trust fund because we might as well admit that it is general fund money the way we use it. I have come to that conclusion a long time ago and I'm hoping that the taxpayers do the right thing and vote that measure in and make it permanent for the future. Until we do we will be addressing the fact that there is money laying there.

(?): I guess that is why I have no problem taking it out at this time.

**Rep. Carlson:** Well \$100 million plus interest will go to us which is more than sufficient I think when we look at revenue source from there. You can argue that point but I supported that all the way through the house. Now the voters will decide.

**Sen. Krebsbach:** When the conference committee report was not adopted by the house was it because it was too much or too little or what was the discussion on the floor?

**Rep. Carlson:** The discussion on the floor was 100% centered on effects. There was some discussion about not being enough to match and that really is not the case. There is certainly nothing extra but we can match the federal dollars that are out there. Will we do extra beyond that?

**Rep. Williams:** I understand that there are some reservations at this table. With our budget, when our governor came in with the \$412 million. As of this morning with what we've done it is a \$401 million. The point I am making is simply this. If it's a little less than that whether it is higher education or roads or whatever, it is still going to be sufficient.

**Rep. Carlson:** I'm having trouble committing to this until I see what the end game is. I have asked numerous times today if there was any opinions on any side and I have not received any opinions that gave me the high sign of just spend \$19 million in one area and \$10 in another. We will take the vote then go and try to find Sen. Wardner. It might allow some of us to talk. The motion passes 4-2-0.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1012

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: April 24, 2007

Recorder Job Number: 6306

Committee Clerk Signature

*Holly N. Sand*

Minutes:

**Chm. Carlson** opened the hearing on HB 1012. All members were present with Representative Vigesaa replacing Representative Weisz and Representative Kroeber replacing Representative Williams.

**Chm. Carlson:** The Conference Committee report was rejected on the House Floor. Allen, what's the proper motion or procedure as we go forward?

**Allen Knudson, Legislative Council:** I don't think you need to have any motions since it was rejected on the floor, you just start over.

**Chm. Carlson:** This bill was defeated on the House floor. We went back into Conference Committee and we changed it where we added 15% excise and \$10 million out of the Permanent Oil Tax Trust Fund. It was referred back down here and we did not take floor action on that amendment.

**Sen. Krebsbach:** I believe in light of the fact that you have not taken action on it yet, it would be proper for us to reconsider our action from the last evening meeting on HB 1012. (motion)

**Sen. Wardner seconded the motion.**

**Chm. Carlson:** We have a motion and a second to reconsider our action on HB 1012, the DOT budget. This is the one that has the 15% in it and the \$10 million from the Permanent Oil Tax Trust Fund. You'd find that language in Section 12 of the bill.

(Inaudible)

**Chm. Carlson:** The impression is that amount of money would probably have the same fate in one of the two chambers, so we need motions if we're going to make any adjustments to this. If we're going to amend again, what's the right motion, Allen?

**Mr. Knudson:** The motion would be that the Senate Recede and incorporate the other amendments that have been discussed.

**Sen. Wardner motioned that the Senate recede and further amend by putting 10% of the motor vehicle excise tax into the highway fund – a one-time appropriation.** It will be approximately \$12.6 million, and of that appropriation, \$1 million shall go to public transportation. **Sen. Krebsbach seconded the motion.**

**Chm. Carlson:** When the bill left the House, we said anything over \$120 million would go in the excise fund; the tax would go into the highway fund. Rep. Weisz also introduced a bill that said "10% of the excise tax" and it passed the floor of the House. So you defeated that 10% bill on the floor and you changed it to add money in this budget instead of having that as a separate vehicle. My only question would be when you take excise tax, which is sales tax which flows through the distribution formula, is there language we put in to make sure we hold them harmless on that money?

**Mr. Knudson:** In the Engrossed bill as it passed the House, Section 5, it indicates that all monies collected and received under this chapter, which is the motor vehicle excise tax; after

monies are deposited in the state aid distribution fund will be allocated as follows. So there's no effect to the state distribution fund because of that language that we added.

**Chm. Carlson:** Therefore, the cities and counties are held harmless on this move?

**Mr. Knudson:** Yes.

**Rep. Vigesaa:** I would like to discuss the 10% of the excise tax being a permanent move rather than a one-time move. I would rather see it as ongoing.

**Sen. Wardner:** I agree with everything you say except for it being permanent and for the reasons you've stated I think it needs to be a one-time. We're saying it's going into the highway fund – that's why it's one-time. If we were running it through the highway tax distribution fund, we wouldn't be saying that. We need to leave things open so we don't set precedence here that we can't change. This is a band aid, a stop-gap for one biennium. You are right we need to take a real good look at how we are going to fund highways in the future.

**Chm. Carlson:** The last version that we sent out took that excise money to the distribution fund. It didn't take it to the highway fund. \$7 million went to the cities and counties, \$12 million went to the DOT. This is a change in the future. If this was permanent, you might have some county people pretty excited about which fund we're putting it in. The Governor's \$20 million of general fund was classified as one-time revenue. This mirrors his but from a different source.

**Rep. Vigesaa:** Going forward we are going to have to take a strong look at making some sort of commitment from the excise tax fund to fund our roads and I appreciate the comments.

**Rep. Kroeber:** On the last proposal some of the dollars did go into the distribution fund, is that correct?

**Chm. Carlson:** Yes. There were two phases – \$10 million from the Permanent Oil Tax Trust Fund went into the highway fund, 15% of the excise tax went into the highway distribution fund, which broke down to about \$7 million and \$12 million. We still had the public transit out of the

\$22 million when we did it. Now what we're saying, it's \$12 million at 10% all going to the highway fund of which \$1 million would be for public transit. It's considered one-time funding so that we can review our options whether we're going to continue that trend and may move that to the highway distribution fund in the next biennium.

**Sen. Tallackson:** I don't think that's enough. We're putting \$400 million into the (inaudible). The people I talked to said, "Why don't you use some of that on the roads? Why are you putting all that money away?"

**Chm. Carlson:** At the present rate of our spending and the revenue projections for the next biennium we could probably afford a 5.5% - 6% budget increase next biennium in order to sustain it without any tax increases. And that's considering \$50 per barrel oil. What we don't want is to spend ourselves to the point that we can't afford a lot of other programs. We've increase spending \$617 million this biennium. I can't disagree that the roads will need more money as time goes on, but we're putting \$900+ million into the highways and I don't know where the end of the road is on that.

**Sen. Tallackson:** I come from way back when we left with an \$8 million ending balance and \$25 million in that rainy day fund and we (inaudible)

**Chm. Carlson:** We've been blessed with some good economic times. A 24% increase in spending, not counting a rebate to our citizens is a pretty good commitment coming out of this session.

**Rep. Kroeber:** I'm concerned about none of the dollars going into the highway tax distribution fund.

**Chm. Carlson:** The original Governor's proposal did not do that as well. That was \$20 million on top that went into projects for resurfacing and computer projects.

**Chm. Carlson:** We're going to take a vote on the motion to add 10% of the excise tax into the highway fund. One-time funding making sure the cities and counties are kept whole on their distribution side of the sales tax formula.

**The motion carried by a roll call vote of 4 yeas, 2 nays and 0 absent and not voting.**

**Rep. Kroeber motioned to add \$550,000 for Nelson County project. The motion was seconded by Sen. Tallackson. The motion failed by a roll call vote of 2 yeas, 4 nays and 0 absent and not voting.**

**Sen. Wardner:** The DOT has said that they have roads in the area that are at a lower elevation that if the water gets in danger of those, the whole area is going to be taken care of. I guess I can feel comfort in that. It is a main road and I do have a sense of caring about that situation.

**Chm. Carlson** adjourned the Conference Committee meeting.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

In addition to the amendments adopted by the Senate as printed on pages \_\_\_\_\_ of the Senate Journal, Engrossed House Bill No. 1012 is amended as follows:

Page 2, after line 7, insert:

**"SECTION 4. APPROPRIATION - GRANT TO NELSON COUNTY.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$550,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of providing a grant to Nelson County for phase one of critical road and infrastructure projects, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 801 - Department of Transportation**

SENATE - A section is added providing \$550,000 from the general fund for providing a grant to Nelson County for Phase 1 of critical road and infrastructure projects.

Removes \$550,000 for Nelson County

0704

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/16/07

Your Conference Committee House Approp. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Sen Wardner	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep Weisz	Y
Sen Tallackson	N	Rep Williams	N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: ~~Weisz~~ Wardner

SECONDED BY: Wardner

VOTE COUNT 4 YES 2 NO \_\_\_ ABSENT

Revised 4/1/05

1

0213

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, insert "provide a contingent continuation of the single state registration system;"

Page 2, after line 24, insert:

**"SECTION 6.** Single state insurance registration system. If the Congress of the United States authorizes a continuation of state participation in the single state insurance registration system for motor carriers, the director may continue to collect registration fees until the extension authorization expires."

Re-number accordingly

Among other things, the new federal highway bill, SAFETEA-LU, repealed the Single State Registration System (SSRS) and replaced it with the new Unified Carrier Registration (UCR) program. The SSRS allowed the 38 participating states to register vehicles that are owned and operated by motor carriers and verifies their insurance. This was all done for a \$10 per vehicle fee and North Dakota takes in approximately \$2 million a year from this program.

The new UCR will replace the SSRS and put a fee on motor carrier companies, rather than individual vehicles. Under the federal legislation, the SSRS states, such as North Dakota, are to be "held whole" in the amount that they have been taking in. The challenge is that the UCR effective date is January 1, 2007. Because SAFETEA-LU was passed so late, there was not a national UCR system ready at that time. We have been asking Congress to extend that effective date for one year, to allow the promulgation of rules and setting up of a national system. Until this system is available, we cannot collect any of the funds that we have been getting previously. If Congress does not extend the effective date, there may be a significant delay in collecting our funds for 2007.

NDDOT prefiled SB 2113, with an emergency clause, to substitute the UCR for the SSRS (it has been signed by the Governor). At that time, we were told that any extension to SSRS was "dead" in Congress. Now, we find out that an extension is in three separate bills in Congress, including a technical corrections bill for SAFETEA-LU.

To make sure that in either situation we can collect funds for 2007, we are proposing an amendment to HB 1012 providing a contingency for an extension of SSRS.

0213

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/16/07

Your Conference Committee House App. Gov Ops.

For the Senate: YES / NO For the House: YES / NO

Senator Wardner	Y	Rep Carlson	Y
Senator Krebsbach	Y	Rep Weisz	Y
Senator Tallackson	N	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_  
\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the  
Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_  
CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: ~~Heiz~~ Weisz

SECONDED BY: Williams

VOTE COUNT 1 YES 0 NO \_\_\_\_\_ ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, after "transportation;" insert "to create and enact a new section to chapter 8-11.1 of the North Dakota Century Code, relating to negotiation of commission dues;"

Page 2, after line 23, insert:

**Section 6.** A new section to chapter 8-11.1 of the North Dakota Century Code is created and enacted as follows:

**Amount of dues assessed by commission - Negotiation.** The governor, or his designee on the commission, shall have the authority to negotiate a lower amount of any dues imposed by the commission based upon anticipated North Dakota commission related activities. The governor may suspend North Dakota's membership on the commission if an agreement on the amount of dues assessed cannot be reached with the commission.

Renumber accordingly

*Mid West  
interstate  
passenger  
rail compact*

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed):

Date: 4/16/07

Your Conference Committee House App. Gov Ops.

**For the Senate:**

**For the House:**

	YES / NO		YES / NO
Sen Wardnes	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep Weisz	Y
Sen Tallackson	Y	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Tallackson

SECONDED BY: Krebsbach

VOTE COUNT    \_\_ YES    \_\_ NO    \_\_ ABSENT

April 12, 2007

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

This amendment is for consideration for inclusion in a set of amendments under consideration regarding Engrossed House Bill No. 1012.

**SECTION** . The new subsection to section 57-40.3-04 of the North Dakota Century Code, as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

A motor vehicle acquired at any location within this state by an individual who ~~resides within the boundaries of any reservation in this state and who~~ is an enrolled member of a federally recognized Indian tribe.

0210

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/16/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Sen Wardner	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep <del>King</del> Weisz	Y
Sen Tallackson	Y	Rep Williams.	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Wardner

SECONDED BY: Weisz

VOTE COUNT    \_\_ YES    \_\_ NO    \_\_ ABSENT

Revised 4/1/05

4

0212 minus Section 5 ~~7~~

Regarding the multi-state Highway Transportation agreement

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed):

Date: 4/16/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Sen Wardner	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep Weisz	Y
Sen Tallackson	Y	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: Tallackson

VOTE COUNT 10 YES 0 NO \_\_\_\_\_ ABSENT

Revised 4/1/05

#5 Cook's Amendment Re: Legislative Council Study on traffic fines

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed):

Date: 4/17/07

Your Conference Committee House Approp Group Ops.

**For the Senate:**

**For the House:**

	YES / NO		YES / NO
Sen Wandner	Y	Rep Carlsson	Y
Sen Krebsbach	Y	Rep Weisz	Y
Sen Tallackson	Y	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Wandner

SECONDED BY: Krebsbach

VOTE COUNT 1 YES 0 NO 0 ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the House accede to the Senate amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262-1264 of the Senate Journal and that Engrossed House Bill No. 1012 be further amended as follows:

Page 2, after line 7, insert:

**"SECTION 4. APPROPRIATION - PUBLIC TRANSPORTATION GRANTS.** In addition to the funds appropriated in section 3 of this Act, there is appropriated out of any moneys in the health care trust fund in the state treasury, not otherwise appropriated, the sum of \$1,400,000, or so much of the sum as may be necessary, and out of any moneys in the community health trust fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of providing additional public transportation grants, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 801 - Department of Transportation**

CONFERENCE COMMITTEE - This amendment appropriates an additional \$2 million for public transportation grants to provide a total of \$6.7 million for these grants for the 2007-09 biennium. Of the \$6.7 million total, \$4.7 million is from the public transportation fund, \$1.4 million from the health care trust fund, and \$600,000 from the community health trust fund.

**LEGISLATIVE COUNCIL STUDY - TRAFFIC**

**FINES.** The legislative council shall consider studying, during the 2007-08 interim, the traffic fines imposed by state and local governments. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly."

#6. Nothing's Amendment

18012 0211

Adds ~~2 million~~ to help leverage more federal money for Public Transportation.

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/17/07

Your Conference Committee House Approp. Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Sen. Wardner	Y	Rep Carlson	N
Sen. Krebsbach	N	Rep Weisz	N
Sen. Tattakos	Y	Rep Williams-Kroebel	Y

O'Connell recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Wardner

SECONDED BY: Weisz

VOTE COUNT 3 YES 3 NO \_\_\_ ABSENT

Revised 4/1/05

Killed

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262 and 1263 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace "section" with "sections 39-29-10 and"

Page 1, line 3, after "to" insert "the operation of off-highway vehicles and "

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Section 39-29-10 of the North Dakota Century Code is amended and reenacted as follows:

**39-29-10. Operation by persons under age sixteen.** Except as otherwise provided in this section, ~~a person~~ an individual under sixteen years of age who is not in possession of a valid operator's license or permit to operate an ~~all-terrain off-highway~~ all-terrain off-highway vehicle may not, except upon the lands of the ~~person's~~ individual's parent or guardian or as a participant in an organized sporting event that involves the use of off-highway vehicles, operate an ~~all-terrain off-highway~~ all-terrain off-highway vehicle. ~~A person~~ An individual at least twelve years of age may operate an ~~all-terrain off-highway~~ all-terrain off-highway vehicle if the ~~person~~ individual has completed an ~~all-terrain off-highway~~ all-terrain off-highway vehicle safety training course prescribed by the director of the parks and recreation department and, has received the appropriate ~~all-terrain off-highway~~ all-terrain off-highway vehicle safety certificate issued by the director of the department of transportation. The failure of an operator to exhibit an ~~all-terrain off-highway~~ all-terrain off-highway vehicle safety certificate on demand to any official authorized to enforce this chapter is presumptive evidence that that person does not hold ~~such~~ a certificate. Fees collected from each ~~person~~ individual receiving certification must be deposited in the ~~all-terrain off-highway~~ all-terrain off-highway vehicle trail tax fund for ~~all-terrain off-highway~~ all-terrain off-highway vehicle safety education and training programs."

Renumber accordingly

7805.0214

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed): Date: 4/19/07

Your Conference Committee House Approp Gov Ops.

**For the Senate:**

**For the House:**

	YES / NO		YES / NO
Sen. Wurdner	<input checked="" type="checkbox"/>	Rep Carlson	<input checked="" type="checkbox"/>
Sen Krebsbach	<input checked="" type="checkbox"/>	Rep Weisz	<input checked="" type="checkbox"/>
Sen Tallackson	<input checked="" type="checkbox"/>	Rep Williams	<input checked="" type="checkbox"/>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: Williams

VOTE COUNT 10 YES 0 NO 0 ABSENT

Withdraw from.

# Midwest Interstate Passenger Rail Commission

negotiate a lower rate.

## REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 10B (, as (re)engrossed):

Date: 4/19/07

Your Conference Committee G

For the Senate:

For the House:

	YES / NO		YES / NO
Sen Ward	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep Weisz	N
Sen Tallackson	Y	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Krebsbach

SECONDED BY: Williams

VOTE COUNT 5 YES 1 NO 0 ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262 and 1263 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace the first "and" with "to create and enact a new section to chapter 8-11.1 of the North Dakota Century Code, relating to midwest interstate passenger rail commission dues;"

Page 2, after line 14, insert:

**"SECTION 5.** A new section to chapter 8-11.1 of the North Dakota Century Code is created and enacted as follows:

**Amount of dues assessed by commission - Negotiation.** North Dakota's commission members may negotiate a lower amount of any dues imposed by the commission based upon anticipated North Dakota commission-related activities."

Renumber accordingly

07/17

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/19/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Sen Wardner		Rep Carlson	
Sen Krebsbach		Rep Weisz	
Sen Tallackson		Rep Williams	

recommends that the ~~(SENATE/HOUSE)~~ (ACCEDE to) ~~(RECEDE from)~~ Adopt Amendment

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

VOTE COUNT    \_\_ YES    \_\_ NO    \_\_ ABSENT

Reconsider Action  
passed by Voice Vote

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/19/07

Your Conference Committee House App. Gov Ops

For the Senate: YES / NO For the House: YES / NO

Sen Wardner		Rep Carlson	
Sen Krebsbach		Rep Weisz	
Sen Tallackson		Rep Williams	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Tallackson

SECONDED BY: Krebsbach

VOTE COUNT  YES \_\_\_ NO \_\_\_ ABSENT Voice Vote

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262 and 1263 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 2, replace lines 17 through 24 with:

**"57-40.3-10. Transfer of revenue.** All Seventy percent of moneys collected and received under this chapter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited to the general fund. Thirty percent of moneys collected and received under this chapter must be transmitted monthly by the director of the department of transportation to the state treasurer to be transferred and credited to the highway tax distribution fund and the amount so credited and transferred may not be considered to be a portion of net sales, gross receipts, use, and motor vehicle excise tax collections under section 57-39.2-26.1."

Renumber accordingly

~~76012~~ 0216  
76012

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/20/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	N	Carlson	N
Kuebsbach	N	Weisz	Y
<del>Falkenstein</del> O'Connell	N	Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Williams

SECONDED BY: Weisz

VOTE COUNT 2 YES 4 NO \_\_\_\_\_ ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262-1264 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 2, after line 14, insert:

**"SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the special motorcycle safety education fund in the state treasury, not otherwise appropriated, the sum of \$1,000, or so much of the sum as may be necessary, to the department of transportation for the purposes of providing grants for educating driver education instructors, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

78012.0220

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/20/07

Your Conference Committee House Appr. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Sen Wardner		Rep Carlson	
Sen Krebsbach		Rep Weise	
Sen Tallackson		Rep Williams	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

*Killed*

and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

VOTE COUNT    \_\_ YES    \_\_ NO    \_\_ ABSENT

20% revenue from excise to highway distribution fund.

9.3 mill to DOT  
9.3 mill to cities & counties

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/20/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	N	Carlson	N
Krebsbach	N	Weisz	Y
O'Connell	N	<del>Williams</del> Kraelen	N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: O'Connell

VOTE COUNT    \_\_\_ YES    \_\_\_ NO    \_\_\_ ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262-1264 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, after "transportation" insert "; to provide for a legislative council study"

Page 2, after line 14, insert:

**"SECTION 5. LEGISLATIVE COUNCIL STUDY - HIGHWAY FUNDING AND INFRASTRUCTURE NEEDS.** The legislative council shall study, during the 2007-08 interim, highway funding and transportation infrastructure needs, including those needs resulting from energy and economic development in the state."

Renumber accordingly

78012.0221

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/20/07

Your Conference Committee House Appr. Gov Ops.

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	Y	Carlson	Y
Krebsbach	Y	Weisz	Y
Tallackson	Y	Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: Wardner

VOTE COUNT 10 YES 0 NO 0 ABSENT

*Adopted*

78012.0222

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/20/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Sen Warden	Y	Rep Carlson	Y
Sen Krebsbach	Y	Rep Weisz	Y
Sen Tallackson	Y	Rep Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Krebsbach

SECONDED BY: Williams

VOTE COUNT 4 YES 0 NO 0 ABSENT

*Adopted*

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262 and 1263 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, remove the first "and" and replace "section" with "sections 39-04-19, 39-04.2-02, 39-04.2-04, and"

Page 1, line 3, after "to" insert "motor vehicle registration fees, public transportation, and" and after "collections" insert "; and to repeal section 39-04.2-03 of the North Dakota Century Code, relating to a registration fee for public transportation"

Page 1, line 20, replace "9,054,000" with "4,354,000"

Page 1, after line 20, insert:

"Public transportation grants 6,700,000"

Page 1, line 21, replace "\$67,713,282" with "\$65,713,282"

Page 2, line 6, replace "51,412,500" with "46,712,500"

Page 2, after line 6, insert:

"Public transportation grants 6,700,000"

Page 2, line 7, replace "887,295,066" with "889,295,066"

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Section 39-04-19 of the North Dakota Century Code is amended and reenacted as follows:

**39-04-19. Motor vehicle registration fees and mile tax.** Motor vehicles required to pay registration fees or a mile tax shall pay the following fees:

1. Nonresidents electing to pay mile tax in lieu of registration, when authorized to do so by the department, shall pay a fee of twenty dollars for a trip permit which is valid for a period of seventy-two hours. All fees collected under the provisions of this subsection must be credited to the highway construction fund.
2. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of the following annual fees; however, if a motor vehicle, including a motorcycle or trailer, first becomes subject to registration other than at the beginning of the registration period, such fees must be prorated on a monthly basis. The minimum fee charged hereunder must be five dollars:
  - a. Passenger motor vehicles:

Gross Weights	YEARS REGISTERED				
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th, 8th, and 9th Years	10th, 11th, and 12th Years	13th and Subsequent Years	
Less than 3,200	<del>\$70</del> <u>\$73</u>	<del>\$62</del> <u>\$65</u>	<del>\$54</del> <u>\$57</u>	<del>\$46</del> <u>\$49</u>	
3,200 - 4,499	<del>90</del> <u>93</u>	<del>78</del> <u>81</u>	<del>66</del> <u>69</u>	<del>54</del> <u>57</u>	
4,500 - 4,999	<del>108</del> <u>111</u>	<del>94</del> <u>94</u>	<del>76</del> <u>79</u>	<del>60</del> <u>63</u>	
5,000 - 5,999	<del>130</del> <u>142</u>	<del>117</del> <u>120</u>	<del>95</del> <u>98</u>	<del>73</del> <u>76</u>	
6,000 - 6,999	<del>172</del> <u>175</u>	<del>143</del> <u>146</u>	<del>114</del> <u>117</u>	<del>86</del> <u>89</u>	
7,000 - 7,999	<del>205</del> <u>208</u>	<del>169</del> <u>172</u>	<del>134</del> <u>137</u>	<del>99</del> <u>102</u>	
8,000 - 8,999	<del>238</del> <u>241</u>	<del>196</del> <u>199</u>	<del>164</del> <u>157</u>	<del>112</del> <u>105</u>	
9,000 and over	<del>271</del> <u>274</u>	<del>222</del> <u>225</u>	<del>174</del> <u>177</u>	<del>125</del> <u>128</u>	

A house car is subject to registration at the rates prescribed for other vehicles under this subdivision modified by using the weight applicable to a vehicle whose weight is forty percent of that of the house car, but not using a weight of less than four thousand pounds [1814.35 kilograms].

A pickup truck is subject to registration at the rates prescribed for other vehicles under this subdivision by applying the shipping weight of the vehicle to the fee schedule. At a minimum, the registered gross weight displayed on the registration card for a pickup truck must be twice the shipping weight of the vehicle. Unless otherwise exempted by this chapter, the owner of a pickup truck shall request the registered gross weight of the pickup truck be increased to ensure the registered gross weight is sufficient to include the total weight of the vehicle and any load transported on or by the vehicle. For purposes of this subdivision, a pickup truck is a motor vehicle with a manufacturer's gross vehicle weight rating of less than eleven thousand five hundred pounds [5216.31 kilograms], with an unladen weight of less than eight thousand pounds [3628.74 kilograms], and which is equipped with an open box-type bed not exceeding nine feet [2.74 meters] in length.

- b. Schoolbuses, buses for hire, buses owned and operated by religious, charitable, or nonprofit organizations and used exclusively for religious, charitable, or other public nonprofit purposes, and trucks or combination trucks and trailers, including commercial and noncommercial trucks, except those trucks or combinations of trucks and trailers which qualify for registration under this subsection or subsection 5:

Gross Weights	YEARS REGISTERED				
	1st Through 6th Years	7th Through 9th Years	10th Through 12th Years	13th Through 19th Years	20th and Subsequent Years
Not over 4,000	<del>\$68</del> <u>\$71</u>	<del>\$55</del> <u>\$58</u>	<del>\$50</del> <u>\$53</u>	<del>\$47</del> <u>\$50</u>	<del>\$46</del> <u>\$49</u>
4,001 - 6,000	<del>73</del> <u>76</u>	<del>60</del> <u>63</u>	<del>54</del> <u>57</u>	<del>48</del> <u>51</u>	<del>47</del> <u>50</u>
6,001 - 8,000	<del>78</del> <u>81</u>	<del>65</del> <u>68</u>	<del>58</del> <u>61</u>	<del>48</del> <u>52</u>	<del>48</del> <u>52</u>
8,001 - 10,000	<del>83</del> <u>86</u>	<del>70</del> <u>73</u>	<del>62</del> <u>65</u>	<del>54</del> <u>54</u>	<del>50</del> <u>53</u>
10,001 - 12,000	<del>88</del> <u>91</u>	<del>75</del> <u>78</u>	<del>66</del> <u>69</u>	<del>53</del> <u>56</u>	<del>52</del> <u>55</u>
12,001 - 14,000	<del>93</del> <u>96</u>	<del>80</del> <u>83</u>	<del>70</del> <u>73</u>	<del>56</del> <u>59</u>	<del>55</del> <u>58</u>
14,001 - 16,000	<del>98</del> <u>101</u>	<del>85</del> <u>88</u>	<del>74</del> <u>77</u>	<del>59</del> <u>62</u>	<del>58</del> <u>61</u>
16,001 - 18,000	<del>103</del> <u>106</u>	<del>90</del> <u>93</u>	<del>78</del> <u>81</u>	<del>64</del> <u>64</u>	<del>60</del> <u>63</u>
18,001 - 20,000	<del>106</del> <u>109</u>	<del>93</del> <u>96</u>	<del>80</del> <u>83</u>	<del>62</del> <u>65</u>	<del>64</del> <u>64</u>

Gross	YEARS REGISTERED		
	1st, 2nd, 3rd, 4th, 5th, 6th,	8th, 9th, 10th, 11th, and	13th and Subsequent

Weights	and 7th Years	12th Years	Years
20,001 - 22,000	<del>\$136</del> \$139	<del>\$110</del> \$113	<del>\$97</del> \$100
22,001 - 26,000	<del>188</del> 191	<del>158</del> 161	<del>142</del> 145
26,001 - 30,000	<del>240</del> 252	<del>207</del> 210	<del>185</del> 188
30,001 - 34,000	<del>315</del> 318	<del>260</del> 263	<del>232</del> 235
34,001 - 38,000	<del>376</del> 379	<del>309</del> 312	<del>275</del> 278
38,001 - 42,000	<del>437</del> 440	<del>358</del> 361	<del>317</del> 320
42,001 - 46,000	<del>498</del> 501	<del>406</del> 409	<del>360</del> 363
46,001 - 50,000	<del>559</del> 562	<del>455</del> 458	<del>403</del> 406
50,001 - 54,000	<del>620</del> 632	<del>513</del> 516	<del>454</del> 457
54,001 - 58,000	<del>680</del> 693	<del>562</del> 565	<del>497</del> 500
58,001 - 62,000	<del>752</del> 755	<del>611</del> 614	<del>540</del> 543
62,001 - 66,000	<del>812</del> 815	<del>659</del> 662	<del>583</del> 586
66,001 - 70,000	<del>873</del> 876	<del>708</del> 711	<del>626</del> 628
70,001 - 74,000	<del>934</del> 937	<del>757</del> 760	<del>668</del> 671
74,001 - 78,000	<del>995</del> 998	<del>806</del> 809	<del>711</del> 714
78,001 - 82,000	<del>1,056</del> 1,059	<del>855</del> 858	<del>754</del> 757
82,001 - 86,000	<del>1,117</del> 1,182	<del>904</del> 963	<del>801</del> 844
86,001 - 90,000	<del>1,178</del> 1,304	<del>953</del> 1,067	<del>844</del> 931
90,001 - 94,000	<del>1,239</del> 1,426	<del>1,002</del> 1,172	<del>887</del> 1,018
94,001 - 98,000	<del>1,300</del> 1,548	<del>1,051</del> 1,277	<del>930</del> 1,106
98,001 - 102,000	<del>1,361</del> 1,670	<del>1,100</del> 1,381	<del>973</del> 1,193
102,001 - 105,500	<del>1,422</del> 1,792	<del>1,149</del> 1,486	<del>1,016</del> 1,280

- c. Notwithstanding the fees provided by subdivision a of subsection 2, only one-half of the increase in registration fees, rounded up to the nearest dollar, resulting from the reclassification of pickup trucks in 2005 from subdivision b of subsection 2 to subdivision a of subsection 2 is effective from July 1, 2005, through June 30, 2007.
- d. Motorcycles, ~~fifteen~~ eighteen dollars.
- Motor vehicles acquired by disabled veterans under the provisions of Public Law 79-663 [38 U.S.C. 3901] are exempt from the payment of state sales or use tax and, if paid, such veterans are entitled to a refund. This exemption also applies to any passenger motor vehicle or pickup truck not exceeding ten thousand pounds [4535.92 kilograms] gross weight but shall apply to no more than two such motor vehicles owned by a disabled veteran at any one time.
  - Every trailer, semitrailer, and farm trailer required to be registered under this chapter must be furnished registration plates upon the payment of a twenty dollar annual fee. Every trailer, semitrailer, or farm trailer not required to be registered under this chapter must be furnished an identification plate upon the payment of a fee of five dollars. Upon the request of a person with a trailer or farm trailer to whom a registration or identification plate is provided under this subsection, the department shall provide a plate of the same size as provided for a motorcycle. The department shall provide notification of this option to the person before the replacement or issuance of the plate.
  - Trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] which are used as farm vehicles only, are entitled to registration under the following fee schedule and the provisions of this subsection. Farm vehicles are considered, for the purpose of this subsection, as trucks or combinations of trucks and trailers weighing more than twenty thousand but not more than one hundred five thousand five hundred pounds [more than 9071.84 but not more than 47854.00 kilograms] owned, or leased for

at least one year by a bona fide resident farmer who uses the vehicles exclusively for transporting the farmer's own property or other property on a farm work exchange basis with other farmers between farms and the usual local trading places but not in connection with any commercial retail or wholesale business being conducted from those farms, nor otherwise for hire. In addition to the penalty provided in section 39-04-41, any person violating this subsection shall license for the entire license period the farm vehicle at the higher commercial vehicle rate in accordance with the weight carried by the farm vehicle at the time of the violation.

Gross Weights	YEARS REGISTERED			
	1st, 2nd, 3rd, 4th, 5th, and 6th Years	7th and 8th Years	9th and 10th Years	11th and Subsequent Years
20,001 - 22,000	<del>\$108</del> <u>\$111</u>	<del>\$94</del> <u>\$97</u>	<del>\$89</del> <u>\$83</u>	<del>\$62</del> <u>\$65</u>
22,001 - 24,000	<del>113</del> <u>116</u>	<del>98</del> <u>101</u>	<del>83</del> <u>86</u>	<del>64</del> <u>67</u>
24,001 - 26,000	<del>121</del> <u>124</u>	<del>104</del> <u>107</u>	<del>87</del> <u>90</u>	<del>66</del> <u>69</u>
26,001 - 28,000	<del>132</del> <u>135</u>	<del>112</del> <u>115</u>	<del>93</del> <u>96</u>	<del>70</del> <u>73</u>
28,001 - 30,000	<del>141</del> <u>144</u>	<del>120</del> <u>123</u>	<del>99</del> <u>102</u>	<del>74</del> <u>77</u>
30,001 - 32,000	<del>156</del> <u>159</u>	<del>133</del> <u>136</u>	<del>110</del> <u>113</u>	<del>83</del> <u>86</u>
32,001 - 34,000	<del>166</del> <u>169</u>	<del>141</del> <u>144</u>	<del>116</del> <u>119</u>	<del>87</del> <u>90</u>
34,001 - 36,000	<del>176</del> <u>179</u>	<del>149</del> <u>152</u>	<del>122</del> <u>125</u>	<del>91</del> <u>94</u>
36,001 - 38,000	<del>186</del> <u>189</u>	<del>157</del> <u>160</u>	<del>128</del> <u>131</u>	<del>95</del> <u>98</u>
38,001 - 40,000	<del>196</del> <u>199</u>	<del>165</del> <u>168</u>	<del>134</del> <u>137</u>	<del>99</del> <u>102</u>
40,001 - 42,000	<del>206</del> <u>209</u>	<del>173</del> <u>176</u>	<del>140</del> <u>143</u>	<del>103</del> <u>106</u>
42,001 - 44,000	<del>216</del> <u>219</u>	<del>181</del> <u>184</u>	<del>146</del> <u>149</u>	<del>107</del> <u>110</u>
44,001 - 46,000	<del>226</del> <u>229</u>	<del>189</del> <u>192</u>	<del>152</del> <u>155</u>	<del>111</del> <u>114</u>
46,001 - 48,000	<del>236</del> <u>239</u>	<del>197</del> <u>200</u>	<del>158</del> <u>161</u>	<del>115</del> <u>118</u>
48,001 - 50,000	<del>246</del> <u>249</u>	<del>205</del> <u>208</u>	<del>164</del> <u>167</u>	<del>119</del> <u>122</u>
50,001 - 52,000	<del>266</del> <u>169</u>	<del>223</del> <u>226</u>	<del>180</del> <u>183</u>	<del>133</del> <u>136</u>
52,001 - 54,000	<del>276</del> <u>279</u>	<del>231</del> <u>234</u>	<del>186</del> <u>189</u>	<del>137</del> <u>140</u>
54,001 - 56,000	<del>286</del> <u>289</u>	<del>239</del> <u>242</u>	<del>192</del> <u>195</u>	<del>141</del> <u>144</u>
56,001 - 58,000	<del>296</del> <u>299</u>	<del>247</del> <u>250</u>	<del>198</del> <u>201</u>	<del>145</del> <u>148</u>
58,001 - 60,000	<del>306</del> <u>309</u>	<del>255</del> <u>258</u>	<del>204</del> <u>207</u>	<del>149</del> <u>152</u>
60,001 - 62,000	<del>316</del> <u>319</u>	<del>263</del> <u>266</u>	<del>210</del> <u>213</u>	<del>153</del> <u>156</u>
62,001 - 64,000	<del>326</del> <u>329</u>	<del>271</del> <u>274</u>	<del>216</del> <u>219</u>	<del>157</del> <u>160</u>
64,001 - 66,000	<del>336</del> <u>339</u>	<del>279</del> <u>282</u>	<del>222</del> <u>225</u>	<del>161</del> <u>164</u>
66,001 - 68,000	<del>346</del> <u>349</u>	<del>287</del> <u>290</u>	<del>228</del> <u>231</u>	<del>165</del> <u>168</u>
68,001 - 70,000	<del>356</del> <u>359</u>	<del>295</del> <u>298</u>	<del>234</del> <u>237</u>	<del>169</del> <u>172</u>
70,001 - 72,000	<del>366</del> <u>369</u>	<del>303</del> <u>306</u>	<del>240</del> <u>243</u>	<del>173</del> <u>176</u>
72,001 - 74,000	<del>376</del> <u>379</u>	<del>311</del> <u>314</u>	<del>246</del> <u>249</u>	<del>177</del> <u>180</u>
74,001 - 76,000	<del>386</del> <u>389</u>	<del>319</del> <u>322</u>	<del>252</del> <u>255</u>	<del>181</del> <u>184</u>
76,001 - 78,000	<del>396</del> <u>399</u>	<del>327</del> <u>330</u>	<del>258</del> <u>261</u>	<del>185</del> <u>188</u>
78,001 - 80,000	<del>406</del> <u>409</u>	<del>335</del> <u>338</u>	<del>264</del> <u>267</u>	<del>189</del> <u>192</u>
80,001 - 82,000	<del>416</del> <u>419</u>	<del>343</del> <u>346</u>	<del>270</del> <u>273</u>	<del>193</del> <u>196</u>
82,001 - 84,000	<del>426</del> <u>429</u>	<del>351</del> <u>354</u>	<del>276</del> <u>279</u>	<del>197</del> <u>200</u>
84,001 - 86,000	<del>436</del> <u>439</u>	<del>359</del> <u>362</u>	<del>282</del> <u>285</u>	<del>201</del> <u>204</u>
86,001 - 88,000	<del>446</del> <u>449</u>	<del>367</del> <u>370</u>	<del>288</del> <u>291</u>	<del>205</del> <u>208</u>
88,001 - 90,000	<del>456</del> <u>459</u>	<del>375</del> <u>378</u>	<del>294</del> <u>297</u>	<del>209</del> <u>212</u>
90,001 - 92,000	<del>466</del> <u>469</u>	<del>383</del> <u>386</u>	<del>300</del> <u>303</u>	<del>213</del> <u>216</u>
92,001 - 94,000	<del>476</del> <u>479</u>	<del>391</del> <u>394</u>	<del>306</del> <u>309</u>	<del>217</del> <u>220</u>
94,001 - 96,000	<del>486</del> <u>489</u>	<del>399</del> <u>402</u>	<del>312</del> <u>315</u>	<del>221</del> <u>224</u>
96,001 - 98,000	<del>496</del> <u>499</u>	<del>407</del> <u>410</u>	<del>318</del> <u>321</u>	<del>225</del> <u>228</u>
98,001 - 100,000	<del>506</del> <u>509</u>	<del>415</del> <u>418</u>	<del>324</del> <u>327</u>	<del>229</del> <u>232</u>
100,001 - 102,000	<del>516</del> <u>519</u>	<del>423</del> <u>426</u>	<del>330</del> <u>333</u>	<del>233</del> <u>236</u>
102,001 - 104,000	<del>526</del> <u>529</u>	<del>431</del> <u>434</u>	<del>336</del> <u>339</u>	<del>237</del> <u>240</u>
104,001 - 105,500	<del>536</del> <u>539</u>	<del>439</del> <u>442</u>	<del>342</del> <u>345</u>	<del>241</del> <u>244</u>

6. A motor vehicle registered in subsection 5 may be used for custom combining operations by displaying identification issued by the department and upon payment of a fee of twenty-five dollars.
7. ~~Thirteen~~ Sixteen dollars of each registration fee collected under subsections 2 and 5 must be deposited in the state highway fund.

**SECTION 6. AMENDMENT.** Section 39-04.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**39-04.2-02. Public transportation fund—~~Administration of the fund grant program.~~** The director shall administer the public transportation ~~fund grant program.~~ Payments disbursed under this chapter must be paid from moneys ~~deposited in the fund appropriated to the public transportation grant program.~~ ~~The expenses arising from administration of the fund must be paid from the fund within the limits of legislative appropriations.~~

**SECTION 7. AMENDMENT.** Section 39-04.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**39-04.2-04. Distribution of funds.**

1. Moneys appropriated by the legislative assembly to the public transportation ~~fund grant program~~ must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.
2. ~~Following authorization of the director, the state treasurer shall pay the public transportation funds to transportation providers in each county.~~ Each county shall receive eighteen thousand three hundred dollars a base amount of four-tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount ~~of eighteen thousand three hundred dollars~~ must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county.
3. ~~Unless otherwise provided by law, any moneys remaining in the fund at the end of each biennium must be retained in the public transportation fund for redistribution."~~

Page 2, after line 24, insert:

**"SECTION 9. REPEAL.** Section 39-04.2-03 of the North Dakota Century Code is repealed."

Re-number accordingly

78012 0218

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/21/07

Your Conference Committee House Appr. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	N	Carlson	N
Krebsbach	N	Weisz	Y
O'Connell	Y	Kroeber	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: O'Connell

VOTE COUNT 3 YES 3 NO \_\_\_ ABSENT

0218 plus \$1 million of Excise

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/21/07

Your Conference Committee House App. Gov Ops

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	Y	Carleson	N
Flakoll	Y	Weisz	Y
O'Connell	Y	Kroeber	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

VOTE COUNT 5 YES 1 NO \_\_\_ ABSENT

7 mill from Excise to highway Fund.  
1 time funding

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed): Date: 4/21/07

Your Conference Committee House Appr. Gov Ops

**For the Senate:**

**For the House:**

YES / NO		YES / NO	
Wardner	Y	Carlson	Y
<del>Krebsbach</del> Flakoll	Y	Weisz	N
O'Connell	N	Kroeber	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Wardner

SECONDED BY: Flakoll

VOTE COUNT 4 YES 2 NO \_\_\_ ABSENT

Adopted

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479 and 1480 of the House Journal and pages 1262-1264 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 2, after line 14, insert:

**"SECTION 5. APPROPRIATION.** There is appropriated out of any federal safety funds, the sum of \$1,000, or so much of the sum as may be necessary, to the department of transportation for the purposes of providing grants for educating driver education instructors, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

0223

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed): Date: 4/21/07

Your Conference Committee House App. Gov Ops.

For the Senate:

For the House:

YES / NO		YES / NO	
Wardner	N	Carlson	N
Flakoll	N	Weisz	N
O'Connell	N	Kroeber	N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Weisz

SECONDED BY: O'Connell

VOTE COUNT    \_\_\_ YES    \_\_\_ NO    \_\_\_ ABSENT

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed) Date: 4/21/07

Your Conference Committee House App. Gov Ops

**For the Senate:**

**For the House:**

YES / NO		YES / NO	
Wardner	Y	Carlson	Y
Flakoll	Y	Weisz	N
O'Connell	Y	Kroeber	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

, adopt (further) amendments as follows, and place 1012 on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) 1012 was placed on the Seventh order of business on the calendar.

DATE: 4/21/07  
CARRIER: Carlson

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

**MOTION MADE BY:** \_\_\_\_\_

**SECONDED BY:** ~~Flakoll~~ Flakoll

**VOTE COUNT** 5 YES 1 NO     ABSENT

**REPORT OF CONFERENCE COMMITTEE**

**HB 1012, as engrossed:** Your conference committee (Sens. Wardner, Flakoll, O'Connell and Reps. Carlson, Weisz, Kroeber) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1479-1480, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1479-1480 of the House Journal and pages 1262-1264 of the Senate Journal, and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace the first "and" with "to provide for legislative council studies; to provide a contingent continuation of the single state registration system; to create and enact a new section to chapter 8-11.1 and a new section to chapter 24-02 of the North Dakota Century Code, relating to midwest interstate passenger rail commission dues and authority of the director of the department of transportation to join the multistate highway transportation agreement;" and replace "section" with "sections 39-04.2-04 and 39-29-10, the new subsection to section 57-40.3-04 of the North Dakota Century Code as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, and section"

Page 1, line 3, after "to" insert "distribution of public transportation funds, the operation of off-highway vehicles, motor vehicle excise tax exemptions for tribal members, and" and after "collections" insert "; to provide an expiration date; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 20, replace "9,054,000" with "10,054,000"

Page 1, line 21, replace "(\$67,713,282)" with "(\$51,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 6, replace "51,412,500" with "52,412,500"

Page 2, line 7, replace "887,295,066" with "903,275,456"

Page 2, after line 14, insert:

**"SECTION 5. LEGISLATIVE COUNCIL STUDY - TRAFFIC FINES.** The legislative council shall consider studying, during the 2007-08 interim, the traffic fines imposed by state and local governments. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 6. LEGISLATIVE COUNCIL STUDY - HIGHWAY FUNDING AND INFRASTRUCTURE NEEDS.** The legislative council shall study, during the 2007-08 interim, highway funding and transportation infrastructure needs, including those needs resulting from energy and economic development in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 7. Single state insurance registration system.** If the Congress of the United States authorizes a continuation of state participation in the single state

insurance registration system for motor carriers, the director of the department of transportation may continue to collect registration fees until the extension authorization expires.

**SECTION 8.** A new section to chapter 8-11.1 of the North Dakota Century Code is created and enacted as follows:

**Amount of dues assessed by commission - Negotiation.** North Dakota's commission members may negotiate a lower amount of any dues imposed by the commission based upon anticipated North Dakota commission-related activities. If the commission does not approve a lower amount of dues, the department of transportation may withhold the dues payment until the next legislative assembly addresses the issue.

**SECTION 9.** A new section to chapter 24-02 of the North Dakota Century Code is created and enacted as follows:

**Multistate highway transportation agreement.** The director may join the multistate highway transportation agreement to promote uniformity among participating jurisdictions in vehicle size and weight standards. The legislative council shall review the guidelines for eligible voting members of the cooperating committee formed by the agreement and appoint a member of the house standing transportation committee and a member of the senate standing transportation committee or their designees as the legislative members representing this state to the cooperating committee formed by the agreement.

**SECTION 10. AMENDMENT.** Section 39-04.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**39-04.2-04. Distribution of funds.**

1. Moneys appropriated by the legislative assembly to the public transportation fund must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.
2. ~~Following authorization of the director, the state treasurer shall pay the public transportation funds to transportation providers in each county.~~ Each county shall receive ~~eighteen thousand three hundred dollars~~ a base amount of four-tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount ~~of eighteen thousand three hundred dollars~~ must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county.
3. ~~Unless otherwise provided by law, any moneys remaining in the fund at the end of each biennium must be retained in the public transportation fund for redistribution.~~

**SECTION 11. AMENDMENT.** Section 39-29-10 of the North Dakota Century Code is amended and reenacted as follows:

**39-29-10. Operation by persons under age sixteen.** Except as otherwise provided in this section, ~~a person~~ an individual under sixteen years of age who is not in possession of a valid operator's license or permit to operate an ~~all-terrain~~ off-highway vehicle may not, except upon the lands of the ~~person's~~ individual's parent or guardian or as a participant in an organized sporting event that involves the use of off-highway vehicles, operate an ~~all-terrain~~ off-highway vehicle. ~~A person~~ An individual at least twelve years of age may operate an ~~all-terrain~~ off-highway vehicle if the ~~person~~ individual has completed an ~~all-terrain~~ off-highway vehicle safety training course prescribed by the director of the parks and recreation department ~~and~~, has received the appropriate ~~all-terrain~~ off-highway vehicle safety certificate issued by the director of the department of transportation. The failure of an operator to exhibit an ~~all-terrain~~ off-highway vehicle safety certificate on demand to any official authorized to enforce this chapter is presumptive evidence that that person does not hold ~~such~~ a certificate. Fees collected from each ~~person~~ individual receiving certification must be deposited in the ~~all-terrain~~ off-highway vehicle trail tax fund for ~~all-terrain~~ off-highway vehicle safety education and training programs.

**SECTION 12.** The new subsection to section 57-40.3-04 of the North Dakota Century Code, as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

A motor vehicle acquired at any location within this state by an individual who ~~resides within the boundaries of any reservation in this state and who~~ is an enrolled member of a federally recognized Indian tribe."

Page 2, replace lines 21 through 24 with:

- "1. The first seven million dollars received during a biennium must be deposited in the state highway fund.
2. The next one million dollars received during a biennium must be deposited in the public transportation fund.
3. Amounts received in excess of the amounts allocated under subsections 1 and 2 must be deposited in the state general fund.

**SECTION 14. EXPIRATION DATE.** Section 13 of this Act is effective through June 30, 2009, and after that date is ineffective.

**SECTION 15. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195	\$127,444,195	

Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663	174,697,663	
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098	548,721,098	
Grants	51,412,500	51,412,500	1,000,000	52,412,500	51,412,500	\$1,000,000
Nelson County grant					550,000	(550,000)
<b>Total all funds</b>	<b>\$907,295,066</b>	<b>\$887,295,066</b>	<b>\$15,980,390</b>	<b>\$903,275,456</b>	<b>\$902,825,456</b>	<b>\$450,000</b>
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>15,980,390</u>	<u>903,275,456</u>	<u>902,275,456</u>	<u>1,000,000</u>
General fund	\$20,000,000	\$0	\$0	\$0	\$550,000	(\$550,000)
FTE	1052.50	1052.50	0.00	1052.50	1052.50	0.00

**Dept. 801 - Department of Transportation - Detail of Conference Committee Changes**

	RESTORES FUNDING <sup>1</sup>	ADDS PUBLIC TRANSPORTATION GRANTS <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses	\$13,569,470		\$13,569,470
Capital assets	1,410,920		1,410,920
Grants		\$1,000,000	1,000,000
Nelson County grant			
<b>Total all funds</b>	<b>\$14,980,390</b>	<b>\$1,000,000</b>	<b>\$15,980,390</b>
Less estimated income	<u>14,980,390</u>	<u>1,000,000</u>	<u>15,980,390</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The conference committee is providing funding for these items from the highway fund, the same as the Senate version.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
<b>Total</b>	<b>\$14,980,390</b>

<sup>2</sup> The conference committee provided an additional \$1 million from the public transportation fund, to provide a total of \$5.7 million from this fund for public transportation grants. This amendment also changes the public transportation grants formula.

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that the first \$7 million of these collections be deposited in the highway fund, the next \$1 million in the public transportation fund, and any additional amounts in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$8 million. This section is effective only for the 2007-09 biennium and does not affect amounts deposited in the state aid distribution fund. The Senate provided that the first \$14 million be deposited in the highway fund and any additional amounts in the general fund.

A section is added authorizing the department to join the Multistate Highway Transportation Agreement. A similar section was added by the Senate.

The emergency clause section added by the Senate is included allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007. The Senate also added this section.

This amendment does not include the \$550,000 general fund appropriation approved by the Senate for providing a grant to Nelson County for critical road projects.

The following sections were added by the conference committee:

- Providing for Legislative Council studies of traffic fines and highway funding and infrastructure needs.
- Allowing the department to continue the single state insurance registration system until discontinued by Congress.
- Allowing the state to negotiate lower dues for membership in the Midwest Interstate Passenger Rail Commission.
- Exempting tribal members from paying motor vehicle excise taxes.
- Allowing children under 16 years of age to be involved in organized off-highway vehicle sporting events.

Engrossed HB 1012 was placed on the Seventh order of business on the calendar.

VR  
4/24/07  
1085

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1479-1480 of the House Journal and pages 1262-1264 of the Senate Journal, and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace the first "and" with "to provide for legislative council studies; to provide for transfers; to provide a contingent continuation of the single state registration system; to create and enact a new section to chapter 8-11.1 and a new section to chapter 24-02 of the North Dakota Century Code, relating to midwest interstate passenger rail commission dues and authority of the director of the department of transportation to join the multistate highway transportation agreement;" and replace "section" with "sections 39-04.2-04 and 39-29-10, the new subsection to section 57-40.3-04 of the North Dakota Century Code as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, and section"

Page 1, line 3, after "to" insert "distribution of public transportation funds, the operation of off-highway vehicles, motor vehicle excise tax exemptions for tribal members, and" and after "collections" insert "; to provide an expiration date; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 20, replace "9,054,000" with "10,054,000"

Page 1, line 21, replace "(\$67,713,282)" with "(\$51,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 6, replace "51,412,500" with "52,412,500"

Page 2, line 7, replace "887,295,066" with "903,275,456"

Page 2, after line 14, insert:

**"SECTION 5. LEGISLATIVE COUNCIL STUDY - TRAFFIC FINES.** The legislative council shall consider studying, during the 2007-08 interim, the traffic fines imposed by state and local governments. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 6. LEGISLATIVE COUNCIL STUDY - HIGHWAY FUNDING AND INFRASTRUCTURE NEEDS.** The legislative council shall study, during the 2007-08 interim, highway funding and transportation infrastructure needs, including those needs resulting from energy and economic development in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 7. Single state insurance registration system.** If the Congress of the United States authorizes a continuation of state participation in the single state insurance registration system for motor carriers, the director of the department of transportation may continue to collect registration fees until the extension authorization expires.

**SECTION 8.** A new section to chapter 8-11.1 of the North Dakota Century Code is created and enacted as follows:

**Amount of dues assessed by commission - Negotiation.** North Dakota's commission members may negotiate a lower amount of any dues imposed by the commission based upon anticipated North Dakota commission-related activities. If the commission does not approve a lower amount of dues, the department of transportation may withhold the dues payment until the next legislative assembly addresses the issue.

**SECTION 9.** A new section to chapter 24-02 of the North Dakota Century Code is created and enacted as follows:

**Multistate highway transportation agreement.** The director may join the multistate highway transportation agreement to promote uniformity among participating jurisdictions in vehicle size and weight standards. The legislative council shall review the guidelines for eligible voting members of the cooperating committee formed by the agreement and appoint a member of the house standing transportation committee and a member of the senate standing transportation committee or their designees as the legislative members representing this state to the cooperating committee formed by the agreement.

**SECTION 10. AMENDMENT.** Section 39-04.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**39-04.2-04. Distribution of funds.**

1. Moneys appropriated by the legislative assembly to the public transportation fund must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.
2. ~~Following authorization of the director, the state treasurer shall pay the public transportation funds to transportation providers in each county.~~ Each county shall receive ~~eighteen thousand three hundred dollars~~ a base amount of four-tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount ~~of eighteen thousand three hundred dollars~~ must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county.
3. ~~Unless otherwise provided by law, any moneys remaining in the fund at the end of each biennium must be retained in the public transportation fund for redistribution.~~

**SECTION 11. AMENDMENT.** Section 39-29-10 of the North Dakota Century Code is amended and reenacted as follows:

**39-29-10. Operation by persons under age sixteen.** Except as otherwise provided in this section, ~~a person~~ an individual under sixteen years of age who is not in possession of a valid operator's license or permit to operate an ~~all-terrain off-highway vehicle~~ may not, except upon the lands of the ~~person's individual's~~ parent or guardian or as a participant in an organized sporting event that involves the use of off-highway vehicles, operate an ~~all-terrain off-highway vehicle~~. ~~A person~~ An individual at least twelve years of age may operate an ~~all-terrain off-highway vehicle~~ if the ~~person~~ individual has completed an ~~all-terrain off-highway vehicle~~ safety training course prescribed by the director of the parks and recreation department ~~and~~, has received the appropriate ~~all-terrain off-highway vehicle~~ safety certificate issued by the director of the department of transportation. The failure of an operator to exhibit an ~~all-terrain off-highway vehicle~~ safety certificate on demand to any official authorized to enforce this chapter is presumptive evidence that that person does not hold ~~such~~ a certificate. Fees collected from each ~~person~~ individual receiving certification must be deposited in the ~~all-terrain off-highway vehicle~~ trail tax fund for ~~all-terrain off-highway vehicle~~ safety education and training programs.

**SECTION 12.** The new subsection to section 57-40.3-04 of the North Dakota Century Code, as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

A motor vehicle acquired at any location within this state by an individual who ~~resides within the boundaries of any reservation in this state and who~~ is an enrolled member of a federally recognized Indian tribe."

Page 2, replace lines 21 through 24 with:

- "1. Fifteen percent to the highway tax distribution fund.
- 2. Eighty-five percent to the state general fund.

**SECTION 14. TRANSFER.** The office of management and budget shall transfer, as requested by the director of the department of transportation, the sum of \$9,000,000 from the permanent oil tax trust fund to the highway fund and the sum of \$1,000,000 from the permanent oil tax trust fund to the public transportation fund for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 15. EXPIRATION DATE.** Section 13 of this Act is effective through June 30, 2009, and after that date is ineffective.

**SECTION 16. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195	\$127,444,195	
Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663	174,697,663	
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098	548,721,098	
Grants	51,412,500	51,412,500	1,000,000	52,412,500	51,412,500	\$1,000,000
Nelson County grant					550,000	(\$550,000)
Total all funds	\$907,295,066	\$887,295,066	\$15,980,390	\$903,275,456	\$902,825,456	\$450,000
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>15,980,390</u>	<u>903,275,456</u>	<u>902,275,456</u>	<u>1,000,000</u>
General fund	\$20,000,000	\$0	\$0	\$0	\$550,000	(\$550,000)

Dept. 801 - Department of Transportation - Detail of Conference Committee Changes

	RESTORES FUNDING 1	ADDS PUBLIC TRANSPORTATION GRANTS <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses	\$13,569,470		\$13,569,470
Capital assets	1,410,920		1,410,920
Grants		\$1,000,000	1,000,000
Nelson County grant			
<b>Total all funds</b>	<b>\$14,980,390</b>	<b>\$1,000,000</b>	<b>\$15,980,390</b>
<b>Less estimated income</b>	<b>14,980,390</b>	<b>1,000,000</b>	<b>15,980,390</b>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The conference committee is providing funding for these items from the highway fund, the same as the Senate version.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
<b>Total</b>	<b>\$14,980,390</b>

<sup>2</sup> The conference committee provided an additional \$1 million from the public transportation fund, to provide a total of \$5.7 million from this fund for public transportation grants. This amendment also changes the public transportation grants formula.

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that 15 percent of these collections be deposited in the highway tax distribution fund, and 85 percent in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$18.9 million. This section is effective only for the 2007-09 biennium and does not affect amounts deposited in the state aid distribution fund. The Senate provided that the first \$14 million be deposited in the highway fund and any additional amounts in the general fund.

A section is added by the conference committee transferring \$10 million from the permanent oil tax trust fund, \$9 million of which will be deposited in the highway fund and \$1 million in the public transportation fund.

A section is added authorizing the department to join the Multistate Highway Transportation Agreement. A similar section was added by the Senate.

The emergency clause section added by the Senate is included allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007. The Senate also added this section.

This amendment does not include the \$550,000 general fund appropriation approved by the Senate for providing a grant to Nelson County for critical road projects.

The following sections were added by the conference committee:

- Providing for Legislative Council studies of traffic fines and highway funding and infrastructure needs.
- Allowing the department to continue the single state insurance registration system until discontinued by Congress.
- Allowing the state to negotiate lower dues for membership in the Midwest Interstate Passenger Rail Commission.
- Exempting tribal members from paying motor vehicle excise taxes.

- Allowing children under 16 years of age to be involved in organized off-highway vehicle sporting events.

15% of Excise Tax = \$12 million to State \$7 million to Cities + Counties  
 \$10 million from Oil Trust Fund to Highway fund.  
 to Highway distribution Fund.

**REPORT OF CONFERENCE COMMITTEE  
 (ACCEDE/RECEDE)**

Bill Number 1012 (, as (re)engrossed): Date: 4/23/07

Your Conference Committee House App Gov Ops

**For the Senate:**

**For the House:**

	YES / NO		YES / NO
Wardner	A	Carlson	N
Krebsbach	Y	Weisz	Y
O'Connell	Y	Williams	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: 4/23/07

CARRIER: Carlson

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

VOTE COUNT 4 YES 1 NO 1 ABSENT

Reconsider action on the Nelson County Amendment  
\$550,000

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/24/07

Your Conference Committee House App Gov Ops

For the Senate:

For the House:

	YES / NO		YES / NO
Wardner	N	Carlson	N
Krebsbach	N	Vigesaa	Y
Tallackson	Y	Kroeber	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

\_\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

\_\_\_\_\_, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Kroeber

SECONDED BY: Tallackson

VOTE COUNT 3 YES 3 NO \_\_\_\_\_ ABSENT

*Killed*

10% Excise to Highway fund

12.6 million of that 1 million goes to Public Transportation

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1012 (, as (re)engrossed):

Date: 4/24/07

Your Conference Committee House App. Gov Ops.

For the Senate:

For the House:

	YES / NO		YES / NO
Wardner	Y	Carlson	Y
Krebsbach	Y	Vigesaa	Y
Tallackson	N	Kraeber	N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ -- \_\_\_\_\_

\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Wardner

SECONDED BY: Krebsbach

VOTE COUNT 4 YES 2 NO \_\_\_\_\_ ABSENT

**REPORT OF CONFERENCE COMMITTEE**

**HB 1012, as engrossed:** Your conference committee (Sens. Wardner, Krebsbach, Tallackson and Reps. Carlson, Vigesaa, Kroeber) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1479-1480, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1479-1480 of the House Journal and pages 1262-1264 of the Senate Journal, and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, replace the first "and" with "to provide for legislative council studies; to provide for transfers; to provide a contingent continuation of the single state registration system; to create and enact a new section to chapter 8-11.1 and a new section to chapter 24-02 of the North Dakota Century Code, relating to midwest interstate passenger rail commission dues and authority of the director of the department of transportation to join the multistate highway transportation agreement;" and replace "section" with "sections 39-04.2-04 and 39-29-10, the new subsection to section 57-40.3-04 of the North Dakota Century Code as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, and section"

Page 1, line 3, after "to" insert "distribution of public transportation funds, the operation of off-highway vehicles, motor vehicle excise tax exemptions for tribal members, and" and after "collections" insert "; to provide an expiration date; and to declare an emergency"

Page 1, line 18, replace "17,591,177" with "31,160,647"

Page 1, line 19, replace "(109,558,341)" with "(108,147,421)"

Page 1, line 20, replace "9,054,000" with "10,054,000"

Page 1, line 21, replace "(\$67,713,282)" with "(\$51,732,892)"

Page 2, line 4, replace "161,128,193" with "174,697,663"

Page 2, line 5, replace "547,310,178" with "548,721,098"

Page 2, line 6, replace "51,412,500" with "52,412,500"

Page 2, line 7, replace "887,295,066" with "903,275,456"

Page 2, after line 14, insert:

**"SECTION 5. LEGISLATIVE COUNCIL STUDY - TRAFFIC FINES.** The legislative council shall consider studying, during the 2007-08 interim, the traffic fines imposed by state and local governments. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 6. LEGISLATIVE COUNCIL STUDY - HIGHWAY FUNDING AND INFRASTRUCTURE NEEDS.** The legislative council shall study, during the 2007-08 interim, highway funding and transportation infrastructure needs, including those needs resulting from energy and economic development in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 7. Single state insurance registration system.** If the Congress of the United States authorizes a continuation of state participation in the single state

insurance registration system for motor carriers, the director of the department of transportation may continue to collect registration fees until the extension authorization expires.

**SECTION 8.** A new section to chapter 8-11.1 of the North Dakota Century Code is created and enacted as follows:

**Amount of dues assessed by commission - Negotiation.** North Dakota's commission members may negotiate a lower amount of any dues imposed by the commission based upon anticipated North Dakota commission-related activities. If the commission does not approve a lower amount of dues, the department of transportation may withhold the dues payment until the next legislative assembly addresses the issue.

**SECTION 9.** A new section to chapter 24-02 of the North Dakota Century Code is created and enacted as follows:

**Multistate highway transportation agreement.** The director may join the multistate highway transportation agreement to promote uniformity among participating jurisdictions in vehicle size and weight standards. The legislative council shall review the guidelines for eligible voting members of the cooperating committee formed by the agreement and appoint a member of the house standing transportation committee and a member of the senate standing transportation committee or their designees as the legislative members representing this state to the cooperating committee formed by the agreement.

**SECTION 10. AMENDMENT.** Section 39-04.2-04 of the North Dakota Century Code is amended and reenacted as follows:

**39-04.2-04. Distribution of funds.**

1. Moneys appropriated by the legislative assembly to the public transportation fund must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.
2. ~~Following authorization of the director, the state treasurer shall pay the public transportation funds to transportation providers in each county.~~ Each county shall receive ~~eighteen thousand three hundred dollars~~ a base amount of four-tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount ~~of eighteen thousand three hundred dollars~~ must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county.
3. ~~Unless otherwise provided by law, any moneys remaining in the fund at the end of each biennium must be retained in the public transportation fund for redistribution.~~

**SECTION 11. AMENDMENT.** Section 39-29-10 of the North Dakota Century Code is amended and reenacted as follows:

**39-29-10. Operation by persons under age sixteen.** Except as otherwise provided in this section, ~~a person~~ an individual under sixteen years of age who is not in possession of a valid operator's license or permit to operate an ~~all-terrain off-highway~~ vehicle may not, except upon the lands of the ~~person's individual's~~ parent or guardian or as a participant in an organized sporting event that involves the use of off-highway vehicles, operate an ~~all-terrain~~ off-highway vehicle. ~~A person~~ An individual at least twelve years of age may operate an ~~all-terrain~~ off-highway vehicle if the ~~person~~ individual has completed an ~~all-terrain~~ off-highway vehicle safety training course prescribed by the director of the parks and recreation department ~~and~~ has received the appropriate ~~all-terrain~~ off-highway vehicle safety certificate issued by the director of the department of transportation. The failure of an operator to exhibit an ~~all-terrain~~ off-highway vehicle safety certificate on demand to any official authorized to enforce this chapter is presumptive evidence that that person does not hold ~~such~~ a certificate. Fees collected from each ~~person~~ individual receiving certification must be deposited in the ~~all-terrain~~ off-highway vehicle trail tax fund for ~~all-terrain~~ off-highway vehicle safety education and training programs.

**SECTION 12.** The new subsection to section 57-40.3-04 of the North Dakota Century Code, as created by section 4 of House Bill No. 1393, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

A motor vehicle acquired at any location within this state by an individual who ~~resides within the boundaries of any reservation in this state and who~~ is an enrolled member of a federally recognized Indian tribe."

Page 2, replace lines 21 through 24 with:

- "1. Ten percent to the highway fund.
- 2. Ninety percent to the state general fund.

**SECTION 14. TRANSFER.** The director of the department of transportation shall transfer the sum of \$1,000,000 from the highway fund to the public transportation fund for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 15. EXPIRATION DATE.** Section 13 of this Act is effective through June 30, 2009, and after that date is ineffective.

**SECTION 16. EMERGENCY.** Of the funds appropriated in the capital improvements line item in section 3 of this Act, \$25,098,000 relating to fleet services motor vehicle purchases is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1012 - Department of Transportation - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$127,444,195	\$127,444,195		\$127,444,195	\$127,444,195	
Operating expenses	179,717,273	161,128,193	\$13,569,470	174,697,663	174,697,663	
Capital assets	548,721,098	547,310,178	1,410,920	548,721,098	548,721,098	

Grants	51,412,500	51,412,500	1,000,000	52,412,500	51,412,500	\$1,000,000
Nelson County grant					<u>550,000</u>	<u>(550,000)</u>
Total all funds	\$907,295,066	\$887,295,066	\$15,980,390	\$903,275,456	\$902,825,456	\$450,000
Less estimated income	<u>887,295,066</u>	<u>887,295,066</u>	<u>15,980,390</u>	<u>903,275,456</u>	<u>902,275,456</u>	<u>1,000,000</u>
General fund	\$20,000,000	\$0	\$0	\$0	\$550,000	(\$550,000)
FTE	1052.50	1052.50	0.00	1052.50	1052.50	0.00

**Dept. 801 - Department of Transportation - Detail of Conference Committee Changes**

	RESTORES FUNDING <sup>1</sup>	ADDS PUBLIC TRANSPORTATION GRANTS <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses	\$13,569,470		\$13,569,470
Capital assets	1,410,920		1,410,920
Grants		\$1,000,000	1,000,000
Nelson County grant			
Total all funds	\$14,980,390	\$1,000,000	\$15,980,390
Less estimated income	<u>14,980,390</u>	<u>1,000,000</u>	<u>15,980,390</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment restores funding for the items listed below which were removed by the House. The executive budget had provided funding for these items from the general fund. The conference committee is providing funding for these items from the highway fund, the same as the Senate version.

	HIGHWAY FUND
Information technology projects	\$1,788,558
Equipment	2,021,860
Road patching maintenance and materials	11,169,972
Total	\$14,980,390

<sup>2</sup> The conference committee provided an additional \$1 million from the public transportation fund, to provide a total of \$5.7 million from this fund for public transportation grants. This amendment also changes the public transportation grants formula.

The section added by the House providing that the first \$120 million of motor vehicle excise tax collections each biennium be deposited in the general fund and any additional amounts in the highway fund is changed to provide that 10 percent of these collections be deposited in the highway fund and 90 percent in the general fund. This provision is anticipated to reduce 2007-09 biennium general fund revenues by \$12.6 million. This section is effective only for the 2007-09 biennium and does not affect amounts deposited in the state aid distribution fund. The Senate provided that the first \$14 million be deposited in the highway fund and any additional amounts in the general fund.

A section is added by the conference committee transferring \$1 million from the highway fund to the public transportation fund.

A section is added authorizing the department to join the Multistate Highway Transportation Agreement. A similar section was added by the Senate.

The emergency clause section added by the Senate is included allowing Fleet Services to begin purchasing new vehicles prior to July 1, 2007. The Senate also added this section.

This amendment does not include the \$550,000 general fund appropriation approved by the Senate for providing a grant to Nelson County for critical road projects.

The following sections were added by the conference committee:

- Providing for Legislative Council studies of traffic fines and highway funding and infrastructure needs.
- Allowing the department to continue the single state insurance registration system until discontinued by Congress.
- Allowing the state to negotiate lower dues for membership in the Midwest Interstate Passenger Rail Commission.
- Exempting tribal members from paying motor vehicle excise taxes.
- Allowing children under 16 years of age to be involved in organized off-highway vehicle sporting events.

Engrossed HB 1012 was placed on the Seventh order of business on the calendar.

2007 TESTIMONY

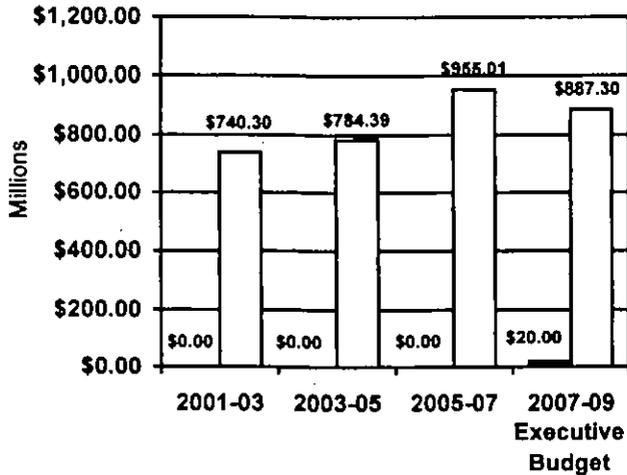
HB 1012

**Department 801 - Department of Transportation  
 House Bill No. 1012**

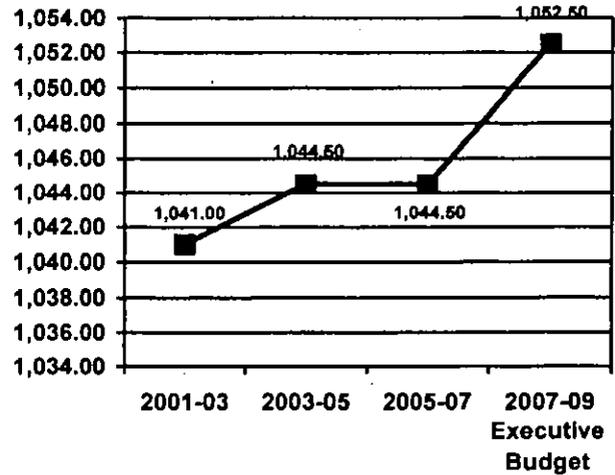
	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	1,052.50	\$20,000,000	\$887,295,066	\$907,295,066
2005-07 Legislative Appropriations	1,044.50	0	955,008,348	955,008,348 <sup>1</sup>
Increase (Decrease)	8.00	\$20,000,000	(\$67,713,282)	(\$47,713,282)

<sup>1</sup>The 2005-07 appropriation amounts do not include \$162,260 of additional federal funds authority resulting from Emergency Commission action during the 2005-07 biennium.

**Agency Funding**



**FTE Positions**



■ General Fund □ Other Funds

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Increases funding for road patching maintenance and materials (executive budget identified as one-time funding)	\$11,169,972	\$1,009,630	\$12,179,602
2. Increases funding for equipment, including engineering, technology, and digital radio equipment (executive budget identified as one-time funding)	\$2,021,860		\$2,021,860
3. Provides funding to rewrite the current mainframe driver's license computer system (executive budget identified as one-time funding)	\$5,019,610		\$5,019,610
4. Increases funding for the following information technology projects (executive budget identified as one-time funding): Project management system - \$282,058 Roadway information management system (Phase 1) - \$1,000,000 Applications updates - \$122,000 Imaging workstations - \$384,500	\$1,788,558		\$1,788,558
5. Adds 4 FTE equipment operators hired during the 2005-07 biennium, pursuant to Section 4 of 2005 Senate Bill No. 2012		\$309,185	\$309,185
6. Adds 3 FTE engineering positions hired during the 2005-07 biennium, pursuant to Section 4 of 2005 Senate Bill No. 2012		\$328,490	\$328,490
7. Continues federal funding for the safe routes to schools program approved by the Emergency Commission during the 2005-07 biennium, including 1 FTE coordinator position		\$113,570	\$113,570

8. Removes funding from proceeds of issuing grant anticipation revenue vehicle (GARVEE) bonds during the 2005-07 biennium for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck	(\$53,500,000)	(\$53,500,000)
9. Continues the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck from remaining bond proceeds	\$26,000,000	\$26,000,0
10. Includes funding from the highway fund for making bond payments on the GARVEE bonds issued during the 2005-07 biennium for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck	\$2,028,285	\$2,028,285
11. Removes funding for federal emergency relief projects provided for the 2005-07 biennium	(\$54,128,782)	(\$54,128,782)
12. Provides funding for matching an estimated \$221 million of federal highway construction funds in federal fiscal year 2007 and \$224 million in federal fiscal year 2008, an increase over the federal highway construction funds included in the 2005-07 biennium budget of \$202.3 million in federal fiscal year 2005 and \$205 million in federal fiscal year 2006	\$47,000,000	\$47,000,000
13. Increases funding from the highway fund for the highways program use of Fleet Services	\$10,484,983	\$10,484,983
14. Increases funding for vehicle fuel, maintenance, and supplies in the Fleet Services Division to \$18,336,254	\$8,233,760	\$8,233,760

#### **Other Sections in Bill**

Section 4 of the bill authorizes the department to hire additional FTE positions for the construction and maintenance of highways if it determines that it is more cost-effective to hire the positions rather than contract for the services. The department must report any additional positions hired to the Office of Management and Budget and the Legislative Council.

#### **Continuing Appropriations**

There are no continuing appropriations for this agency.

#### **Major Related Legislation**

**House Bill Nos. 1036 and 1037** - These bills relate to violations for driving without liability insurance and the impoundment of license plates relating to these violations.

**House Bill No. 1049** - This bill provides a sales tax exemption for natural gas sales and an exemption from the 2 percent special fuels tax for fuels used for heating purposes.

**House Bill No. 1090** - This bill changes the special funds into which certain motor vehicle registration fee collections and Fleet Services revenues are deposited.

**House Bill No. 1105** - This bill establishes a pilot project using the design-build method of contracting for highway construction projects.

**Department of Transportation  
Analysis of Legislative Bills  
Remaining Legislation with NDDOT Fiscal Impact  
March 12, 2007**

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At this point in the 2007 Legislative Session, a number of bills remain that could have a substantial financial impact on the NDDOT. Following is a discussion of those bills.

**HB1037** – This bill provides for the impoundment of license plates for a second or subsequent conviction of violating the state's driver liability insurance laws. The bill has been passed by both the House and Senate and signed by the Governor.

- Appropriation Impact – The NDDOT (Motor Vehicle) would require an addition to its appropriation in the amount of \$9,912 to implement the provisions of this bill.
- NDDOT Revenue Impact – This bill would increase the expenditures for Motor Vehicle program administration. These costs are funded off the top of the motor vehicle registration collections. As such, the \$9,912 would be revenue neutral to the MV operations. However, the net proceeds of MV registrations are deposited in the HW Tax Distribution Fund, of which the NDDOT receives 63%. Thus, a \$9,912 increase in MV expenses will reduce the amount available for distribution through the HW Tax Distribution Fund by a corresponding amount. The NDDOT share of the revenue loss through the Highway Tax Distribution Fund would be \$6,244.
- Other revenue impacts –
  - Counties would experience a revenue decrease from the HW Tax distribution fund of \$2,280 per biennium.
  - Cities would experience a revenue decrease from the HW Tax distribution fund of \$1,388 per biennium.

**HB1348** – This bill provides for a flat four cent per gallon tax on special fuels, with the exception of propane which continues to be taxed at 2%. This bill has passed the House and Senate.

- Appropriation Impact – This bill has no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill would reduce the revenue the NDDOT receives through the Highway Tax Distribution Fund by approximately \$290,304 per biennium (based on an average cost of \$2.05 per gallon.)
- Other revenue impacts –
  - This bill would reduce the revenue the counties receive through the Highway Tax Distribution Fund by approximately \$108,984 per biennium.
  - This bill would reduce the revenue the cities receive through the Highway Tax Distribution Fund by approximately \$64,512 per biennium.
  - This bill is not compatible with HB1049 which completely exempts heating fuel from taxation.

**HB1465** – This bill pertains to the licensing for dealers of motor-powered recreational vehicles.

- Appropriation Impact – The NDDOT (Motor Vehicle) would require an addition to its appropriation in the amount of \$71,985 to implement the provisions of this bill.
- NDDOT Revenue Impact – This bill would increase the expenditures for Motor Vehicle program administration. These costs are funded off the top of the motor vehicle registration collections. It would also provide for a partially offsetting generation of revenue (\$48,975). The net result would be an increase of motor vehicle expenditures over new revenues by approximately \$23,010 per biennium. This would result in a \$14,496 decrease in the amount of revenue the NDDOT receives from the Highway Tax Distribution Fund.
- Other revenue impacts –
  - This bill would reduce the revenue the counties receive through the Highway Tax Distribution Fund by approximately \$5,292 per biennium.
  - This bill would reduce the revenue the cities receive through the Highway Tax Distribution Fund by approximately \$3,222 per biennium.

**HB1495** – This bill provides for ten percent of the collections from the Motor Vehicle Excise Tax to be deposited in the Highway Tax Distribution Fund.

- Appropriation Impact - This bill has no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill would increase the revenue the NDDOT receives through the Highway Tax Distribution Fund by \$8,641,751 per biennium.
- Other revenue impacts –
  - This bill would provide a net increase in the revenue the counties receive through the Highway Tax Distribution Fund and the State Aid Distribution Fund by \$2,616,119 per biennium.
  - This bill would provide a net increase in the revenue the cities receive through the Highway Tax Distribution Fund and the State Aid Distribution Fund by \$1,412,309 per biennium.
  - This bill would reduce funding for townships through the State Aid Distribution Fund by approximately \$50,479 per biennium.
  - This bill would reduce funding to the general fund by approximately \$12,619,700 per biennium.

**SB2112**- This bill pertains to non-driver photo IDs. This bill has passed the House and Senate, and has been signed into law by the Governor.

- Appropriation Impact - The NDDOT would require an addition to its appropriation in the amount of \$15,000 to handle the provisions of this bill.
- NDDOT Revenue Impact – This bill has no impact on NDDOT revenues
- Other Revenue Impacts – This bill has no impact on other revenues

**SB2263** – This bill pertains to veterans number plates. The bill has passed both the House and Senate.

- Appropriation Impact – This bill would have no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill would reduce the revenue the NDDOT receives through the Highway Tax Distribution Fund by \$13,495 per biennium.
- Other Revenue Impacts –
  - This bill would decrease the revenue the counties receive through the Highway Tax Distribution Fund by \$4,927 per biennium.
  - This bill would decrease the revenue the cities receive through the Highway Tax Distribution Fund by \$2,998 per biennium.

**SB2314** – This bill doubles the funding for public transportation to \$6 per motor vehicle registration.

- Appropriation Impact – The NDDOT would require an addition to its appropriation in the amount of \$4,700,000 to allow distribution of the proceeds of this provision to the counties.
- NDDOT Revenue Impact – This bill would increase the revenue the NDDOT receives for the Public Transportation Fund by \$4,700,000 per biennium. This revenue is passed through to the counties for transportation purposes.
- Other Revenue Impacts – The transit providers ultimately receive the revenue provided by this bill through a pass thru from the NDDOT.

**SB2360** – This bill changes the requirements for organization license plates. The bill has passed both the House and Senate.

- Appropriation Impact – The NDDOT (MV) would require an addition to its appropriation in the amount of \$9,756 to implement the provisions of this bill.
- NDDOT Revenue Impact – This bill would provide approximately \$30,000 of additional motor vehicle registration revenue. This revenue would be partially offset by related expenses of approximately \$9,756. The net balance would be available for distribution through the Highway Tax Distribution Fund. The NDDOT share of this additional net revenue would be approximately \$12,754.
- Other Revenue Impacts –
  - The counties would receive approximately \$4,656 in additional revenue through the Highway Tax Distribution Fund.
  - The cities would receive approximately \$2,834 in additional revenue through the Highway Tax Distribution Fund.

**SB2375** - This bill transfers the responsibility for NDDOT administrative hearings to the Office of Administrative Hearings.

- Appropriation Impact – The NDDOT would require an addition to its appropriation in the amount of \$673,766 to implement the provisions of this bill.
- NDDOT Revenue Impact – This bill has no impact on NDDOT revenues
- Other Revenue Impacts – This bill has no impact on other revenues

**SB2406** – This bill pertains to over-width fees. The bill has passed both the House and the Senate.

- Appropriation Impact – This bill would have no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill would reduce the revenue for the Highway Fund by approximately \$100,000 per biennium.
- Other Revenue Impacts – This bill would have no impact on other revenues.

**HB1011** – This is the Highway Patrol appropriation bill.

- Appropriation Impact – This bill would have no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill has been amended to reduce the HP funding that comes out of the Highway Tax Distribution Fund by \$4,444,595. This results in additional revenue distribution to the NDDOT in the amount of \$2,800,095.
- Other Revenue Impacts
  - The counties will receive approximately \$1,022,257 in additional revenue through the Highway Tax Distribution Fund.
  - The cities will receive approximately \$622,243 in additional revenue through the Highway Tax Distribution Fund.

**HB1049** – This bill exempts heating fuel from the 2% special fuels excise tax.

- Appropriation Impact – This bill would have no impact on NDDOT appropriations.
- NDDOT Revenue Impact – This bill would reduce the revenue the NDDOT receives through the Highway Tax Distribution Fund by \$3,339,000.
- Other Revenue Impacts
  - This bill would decrease the revenue the counties receive through the Highway Tax Distribution Fund by approximately \$1,219,000.
  - This bill would decrease the revenue the cities receive through the Highway Tax Distribution Fund by approximately \$742,000.

**HB1138** – This bill provides for fuel tax refunds for certain emergency vehicles.

- Appropriation Impact – This bill would have no impact on NDDOT appropriations
- NDDOT Revenue Impact – This bill would reduce the revenue the NDDOT receives through the Highway Tax Distribution Fund by \$70,875.
- Other Revenue Impacts –
  - This bill reduces the revenue the counties would receive through the Highway Tax Distribution Fund by \$25,875.
  - This bill reduces the revenue the cities would receive through the Highway Tax Distribution Fund by \$15,750.

North Dakota Department of Transportation  
Major Bills Impacting DOT Revenues and Expenditures  
2007 Legislative Session

Bill Number	Description	Expenditure Impacts		Revenue Impacts						
		DOT Appn Impact	DOT Appn Impact	HW Dist Fund Impact	HW Fund Impact	Public Trans. Fund Impact	Cities Impact	Counties Impact	Township Impact	General Fund Impact
<b>DOT FISCAL NOTE BILLS</b>										
HB1037	Impoundment of License Plates (C)	\$ 9,912	\$ (6,244)				\$ (1,388)	\$ (2,280)		
HB1348	Changes 2% Special fuels excise tax to a flat 4 cents per gallon (D)		(290,304)				(64,512)	(108,984)		
HB1465	Permits to licensing of motor powered recreational vehicle dealers (C)	71,985	(14,496)				(3,222)	(5,292)		
HB1495	Places ten percent of the MV excise tax in the HW dist fund (E)		8,641,751	13,717,065			1,412,309	2,616,119	\$(50,479)	(12,619,700)
SB2112	Pertains to non-driver photo ID (A)	15,000								
SB2263	Veteran's number plates (F)			(21,420)	(13,495)		(2,998)	(4,927)		
SB2314	Doubles the funding for public transportation to \$6 per registration (B)	4,700,000				\$ 4,700,000				
SB2360	Organization License Plates (C)	9,756		20,244	12,754		2,834	4,656		
SB2375	Transfers Administrative Hearings to OAH	673,766			(100,000)					
SB2406	Overwidth fees (F)									
<b>Other Bills with a fiscal impact on the DOT</b>										
HB1011	HP Appropriation - HW Dist funding decreased by \$4.4 million			4,444,595	2,800,095		622,243	1,022,257		
HB1049	Exempts heating fuel from the 2% Special Fuels Excise Tax			(5,300,000)	(3,339,000)		(742,000)	(1,219,000)		
HB1138	Emergency Vehicle Fuel Tax Refund			(112,500)	(70,875)		(15,750)	(25,875)		
<b>Total</b>		<b>\$ 5,480,419</b>	<b>\$ 7,620,186</b>	<b>\$ 12,261,174</b>	<b>\$ 7,620,186</b>	<b>\$ 4,700,000</b>	<b>\$ 1,207,516</b>	<b>\$ 2,276,674</b>	<b>\$(50,479)</b>	<b>\$(12,619,700)</b>

(A) This bill has been signed into law by the Governor. It does not contain an appropriation for the additional expenditures that will be incurred by the DOT. The DOT appropriation should be increased accordingly.

(B) SB2314 does not contain an appropriation to allow the DOT to disburse the additional funding generated by this bill. Thus, HB1012 or SB2314 must be amended to provide an appropriation to enable the DOT to disburse the proceeds.

(C) HB1037, HB1465, and SB2360 do not contain appropriations for the additional expenditures that will be incurred by the MV division. If these bills pass the DOT (MV) appropriation should be increased accordingly. The fiscal impacts of these bills have been presented in a manner that also reflects their net impact to HW Distribution Fund revenues. Because of the MV funding mechanism, these changes are revenue neutral to the MV division, but not to the HW tax distribution fund. As of 3/9/07, HB1037 has been signed into law, and SB2360 has passed both the House and Senate.

(D) Assumes average price is greater than \$2.00/gallon. When price is less than \$2.00/gallon, this bill results in positive revenue generation vs current law.

(E) This bill impacts State Aid Distribution Fund - These are netted out to the cities, counties, and townships.

(F) As of 3/9/07, these bills have passed both the House and Senate

Sub 1012  
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# HOUSE APPROPRIATIONS COMMITTEE

January 5, 2007

North Dakota Department of Transportation  
Francis G. Ziegler, P.E., Director

## HB 1012

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Good morning, Mr. Chairman and members of the committee. I'm Francis Ziegler, Director of the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you this morning. Today we will discuss, as you requested, NDDOT's Budget Overview—including 2005-07 appropriations, estimated spending, and one-time budget needs.

But first I want to briefly discuss NDDOT's:

- Employees
- Strategic Plan & Performance Measures
- Accomplishments and Challenges

### Employees

As in any agency, our employees are the backbone of our organization and the reason for our success. During this biennium, NDDOT employees accomplished a long list of initiatives, a few of which I'll mention today.

#### **Hiring and Retention of Employees**

The department uses many tools to hire and retain good employees, but recruiting and retaining engineers and engineering technicians continues to be a challenge. At this time our department is short a total of six engineers and ten engineering technicians. We are concerned because we have a limited number of candidates applying for job openings and many turn down the job due to noncompetitive wages. In order to provide NDDOT services we have had to underfill a few technician positions and implement training programs to accomplish our business goals.

We are also experiencing recruitment and retention problems for equipment operators, especially in western North Dakota, where there is a strong demand for truck drivers in the oil industry. We find new hires sometimes stay only long enough to achieve their CDL status and then depart for other jobs, especially in the oil industry. Other classifications are being affected by needs in the retail sector.

Over the next biennium we will continue to work on programs to recruit and retain staff members. Because of these challenges we support OMB's statewide employee equity fund outlined in Senate Bill 2015.

## **Strategic Plan & Performance Measures 2005-2011**

The department strategically plans its goals and initiatives to guide our decision-making each day. In addition to our strategic plan we use performance measures. A copy of our Strategic Plan and Performance Measures Report Card is included with this testimony.

### **Major Accomplishments 2005 - 2007**

This biennium we've had many accomplishments I could share with you. For the sake of time, I will only highlight a few of them.

#### **New Drivers License Design**

The North Dakota drivers license and nondriver identification card received a new look in 2006.

#### **Bonding**

The 2005 Legislature granted the DOT authority to issue bonds for the Memorial Bridge and US Highway 2 projects. In August of 2005 our inaugural bond issue for \$51,445,000 was completed. Approximately half of the proceeds will be utilized in the 2005-2007 biennium, with the remainder being used in the 2007-09 biennium. The bonds will be repaid over a 15 year period.

#### **Major Construction Projects 2005-2007**

During the current biennium, the NDDOT completed construction of the Four Bears Bridge, relocated US 281 near Devils Lake, reconstructed I-29 near Fargo, began the construction of the new Memorial Bridge, and continued four-lane expansion of US 2 which will be completed in the next biennium.

The NDDOT improved approximately 108 miles of our Interstate system, graded or widened 144 miles of roadway, paved 719 miles, and seal-coated 861 miles. Sixty-one miles of grading or widening, 439 miles of paving, and 175 miles of seal coats were constructed on the city and county systems.

#### **Statewide Transportation Plan Updated**

During the past year, the NDDOT took the lead in updating the statewide transportation plan which is called "TransAction II." The plan is a multi-modal, multi-jurisdictional plan that was developed through an extensive public involvement process involving the public and private sector. The purpose of the plan is to:

- Promote North Dakota's shared transportation vision.
- Provide broad-based strategic direction for collaborative transportation efforts.
- Promote improvements to our transportation system by expanding the constituency created through the planning process.
- Improve communication between transportation providers and consumers.

"TransAction II" has been developed to help us focus our resources and meet the ever-changing and growing transportation needs and demands on the state's residences and businesses. NDDOT is in the process of finalizing the contents of the plan and the updated document will be available in February 2007.

### **Strategic Highway Safety Plan**

As part of the department's strategic plan, we developed a strategic highway safety plan to reduce crashes, injuries, and fatalities on our state's roadways. The elements of the plan include engineering, education, emergency medical services, and enforcement. We collect and use crash data to identify the priority concerns in each of these areas and develop effective strategies.

There are measurable results occurring. Seat belt use has increased by 11% over the past two years and now 79% of our motorists are buckling up. The total number of crashes decreased by 1,134 in North Dakota during 2005, compared to crash statistics in 2004.

### **Intermodal Transportation**

North Dakota's Statewide Strategic Transportation Plan (TransAction) contained an initiative that stated "North Dakota will determine the feasibility of, and identify conditions necessary for, developing an intermodal freight facility or facilities." The NDDOT has been working with Bismarck, Minot, and Fargo to explore the potential for developing intermodal facilities in North Dakota. We have worked with Bismarck to provide access to the Northern Plains Commerce Centre transload facility which will have intermodal capabilities. We have also worked with the cities of Minot and Fargo to develop a Joint Powers Agreement to allow the cities of Fargo, Minot, and the state to develop a plan for intermodal co-service to serve the region's shippers and provide them access to intermodal containers. The city of Bismarck will also be participating in discussions during the planning process. It is vitally important for North Dakota to develop intermodal transportation to promote future growth and allow us to compete in a global economy.

### **Challenges**

NDDOT has many accomplishments to be proud of and as we work to provide a safe transportation system we also face challenges.

#### **Construction Inflation**

The greatest challenge the transportation industry faces is the rising cost of road construction, which increased significantly over the past year. In 2006, overall construction inflation has run between 25-30 percent over prior year's construction prices. In 2005, the average asphalt cement bid was \$224 per ton, compared to 2006 in which the average bid price for asphalt was \$388 per ton—an increase of \$164 per ton or 73 percent.

In 2004 Interstate concrete recycling—two lanes in one direction—cost about \$1.3 million per mile, in 2006, it cost about \$1.8 million per mile.

The department was forced to delay about \$30 million worth of projects for the 2006 construction season and approximately \$100 million in projects for 2007 due to inflation. To offset the impacts of construction inflation, we have made modifications to our design guidelines in an attempt to lower per mile construction costs. Some of

the design guideline changes, such as using gravel shoulders, will be very apparent to the public. In addition, we have placed an emphasis on pavement preservation construction strategies, such as thin lift asphalt overlays, micro-surfacing, and seal coat projects. The one-time general funding appropriation—which we will discuss in more detail later—for pavement preservation strategies is essential in order for us to continue to maintain our infrastructure.

### **Hiring and Retention of Employees**

As mentioned earlier, hiring and retaining employees continues to be a major challenge for NDDOT.

### **Devils Lake Area**

Rising water in the Devils Lake Basin area continues to be a challenge.

### **REAL ID Act**

The recent federal REAL ID Act mandate attempts to increase the security of all driver's licenses in the country. Ultimately, this requires a nationwide system where driver's license operations can electronically talk to each other. States are given until May 2008 to accomplish this and failure to comply will result in a state's driver's license and ID cards not being able to be used for "any federal purpose," including getting on an airplane.

It is estimated that we will need approximately \$14 million, over parts of the next three bienniums, to see us through renewal of all North Dakota driver's licenses and ID cards; on the national level, approximately \$11.2 billion is needed. Currently, there is no federal funding provided for this initiative. However, there are provisions in the act to extend the time period for compliance if a state is proceeding in good faith.

The budget before you has no funding for the REAL ID Act, although it does provide for the update of the drivers license system (DL3). We believe that the best approach for the NDDOT is to continue to work with national organizations and Congress, and to work on the rewrite of our own drivers license (DL3) software. The update to DL3 will be written to integrate with the national REAL ID systems.

### **Unified Carrier Registration**

NDDOT has pre-filed SB 2113 to accommodate the Congressional repeal of the Single State Registration System (SSRS) and the subsequent replacement with a new Unified Carrier Registration (UCR) program. SB 2113 will allow NDDOT to collect approximately \$4 million in fees in the next biennium under the UCR just as it did in the past under the SSRS.

A background challenge is that the UCR was scheduled to be implemented on January 1, 2007, but the system has not been completed. We are asking Congress to extend the implementation date one year to allow the promulgation of rules and the system to be developed. If Congress does not extend the effective date, there will be a significant delay in collecting these funds which amount to about \$2 million per year for North Dakota.

## Budget Overview

House Bill 1012 is the budget request for the NDDOT. The budget request for the 2007-2009 biennium totals \$907.2 million, a decrease of \$59.1 million from the present budget. Please refer to the table below.

<b>NDDOT Budget Overview (Millions)</b>			
<b>Line Item</b>	<b>2005-2007 Present Budget</b>	<b>2007-2009 Executive Budget</b>	<b>Change from Present Budget</b>
Salaries and Wages	\$112.3	\$127.4	\$15.1
Operating Expenses	\$143.5	\$179.7	\$36.2
Capital Assets	\$668.1	\$548.7	-\$119.4
Grants	\$42.4	\$51.4	\$9.0
<b>TOTAL</b>	<b>* \$966.3</b>	<b>\$907.2</b>	<b>-\$59.1</b>

\* Appropriation adjusted by Capital Construction Carryover Committee and Emergency Commission approval.

The salary expense line has increased \$15.1 million. The executive recommendation for the salary line reflects the recommended compensation package, plus the cost to continue the current pay plan.

The operating expense line has increased \$36.2 million. The executive recommendation provides \$18.6 million for operating expenses to allow the NDDOT to address the impacts of the extraordinarily high inflation in the highway maintenance and construction industry, obtain equipment that has been delayed for several years, address the need for a rewrite or replacement of our drivers licensing system, and complete some overdue IT projects during the biennium. Approximately \$8.1 million is due to the increases in fuel costs in our fleet program, and the remaining increase is due to the NDDOT's increase in fleet expenses due to the increases in fleet rates.

The capital assets line reflects a net reduction of nearly \$119.4 million. This is primarily due to two factors. One, the NDDOT received approval for approximately \$11.3 million in state capital improvement carryover that will be completed this biennium. (This was approved by the Capital Construction Carryover Committee.) Second, the remaining reduction is primarily due to removal of Emergency Relief projects, completion of 2005 Congressional Appropriated Earmarked Projects, as well as changes in the projected levels of regular federal highway funding and match. Additionally, the department paid for approximately one-half of bonding costs during the current biennium.

The grants line item reflects an overall increase of \$9.0 million. This change is primarily due to the increase in the Federal Rail and Transit programs of \$8.1 million. The remaining increase of approximately \$900,000 is due to an anticipated increase to the traffic safety program.

The following table shows a comparison of the primary revenue sources supporting NDDOT's budget.

<b>Comparison of Revenue Sources (Millions)</b>			
<b>Funding Source</b>	<b>2005-2007 Present Budget</b>	<b>2007-2009 Executive Budget</b>	<b>Change from Present Budget</b>
General Fund	\$0.0	\$20.0	\$20.0
Federal Funds	\$540.2	\$481.5	-\$58.7
Special Funds	\$426.1	\$405.7	-\$20.4
<b>Total</b>	<b>\$966.3</b>	<b>\$907.2</b>	<b>-\$59.1</b>

The \$20 million in general funds is a one-time appropriation to the NDDOT budget. While we didn't intend to go into details of our entire budget today, we do feel it is necessary to share the following details about the one-time adjustments to our budget that will use this general fund money.

- The majority of the general funds (\$11.2 million) will be used to protect the state's investment in its roadway infrastructure. Because many roadway construction projects have been delayed as a result of construction inflation it is essential that we have sufficient funding to carry out our pavement preservation activities. This funding will be used to complete thin lift overlays, seal coats, micro-surfacing and other pavement preservation activities.
- Five million dollars will be used to update the department's extremely obsolete drivers license system known as DL3. The current mainframe system is more than 20 years old and is no longer reliable and very difficult to maintain. It is in dire need of a major rewrite or replacement. This funding has been identified as coming from the general fund for this one-time project. The current DL3 system handles and maintains all of the driver's license functions other than the actual issuing of the card itself. The NDDOT's intent is to write the DL3 replacement system to integrate with the future REAL ID Act requirements.
- We are requesting approximately \$2 million to update the department's data collection equipment, and purchase digital radios and lab equipment. The new digital radio equipment is a necessary upgrade to our radio system and will enhance our communication ability during emergencies. The department's data collection equipment will allow us to enhance our ride specification enforcement which aligns with our emphasis on improving ride quality. The equipment will provide better data to enhance our pavement preservation program and project selection process.
- Our budget includes \$1,788,000 to upgrade and enhance our information technology tools. The money will be used to upgrade our Computer-Aided Design and Drafting (CADD) system, enhance our project management tools, and rewrite the department's Roadway Information Management System (RIMS). This equipment will allow us to update and maintain our project management systems and improve the efficiency of producing plans. This one-time adjustment will allow us to update project delivery systems and improve communications with the public regarding system condition and project status.

The \$58.7 million net decrease in federal funds is primarily due to a decrease in Emergency Relief funding and the completion of 2005 Congressional Appropriated Earmarked Projects.

The \$20.4 million net decrease in special funding is primarily due to the adjustment in our budget to reflect the amount of the bonded projects already completed while providing for the bonding to be used in the next biennium.

**Biennium Chart Comparison**

We have included charts at the end of our testimony on pages 9-12. These charts allow you to compare our present biennium budget to the 2007-2009 Executive Budget. I do not intend today to discuss the charts in detail, but would like to bring to your attention the \$1.1 million balance shown in the chart on page 12 and to discuss our state and federal projected funding picture.

The \$1.1 million balance will provide us sufficient revenue remaining to cover the NDDOT share of the states proposed salary equity pool in Senate Bill 2015. The NDDOT's share of the pool will nearly exhaust the \$1.1 million balance.

**State Funding**

The total projected revenue into the **Highway Tax Distribution Fund** is \$334.6 million for the 2007-2009 biennium, as compared to \$333.5 million in the 2005-2007 biennium. This results in a modest increase of \$1.1 million.

<b>Highway Tax Distribution Fund Revenues (Millions)</b>			
<b>Motor Vehicle Fees &amp; Fuel Taxes</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Gasoline Tax	\$108.4	\$99.0	-\$9.4
Gasohol Tax	\$52.7	\$48.7	-\$4.0
Special Fuels (Diesel) Tax	\$77.8	\$80.8	\$3.0
2% SF Excise Tax	\$9.5	\$14.8	\$5.3
Motor Vehicle Registration Fees	\$85.1	\$91.3	\$6.2
<b>TOTAL</b>	<b>\$333.5</b>	<b>\$334.6</b>	<b>\$1.1</b>

While revenue to the highway tax distribution fund has increased by \$1.1 million, NDDOT's share has decreased by \$300,000 primarily due to an increase in allocation to the Highway Patrol and Ethanol Production Incentive Fund. These two allocations come off the top of the Highway Tax Distribution Fund. All other NDDOT revenue sources will be addressed in detail at the next hearing.

The state revenue sources along with the \$20 million general fund one-time expenditure will provide necessary state funding for the proposed Executive Budget.

## **Federal Funding**

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy For Users (SAFETEA-LU) was signed into law by President Bush in August 2005. Using information from SAFETEA-LU, the NDDOT has prepared the executive budget based on a \$481 million federal funding package, for highway transit, rail, and safety funding.

## **Conclusion**

The 2005 legislature directed the Upper Great Plains Transportation Institute at North Dakota State University to complete the Transportation Infrastructure and Economic Development report. The study results presented to the Legislative Council last summer will assist us as we make future decisions on transportation investments. As you make your future decisions we would ask you to consider the following key points from the study:

- Investing in the transportation system is a good and sound investment with a return of \$4.9 for every \$1 spent.
- North Dakota's investment in the transportation system is critical to the long-term growth of our economy.

We appreciate the legislative efforts to help us continue to be leaders in providing a quality transportation system that safely moves people and goods. A solid transportation system is the backbone to creating continued economic growth for the future of our state.

Thank you again for the opportunity to address you today. I would be happy to answer any questions you may have at this time.

**GOVERNMENT OPERATIONS DIVISION OF THE  
HOUSE APPROPRIATIONS COMMITTEE**

**January 11, 2007**

**North Dakota Department of Transportation  
Francis G. Ziegler, P.E., Director**

**HB 1012**

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Good morning, Mr. Chairman and members of the committee. I'm Francis Ziegler, Director of the North Dakota Department of Transportation, we are here today to provide information on HB 1012, the NDDOT Appropriations Bill. Thank you for giving me the opportunity to present information to you today.

Last week in our testimony before the House Appropriations Committee, we talked about NDDOT Employees, Strategic Plan & Performance Measures, Accomplishments and Challenges, and gave a general overview of the budget. We will not repeat the January 5 testimony today, but I do have copies of that testimony for those of you who were unable to attend the meeting.

Today we will discuss the more detailed elements of the NDDOT's Budget including:

- One-time \$20 million general fund request
- Staffing
- Revenue
- Expenditures

**One-time \$20 million general fund request**

Before we present additional budget details, we believe it is appropriate to explain the one-time general fund request again. The \$20 million in general funds is a one-time appropriation to the NDDOT budget and is essential to address state funded needs for the transportation system:

- The majority of the general funds (\$11.2 million) will be used to protect the state's investment in its roadway infrastructure. Because many roadway construction projects have been delayed as a result of construction inflation, it is essential that we have sufficient funding to carry out our pavement preservation activities. This funding will be used to complete thin lift overlays, seal coats, micro-surfacing and other pavement preservation activities.
- Five million dollars will be used to update the department's extremely obsolete driver's license system known as DL3. This system is more than 20-years-old. It's a complex mainframe system that uses very outdated technology making it costly and difficult to maintain. Programming changes are difficult to accomplish and often result in unrelated problems with the system's operation. Because ITD no longer can get or retain mainframe expertise, changes that used to take 15 minutes may now require 2-3 days to accomplish. Then, we often find adverse consequences to unrelated records because of the original changes; the cycle then starts over again.

Because the driver's license area is highly regulated, state and federal legislative and regulatory changes demand numerous complex inter-related changes to the DL3 system.

The DL3 system is in dire need of a major rewrite or replacement. The current DL3 system handles and maintains all of the driver's license functions other than the actual issuing of the card itself. A rewritten system is needed in any event, even if REAL ID were to be repealed. It will also make compliance much easier.

If we do not replace the DL3 system soon, we will continue to have significant difficulties with its operation, requiring more and more maintenance. It is certainly one of the oldest legacy systems in the state and one of the most important in state government, as it impacts nearly every citizen.

- We are requesting approximately \$2 million to update the Department's data collection equipment, and purchase digital radios and lab equipment. The new digital radio equipment is a necessary upgrade to our radio system and will enhance our communication ability during emergencies. The Department's data collection equipment will allow us to enhance our ride specification enforcement, which aligns with our emphasis on improving ride quality. The equipment will provide better data to enhance our pavement preservation program and project selection process.
- Our budget includes \$1.79 million to upgrade and enhance our information technology tools. The money will be used to upgrade our Computer-Aided Design and Drafting (CADD) system, enhance our project management tools, and rewrite the Department's Roadway Information Management System (RIMS). This equipment will allow us to update and maintain our project management systems and improve the efficiency of producing plans. This one-time adjustment will allow us to update project delivery systems and improve communications with the public regarding system condition and project status.

### **Staffing**

To deal with additional requirements included in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and the additional miles that are being added to the state highway system with the four-laning of US 2, the NDDOT added eight full-time employees (FTE's) to its staff during the current biennium, using authority granted in the 2005 session. At the start of the present biennium, the Department was allotted 1044.5 FTEs. With the addition of the eight new positions, the Department currently has 1052.5 full-time positions.

- Four of the new positions include equipment operators who will care for the additional miles added to the state system as a result of four-laning US 2 in the northwestern part of the state.

- Four positions were also added to deal with additional requirements contained in SAFETEA-LU.
  - Two of these were engineering positions to address the environmental purpose and need of projects, along with initial cost estimates and to help us comply with additional FHWA and congressional reporting requirements. These new employees will allow the NDDOT to be more efficient.
  - One planner position was added to help us comply with additional planning requirements contained in SAFETEA-LU.
  - One position was added to administer and coordinate the Safe Routes to Schools Program, as approved by the Emergency Commission. SAFETEA-LU provided funding and required each state to hire a Safe Routes to Schools coordinator.

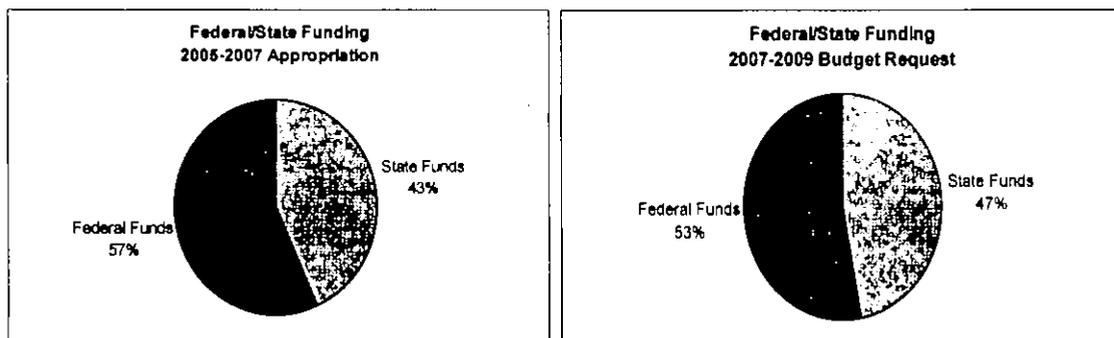
**Federal Funding/State Funding**

It is vital that adequate state funding is provided to support the NDDOT budget as not all maintenance and administrative activities are eligible for federal funds. For example, snow plowing and ice control, crack sealing, pothole patching, mowing, and small safety projects are activities that must be carried out with state funds. There are also some emergency projects and administrative activities that are supported with state funds. In addition, state funds are needed to match federal transportation funds.

The information shown below in Figure 1 illustrates the relationship between federal and state funding in the NDDOT. About 47 percent of our funding needs must be met through state generated revenue sources.

NOTE: The cities, counties and transit providers receive approximately 27% of federal funds that pass through the NDDOT budget.

**Figure 1 – Comparison of Federal & State Funds**



Shannon Sauer, NDDOT's Director of the Finance Management Division will now present an overview of NDDOT funding and the Department's budget request.

## Budget Details - Revenue

Good morning, Mr. Chairman and members of the committee. I'm Shannon Sauer, Director of Financial Management for the Department of Transportation.

This morning I'm going to give you an overview of the Department's revenue structure. I'll also discuss some significant revenue changes in more detail. After that, I'll give you a brief introduction to our budget request.

Let's begin with Chart 3 on page 16. This is the Revenue Chart for the 2007-2009 biennium.

The chart is divided into two significant parts. First, on the left side, you'll see the revenue sources that go into the Highway Tax Distribution Fund. The right side of the chart shows the transportation funding activities that occur in the Highway Fund.

The Highway Tax Distribution fund is authorized in the North Dakota Century Code. Various fuel taxes plus most of the motor vehicle registration fees are deposited in this fund. After deductions to fund certain specific activities, which we estimate will be about \$12.8 million next biennium, the balance is distributed to the cities, counties, and the Department of Transportation. The portion that the NDDOT receives from Highway Tax Distribution fund is deposited into the Highway Fund.

Our latest projections show the revenue to the Highway Tax Distribution Fund will be about \$334.6 million for the coming biennium. You can see the comparative changes to this revenue figure in Table 1.

<b>Motor Vehicle Fees &amp; Fuel Taxes</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Gasoline Tax	\$108.4	\$99.0	-\$9.4
Gasohol Tax	\$52.7	\$48.7	-\$4.0
Special Fuels (Diesel ) Tax	\$77.8	\$80.8	\$3.0
2% SF Excise Tax	\$9.5	\$14.8	\$5.3
Motor Vehicle Registration Fees	\$85.1	\$91.3	\$6.2
<b>TOTAL</b>	<b>\$333.5</b>	<b>\$334.6</b>	<b>\$1.1</b>

We are seeing an increase in the projected revenues from diesel fuel and 2 percent special fuels excise taxes. The diesel fuel tax revenue increase is attributable to the increased volume of truck traffic in the state. The 2 percent special fuels excise tax increase is a result of the increased prices of fuel. This tax is a percentage based excise tax; as fuel prices rise, so do the revenues generated by the related taxation. I should note at this point HB1049 as originally written provides tax relief for certain special fuels used for heating. Passage of that bill would reduce this 2 percent special fuels excise tax revenue by about \$5.3 million per biennium.

We expect to see an increase in motor vehicle registration fees, which is primarily related to the upcoming implementation of the second half of the pickup fee increase which was passed by the last legislative assembly.

We are seeing a decrease in the revenue generated by gasoline and gasohol taxes. As the price of these fuels increase, users turn to more efficient vehicles, alternate transportation arrangements, and simply reduce their driving. As a result, we are seeing fuel consumption in these categories decreasing, with a corresponding decrease in revenues.

The net result of these revenue changes is a \$1.1 million increase to the total revenue flowing into the Highway Tax Distribution Fund for the 2007-2009 biennium as compared to the 2005-2007 biennium. But, while these revenues have increased slightly, the amount available for distribution to the cities, counties, and NDDOT has actually decreased slightly. This is because the amounts that are deducted before distribution to provide funding for the Highway Patrol and the Ethanol Production Incentive Fund are growing. These deductions have grown about \$400,000 more than the total growth in revenue to the fund.

Summarizing the Highway Distribution Fund activity, the fund is projected to receive \$334.6 million from fuel taxes and vehicle registrations; \$12.8 million will be deducted from this to provide funding for the Highway Patrol and the Ethanol Production Incentive Fund, and pursuant to Tribal agreements. This leaves \$321.8 million available for distribution, with the cities receiving \$45.1 million, the counties \$74 million, and the NDDOT receiving \$202.7 million.

The right side of Chart 3 on page 16 is Highway Fund revenue.

As I mentioned previously, the NDDOT will receive \$202.7 million from the Highway Tax Distribution Fund. This entire amount will be deposited in the Highway Fund. Outside of federal funding, this distribution is the NDDOT's single largest source of funding.

Pursuant to legislation passed during the 2005 session, the NDDOT receives \$13 dollars from every motor vehicle registration. This money goes directly into the Highway Fund. It does not ever become a part of the Highway Tax Distribution fund, and as such is not split with other entities. This revenue source will generate about \$18.2 million during the coming biennium. This represents an increase from the current biennium of about \$700,000.

At this point, before we discuss the smaller categories of state revenue, I'd like to address federal funding. As shown earlier on Figure 1, federal sources provide about 53 percent of our funding. We estimate the total amount of federal funding that will be available to North Dakota is approximately \$481.6 million for the coming biennium. These funds come to the NDDOT from the Federal Highway Administration, the Federal Rail Administration, the National Highway Traffic Safety Administration, and the Federal Transit Administration.

The level that we are budgeting for federal funding has decreased about \$58.6 million as shown in Table 2.

<b>Funding Source</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Federal Highway Admin.	\$479.8	\$453.7	-\$26.1
Emergency Relief Funds	\$44.0	\$2.5	-\$41.5
Railroad	\$4.0	\$8.6	\$4.6
Safety	\$4.7	\$5.6	\$0.9
Transit	\$7.7	\$11.2	\$3.5
<b>TOTAL</b>	<b>\$540.2</b>	<b>\$481.6</b>	<b>-\$58.6</b>

Table 3 shows the changes to the funding from the Federal Highway Administration.

<b>Federal Funding Assumptions</b>	<b>Change from Present Biennium</b>
<b>2005-2007 Federal Highway Admin.</b>	<b>\$479.8</b>
Increase in formula funds	\$37.7
2004 appropriation/extension differential	-\$17.5
2004 end of year distribution	-\$3.0
2004 Carryover	-\$2.0
Memorial Bridge	-\$24.0
Four Bears	-\$15.5
Other Programs (TEA-21 HPP, Missile Roads, etc.)	-\$1.8
<b>TOTAL CHANGES (Federal Highway Admin.)</b>	<b>-\$26.1</b>
<b>2007-2009 Federal Highway Admin.</b>	<b>\$453.7</b>

Other categories of federal funding are experiencing changes as well.

- Emergency relief funding decreased \$41.5 million due to relocation of US Highway 281 and the Grahams Island project.
- The federal rail program includes about \$4.6 million of funding that will be carried over into the coming biennium.
- Additional funding of approximately \$900,000 has become available for Traffic Safety grants.
- Additional federal transit funds of about \$3.5 million have become available as a result of the current transportation bill (SAFETEA-LU).

The following is a discussion of our remaining state funded revenue categories.

In 2005, the Department completed its inaugural bond issue totaling \$51,445,000. This bond issue was to provide funding for the US Highway 2 and Memorial Bridge Projects. About half of the proceeds will be utilized in the current biennium. The remainder will be used in the 2007-2009 biennium. This is represented by the \$26 million dollar figure in Chart 3 on page 16.

The NDDOT receives revenue from a variety of licenses, fees and permits, including Motor Vehicle Dealer Fees, Truck Regulatory Fees, and Drivers Licensing Fees. Also, the funding to carry out our motor vehicle administrative responsibilities is provided through a withholding from the motor vehicle proceeds before they are submitted to the Highway Distribution fund. In total, this category of funding will provide about \$41.1 million as shown in Table 4.

This is an increase of about \$6.6 million as compared to the current biennium. This increase is primarily attributable to truck regulatory revenue related to an increase in trucking activity in the state.

<b>Table 4 – Licensing Fees &amp; Permits Revenue (Millions)</b>			
<b>Licensing Fees &amp; Permits</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Motor Vehicle “off the top”	\$8.5	\$8.9	\$0.4
New & Used Dealer Fees	\$0.2	\$0.3	\$0.1
Truck Regulatory	\$18.4	\$23.7	\$5.3
Drivers License Fees	\$7.4	\$8.2	\$0.8
<b>TOTAL</b>	<b>\$34.5</b>	<b>\$41.1</b>	<b>\$6.6</b>

Table 5 illustrates the Department’s funding available from a variety of other sources, including reimbursements from the State Fleet for the use of NDDOT facilities and inventory; miscellaneous sales of hay, road materials, and equipment; public transportation funds; interest income; asbestos abatement proceeds; and user charges for State Fleet vehicles.

The largest component of this category is the State Fleet user charges, in which we also saw the greatest increase due to high fuel prices. In total, this category of funding, labeled as “Other State Revenue Sources in Chart 3 on page 16, will generate about \$72.3 million.

<b>Table 5 - Other State Revenue Sources (Millions)</b>			
<b>Other Highway Funding</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Fleet Services	\$43.3	\$54.2	\$10.9
Reimbursement from Fleet Services	\$1.3	\$1.5	\$0.2
Hay Bids, Road Materials, etc.	\$7.4	\$7.4	\$0.0
Public Transportation	\$4.7	\$4.7	\$0.0
Interest	\$1.5	\$2.0	\$0.5
Asbestos Abatement	\$2.5	\$2.5	\$0.0
<b>TOTAL</b>	<b>\$60.7</b>	<b>\$72.3</b>	<b>\$11.6</b>

The NDDOT works closely with the cities and counties. There is a considerable amount of roadway work where the NDDOT provides federal funds for the projects and makes all contractor payments. The revenue shown here is reimbursement to the NDDOT from cities and counties for their share of the project costs. These reimbursements will total about \$46.5 million.

Finally, as Mr. Ziegler previously explained, the executive recommendation provides for \$20 million of general funds to be used for NDDOT purposes during the biennium.

In total, all of these revenue sources should provide an estimated \$908.4 million for transportation purposes during the 2007-2009 biennium.

### **Expenditures**

Chart 4 on page 17 illustrates anticipated expenditures for the biennium.

Our appropriation bill was prepared using a traditional appropriation line approach. However, to better help you understand how this budget relates to our operations, we have prepared this chart with a program breakdown as well as by the traditional appropriation lines.

The NDDOT can be viewed as having four broad program areas: Administration, Driver and Vehicle Services, Highways, and State Fleet. The executive budget request totals approximately \$907.3 million.

## Administration

Line Item	2005-2007 Present Budget	2007-2009 Executive Budget	Change from Present Budget
Salaries and Wages	\$10.20	\$11.6	\$1.4
Operating Expenses	\$14.10	\$20.2	\$6.1
Capital Assets	\$2.80	\$3.2	\$0.4
Grants	\$.08	\$.08	\$0.0
<b>TOTAL *</b>	<b>\$27.2</b>	<b>\$35.2</b>	<b>\$8.0</b>

\* Amounts may not sum due to rounding.

The administration program budget request as shown in Table 6 is \$35.2 million, which is an \$8 million dollar increase over the current biennium. This increase is primarily due to a combination of three factors.

- First, salaries and wages increased \$1.4 million due to the Governor's proposed salary package, the cost to continue the pay plan, and a slight increase in overtime.
- Secondly, operating expenses increased about \$6.1 million. This is primarily attributable to the Information Technology projects that are proposed to be funded as one-time expenditures with general funds. This includes the DL3 rewrite.
- Finally, capital assets have increased about \$400,000 which is related to IT and other equipment that is proposed as one time expenditures using general funds.

## Driver and Vehicle Services

Line Item	2005-2007 Present Budget	2007-2009 Executive Budget	Change from Present Budget
Salaries and Wages	\$9.1	\$10.1	\$1.0
Operating Expenses	\$6.7	\$6.7	\$0.0
Capital Assets	\$.04	\$.04	\$0.0
Grants	\$4.3	\$5.2	\$.9
<b>TOTAL *</b>	<b>\$20.1</b>	<b>\$22.2</b>	<b>\$2.1</b>

\* Amounts may not sum due to rounding.

The Driver and Vehicle Services budget as shown in Table 7 is \$22.2 million; that is an increase of \$2.1 million over the present budget. This increase is related to two issues.

- First, the Governor's proposed salary package, the cost to continue the pay plan, and a slight increase in overtime account for approximately \$1 million of the increase.
- Secondly, additional federal funding for the Traffic Safety Grants increased about \$954,000.

## Highways

**Table 8 - Highways Program Overview (Millions)**

Line Item	2005-2007 Present Budget	2007-2009 Executive Budget	Change from Present Budget
Salaries and Wages	\$90.6	\$102.8	\$12.3
Operating Expenses	\$105.5	\$126.4	\$20.9
Capital Assets	\$630.3	\$520.4	-\$109.9
Capital Improvement Carryover	\$9.2	\$0.0	-\$9.2
Grants	\$38.0	\$46.1	\$8.1
<b>TOTAL *</b>	<b>\$873.6</b>	<b>\$795.7</b>	<b>-\$77.8</b>

\* Amounts may not sum due to rounding.

The Highways Program budget as shown in Table 8 is \$795.7 million, which is \$77.8 million less than the current biennium budget. This change is a result of the following:

- Salaries and wages increased about \$12.3 million. This is due to the Governor's proposed compensation package, the current pay plan, the additional eight FTE's as mentioned earlier by Mr. Ziegler, and a slight increase in temporary salary and overtime costs.
- Operating costs have increased about \$20.9 million. Two significant areas account for this growth.
  - First, the budget for the NDDOT to use State Fleet vehicles has been increased about \$10.9 million. This is related to two factors. The NDDOT has not increased this budget area for several bienniums. As a result, the agency has had to fund the growth in fleet usage costs through temporary cutbacks in other areas. Also, because of the high cost of fuel, State Fleet rates have risen considerably. The NDDOT accounts for 50% of total usage of state fleet units. The majority of NDDOT's fleet usage costs are non-federal aid.
  - The second major factor contributing to the growth in the highway program operating costs is approximately \$11.2 million for pavement preservation projects proposed to be funded with general funds.
- The capital assets line has decreased approximately \$110 million. This is due primarily to the change in Other Capital Payments. Other Capital Payments are basically our contractor payments and right of way expenses for our construction program. Table 9 illustrates the reduction to our Other Capital Payments account code by funding source.

Funding Source	2005-2007 Present Budget	2007-2009 Executive Budget	Change from Present Budget
Special Funding	\$177.2	\$133.8	-\$43.4
Federal Funding	\$445.2	\$378.2	-\$67.0
<b>Total Other Capital Payments</b>	<b>\$622.4</b>	<b>\$512.0</b>	<b>-\$110.4</b>

Table 10 depicts changes to our special fund expenditures:

Explanation	Change from Present Biennium
Bonding	-\$27.5
State Funding Requirements for Other Capital Payments	-\$15.9
<b>Total Changes to Special Fund Expenditures</b>	<b>-\$43.4</b>

The Major Federal Highway Administration decreases of \$26.1 million from Table 3 on page 6 along with the \$41.5 million reduction in Emergency Relief expenditures shown in Table 2 on page 6 equal the \$67 million decrease in Federal Funding expenditures.

- The grants line has increased about \$8.1 million because of the additional federal transit and federal rail funding.

#### State Fleet

Line Item	2005-2007 Present Budget	2007-2009 Executive Budget	Change from Present Budget
Salaries and Wages	\$2.3	\$2.7	\$0.4
Operating Expenses	\$17.3	\$26.4	\$9.1
Capital Assets	\$23.7	\$25.1	\$1.4
Capital Improvement Carryover	\$2.1	\$0.0	-\$2.1
<b>TOTAL *</b>	<b>\$45.4</b>	<b>\$54.2</b>	<b>\$8.8</b>

\* Amounts may not sum due to rounding.

The State Fleet budget as shown in Table 11 is \$54.2 million which represents an increase of \$8.8 million.

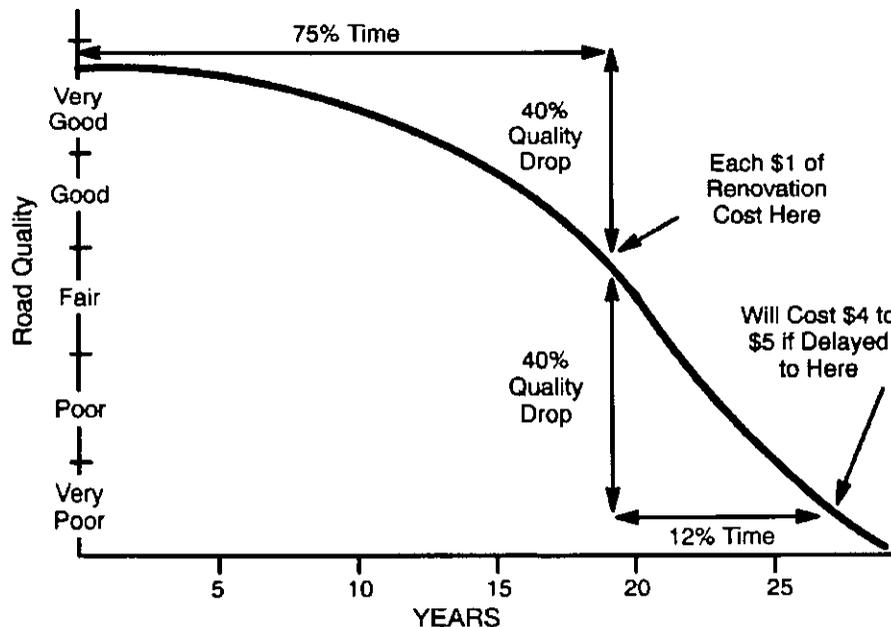
- Salaries and wages have increased about \$400,000 to cover the Governor's proposed compensation package, the current pay plan, and a slight increase in temporary salary and overtime costs.
- Operating costs have increased about \$9.1 million. The vast majority of this increase is due to the huge increase in fuel prices.
- Capital assets have increased about \$1.4 million based on the vehicle replacement schedule for the coming biennium.

The final item I'd like to point out is at the bottom of Chart 4 on page 17; we show a balance of about \$1.1 million. In other words, when considered together, these two charts show that our revenue sources should exceed our executive request by \$1.1 million. The balance will provide us sufficient revenue remaining to cover the NDDOT share of the proposed statewide salary equity fund as proposed in Senate Bill 2015. Funding the NDDOT's share of the pool will nearly exhaust the \$1.1 million balance. So, when considered together with the salary equity proposal in SB2015, our funding proposal really leaves little uncommitted ending balance.

### Conclusion

We have made a tremendous investment in our transportation system and every effort should be made to preserve and maintain North Dakota's investment. The one-time adjustments in our budget request is vital for protecting and enhancing our system as indicated in Figure 2. Timely maintenance is the key to getting the maximum life out of our pavements. For every dollar not spent on timely maintenance, \$4 to \$5 will be needed for complete reconstruction a few years later.

**Figure 2 - Road Deterioration vs. Time**



SOURCE: American Public Works Association

The same can be said for replacing the obsolete driver's license system known as DL3, which is very difficult to maintain. This system is in dire need of a major rewrite or replacement. The \$5 million included in our budget request to upgrade this system is needed to maintain and enhance the licensing services we provide to the general public.

Our focus at the Department has always been about the safety of the citizens of North Dakota. Our priority as a public service entity is to work with our partners to ensure that the state's transportation system provides a level of services that residents deserve. State funds help us to meet their expectations as we provide snow and ice removal, roadway maintenance, and driver and vehicle services. The NDDOT's function is vital because it affects every citizen's life.

Transportation is a key component for achieving continued economic growth for the state. This budget will help us carry out our mission of "providing a transportation system that safely moves people and goods."

Thank you again for the opportunity to address you today. I would be happy to answer any questions you may have at this time.

#1

# HB 1012

## TESTIMONY BEFORE THE SENATE APPROPRIATIONS COMMITTEE

2007-2009 Biennium Budget

Prepared by  
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION  
BISMARCK, NORTH DAKOTA

DIRECTOR  
Francis G. Ziegler, P.E.

MARCH 2007

**SENATE APPROPRIATIONS COMMITTEE**

**March 12, 2007**

**North Dakota Department of Transportation  
Francis G. Ziegler, P.E., Director**

**HB 1012**

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Good morning, Mr. Chairman and members of the committee. I'm Francis Ziegler, Director of the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you this morning. Today we will discuss NDDOT's 2005-2007 appropriations budget, 2007-2009 budget overview, one-time budget needs and proposed amendments to Engrossed version of HB 1012.

First, I want to briefly discuss NDDOT's:

- Employees
- Strategic Plan & Performance Measures
- Accomplishments and Challenges

**Employees**

As in any agency, our employees are the backbone of our organization and the reason for our success. During this biennium, NDDOT employees accomplished a long list of initiatives, a few of which I'll mention today.

**Hiring and Retention of Employees**

The Department uses many tools to hire and retain good employees, but recruiting and retaining engineers and engineering technicians continues to be a challenge. At this time, our Department is short a total of 12 engineers and 10 engineering technicians. We are concerned because we have a limited number of candidates applying for job openings and many turn down the job due to noncompetitive wages. In order to provide NDDOT services, we have had to underfill a few technician positions and implement training programs to accomplish our business goals.

We are also experiencing recruitment and retention problems for equipment operators, especially in western North Dakota, where there is a strong demand for truck drivers in the oil industry. We find new hires sometimes stay only long enough to achieve their CDL status and then depart for other jobs, especially in the oil industry. Other classifications are being affected by needs in the retail sector.

Over the next biennium, we will continue to work on programs to recruit and retain staff members. Because of these challenges, we supported the statewide employee equity fund outlined in Senate Bill 2189, and thank you for passing this bill. We also have concerns with HB 1174, which takes away our ability to use salary dollars to address hiring and retention concerns. We ask you to oppose HB 1174.

## **Strategic Plan & Performance Measures 2005-2011**

The Department strategically plans its goals and initiatives to guide our decision-making. In addition to our strategic plan, we use performance measures. A copy of our Strategic Plan and Performance Measures Report Card were distributed to you earlier in the session.

### **Major Accomplishments 2005 - 2007**

This biennium we've had many accomplishments. For the sake of time, I will only highlight a few of them.

#### **New Drivers License Design**

The North Dakota drivers license and non-driver identification card received a new look in 2006.

#### **Bonding**

The 2005 Legislature granted the NDDOT authority to issue bonds for the Liberty Memorial Bridge, located between Bismarck and Mandan, and US Highway 2 projects between Minot and Williston. In August of 2005, our inaugural bond issue for \$51,445,000 was completed. Approximately half of the proceeds will be utilized in the 2005-2007 biennium, with the remainder being used in the 2007-09 biennium. The bonds will be repaid over a 15 year period.

#### **Major Construction Projects 2005-2007**

During the current biennium, the NDDOT completed construction of the Four Bears Bridge, relocated US 281 near Devils Lake, reconstructed I-29 near Fargo, began the construction of the new Liberty Memorial Bridge, and continued four-lane expansion of US 2 which will be completed in the next biennium.

The NDDOT improved approximately 108 miles of our Interstate system, graded or widened 144 miles of roadway, paved 719 miles, and seal-coated 861 miles. Sixty-one miles of grading or widening, 439 miles of paving, and 175 miles of seal coats were constructed on the city and county systems.

#### **Statewide Transportation Plan Updated**

During the past year, the NDDOT took the lead in updating the statewide transportation plan which is called "TransAction II." The plan is a multi-modal, multi-jurisdictional plan that was developed through an extensive input process involving the public and private sectors. The purpose of the plan is to:

- Promote North Dakota's shared transportation vision.
- Provide broad-based strategic direction for collaborative transportation efforts.
- Promote improvements to our transportation system by expanding the constituency created through the planning process.
- Improve communication between transportation providers and consumers.

"TransAction II" has been developed to help us focus our resources and meet the ever-changing and growing transportation needs and demands on the state's residences

and businesses. NDDOT finalized the contents of the plan and it was distributed last week.

### **Strategic Highway Safety Plan**

As part of the Department's strategic plan, we developed a strategic highway safety plan to reduce crashes, injuries, and fatalities on our state's roadways. The elements of the plan include engineering, education, emergency medical services, and enforcement. We collect and use crash data to identify the priority concerns in each of these areas and develop effective strategies.

While seat belt use has increased by 11 percent over the past two years and now 79 percent of our motorists are buckling up, we are still below the national average of 82 percent. We have placed a strong emphasis on seat belt use because seat belts save lives. The total number of crashes decreased by 1,134 in North Dakota during 2005, compared to crash statistics in 2004.

### **Intermodal Transportation**

The NDDOT has been working with Bismarck, Minot, and Fargo to explore the potential for developing intermodal facilities in North Dakota. We have worked with Bismarck to provide access to the Northern Plains Commerce Centre transload facility which will have intermodal capabilities. We have also worked with the cities of Minot and Fargo to develop a Joint Powers Agreement to allow the cities of Fargo and Minot, and the state to develop a plan for intermodal co-service to serve the region's shippers and provide them access to intermodal containers. The city of Bismarck will also be participating in discussions during the planning process. It is vitally important for North Dakota to develop intermodal transportation to promote future growth and allow us to compete in a global economy.

## **Challenges**

NDDOT has many accomplishments to be proud of and as we work to provide a safe transportation system, we also face challenges.

### **Construction Inflation**

The greatest challenge the transportation industry faces is the rising cost of road and bridge construction, which increased significantly over the past year. The NDDOT continued to experience major increases in oil-based materials, fuel, equipment and building material prices. This past year the price of oil exceeded \$78 a barrel and motor fuel prices surpassed \$3.00 per gallon. In 2006, overall construction inflation has run between 25-30 percent over the prior year's construction prices.

Table 1 provides a price comparison for average construction costs per mile from 2004 to 2006. The table shows that the largest percentage increases in costs per mile over this two year period were for asphalt overlays and asphalt surfacing reconstruction. The average cost per mile for a three inch asphalt overlay increased from \$150,000 in 2004 to about \$275,000 – 83 percent. During the same timeframe, the average cost per mile for asphalt surfacing reconstruction increased from \$450,000 to about \$770,000 per mile or 71 percent. The increased costs per mile for seal coats, total reconstruction,

and Interstate concrete paving ranged from 31 percent to 46 percent during this timeframe.

Type of Improvement	Cost/Mile 2004	Cost/Mile 2006	% Increase 2004 - 2006
Seal Coat	\$16,000	\$21,000	31%
Asphalt Overlay (3")	\$150,000	\$275,000	83%
Asphalt Surfacing Reconstruction	\$450,000	\$770,000	71%
Total Reconstruction	\$675,000	\$985,000	46%
Interstate Concrete Paving <sup>1</sup>	\$1,300,000	\$1,775,000	36%

<sup>1</sup>Includes two lanes in one direction

The NDDOT has also experienced spiraling costs for maintenance materials during the past couple of years as shown on Table 2. The table shows that per mile cost of contract patching and pavement markings increased 44 and 53 percent from 2004 to 2006. During the same timeframe the per ton cost for bituminous mix and salt increased about 34 percent.

	2004 Prices	2006 Prices	% Increase
Contract Patching	\$57,500/mi.	\$83,000/mi.	44%
Bituminous Mix	\$34.69/ton	\$46.39/ton	34%
Pavement Marking	\$149.17/mi.	\$228.57/mi.	53%
Salt	\$37.89/ton	\$50.73/ton	34%

<sup>1</sup>Based on average bid prices

The Department also experienced a substantial increase in the cost of building materials since 2005. In 2005, the average bid price per square foot for section buildings was about \$37.50 compared to over \$48.00 in 2007, an increase of about 28 percent.

As a result of the increased construction and maintenance costs, the Department was forced to delay about \$30 million worth of projects for the 2006 construction season and approximately \$100 million in projects for 2007. To offset the impacts of inflation, we have made modifications to our design guidelines in an attempt to lower per mile construction costs. Some of the design guideline changes, such as gravel shoulders, will be visible to the public. In addition, we have placed an emphasis on pavement preservation construction strategies, such as thin lift overlays, micro-surfacing, and seal coat projects to preserve and maintain our system.

### State Fleet Costs

Significant increases in state fleet rates are the result of increased fuel prices, increased cost to purchase vehicles, as well as the decrease in the selling price of trucks and pickups sold at auctions because people want more fuel efficient vehicles. Since fuel prices are in constant

flux, fleet rates are reviewed quarterly to ensure that the proper rates are being charged for each vehicle class. The fleet rates established are reviewed through federal audit procedures on a regular basis to allow state agencies to request federal reimbursement for their eligible travel expenses.

The primary components of fleet rates come under the categories of operational, replacement and depreciation. Operational components include fuel, insurance, repairs and crash replacement. Depreciation is calculated by dividing the difference between the price of a new vehicle and the amount received when the vehicle is sold at auction by the number of months the vehicle is scheduled to be in the fleet. The replacement cost accounts for major increases in bid prices to purchase a particular vehicle. A significant increase in purchase price of a vehicle or significant decrease in the auction price of liquidated vehicles will have an impact on the fleet rates.

The fleet rate increase has had a major impact on the NDDOT because a majority of our fleet use is trucks that are used for snow and ice control. Trucks, in addition to using large amounts of fuel, have increased significantly in price. Since 2004, truck prices have increased 27 percent.

#### **Hiring and Retention of Employees**

As mentioned earlier, hiring and retaining employees continues to be a major challenge for NDDOT.

#### **Devils Lake Area**

Rising water in the Devils Lake Basin area continues to be a challenge.

#### **REAL ID Act**

The recent federal REAL ID Act mandate attempts to increase the security of all driver's licenses in the country. Ultimately, this requires a nationwide system where driver's license operations can electronically talk to each other and electronic verification of documents required to get a license. States are given until May 2008 to accomplish this and failure to comply will result in a state's driver's license and ID cards not being able to be used for "any federal purpose," including getting on an airplane.

It is estimated that we will need approximately \$14 million, over the next three bienniums, to see us through renewal of all North Dakota driver's licenses and ID cards; on the national level, approximately \$11.2 billion is needed. Currently, there is no federal funding provided for this initiative. However, there are provisions in the act to extend the time period for compliance if a state is proceeding in good faith.

The budget before you has no funding for the REAL ID Act. We believe that the best approach for the NDDOT is to continue to work with national organizations and Congress to seek federal funding.

#### **Unified Carrier Registration**

NDDOT has pre-filed SB 2113 to accommodate the Congressional repeal of the Single State Registration System (SSRS) and the subsequent replacement with a new Unified

Carrier Registration (UCR) program. SB 2113 will allow NDDOT to collect approximately \$4 million in fees in the next biennium under the UCR just as it did in the past under the SSRS.

A background challenge is that the UCR was scheduled to be implemented on January 1, 2007, but the system has not been completed. We are asking Congress to extend the implementation date one year to allow the promulgation of rules and the system to be developed. If Congress does not extend the effective date, there will be a significant delay in collecting these funds, which amount to about \$2 million per year for North Dakota.

### Budget Overview

The executive budget request for the 2007-2009 biennium totals \$907.2 million, a decrease of \$59.1 million from the present budget. The Engrossed HB 1012 totals \$887.2 million, which is a decrease of \$79.1 million from the present budget. The House of Representatives removed the one-time general fund appropriation of \$20 million from the executive budget request. The NDDOT respectfully requests this funding be reinstated. Please refer to Table 3 below.

Line Item	2005-2007 Present Budget	Change from Present Budget	2007-2009 Executive Budget	House of Rep. Changes	Engrossed HB 1012
Salaries and Wages	\$112.3	\$15.1	\$127.4	\$0.0	\$127.4
Operating Expenses	\$143.5	\$36.2	\$179.7	-\$18.6	\$161.1
Capital Assets	\$668.1	-\$119.4	\$548.7	-\$1.4	\$547.3
Grants	\$42.4	\$9.0	\$51.4	\$0.0	\$51.4
<b>TOTAL</b>	<b>\$966.3</b>	<b>-\$59.1</b>	<b>\$907.2</b>	<b>-\$20.0</b>	<b>\$887.2</b>

The salary expense line has increased \$15.1 million. The executive recommendation for the salary line reflects the recommended compensation package, plus the cost to continue the current pay plan.

The operating expense line as requested in the executive budget, has increased \$36.2 million from the current biennium. The executive recommendation provides \$18.6 million for operating expenses to allow the NDDOT to address the impacts of the extraordinarily high inflation in the highway maintenance and construction industry, obtain equipment that has been delayed for several years, address the need for a rewrite or replacement of our drivers licensing system, and complete some overdue IT projects during the biennium.

Approximately \$8.1 million is due to the increases in fuel costs in our fleet program, and the remaining increase is due to the NDDOT's increase in fleet expenses due to the increases in fleet rates. The House version removed the requested \$18.6 million dollar increase.

In the executive budget, the capital assets line reflects a net reduction of nearly \$119.4 million.

This is primarily due to two factors. First, the NDDOT received approval for approximately \$11.3 million in state capital improvement carryover that will be completed this biennium, which was approved by the Capital Construction Carryover Committee. Second, the remaining reduction is primarily due to removal of Emergency Relief projects, completion of 2005 Congressional Appropriated Earmarked Projects, as well as changes in the projected levels of regular federal highway funding and match. Additionally, the Department spent approximately one-half of bond proceeds during the current biennium. The House reduced the capital assets line by \$1.4 million.

The grants line item reflects an overall increase of \$9 million. This change is primarily due to the increase in the Federal Rail and Transit programs of \$8.1 million. The remaining increase of approximately \$900,000 is due to an anticipated increase to the traffic safety program.

Table 4 shows a comparison of the primary revenue sources supporting NDDOT's budget.

<b>Funding Source</b>	<b>2005-2007 Present Budget</b>	<b>Change from Present Budget</b>	<b>2007-2009 Exec Budget</b>	<b>House of Rep.Changes</b>	<b>Engrossed HB 1012</b>
General Funds	\$0.0	\$20.0	\$20.0	-\$20.0	\$0.0
Federal Funds	\$540.2	-\$58.7	\$481.5	\$0.0	\$481.5
Special Funds	\$426.1	-\$20.4	\$405.7	\$0.0	\$405.7
Motor Vehicle Excise Tax	\$0.0	\$0.0	\$0.0	\$6.2	\$6.2
<b>TOTAL</b>	<b>\$966.3</b>	<b>-\$59.1</b>	<b>\$907.2</b>	<b>-\$13.8</b>	<b>\$893.4</b>

The House eliminated \$20 million in general funds. The House added an appropriated \$6.2 million of motor vehicle excise tax, however the Engrossed version of HB 1012 did not provide budget authority to spend the appropriation.

The \$20 million that was removed from our budget by the House is a critical component in our ability to continue providing a safe and efficient transportation system. We respectfully request the Senate Appropriations Committee consider reinstating our budget authority for the one-time general fund appropriation of \$20 million as requested in the executive budget.

While we don't intend to go into details of our entire budget today, we do feel it is necessary to share the following details about the one-time adjustments to our budget that will use this general fund money:

- The majority of the general funds (\$11.2 million) will be used to protect the state's investment in its roadway infrastructure. Because many roadway construction projects have been delayed as a result of construction inflation, it is essential that we have sufficient funding to carry out our pavement preservation activities. This one-time expenditure from the general fund would go a long way in helping preserve and maintain our system. This money would be used for contract maintenance pavement preservation activities such as: thin lift overlays, seal coats, and micro-surfacing projects. We are anticipating that about 50 percent of the funds would be used for thin

lift overlays, 40 percent for seal coats, and 10 percent for micro-surfacing. This would allow us to preserve and improve about 292 miles on the state system. This includes about 66 miles of thin lift overlays, 213 miles of seal coats, and 13 miles of micro-surfacing. The breakdown of these projects could vary slightly as seasonal impacts, such as spring breakups, can influence the type of work that needs to be done.

The one-time investment of \$11.2 million from the general fund will help the NDDOT take care of the needs for the upcoming biennium and help us work towards implementing the desired levels of service outlined in the Department's Highway Performance Classification System.

- Five million dollars will be used to update the Department's extremely obsolete drivers license system known as DL3. The current mainframe system is more than 20 years old and is no longer reliable and very difficult to maintain. The DL3 system provides for the license history and status of all ND drivers, Commercial Drivers, suspended drivers and citizens desiring identification cards. The system must be modified many times per year to accommodate changes in state and federal laws and administrative rules. Few systems are subject to such rigorous external requirements for modifications. The system changes are difficult and time consuming to make due to the complexity of the system and the limited expertise available to program the modifications. System changes often result in errors in drivers' records. These errors have resulted in alarming experiences for citizens including unwarranted arrests and detention of truck-loads of perishable produce. Errors have also resulted in erroneous insurance rate increases and incorrect jury selection addresses.

Re-writing the system will reduce the potential for erroneous records and will enhance the capability of responding to rapidly changing state and federal driver laws and administrative rules. DL3 is a state responsibility and there are no other sources of funding for this system.

- We are requesting approximately \$2 million to update the Department's data collection equipment, and purchase digital radios and lab equipment. The new digital radio equipment is a necessary upgrade to our radio system and will enhance our communication ability during emergencies. The Department's data collection equipment will allow us to enhance our ride specification enforcement which aligns with our emphasis on improving ride quality. The equipment will provide better data to enhance our pavement preservation program and project selection process.
- Our budget includes \$1,788,000 to upgrade and enhance our information technology tools. The money will be used to upgrade our Computer-Aided Design and Drafting (CADD) system, enhance our project management tools, and rewrite the Department's Roadway Information Management System (RIMS). This equipment will allow us to update and maintain our project management systems and improve the efficiency of producing plans. This one-time adjustment will allow us to update project delivery systems and improve communications with the public regarding system condition and project status.

Again, these items are crucial to our ability to carry out our mission of providing a

transportation system that safely moves people and goods. We ask that the Senate reinstate these items and the related funding to HB 1012.

The \$58.7 million net decrease in federal funds shown in Table 4 is primarily due to a decrease in Emergency Relief funding and the completion of 2005 Congressional Appropriated Earmarked Projects.

The \$20.4 million net decrease in special funding shown in Table 4 is primarily due to the adjustment in our budget to reflect the amount of the bonded projects already completed while providing for the bonding to be used in the next biennium.

**Biennium Chart Comparison**

We have included charts at the end of our testimony on pages 12-17, which allow you to compare our present biennium budget to the 2007-2009 Executive Budget and the Engrossed HB 1012. I do not intend today to discuss the charts in detail, but would like to bring to your attention the executive budget's \$1.1 million balance shown in the chart on page 15 and to discuss our state and federal projected funding picture.

The \$1.1 million balance will provide us sufficient revenue remaining to cover the NDDOT share of the state salary equity pool in SB 2189 as passed and signed by Governor Hoeven. The NDDOT's share of the pool will nearly exhaust the \$1.1 million balance.

**State Funding**

The total projected revenue into the **Highway Tax Distribution Fund**, as outlined in the executive budget, is \$334.6 million for the 2007-2009 biennium, as compared to \$333.5 million in the 2005-2007 biennium. This results in a modest increase of \$1.1 million.

<b>Table 5 Highway Tax Distribution Fund Revenues (Millions)</b>			
<b>Motor Vehicle Fees &amp; Fuel Taxes</b>	<b>2005-2007 Biennium</b>	<b>2007-2009 Biennium</b>	<b>Change from Present Biennium</b>
Gasoline Tax	\$108.4	\$99.0	-\$9.4
Gasohol Tax	\$52.7	\$48.7	-\$4.0
Special Fuels (Diesel) Tax	\$77.8	\$80.8	\$3.0
2% SF Excise Tax	\$9.5	\$14.8	\$5.3
Motor Vehicle Registration Fees	\$85.1	\$91.3	\$6.2
<b>TOTAL</b>	<b>\$333.5</b>	<b>\$334.6</b>	<b>\$1.1</b>

The state revenue sources along with the \$20 million general fund one-time appropriation will provide necessary state funding for the proposed executive budget.

## Federal Funding

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy For Users (SAFETEA-LU) was signed into law by President Bush in August 2005. Using information from SAFETEA-LU, the NDDOT has prepared the executive budget based on a \$481 million federal funding package, for highway transit, rail, and safety funding. Of the \$481 million in federal funding, approximately \$130 million is passed through the NDDOT budget to the cities, counties and transit providers.

## Other Legislation with NDDOT Financial Impacts

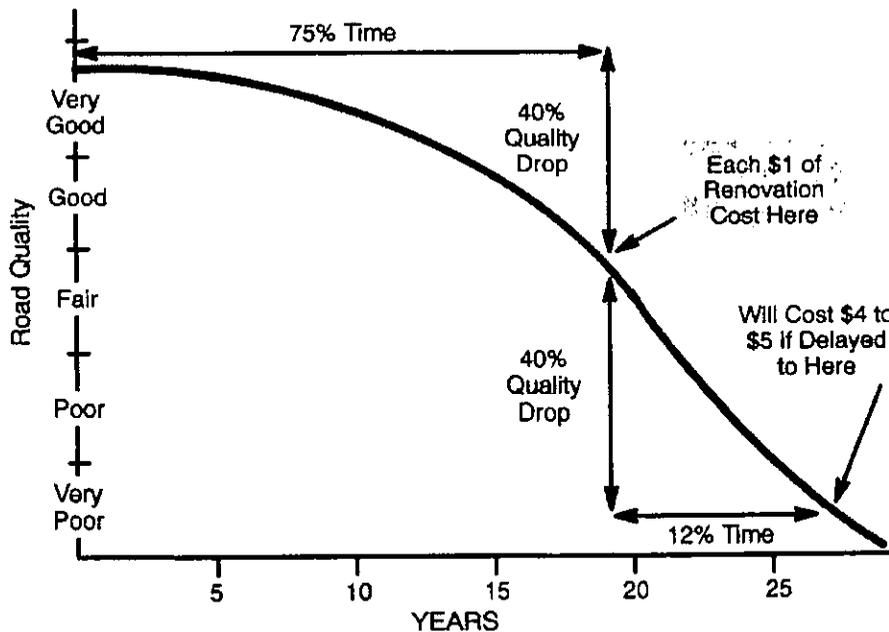
There are a number of bills remaining that will have a financial impact on the NDDOT should they pass. If these bills pass, the NDDOT appropriation would have to be adjusted.

Many of these bills are complex and have far reaching ramifications. As a result, we won't go into detail today. However, we have given you a handout that is included in your packet that provides more information and we are ready to discuss the impact in detail with a Senate Budget Subcommittee.

## Conclusion

We have made a tremendous investment in our transportation system and every effort should be made to preserve and maintain North Dakota's investment. The one-time adjustment in our budget appropriation is vital for protecting and enhancing our system as indicated in Figure 1. Timely maintenance is the key to getting the maximum life out of our pavements. For every dollar not spent on timely maintenance, \$4 to \$5 will be needed for complete reconstruction a few years later.

**Figure 1 - Road Deterioration vs. Time**



SOURCE: American Public Works Association

The same can be said for replacing the obsolete driver's license system known as DL3, which is very difficult to maintain. This system is in dire need of a major rewrite or replacement. The \$5 million included in our budget request to upgrade this system is needed to maintain and enhance the licensing services we provide to the general public.

Our focus at the Department has always been about the safety of the citizens of North Dakota. Our priority as a public service entity is to work with our partners to ensure that the state's transportation system provides a level of services that residents deserve. State funds help us to meet their needs as we provide snow and ice removal, roadway maintenance, and driver and vehicle services. The NDDOT's function is vital because it affects every citizen's life.

Again, we ask that you reinstate the one-time general fund appropriation of \$20 million as contained in the original executive budget request.

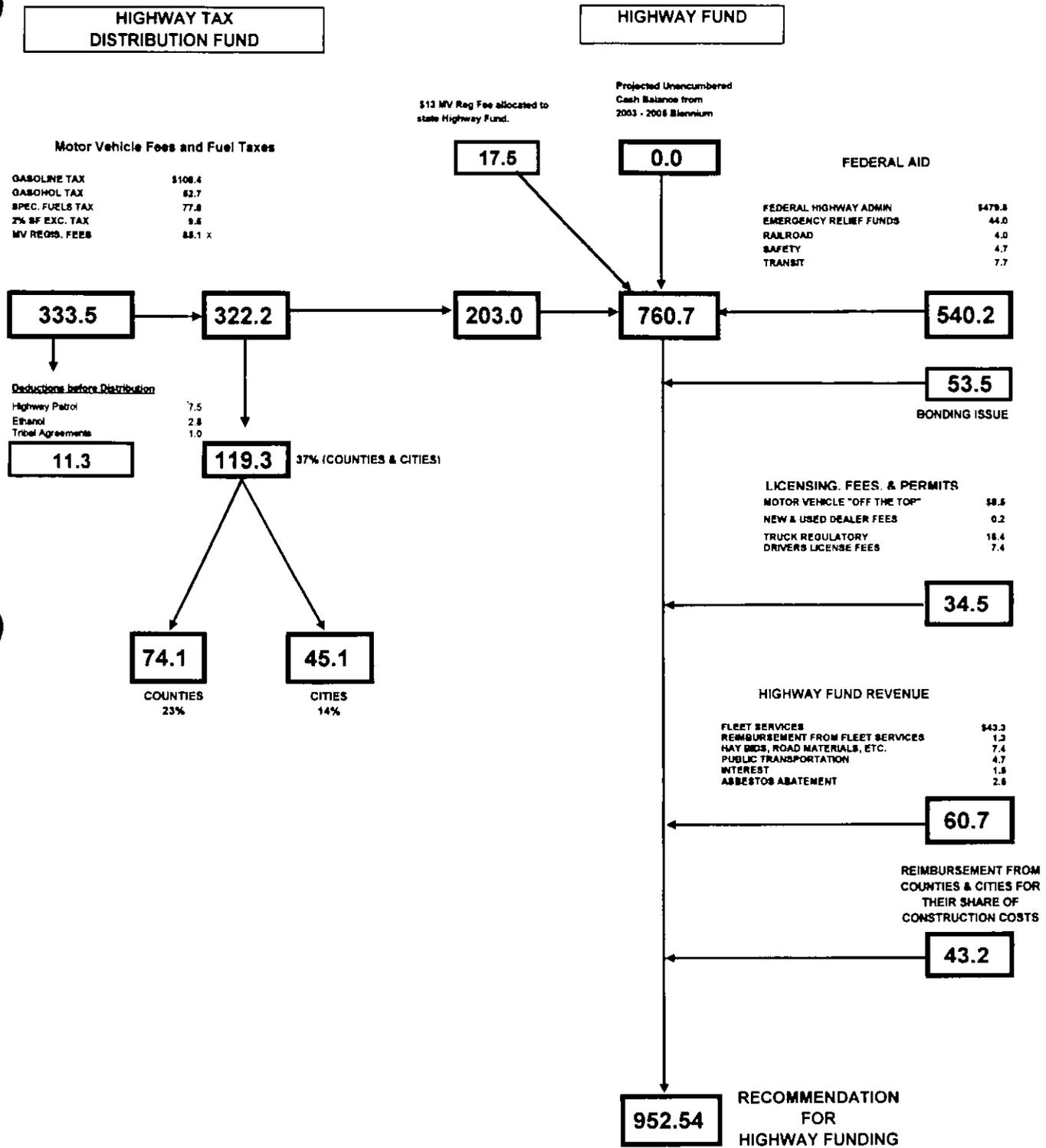
Transportation is a key component for achieving continued economic growth for the state. This budget will help us carry out our mission of "providing a transportation system that safely moves people and goods."

Thank you again for the opportunity to address you today. I would be happy to answer any questions you may have at this time. We also make ourselves available to you at anytime to address any part of our budget in greater detail.

# CHART 1

## DEPARTMENT OF TRANSPORTATION REVISED ENROLLED SENATE BILL 2012 2005 - 2007 BIENNIUM REVENUE

(MILLIONS)



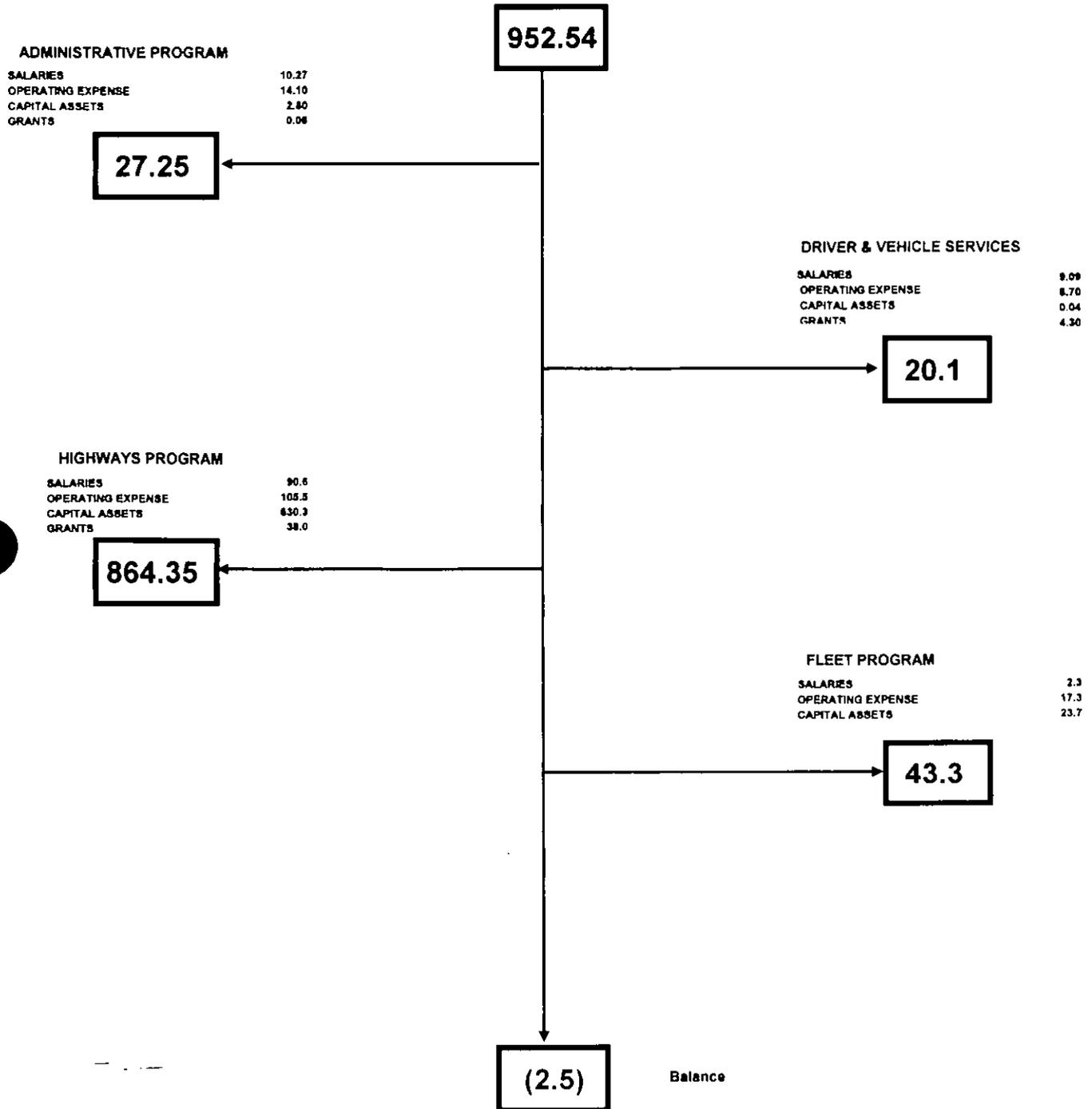
X TOTAL MV REGIS. FEES	\$88.1
(less "off the top" & dealer fees)	(\$8.5)
AVAILABLE FOR DISTRIBUTION	<u>81.3</u>

PREPARED BY HODOT  
FINANCIAL MANAGEMENT DIVISION  
November 19, 2008

# CHART 2

## DEPARTMENT OF TRANSPORTATION REVISED ENROLLED SENATE BILL 2012 2005 - 2007 BUDGET EXPENDITURES

(MILLIONS)

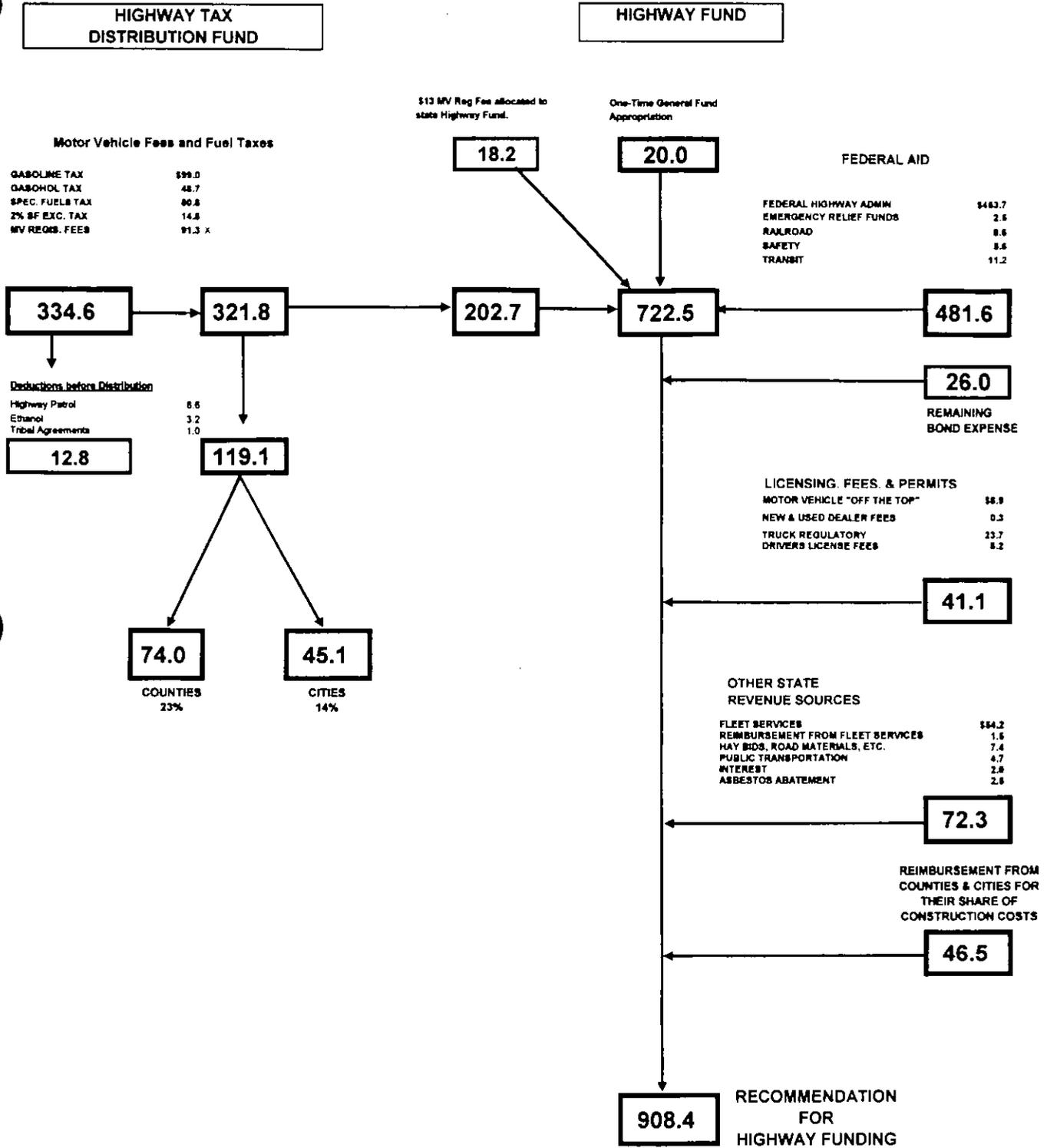


PREPARED BY MOODY  
FINANCIAL MANAGEMENT DIVISION  
November 11, 2008

# CHART 3

## DEPARTMENT OF TRANSPORTATION EXECUTIVE RECOMMENDATION 2007 - 2009 BIENNIUM REVENUE

(MILLIONS)

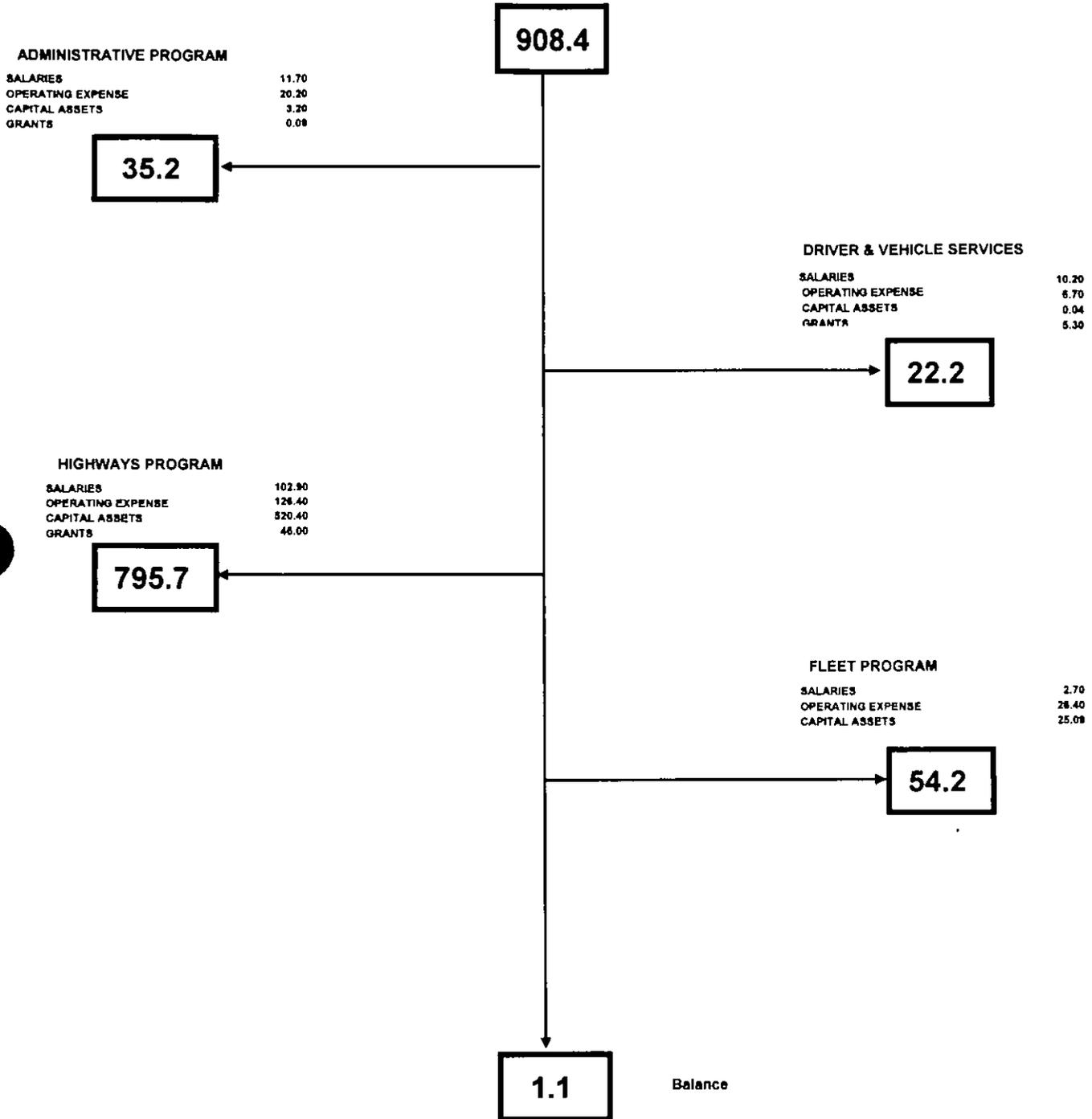


x TOTAL MV REGIS. FEES \$100.2  
(less "off the top" & dealer fees) (\$8.9)  
AVAILABLE FOR DISTRIBUTION 91.3

# CHART 4

## DEPARTMENT OF TRANSPORTATION EXECUTIVE RECOMMENDATION 2007 - 2009 BIENNIUM EXPENDITURES

(MILLIONS)



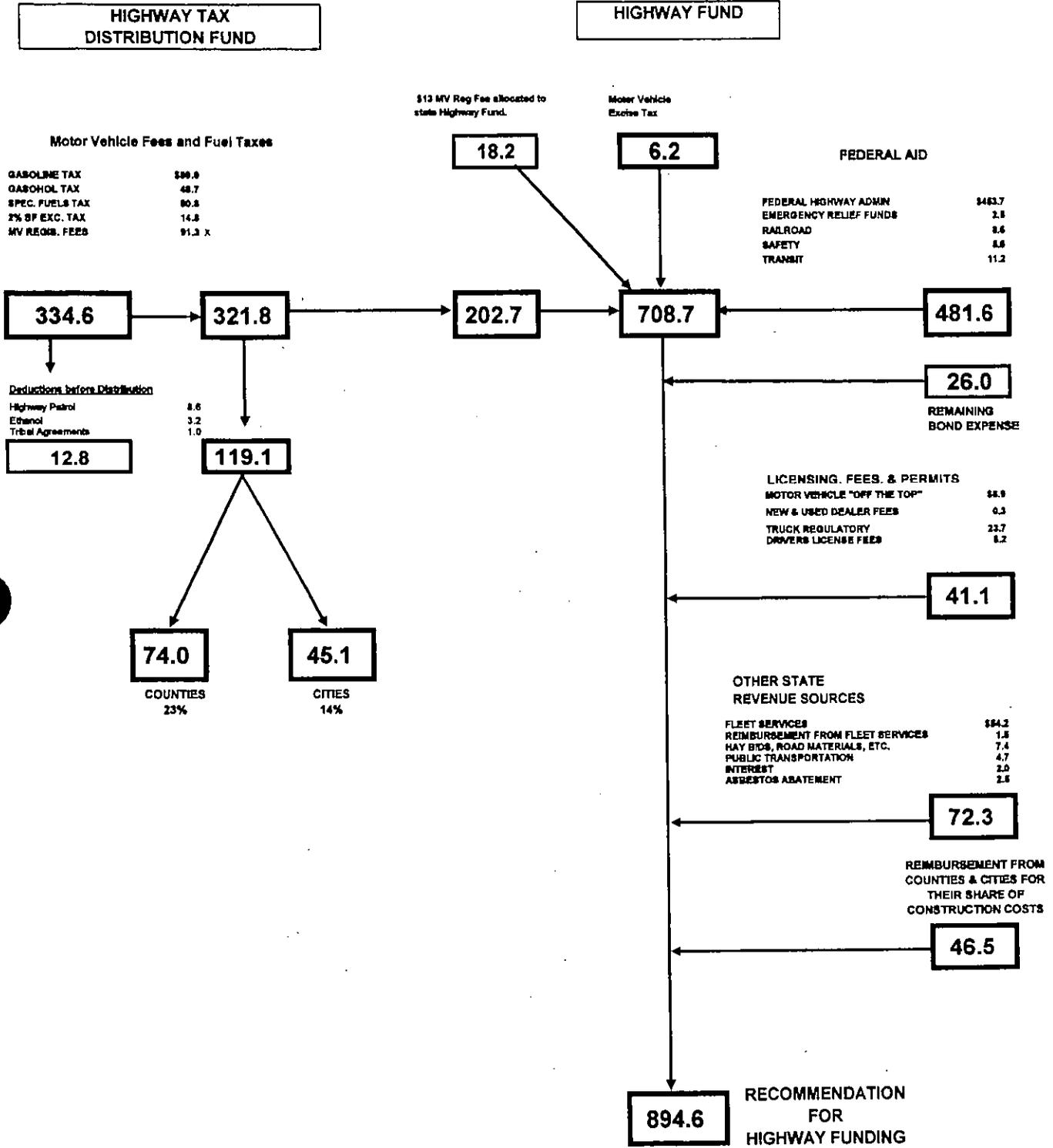
Remaining balance is available to fund the DOT's share of the \$10 million equity pool proposed by OMB to address market adjustments.

PREPARED BY MOODY  
FINANCIAL MANAGEMENT DIVISION  
DECEMBER 12, 2006

**CHART 5**

**DEPARTMENT OF TRANSPORTATION  
2007 - 2009 BIENNIUM  
FIRST ENGROSSMENT REVENUE**

(MILLIONS)

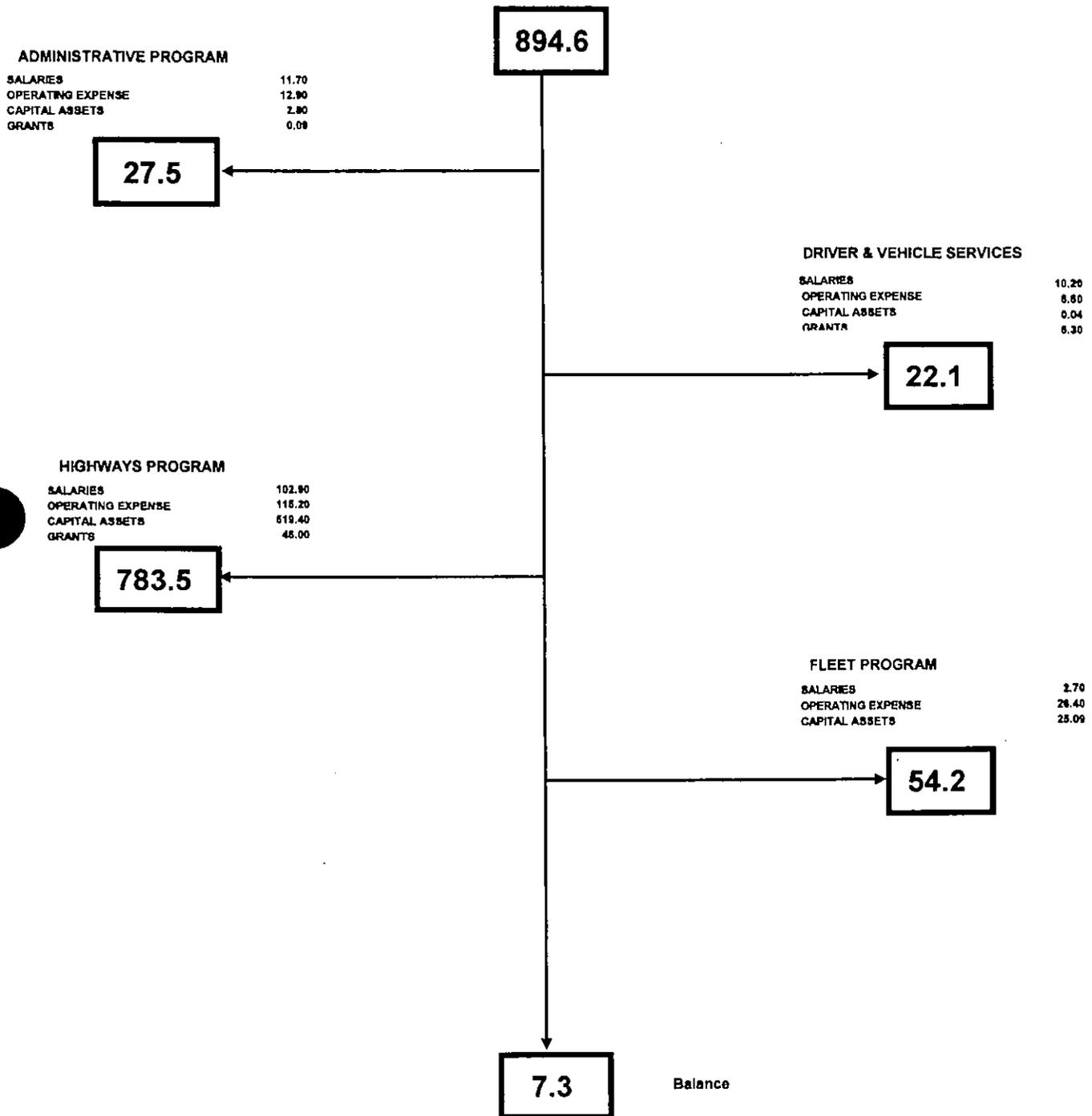


X TOTAL MV REGIS. FEES	\$106.2
(less "off the top" & dealer fees)	(\$8.9)
AVAILABLE FOR DISTRIBUTION	<u>97.3</u>

**Chart 6**

**DEPARTMENT OF TRANSPORTATION  
2007 - 2009 BIENNIUM  
FIRST ENGROSSMENT  
EXPENDITURES**

(MILLIONS)



remaining balance of approximately \$1.1 million must be available to fund the DOT's share of the \$10 million equity pool, SB 2189, to address market adjustments.

PREPARED BY MODOT  
FINANCIAL MANAGEMENT DIVISION  
MARCH 6, 2008



# Department of Transportation

Current Bill

Highway Tax  
Distribution Fund

Highway Fund

Gasoline Tax 99.0  
 Gasohol Tax 48.7  
 Spec. Fuels Tax 80.8  
 2% SF Exc Tax 14.8  
 MV Regs. Fees 91.3

813 MV Fee  
Allocated  
Highway Fund

334.6  
 - 2.2 - Exemption Bills  
 332.9 M

18.2

14.0

332.9

324.5

204.17

717.92

Federal Aid

481.6

Highway Petrol  
Ethanol  
Tribal Agreement

4.3  
3.2  
1.0

8.4

119.88

Remaining Bond

26.0

74.52

Counties  
2270

45.36

Cities  
1420

Licensing, Fees + Permits

41.1

Other State  
Revenue Sources

72.3

Reimbursement  
from  
Counties + Cities

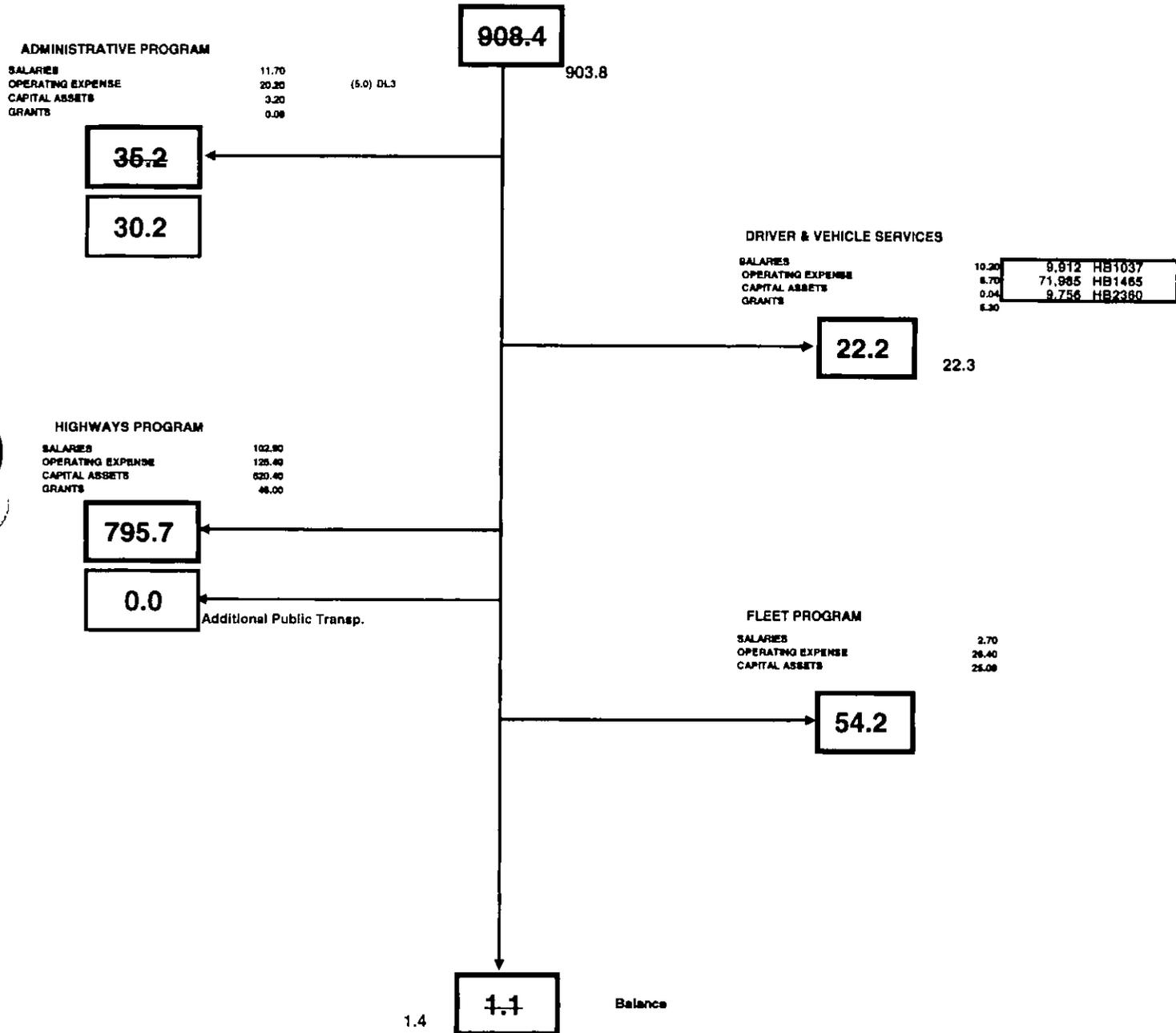
46.5

909.82

Highway Funding

Based on Senator Wardner's Proposal 3/26/07  
**DEPARTMENT OF TRANSPORTATION**  
**2007 - 2009 BIENNIUM**  
**EXECUTIVE RECOMMENDATION**  
**EXPENDITURES**

(MILLIONS)



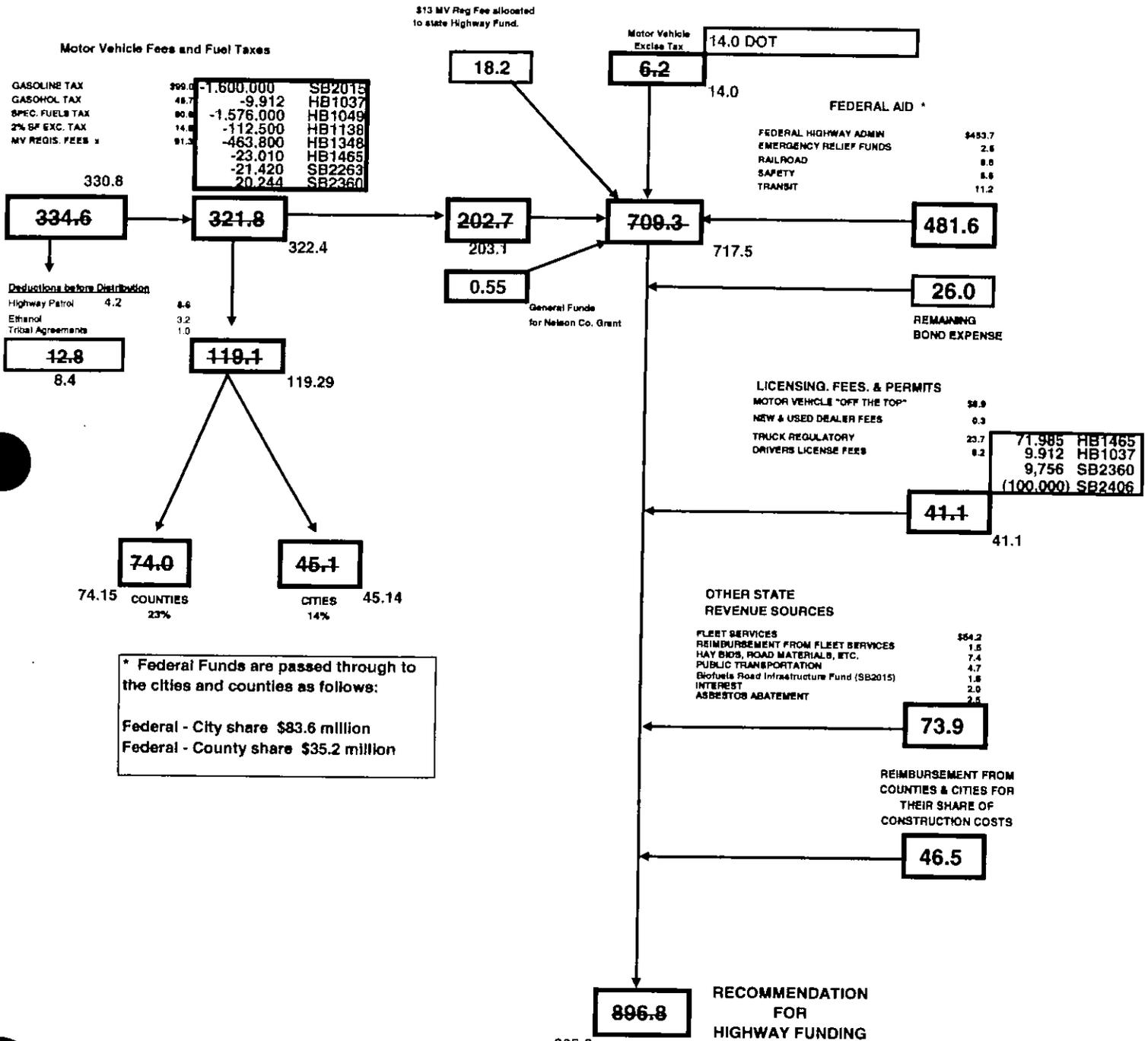
Remaining balance is available to fund the DOT's share of the \$10 million equity pool proposed by OMB to address market adjustments.

# DEPARTMENT OF TRANSPORTATION 2007 - 2009 BIENNIUM FIRST ENGROSSMENT REVENUE

(MILLIONS)

## HIGHWAY TAX DISTRIBUTION FUND

## HIGHWAY FUND

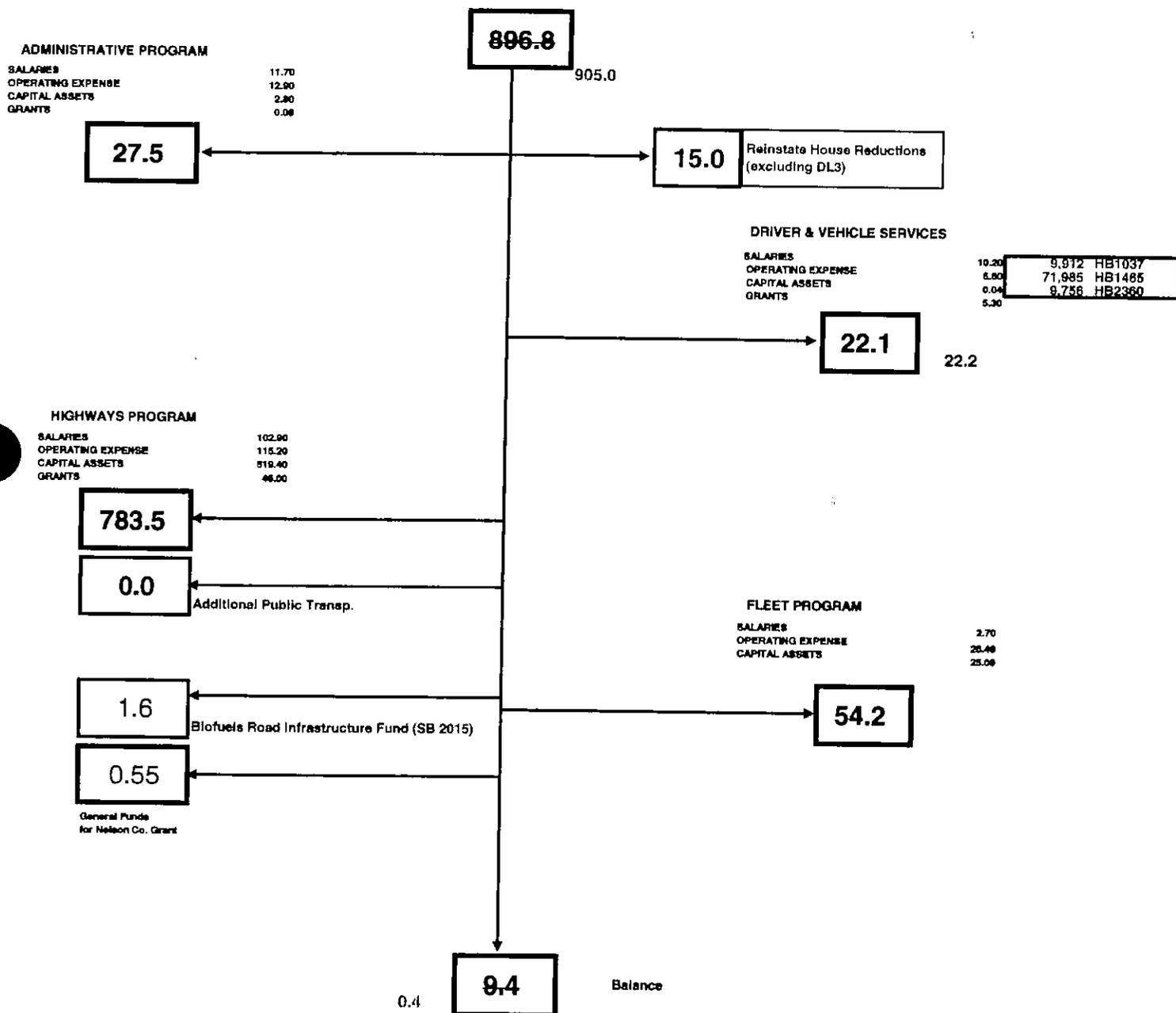


X TOTAL MV REGIS. FEES \$100.2  
(less "off the top" & dealer fees) (23.9)  
AVAILABLE FOR DISTRIBUTION 76.3

4/11/07 - As passed by Senate

# DEPARTMENT OF TRANSPORTATION 2007 - 2009 BIENNIUM FIRST ENGROSSMENT EXPENDITURES

(MILLIONS)



A remaining balance of approximately \$1 million must be available to fund the DOT's share of the \$10 million equity pool, SB 2189, to address market adjustments. The balance remaining under this scenario will not be adequate to meet that need.

PREPARED BY NBDOT  
FINANCIAL MANAGEMENT DIVISION  
April 11, 2007

4/17/07

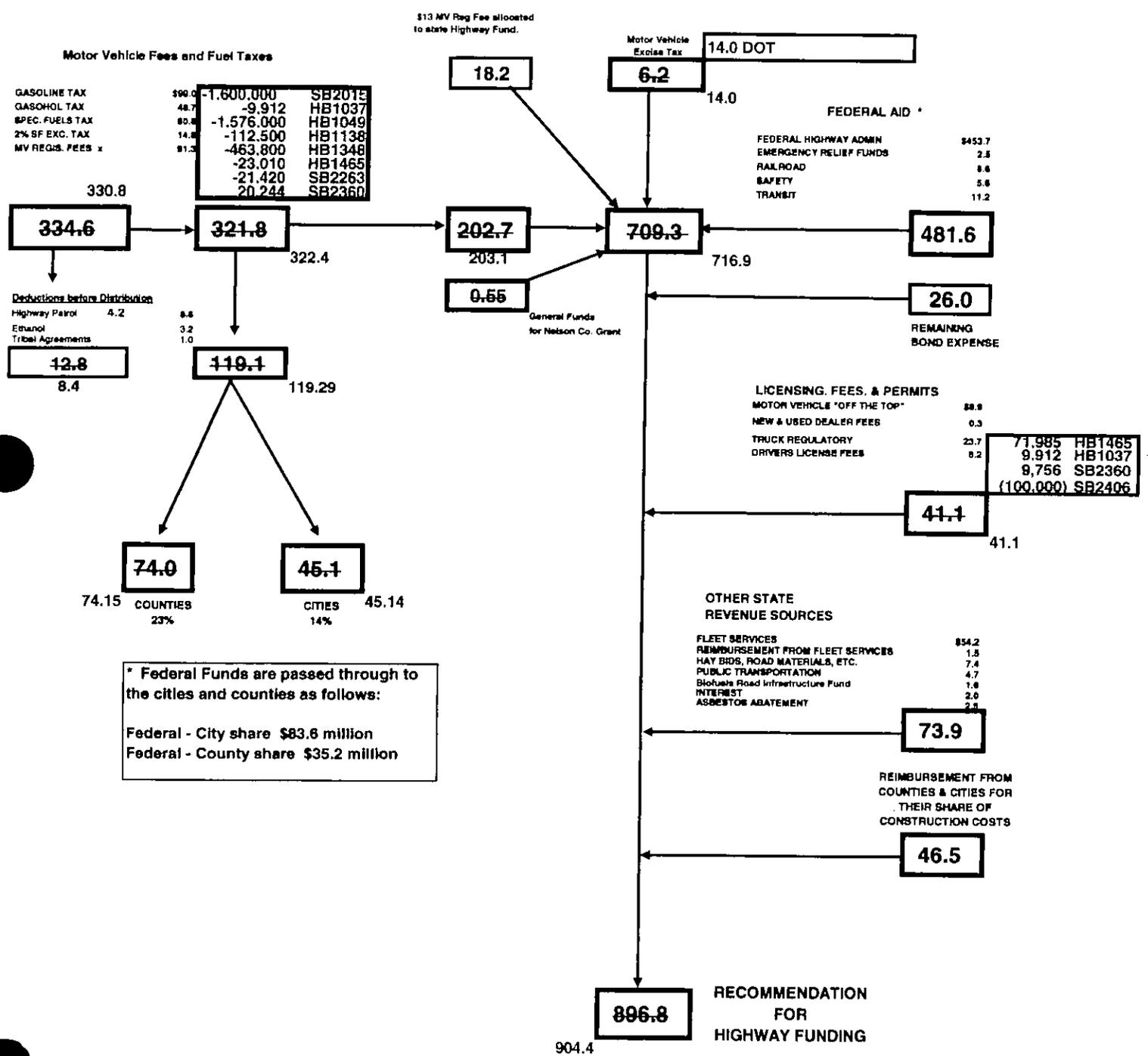
Conference committee version - 4/16/07

# DEPARTMENT OF TRANSPORTATION 2007 - 2009 BIENNIUM FIRST ENGROSSMENT REVENUE

(MILLIONS)

**HIGHWAY TAX  
DISTRIBUTION FUND**

**HIGHWAY FUND**

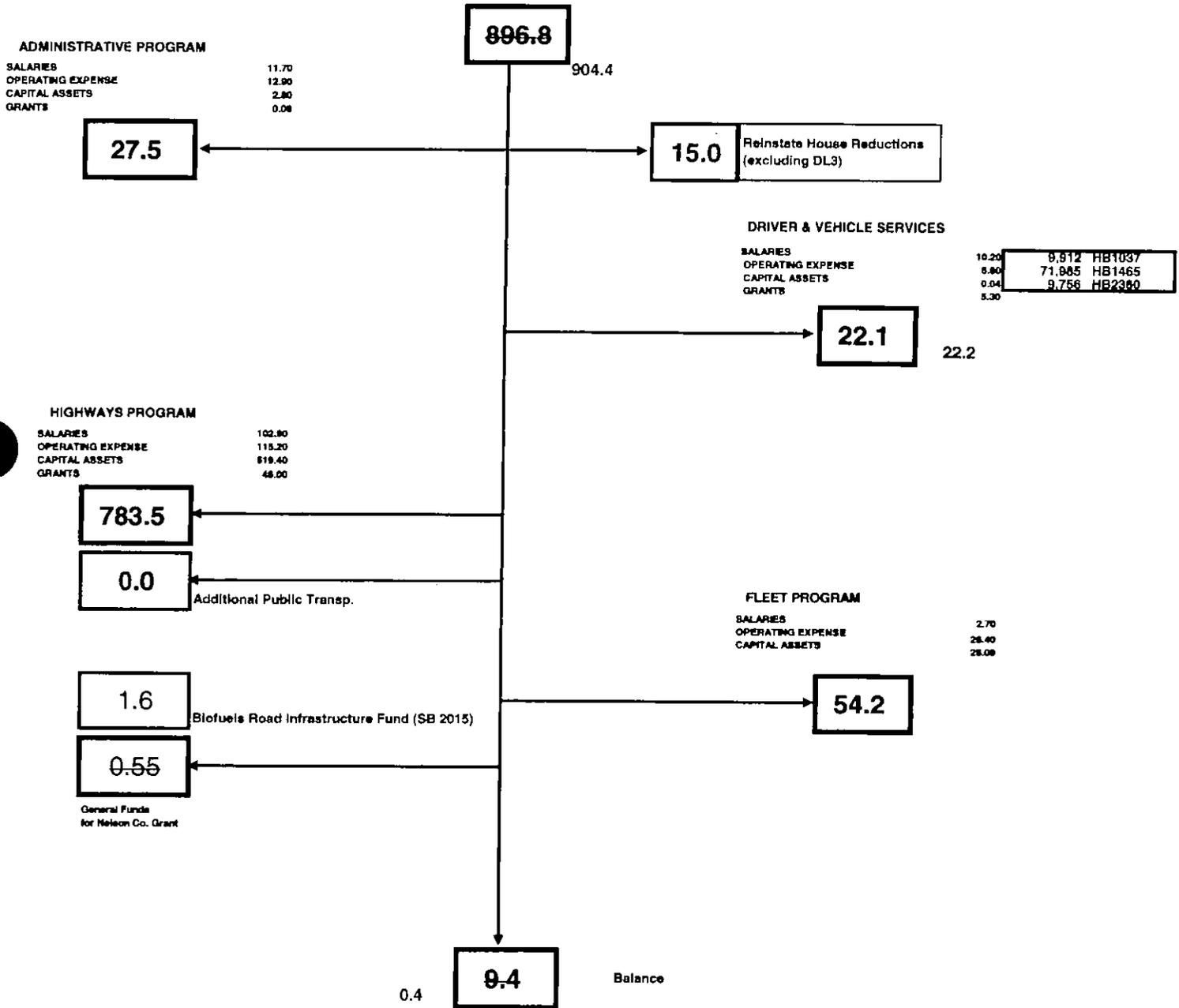


X TOTAL MV REGIS. FEES	\$100.2
(less "off the top" & dealer fees)	(\$9.9)
AVAILABLE FOR DISTRIBUTION	91.3

Conference committee version - 4/16/07

# DEPARTMENT OF TRANSPORTATION 2007 - 2009 BIENNIUM FIRST ENGROSSMENT EXPENDITURES

(MILLIONS)

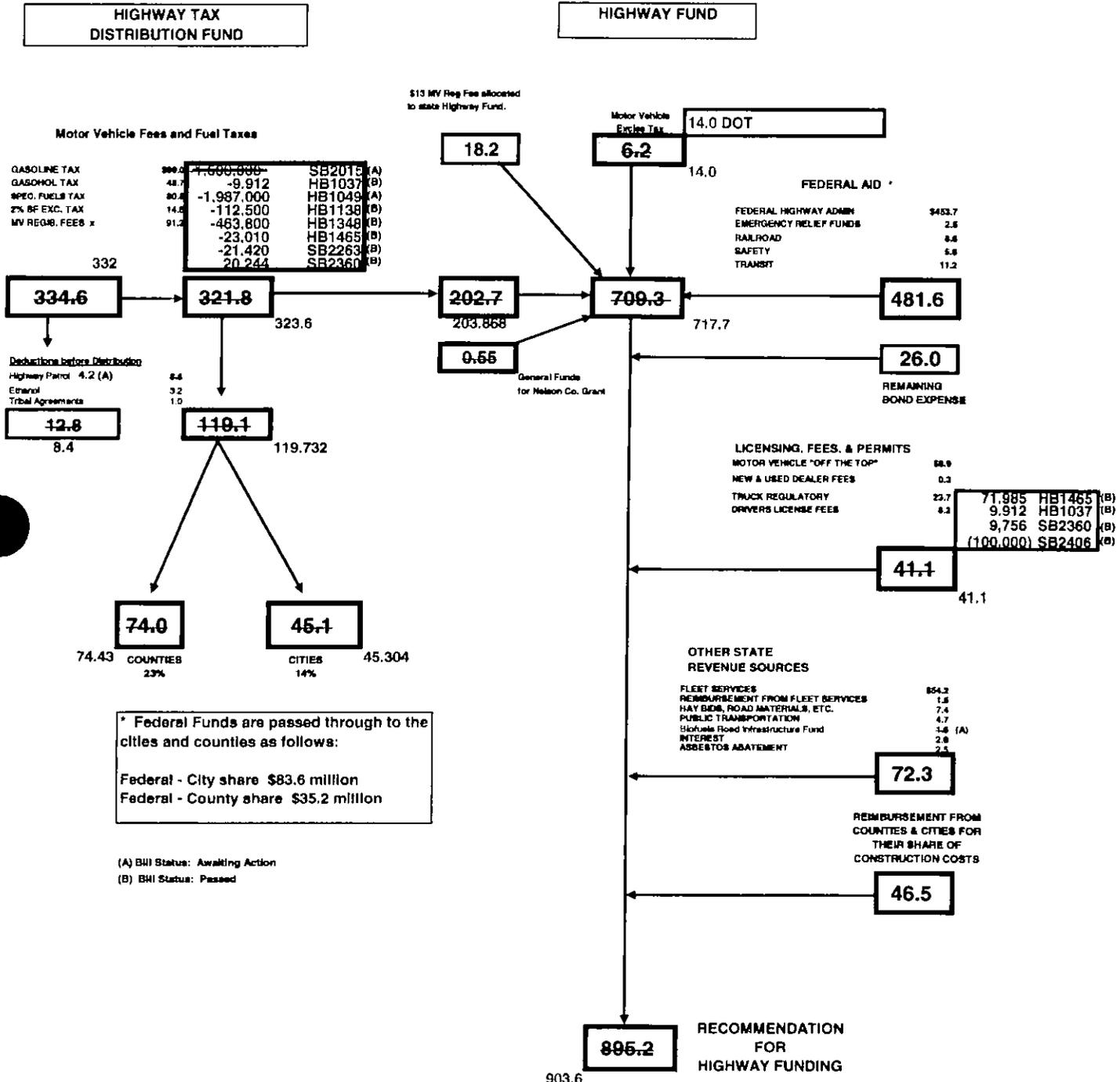


A remaining balance of approximately \$1 million must be available to fund the DOT's share of the \$10 million equity pool, SB 2189, to address market adjustments. The balance remaining under this scenario will not be adequate to meet that need.

PREPARED BY: R0001  
FINANCIAL MANAGEMENT DIVISION  
April 17, 2007

4/21/07

Conference committee version - 4/20/07 8:30 p.m.  
Includes Impact of 1049 4/21/07 Conference Committee Action  
**DEPARTMENT OF TRANSPORTATION**  
**2007 - 2009 BIENNIUM**  
**FIRST ENGROSSMENT**  
**REVENUE**  
(MILLIONS)



\* Federal Funds are passed through to the cities and counties as follows:  
Federal - City share \$83.6 million  
Federal - County share \$35.2 million

(A) Bill Status: Awaiting Action  
(B) Bill Status: Passed

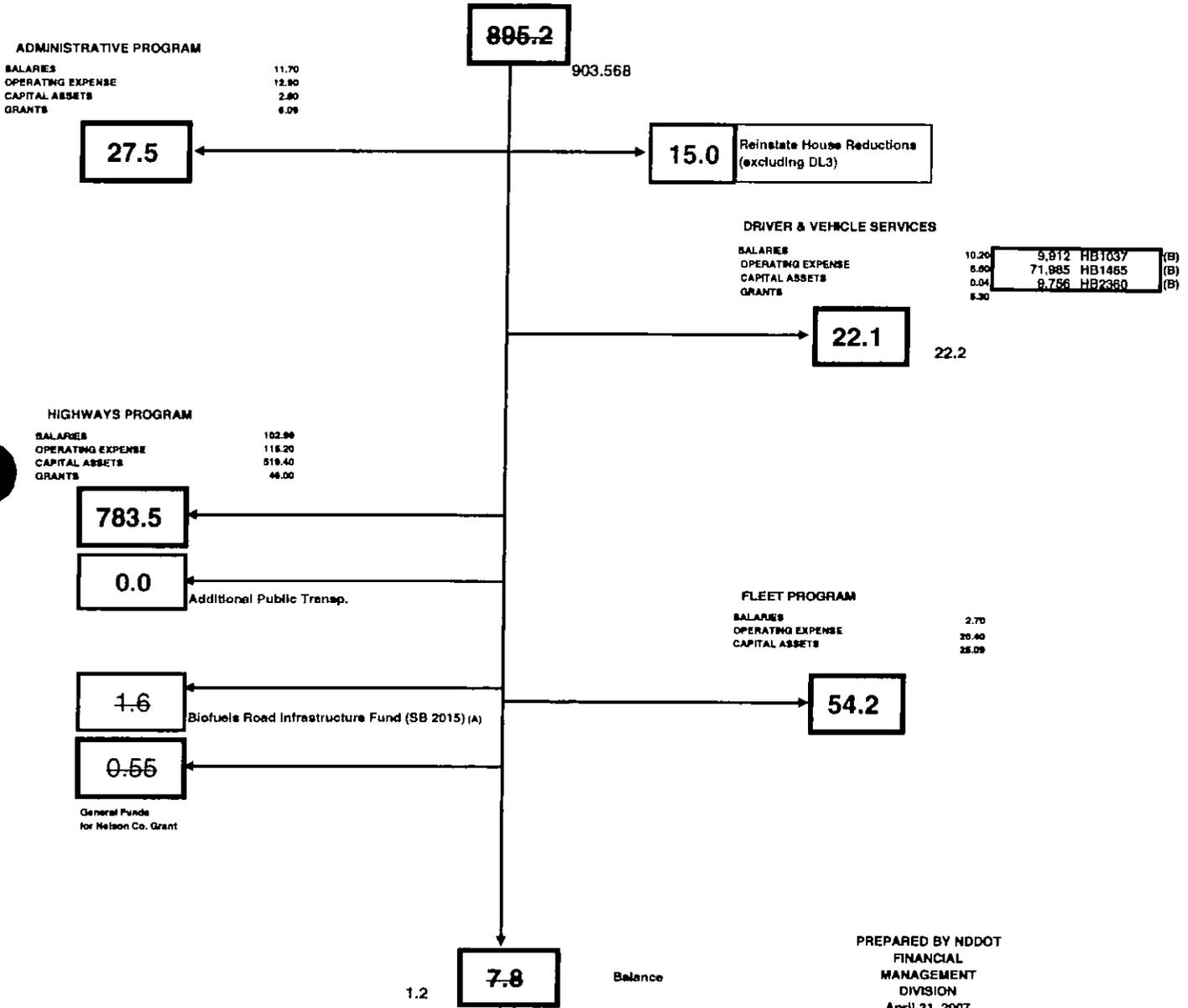
TOTAL MV REG'G. FEES	\$100.2
(less "off the top" & dealer fees)	(88.9)
AVAILABLE FOR DISTRIBUTION	91.3

PREPARED BY NDDOT  
FINANCIAL MANAGEMENT  
DIVISION  
April 21, 2007

Conference committee version - 4/20/07 8:30 p.m.  
Includes impact of 1049 4/21/07 Conference Committee Action

# DEPARTMENT OF TRANSPORTATION 2007 - 2009 BIENNIUM FIRST ENGROSSMENT EXPENDITURES

(MILLIONS)

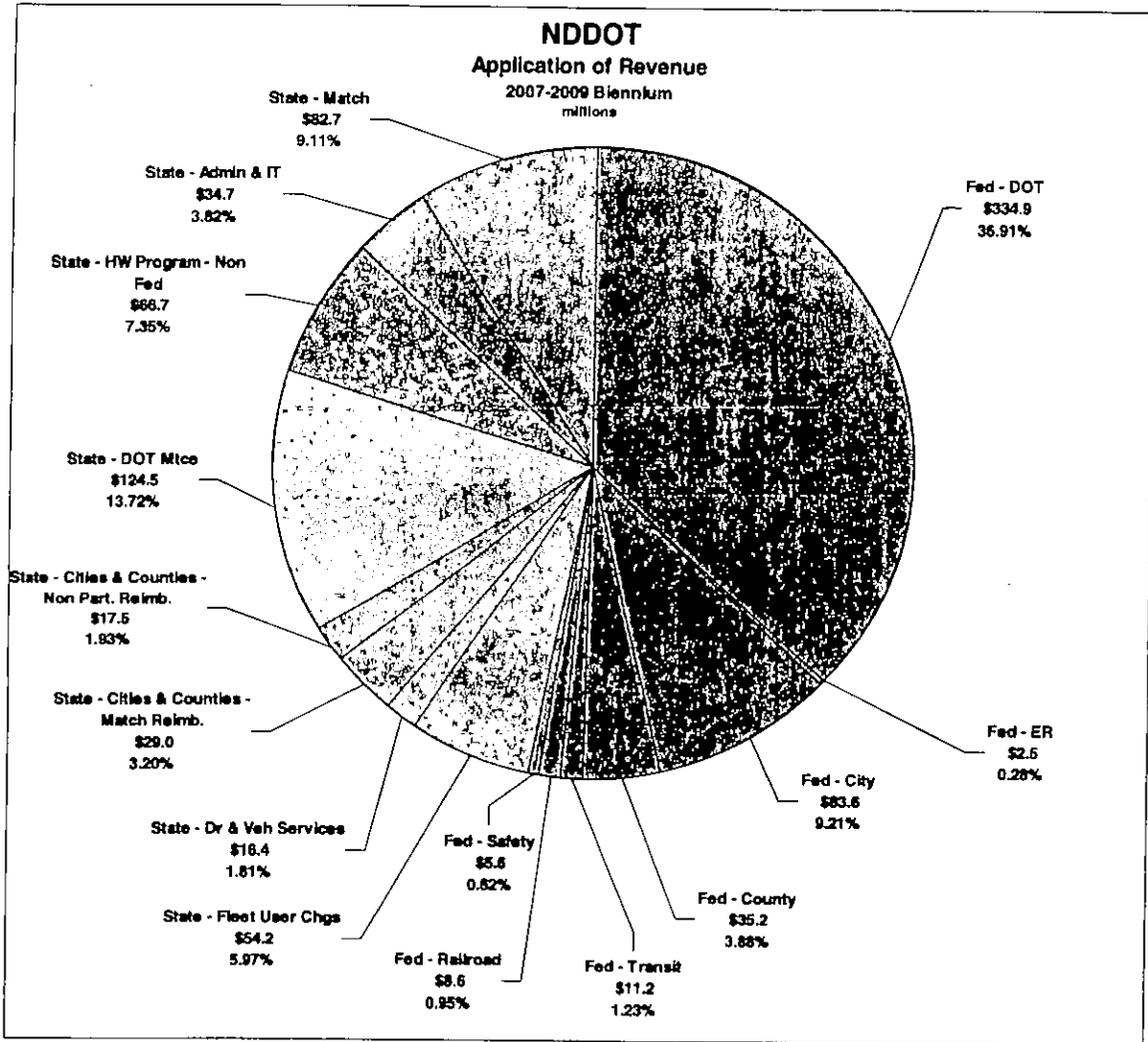


PREPARED BY NDDOT  
FINANCIAL  
MANAGEMENT  
DIVISION  
April 21, 2007

A remaining balance of approximately \$1 million must be available to fund the DOT's share of the \$10 million equity pool, SB 2189, to address market adjustments. The balance remaining under this scenario will not be adequate to meet that need.

(A) Bill Status: Awaiting Action  
(B) Bill Status: Passed

## NDDOT – Application of Revenue and Matching Funds 2007-2009 Biennium



<u>Program</u>	<u>Funding Splits</u> <u>Federal/State/Local</u>	<u>Local Match Amount</u>
<u>Cities</u>		
Urban Roads Program	80/00/20	\$20.0
Primary Regional Program	80/20/00	
Secondary Regional Program	80/10/10	
<u>Counties</u>		
County	80/00/20	\$9.0

**North Dakota Department of Transportation**  
**Allocation of Revenue**  
**Discussion Points**

- Fed – DOT (\$334.9 million)
  - This is the FHWA funding that the DOT expects to utilize. It does not include funding anticipated to be passed through to cities and counties.
- Fed – ER (\$2.5 million)
  - This is the Emergency Relief funding the DOT expects to receive from FHWA.
- Fed – City (\$83.6 million)
  - This is the FHWA funding the DOT expects to utilize on city projects.
- Fed – County (\$35.2 million)
  - This is the FHWA funding the DOT expects to utilize on county projects.
- Fed – Transit (\$11.2 million)
  - This is funding the DOT receives from the Federal Transit Administration. It is used for transit activities and grants throughout the state.
- Fed – Railroad (\$8.6 million)
  - This is the funding the DOT receives from FHWA and the Federal Rail Administration for rail safety and rehabilitation projects.
- Fed – Safety (\$5.6 million)
  - This is the funding the DOT received from the National Highway Traffic Safety Administration. It is used for traffic safety activities and grants. It is administered primarily through the Drivers License and Traffic Safety Division.
- State – Fleet User Charges (\$54.2 million)
  - This is the revenue generated by the State Fleet through user charges. These are the “rental fees” that all agencies (including the DOT) pay to the State Fleet to cover the cost of owning and operating the fleet. These fees are completely cost based...no net “profit” is generated by these fees.
- State – Driver and Vehicle Services (\$16.4 million)
  - This is primarily the state funded portion of the Drivers License and Traffic Safety Division, as well as the Vehicle Services Division. This revenue is derived from user fees in the Drivers License area, “off the top” funding for MV, and regular highway fund revenue.
- State – Cities and Counties – Match Reimbursement (\$29 million)
  - This is the reimbursements received from Cities and Counties for their share of match costs on federally funded projects. NDDOT makes all contractor payments on most city and county federal construction projects.
- State – Cities and Counties – Non Participating Reimbursements (\$17.5 million)
  - This is the reimbursements received from cities and counties for non participating costs that were initially paid by NDDOT but are ultimately the responsibility of the cities and counties.
- State – DOT Maintenance (\$124.5 million)
  - This is the state funded portion of the 8 district budgets plus “district 9”. The largest portion of the DOT’s usage charges for state fleet will be covered here.

NDDOT

Allocation of Revenue – Discussion Points

Page 2 of 2

- State – Highway Program – Non Federal (\$66.7 million)
  - This is the state funded portions of highway program outside of HW maintenance costs and match. This would include all of the state funded portions of the engineering divisions, some legal and procurement costs, and aircraft operations. Significant program areas include the state funded transit program, the state rail program, the special roads fund activity, and much of the civil rights program.

**NDDOT**  
**State HW Program - Non Federal**  
**Detail**  
millions

Civil Rights	\$ 0.4
Legal and Hearing Officers	1.1
Procurement	0.7
Air Services	1.8
Maintenance Division	1.2
Construction Operating	1.7
Salaries and Benefits - Includes Statewide Construction Staffing - Non Fed Eligible	26.2
Local Government	0.4
Special Roads Fund	0.5
Public Transportation	4.7
State Rail Program	2
Carryover of Bond Proceeds for HW 2 and Memorial Bridge Completion	<u>26</u>
Total	<u>\$66.7</u>

- State – Administration and Information Technology (\$34.7 million)
  - This includes the state funded portions of the Financial Management Division, Human Resources Division, Information Technology Division, Communications Office, and the Executive Office. This is the area from which the majority of the departments IT and communications systems (phone and radio operations) are funded.
- State – Match (\$82.7 million)
  - This is the match on those federal funds the expended that are expended by the DOT and which are not the responsibility of the cities and counties.



# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
*Director*

John Hoeven  
*Governor*

April 19, 2007

The Honorable Alan H. Carlson, Chairman  
Conference Committee HB 1012  
600 East Boulevard Avenue  
Bismarck, ND 58505

## NDDOT'S USE OF THE ADDITIONAL BUDGET AUTHORITY INCLUDED IN ENGROSSED HOUSE BILL 1012 WITH SENATE AMENDMENTS

As indicated in my comments at today's conference committee meeting, the additional budget authority that was included in Engrossed HB 1012 with the Senate Amendments would be used as follows:

- \$11.2 million will be used to protect the state's investment in its roadway infrastructure. Because many roadway construction projects have been delayed as a result of construction inflation, it is essential that we have sufficient funding to carry out our pavement preservation activities. This money would be used for contract maintenance pavement preservation activities such as: thin lift overlays, seal coats, and micro-surfacing projects. We are anticipating that about 50 percent of the funds would be used for thin lift overlays, 40 percent for seal costs, and 10 percent for micro-surfacing. This would allow us to preserve and improve about 292 miles on the state system. This includes about 66 miles of thin lift overlays, 213 miles of seal coats, and 13 miles of micro-surfacing. The breakdown of these projects could vary slightly as seasonal impacts, such as spring breakups, can influence the type of work that needs to be done.
- \$2 million will be used to update the Department's data collection equipment, and purchase digital radios and lab equipment. The new digital radio equipment is a necessary upgrade to our radio system and will enhance our communication ability during emergencies. The Department's data collection equipment will allow us to enhance our ride specification enforcement which aligns with our emphasis on improving ride quality. The equipment will provide better data to enhance our pavement preservation program and project selection process.

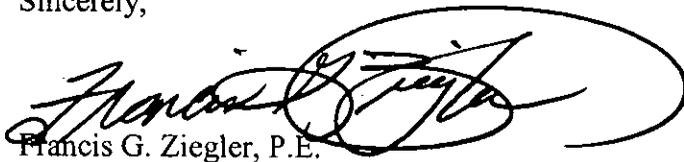
The Honorable Alan H. Carlson  
Page 2  
April 19, 2007

- \$1.8 million will be used to upgrade and enhance our information technology tools. The money will be used to upgrade our Computer-Aided Design and Drafting (CADD) system, enhance our project management tools, and rewrite the Department's Roadway Information Management System (RIMS). This equipment will allow us to update and maintain our project management systems and improve the efficiency of producing plans. This funding will allow us to update project delivery systems and improve communications with the public regarding system condition and project status.

HB 1012 as amended by the Senate included \$15 million of additional budget authority. To fund the additional \$15 million, the Senate used \$14 million of Motor Vehicle Excise Tax and it relied on the changes to the Highway Patrol Budget's funding. Since the bill passed the Senate, changes in other bills have resulted in a balance of \$400,000 in our budget which is not sufficient to fund the DOT's share of the equity pool (SB 2189). The DOT needs a balance of \$1 million to fund its portion of the equity pool.

If you have any further questions, feel free to contact me at 328-2581.

Sincerely,



Francis G. Ziegler, P.E.  
Director

01/gl/lmm

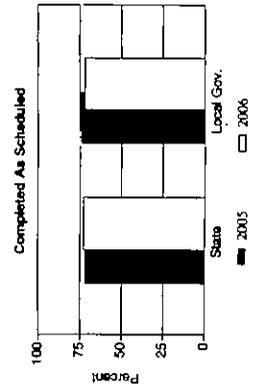
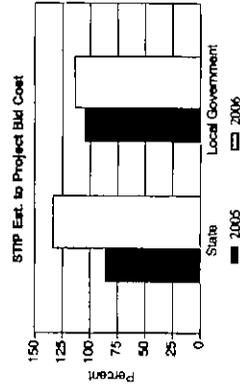
# North Dakota Department of Transportation

## Project Development and Delivery

The projects bid in 2005 and 2006 were reviewed with respect to total program cost. The top graph illustrates the total bid amount in comparison with the total estimates published in the STIP (Statewide Transportation Improvement Program). Achieving a value of 100 percent would be ideal. Construction inflation ran approximately 30 percent in 2006 as compared to 2005, however, the most commonly used asphalt binder increased by 73 percent. The increased cost delayed eight major projects.

The department developed 43 major projects for 2005 and 64 major projects for 2006 construction which were outlined in the previous STIP. In 2005, 72 percent of the STIP projects were advanced as planned. In 2006, 47 of the 64 projects, or 73 percent were advanced as planned.

There were also 53 STIP projects that were developed by non-department organizations (cities and counties—local government) in 2006. Thirty-eight of those projects, or 72 percent, were bid and the remaining 15 projects were delayed primarily due to non-department decisions. The project delivery rate for 2005 was 74 percent.



## VISION

Safe Ways  
Great Ways  
Promoting Economic Growth

## MISSION

Providing a transportation system that safely moves people and goods.

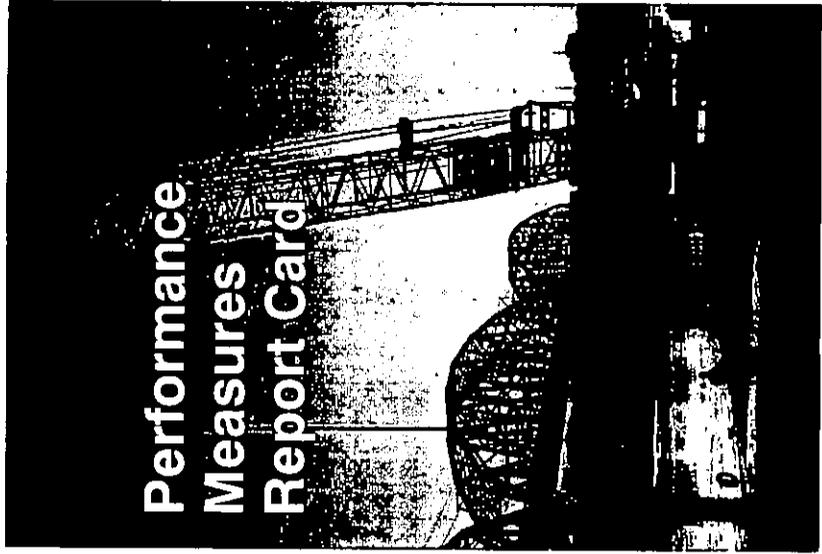
## GOALS

- Enhance customer satisfaction.
- Increase safety on North Dakota's transportation system and within the Department of Transportation.
- Improve the quality and efficiency of North Dakota's transportation system and services.
- Strengthen stakeholder relationships.

## VALUES

- Professionalism—Our employees strive to improve themselves and the products and services they deliver.
- Respect—Our employees treat others courteously and are treated with courtesy by the department.
- Integrity—Our employees deal honestly with co-workers and with contacts outside the department.
- Dedication—Our employees assume responsibility for their work and do the job right the first time.
- Excellence—Our employees continually exceed and raise the high standards they set for themselves.

# Performance Measures Report Card



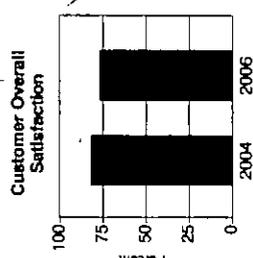
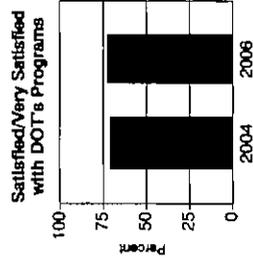
DIRECTOR  
Francis G. Ziegler, P.E.  
Bismarck, North Dakota  
www.dot.nd.gov  
October 2006



In 2004, the department identified five significant Performance Measure outcome areas that were tied directly to our strategic goals and customer satisfaction areas. The 2006 report expands on these measures and helps the department revise its strategies to better enhance our products and services.

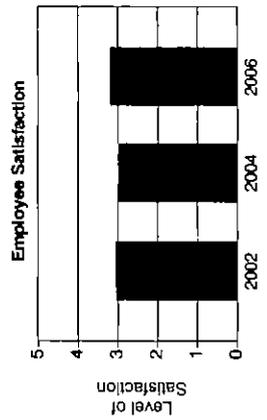
### Customer Satisfaction

In 2006, the average overall customer satisfaction was 73 percent, a slight increase from 2004's 71 percent. When asked a single question during the survey on how the department is doing overall, 77 percent said they were satisfied or very satisfied in 2006. Noticeable improvements were in the load-carrying capacity and ride quality programs.



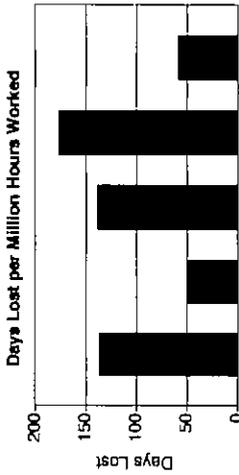
### Employee Satisfaction

The department conducted an employee satisfaction survey in 2002, 2004, and 2006. Overall satisfaction saw a noteworthy improvement climbing to 3.19 in 2006, an increase from 2.97 in 2004.



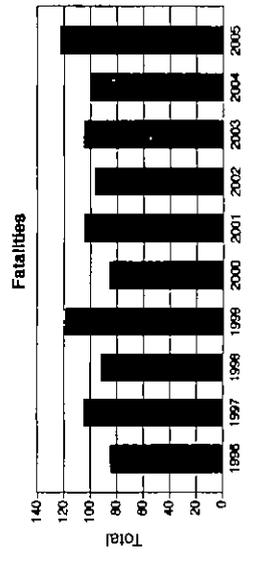
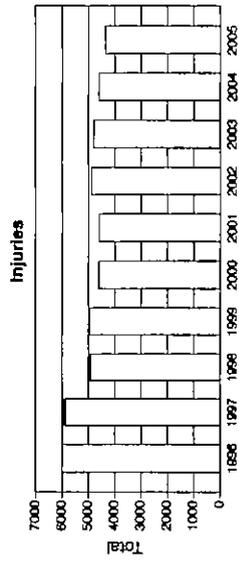
### Worker Safety

In 2004, as a result of workplace accidents, the department lost 177 days per 2.3 million hours worked by employees. In 2005, the department lost 59 days per 2.4 million hours worked.



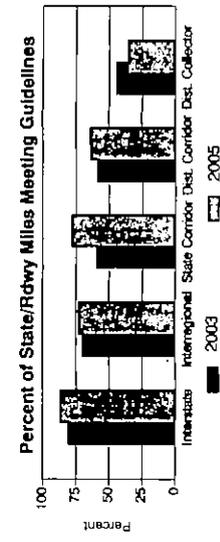
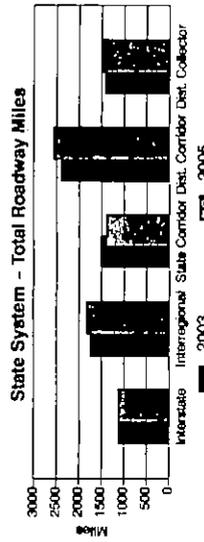
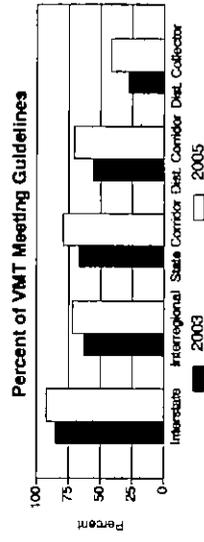
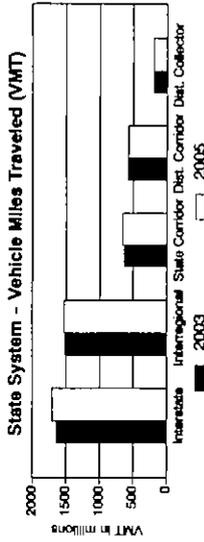
### Highway Safety

From 1996 through 2005, North Dakota has averaged 4,965 highway injuries and 102 highway deaths each year. In 2005, there were 4,360 injuries and 123 fatalities.



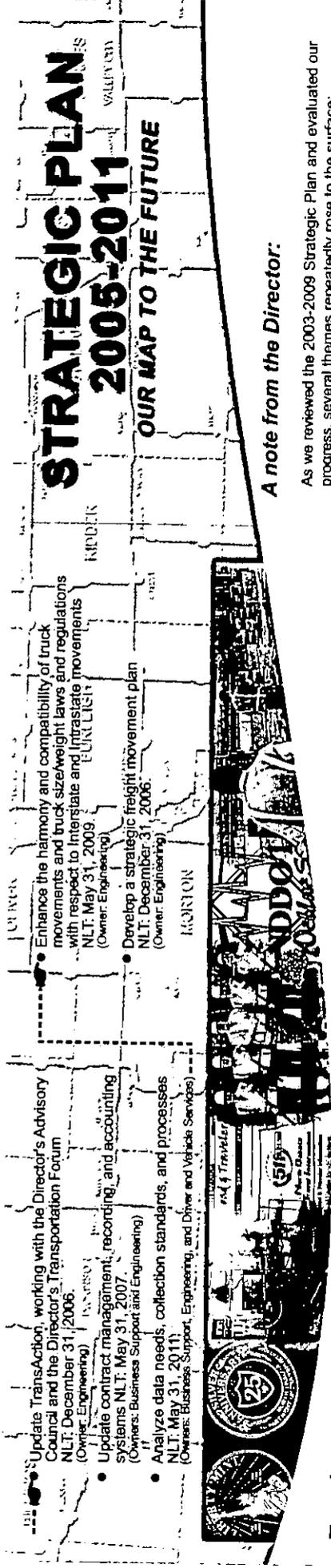
### Highway System Condition

North Dakota has 7,382 centerline miles (8,407 roadway miles) on its state highway system. These miles fall into five categories of the Highway Performance Classification System (HPCS). The department puts an emphasis on the roadways that accumulate the most Vehicle Miles Traveled (VMT). The following charts show the number of miles and respective travel on each system, as well as the percent of the system that meets performance guidelines. In 2003, 5,131 roadway miles met guidelines compared to 5,621 miles in 2005.



# STRATEGIC PLAN 2005-2011

OUR MAP TO THE FUTURE



Enhance the harmony and compatibility of truck movements and truck size/weight laws and regulations with respect to Interstate and Intrastate movements  
NLT: May 31, 2009  
(Owner: Engineering)

Develop a strategic freight movement plan  
NLT: December 31, 2006  
(Owner: Engineering)

Update TransAction, working with the Director's Advisory Council and the Director's Transportation Forum  
NLT: December 31, 2006  
(Owner: Engineering)

Update contract management, recording and accounting systems  
NLT: May 31, 2007  
(Owners: Business Support and Engineering)

Analyze data needs, collection standards, and processes  
NLT: May 31, 2011  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)

Complete implementation of the 5-year plan to improve North Dakota Department of Transportation work facilities by 25 percent NLT: March 31, 2007.  
(Owners: Business Support and Engineering)

Expand and fully implement the succession planning program NLT: May 31, 2007.  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)

Expand and fully implement the employee wellness program NLT: May 31, 2007.  
(Owner: Business Support)

## Employees

**GOAL: Enhance employee effectiveness and well-being.**

### Objectives:

- Fully implement the career path plan  
NLT: May 31, 2006.  
(Owner: Business Support)
- Develop and implement plans that provide employees with more effective and efficient engineering and information technology equipment and software NLT: May 31, 2007.  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)
- Develop and implement a department training management program tailored to enhance employee development and meet department educational needs  
NLT: June 30, 2007.  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)

## Stakeholders

**GOAL: Strengthen stakeholder relationships.**

### Objectives:

- Establish a formal communication link with stakeholders on a quarterly basis NLT: May 31, 2006. (December, March, June, September)  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)
- Develop and implement context-sensitive solutions that recognize our historic, cultural, and environmental resources  
NLT: May 31, 2007.  
(Owner: Engineering)
- Promote development of a transportation partnership group NLT: June 30, 2006.  
(Owners: Business Support, Engineering, and Driver and Vehicle Services)

## A note from the Director:

As we reviewed the 2003-2009 Strategic Plan and evaluated our progress, several themes repeatedly rose to the surface:

- NDDOT employees continue to produce excellent products and services, and work hard to do so,
- Many of our day-to-day activities—our core business functions—are included as parts of the objectives in the strategic plan,
- Our efforts, as a department, are evidenced in the progress that has been made in completing a number of the objectives contained in the existing strategic plan, and
- The progress made through strategic planning demonstrates the need to continue updating our strategic plan and using it as a roadmap as we move into the future.

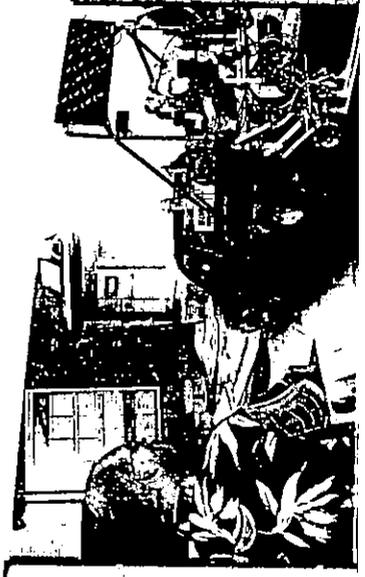
I present to you the 2005-2011 Strategic Plan, and encourage your continued support as we strive to achieve our mission of "providing a transportation system that safely moves people and goods."

*Francis G. Ziegler*  
Francis G. Ziegler, P.E.



**VISION**  
Safe Ways  
Great Ways

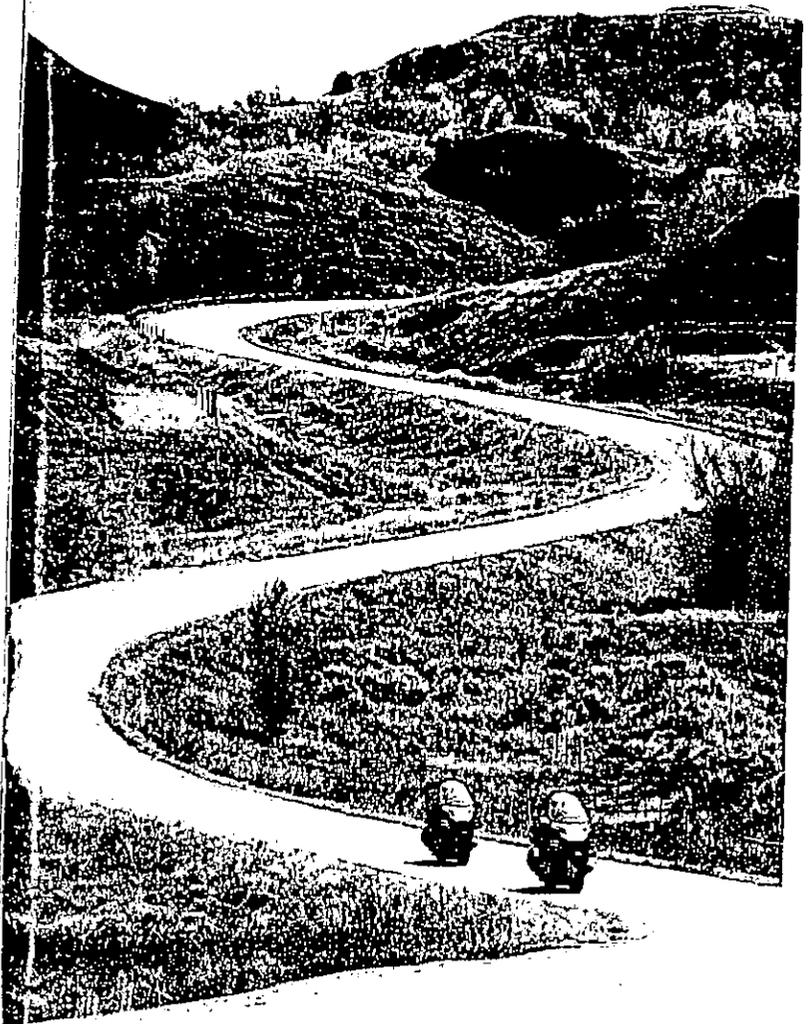
Promoting Economic Growth





Contact DOT for a copy

# North Dakota Transportation Handbook



December 2006

**NDDOT**  
North Dakota  
Department of Transportation



# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
*Director*

John Hoeven  
*Governor*

January 22, 2007

Honorable Keith Kempenich  
State Representative  
600 E. Boulevard Ave.  
Bismarck, ND 58505

Dear Representative Kempenich:

I am writing in response to your questions regarding the North Dakota Department of Transportation's (NDDOT) utilization of \$11.2 million in general funds that were included in the Executive Budget recommendation. This is considered a one-time allocation from the General Fund to help the department deal with inflationary impacts on the highway construction industry that have resulted in delaying many projects. Following is an explanation on how the NDDOT will utilize the \$11.2 million in general funds to help maintain and preserve the investment in North Dakota's state highway system.

This past year the NDDOT continued to experience major increases in oil-based materials, fuel, cement, and steel prices. Construction inflation has run about 30 percent over prior years. In 2005, the average asphalt cement bid was \$224 per ton. In 2006, the average bid price for asphalt was \$388 per ton – an increase of \$164 per ton or 73 percent. Attachment 1 shows the impact of increasing costs for various types of improvements from 1996 to 2006. The attachment shows that the major increases in costs have occurred from 2004 to 2006. For example, seal coat costs increased from \$16,000 per mile in 2004 to \$21,000 per mile in 2006. The cost of a 3 inch asphalt overlay increased from \$150,000 per mile in 2004 to \$275,000 per mile in 2006.

As a result of the increased construction and maintenance costs, the department was forced to delay about \$30 million worth of projects in 2006. We have also deferred about \$100 million worth of projects in 2007. This resulted in about 310 miles of highway projects being pushed back in 2006 and 2007. This included 192 miles of thin lift overlays, 21 miles of structural overlays, 74 miles of reconstruction, 16 miles of Interstate improvements, and 7 miles of other related projects.

The \$11.2 million in general fund expenditures would go a long way in helping to preserve and maintain our system. This money will be used for contract maintenance

Representative Kempenich

Page 2

January 22, 2007

pavement preservation activities, such as: thin lift overlays, seal coats, and micro-surfacing projects. We are anticipating that about 50 percent of the funds would be used for thin lift overlays, 40 percent for seal coats, and 10 percent for micro-surfacing. This will allow us to preserve and improve about 292 miles on the state highway system. This includes about 66 miles of thin lift overlays, 213 miles of seal coats, and 13 miles of micro-surfacing. While these improvements are not the same type or not necessarily in the same location, they will help us "hold together" the system until the inflationary pressures ease. The breakdown of these projects could vary slightly as seasonal impacts, such as spring breakups, can influence the type of work that needs to be done. These projects will help preserve and extend the life of our pavements. Timely maintenance is the key to getting the maximum life out of our pavements. For every dollar not spent on timely preventive maintenance, \$4 to \$5 will be needed for complete reconstruction a few years later.

The one-time investment of \$11.2 million from the General Fund will help the NDDOT take care of the needs for the upcoming biennium and help us work towards implementing the desired levels of service outlined in the department's Highway Performance Classification System.

I hope this information helps clarify the questions you raised regarding how the one-time allocation from the General Fund would be utilized by the NDDOT. If you have any further questions feel free to contact our department.

Sincerely,



Francis G. Ziegler, P.E.  
Director

17/ns  
Attachment

Construction / Maintenance Cost Comparisons

1996 - 2006

Improvement	1996 Dollars/Mile	2000 Dollars/Mile	2004 Dollars/Mile	2006 Dollars/Mile
Seal Coat	\$12,000	\$15,000	\$16,000	\$21,000
Asphalt Overlay	\$150,000	\$130,000	\$150,000	\$275,000
Asphalt Surfacing Reconstruction	\$370,000	\$435,000	\$450,000	\$770,000
Total Reconstruction	\$500,000	\$660,000	\$675,000	\$985,000
Interstate Concrete Recycling	\$900,000	\$1,300,000	\$1,300,000	\$1,775,000
<i>Thin lift overlays</i>	<i>35,000</i>		<i>60,000 (05)</i>	<i>80,000</i>



# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
*Director*

John Hoeven  
*Governor*

January 26, 2007

The Honorable Keith A. Kempenich  
Representative, District 39  
House of Representatives  
600 East Boulevard Avenue  
Bismarck, ND 58505-0600

Dear Representative Kempenich:

## FLEET RATE CALCULATIONS

This is a follow-up to your inquiry about how state vehicle fleet rates are calculated. We've assembled the enclosed to explain how the various groups are analyzed from the time of purchase to sale.

While some parts of the process are straight forward, we can see additional questions could arise. Should that be the case, we will gladly meet with you to discuss this in more detail.

Please feel free to call me at 701-328-2581 if you have questions.

Sincerely,

Francis G. Ziegler, P.E.  
Director

01/th/lmm  
Enclosure

1012.1.11.07 C

## BROAD OVERVIEW OF STATE FLEET VEHICLE PURCHASING & RENTAL RATES

All state fleet vehicles when purchased are placed into a rental rate group. Each group is set up with an average life expectancy and an estimated residual value based on miles driven and auction proceeds. The purchase cost minus the residual value is used to set the depreciation rate per meter unit (mile or hour meter). Vehicles are purchased on a set schedule per group to maintain a median age.

All vehicles in each specific group are accessed the actual costs incurred by all vehicles in that group. Fleet overhead costs such as administrative charges, liability insurance, etc. are prorated to each group based on the number of active units in the group.

There are three components to the rental rates of state fleet vehicles. They are operating, depreciation, and replacement. The operating and depreciation can be charged to federal projects, however the replacement rate cannot.

### Operating Rate

To determine the operating rental rate, the following components are included in the calculation:

1. Direct Labor and Payroll Additives from the DOT repair facilities.
2. Parts, Fuel, Commercial Repairs, Etc.
3. State Fleet Services Overhead and Risk Management Insurance.
4. Shop Overhead.
5. The rate computation will include the adjustment for over/under applied revenues.

These costs are rolled up over a 12 month period and then divided by the 12 month usage to arrive at an actual cost operating rate per mile/hour. We review these costs quarterly and make adjustments to the rate to avoid as much over/under applied revenue as possible.

For Example: The group 07 Highway Patrol vehicles had a 05-06 fiscal year expense of \$983,417 (\$26,340 labor, \$871,752 for parts, fuel, & oil, \$32,769 for shop overhead, \$25,661 for State Fleet Services overhead & \$26,895 for insurance) plus under applied revenue of \$119,698 for a total of \$1,103,115 divided by the total miles driven of 3,271,603 for an actual operating rate of \$0.337.

### Depreciation Rate

To determine the depreciation rental rate the following components are used in the calculation:

1. Miles or hours vehicle to be in service.
2. Years vehicle to be in service.
3. The rate computation will include the adjustment for gain/loss from sale.

Financial Management Division will use this information as well as the estimated salvage value to determine the current depreciation schedule to be assigned to each group of new units. Estimated salvage value is based on a percentage of new vehicle cost as dictated by recent auctions. All vehicle depreciation is straight line over the useful months' life of the vehicle minus the estimated salvage value. The rate is computed annually on a per mile/hour basis to collect the revenue over the average expected life of the vehicles in each group.

For example: The group 09 Game & Fish enforcement pickup is sold after 3 years with an average of 80,000 miles. The purchase price 3 years ago was \$20,200 and the average sale price is \$7,400 for a total cost of ownership of \$12,800. This equates to a depreciation cost per mile of \$0.16.

### Replacement Rate

The purpose of the replacement rate is to recover the cost associated with inflation of new vehicle prices from the time a new vehicle is purchased until the time it is to be replaced and/or the addition of new vehicles to a group to meet the state's needs.

For example: if the purchase price of a truck was \$36,000 in 1991 and to replace it at 15 years in 2006 with a truck that costs \$82,000 the difference of \$46,000 needs to be collected through the replacement rate to keep the fleet from going into a deficit. If the expected life of all of the trucks in that group is an average of 10,000 hours and all trucks in that group were going to inflate by \$46,000, a rate of \$4.60 per hour would have to be collected over the life of all of the trucks in that group.

If the new prices remain flat within a group or there are no new additions to the group the replacement rate may not be needed for periods of time. The sedans that are being purchased today are actually costing less than they did 4 years ago and the group is not increasing in size so therefore no replacement cost is needed in that group.

### Replacement Guidelines

The following are examples of the guidelines used to replace some of the vehicle groups:

Group	Replacement age	Target miles/hours
01 Mini Passenger Vans	5 Years	75,000 Miles
02 Sedans	4 Years	70,000 Miles
04 Heavy Duty Pickups and Vans	7 Years	85,000 Miles
07 Highway Patrol Vehicles	3 ½ Years	70,000 Miles
09 Game & Fish Enforcement Pickups	3 Years	80,000 Miles
13 Compact SUV	5 Years	85,000 Miles
21 Single Axle Snow Plow Truck	15 Years	10,000 Hours
22 Tandem Axle Snow Plow Truck	15 Years	10,000 Hours

## Equipment Rental Rates

**Agency:** North Dakota Department of Transportation  
**Author:** Financial Management Division  
**Contact Person:** Lynn Doll  
**Group:** Accounting Manual  
**Category:** State Fleet Services  
**Policy Number:** 09.5  
**Title:**  Equipment Rental Rates  
**Original Date:**  
**Revised Date:** 06/04/2003  
**Review By Date:** 06/04/2004

### EQUIPMENT RENTAL RATES

The following components are included in calculating State Fleet Services equipment rental rates:

1. Direct Labor and Payroll Additives - All labor and payroll additives (objects 1100-1895) charged to a vehicle or vehicle group, using cost centers: 1024, 2024, 3024, 4024, 5024, 6024, 7024, 8024, 1061, 2061, 3061, 4061, 5061, 6061, 7061, and 8061.
2. Parts, Etc. - Repair parts, fuel, oil, employee expenses, and other fees, and services charged to a vehicle or vehicle group using cost centers: 0355, 1024, 2024, 3024, 4024, 5024, 6024, 7024, 8024, 1061, 2061, 3061, 4061, 5061, 6061, 7061, 8061, 9700, 9750.
3. State Fleet Services Overhead - All administrative charges to State Fleet Services operations (cost centers: 0515, 0855, 1060, 2060, 3060, 4060, 5060, 6060, 7060, 8060, and 9750). These costs are accumulated and prorated to State Fleet Services groups based on the number of active units in a group compared with the total active units.
4. Shop Overhead - Costs of operating the district shops are accumulated. Each month these costs are prorated to the vehicle groups based on the direct labor charges to each group for the month using cost centers: 1021, 2021, 3021, 4021, 5021, 6021, 7021, and 8021.
5. Sales of Vehicles - A gain or loss on the sale of vehicles will be calculated and included in the rental rate computation.
6. Over/Under Applied - The difference between rental income and total cost for each vehicle group will be calculated at least annually. The rate computation will include the adjustment for over/under applied revenues.

The usage rates for State Fleet Services will be computed based on revenues and expenditures, adjusted for prior over- and under-applied revenue, and gain or loss on

disposal. Separate rates will be computed for operating costs and depreciation costs.

The rates will be computed annually. More frequent adjustments will be made if needed due to fluctuating costs or usage.

The procedures for computing the rates are as follows:

1. Determine the current year to date revenue, gain or loss on disposal, expenses, and usage from the vehicle group master (HD1-530-AA) and the gain/loss on disposal worksheets.
2. Determine the prior year over/under applied revenue from the rate computation worksheet for the prior year.
3. Adjust the current year-to-date revenue with the prior year over/under applied revenue to arrive at the current adjusted revenue. When computing the depreciation rate, the gain or loss on disposal should also be considered when arriving at current adjusted revenue.

If the prior year revenue was over-applied, add it to the current year-to-date revenue to obtain the current adjusted revenue.

If the prior year revenue was under-applied, subtract it from the current year-to-date revenue to obtain the current adjusted revenue.

If there was a gain on disposal, add it to the current year-to-date revenue when computing the current adjusted revenue (for the depreciation rate only).

If there was a loss on disposal, subtract it from the current year-to-date revenue when computing the current adjusted revenue (for the depreciation rate only).

4. Compare the current adjusted revenue and the current year-to-date expenses to determine current over/under applied revenue.

If the current adjusted revenue is greater than the current year-to-date expenses, the difference is current over applied revenue.

If the current adjusted revenue is less than the current year-to-date expenses, the difference is current under applied revenue.

5. Adjust the current year-to-date expenses with the current over/under applied revenue to arrive at the current adjusted expenses.

If there is current over applied revenue, subtract it from the current year-to-date expenses to arrive at the current adjusted expenses.

Equipment Rental Rates

If there is current under applied revenue, add it to the current year-to-date expenses to arrive at the current adjusted expenses.

6. Divide the current adjusted expenses by the current usage to arrive at the current rate.

The following example illustrates the application of these procedures for the operating rate. Assume the following:

Beginning Usage Rate = \$10.00/mile or hour

	<u>Expenses</u>	<u>Usage</u>
Year 1	\$ 90	12 miles/hours
Year 2	\$100	10 miles/hours
Year 3	\$100	10 miles/hours

The Current usage rate for each year is computed as follows:

YR	CURR YTD REV	PRIOR YEAR OVER (UNDER) APPLD REV	GAIN (LOSS) ON DISPOSAL	CURR ADJ REV	CURR YTD EXPNS	CURR OVER- APLD REV	CURR UNDER- APLD REV	CURR ADJ EXPNS	CURR YTD USAGE	CURR RATE
1	120	--	--	120	90	30	--	60	12	5.00
2	50	30	--	80	100	--	20	120	10	12.00
3	120	(20)	--	100	100	--	--	100	10	10.00

Guidelines for Depreciation

The State Fleet Services Division, through discussions with top management, will establish the department's policy for vehicle replacement. They will decide:

- a. Miles or hours vehicle to be in service.
- b. Years vehicle to be in service.

The department's policy may change periodically; however, it should not be volatile. Under no circumstances will the depreciation schedule for a particular vehicle change once it has been established.

State Fleet Services will send written notification to the Financial Management Director when a change in vehicle replacement policy is forthcoming. This will generally be immediately prior to purchasing new vehicles for the year.

## Equipment Rental Rates

Financial Management Division will use this information as well as the estimated salvage value to determine the current depreciation schedule to be assigned to each group of new units. Estimated salvage value is based on a percentage of new vehicle cost as dictated by recent auctions.

All vehicle depreciation is straight line over the useful months' life of the vehicle minus the estimated salvage value.

E OF FLEET RATE CALCULATION

1	2	C		D	E		F		G		H		I		J		K		L		M	N
		3	4		PRIOR YEAR OVERAPPLIED REVENUE	PRIOR YEAR UNDERAPPLIED REVENUE	GAIN ON DISPOSAL	LOSS ON DISPOSAL	CURRENT ADJUSTED REVENUE	CURRENT ADJUSTED REVENUE	CURRENT YTD EXPENSES	CURRENT YTD EXPENSES	CURRENT OVER(UNDER) APP. REVENUE	CURRENT ADJUSTED EXPENSES	CURRENT YTD USAGE	ACTUAL COMB RATE	CURRENT RATE	NEW RATE				
5	SEDANS																					
6	02-OPER	1,645,255.85		(55,236.24)						1,590,019.61	1,764,772.19			(174,752.58)	1,939,524.77	11,284,657	0.172			0.154	0.185	
7	02-DEPR	1,670,183.84		(84,355.46)			(9,689.60)			1,576,136.78	1,307,058.70			269,080.08	1,037,978.62	11,284,657	0.092			0.146	0.095	
8	02-REPLACEMENT																0.000			0.000	0.000	
9	02-COMB	3,315,439.69								3,166,158.39	3,071,830.89			94,327.50	2,977,503.39		0.264			0.300	0.280	
10	HEAVY PICKUP																					
11	04-OPER	1,731,489.67	5,892.01	(82,574.62)						1,654,807.06	1,833,905.89			(179,098.93)	2,013,004.92	7,138,605	0.282			0.324	0.300	
12	04-DEPR	1,339,408.93		(380,060.16)			(152,014.55)			807,334.22	1,215,676.85			(408,342.63)	1,624,019.48	7,138,605	0.227			0.236	0.230	
13	04-REPLACEMENT																0.000			0.000	0.000	
14	04-COMB	3,070,898.60								2,462,141.28	3,049,582.84			(587,441.56)	3,637,024.40		0.509			0.560	0.530	
15	HIGHWAY PATROL																					
16	07-OPER	942,573.42		(73,839.10)						868,734.32	968,432.81			(119,698.49)	1,108,131.31	3,271,603	0.339			0.323	0.334	
17	07-DEPR	727,384.51		(116,454.82)			(84,572.11)			526,357.58	624,888.16			(98,630.58)	723,618.74	3,271,603	0.221			0.227	0.216	
18	07-REPLACEMENT																0.000			0.000	0.000	
19	07-COMB	1,669,957.93								1,395,091.90	1,613,420.97			(218,329.07)	1,831,750.05		0.560			0.550	0.550	
20	G&F ENFORCE																					
21	08-OPER	368,449.79		(27,582.75)						340,867.04	391,677.95			(50,810.91)	442,488.86	1,421,438	0.311			0.245	0.310	
22	08-DEPR	291,504.79		(60,874.51)			(9,102.65)			221,427.63	226,065.57			(4,637.94)	230,703.51	1,421,438	0.162			0.175	0.160	
23	08-REPLACEMENT																0.000			0.000	0.000	
24	08-COMB	659,954.58								562,294.67	617,743.52			(55,448.85)	673,192.37		0.474			0.420	0.470	
25	TANDEM TRUCK																					
26	22-OPER	4,071,633.71		(481,326.17)						3,590,307.54	3,813,399.56			(223,092.02)	4,036,491.58	133,303	30.281			29.304	30.280	
27	22-DEPR	1,234,311.01		(259,578.49)			8,258.76			982,991.28	1,018,053.04			(35,061.76)	1,053,114.80	133,303	7.900			8.930	7.954	
28	22-REPLACEMENT																17.766			17.766	17.766	
29	22-COMB	5,305,944.72								4,573,298.82	4,831,452.60			(258,153.78)	5,089,606.38		55.947			56.000	56.000	
30																						
31																						
32																						
33																						
34																						
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Column B-Current YTD Rev comes from each group on the mainframe-print before the bill for the next month is run; or from vehicle master by group.  
 Depreciation can be compared to report "Replacement Revenue by Group" for whatever month you are doing.  
 Column H - Current YTD expenses comes from the report we generate "Analysis of Fleet Services Group Costs"  
 Includes fuel costs for June 2006 from billed paid 7/28/06  
 Column C & D - changed one time per year (Info is from this report dated June 30 of previous fiscal year)  
 Column E & F - pull from "Gain or Loss on Sales by Group" from Fixed Asset Monthly Reports book for the month we are doing  
 The purchase price for vehicle groups 02, 04, 07, and 09 have not risen significantly so replacement money does not need to be collected.  
 Group 22 has a replacement rate to make up for the large difference in truck prices from 15 years ago to date, and because of the additional trucks added to that group.

NORTH DAKOTA STATE HIGHWAY DEPT  
 ANALYSIS OF FLEET SERVICES GROUP COSTS  
 YEAR TO DATE AS OF JUNE 30, 2006

GROUP	LABOR	FUEL OIL	PARTS	SHOP OVERHEAD	MOTORPOOL OVERHEAD	TOTAL OPERATING COST	DEPR	USAGE	OPER COST		DEPR COST		COMB COST		LABOR COST		P.F.O. COST		SHOP OH CO MP OH COST		
									PER UNIT OF OPERATION												
1	7,255.65	386,168.05	9,293.08	52,259.56	454,976.34	459,411.73	2,321,749	0.196	0.198	0.394	0.003	0.166	0.004	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
2	19,590.28	1,483,031.00	26,342.59	228,162.24	1,757,126.12	1,307,068.70	11,284,657	0.156	0.116	0.272	0.002	0.131	0.002	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
3	20,555.32	643,594.94	25,332.91	80,968.56	770,451.73	514,218.97	3,122,083	0.247	0.165	0.411	0.007	0.206	0.008	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
4	41,103.24	1,586,316.25	48,364.71	144,930.74	1,820,714.95	1,215,676.85	7,138,605	0.255	0.170	0.425	0.006	0.222	0.007	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
6								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
7	26,339.60	871,752.08	32,769.09	52,556.64	983,417.40	624,988.16	3,271,603	0.301	0.191	0.492	0.008	0.266	0.010	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016
8								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9	5,421.17	353,915.91	7,072.42	22,173.64	388,583.13	226,065.57	1,421,438	0.273	0.159	0.432	0.004	0.249	0.005	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016
11								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
12	3,159.08	305,717.44	3,982.64	69,567.45	382,426.60	249,235.40	879,378	0.563	0.367	0.930	0.005	0.450	0.006	0.102	0.102	0.102	0.102	0.102	0.102	0.102	0.102
13	15,911.20	505,531.80	19,854.01	57,343.08	598,640.09	505,444.74	2,978,121	0.201	0.170	0.371	0.005	0.170	0.007	0.019	0.019	0.019	0.019	0.019	0.019	0.019	0.019
14								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
15								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
18	8,424.59	193,569.00	9,216.18	18,879.77	230,109.53	171,348.56	20,285	11,344	8,447	19,791	0.415	9.543	0.454	0.931	0.931	0.931	0.931	0.931	0.931	0.931	0.931
19	5,369.95	46,636.27	6,262.38	3,436.99	61,724.60	31,483.15	4,206	14,675	7,485	22,161	1.281	11.088	1.489	0.817	0.817	0.817	0.817	0.817	0.817	0.817	0.817
20	5,572.20	100,115.28	6,398.55	4,720.68	116,806.71	49,528.89	10,746	10,870	4,609	15,479	0.519	9.317	0.585	0.439	0.439	0.439	0.439	0.439	0.439	0.439	0.439
21	95,560.31	688,910.76	111,759.15	30,252.87	826,483.09	189,275.08	40,944	22,628	4,134	26,762	2.334	16.826	2.730	0.739	0.739	0.739	0.739	0.739	0.739	0.739	0.739
22	346,059.92	2,999,197.65	397,227.75	62,424.96	3,804,910.28	1,018,053.04	133,303	28,543	7,637	36,180	2.596	22.499	2.980	0.468	0.468	0.468	0.468	0.468	0.468	0.468	0.468
23	5,895.08	109,312.47	10,197.20	3,651.80	129,056.54	18,273.31	5,829	22,140	3,135	25,275	1.011	18.753	1.749	0.626	0.626	0.626	0.626	0.626	0.626	0.626	0.626
24	5,139.01	23,157.40	5,975.62	4,286.24	38,568.28	57,170.74	399	96,662	143,285	239,947	12.880	58.039	14.976	10.768	10.768	10.768	10.768	10.768	10.768	10.768	10.768
25								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
26	922.48	145,980.40	1,153.93	1,933.31	149,990.12	42,973.93	4,063	36,916	10,577	47,493	0.227	35.929	0.284	0.476	0.476	0.476	0.476	0.476	0.476	0.476	0.476
28								#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
29	438.10	5,709.12	519.23	644.44	7,310.88	9,456.14	862	8,481	10,970	19,451	0.508	6.623	0.602	0.748	0.748	0.748	0.748	0.748	0.748	0.748	0.748
30	0.00	88,433.74	0.00	1,503.68	89,937.42	25,039.80	7,368	12,206	3,398	15,605	0.000	12.002	0.000	0.204	0.204	0.204	0.204	0.204	0.204	0.204	0.204
31	0.00	26,230.59	0.00	859.25	27,089.84	3,719.07	4,659	5,815	0.798	6,613	0.000	5.630	0.000	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184
32	2,246.34	30,613.13	2,194.24	859.25	35,912.95	43,441.08	1,922	18,685	22,602	41,287	1.169	15.928	1.142	0.447	0.447	0.447	0.447	0.447	0.447	0.447	0.447
TOTAL	614,982.50	10,593,913.26	723,915.69	841,425.15	12,774,236.60	6,741,862.91	32,453,220														

Group 26 reflects decrease in PFO for rebuilding of engine that was capitalized for \$14,116.55 & 14,467.34

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State Fleet Services

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LICENSED MOTOR VEHICLES DEPRECIATION SCHEDULE

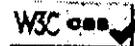
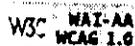
LICENSED MOTOR VEHICLES DEPRECIATION SCHEDULE

October 13, 2006

DESCRIPTION	GROUP NO.	LIFE IN MONTHS	SALVAGE PERCENT
Mini-Passenger Van	1	60	20
Sedan/Wagon	2	48	40
Light Pickup/Cargo Van/Full-Size Utility	3	96	25
Heavy Pickup/ Van/Full-Size Utility	4	84	25
Highway Patrol	7	42	25
Game Enforcement /Special	9	36	40
Facility Service Vehicle	12	144	10
Compact Utility/All	13	60	25
Miscellaneous Truck/Mid-Size Bus	18	144	25
Distributor	19	240	25
Sign Truck/Garbage Truck	20	180	15
Single Axle Truck/All	21	180	25
Tandem Axle Truck/All	22	180	25
Truck Tractor	23	180	25
Rotary Snowplow	24	420	15
Motor Coach	26	180	10
Water Well Drill Truck	27	378	10
Lineworker Truck	29	240	15
Shuttle Bus	30	240	15
Fuel Truck	31	180	25
Drill Truck	32	240	10

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**State Fleet Services**

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2006 Model Vehicles

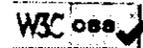
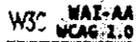
**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION  
STATE FLEET SERVICES  
2006 MODEL VEHICLES  
(January 25, 2006)**

Rental Group	Purchased	Description	Purchase Low	Price High	Manuf. Of Vehicle Purchased	% Change Over 2005 Models
1	30	Mini Pass. Van	\$14,898	\$15,008	Ford	-10
2	181	Comp. Sedan	\$12,446	\$12,688	Dodge/Ford	-1
3	10	.5-Ton Pkp. Ext. Cab 4x4	\$18,281	\$18,418	Chevrolet	-1/-2
3	7	Compact Ext. Cab 4x2	\$12,699	\$12,923	Chevrolet	+2/+4
3	1	Compact Ext. Cab 4x4	\$16,097		Ford	
3	4	Mini Cargo Van	\$12,773		Ford	-5
	5	.5-Ton AWD Cargo Van	\$19,944		Chevrolet	
4	6	.7-Ton Pkp. Crew Cab 4x4	\$22,097	\$22,197	Ford	+1
4	13	.7-Ton Pkp. Ext. Cab 4x4	\$20,540	\$20,977	Chevrolet	+2
4	1	1-Ton Crew Cab 4x4 DSL	\$26,196		Ford	0
4	8	1-Ton Pkp. Crew Cab 4x2	\$19,443	\$19,692	Ford	+1/+2
4	7	1-Ton Pkp. Crew Cab 4x4	\$21,933	\$22,293	Ford	0
4	3	1-Ton Ext. Cab 4x4 DSL	\$25,093		Ford	+3
4	2	1-Ton Crew Cab 4x4 DRW/DSL	\$27,187		Ford	+3
7	33	Patrol, Full-Size Sedan	\$21,877		Ford	+2
7	12	Patrol, Full-Size Utility	\$23,647		Ford	-6
7	1	Patrol, Frt Wheel Dr./Sedan	\$17,694		Chevrolet	+7
7	2	Patrol, Rwd Sedan	\$20,220	\$22,206	Dodge	
	11	15-Passenger Van	\$20,585	\$20,684	Chevrolet	0

97	22	.5-Ton Pkp. Ext. Cab 4x4	\$19,387	\$19,463	Chevrolet	-2
	6	Mini Cargo Van	\$12,268	\$12,309	Ford	-9
12	2	1-Ton Reg. Cab 4x4 Chassis	\$18,025	\$18,128	Chevrolet	
12	2	.7-Ton Reg. Cab 4x2	\$14,007		Chevrolet	0
12	1	Hi Cube Van	\$27,272		Ford	+5
13	11	Compact Utility 2-WD	\$17,783	\$17,992	Ford	+2/+3
13	31	Compact Utility 4-WD	\$19,726	\$20,066	Chevrolet/Ford	+3/+4
21	3	35,000 GVW Truck (w/box)	\$81,202		International	-1.5
22	14	58,000 GVW Truck (w/box)	\$109,125	\$110,455	International	+5
22	22	58,000 GVW Truck (w/RDS)	\$116,974	118,303	International	+5
23	2	Truck Tractor	\$61,995		Mack	

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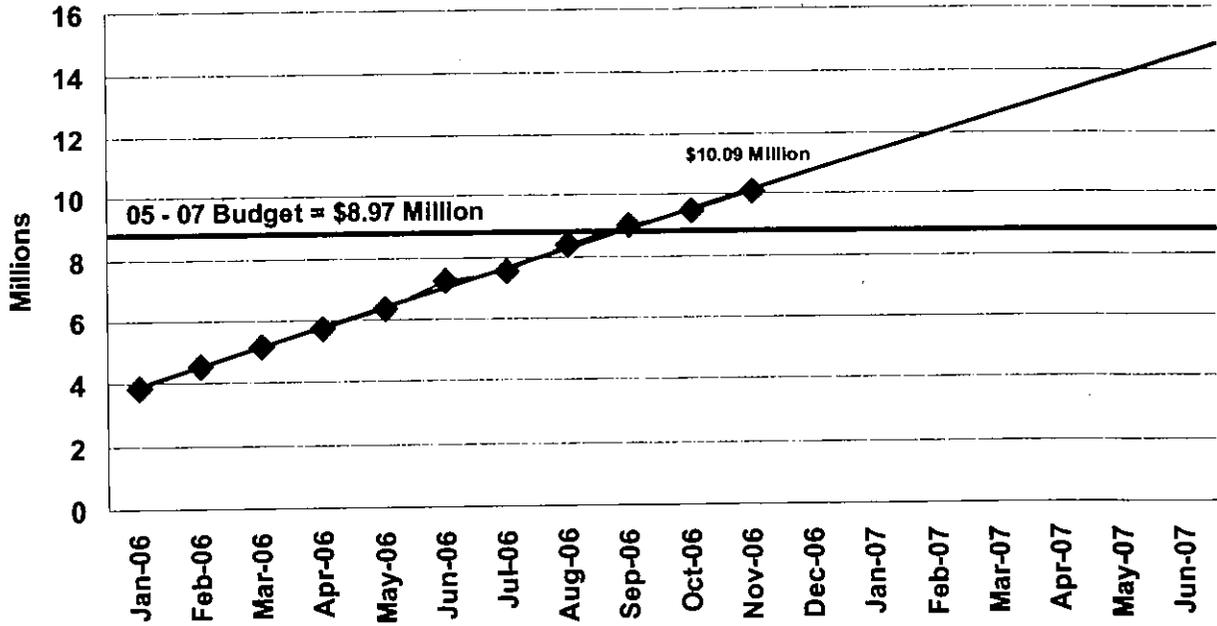
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**NORTH DAKOTA STATE DEPARTMENT OF TRANSPORTATION  
FLEET DEPRECIATION REPORT BY VEHICLE GROUP  
12/31/2006**

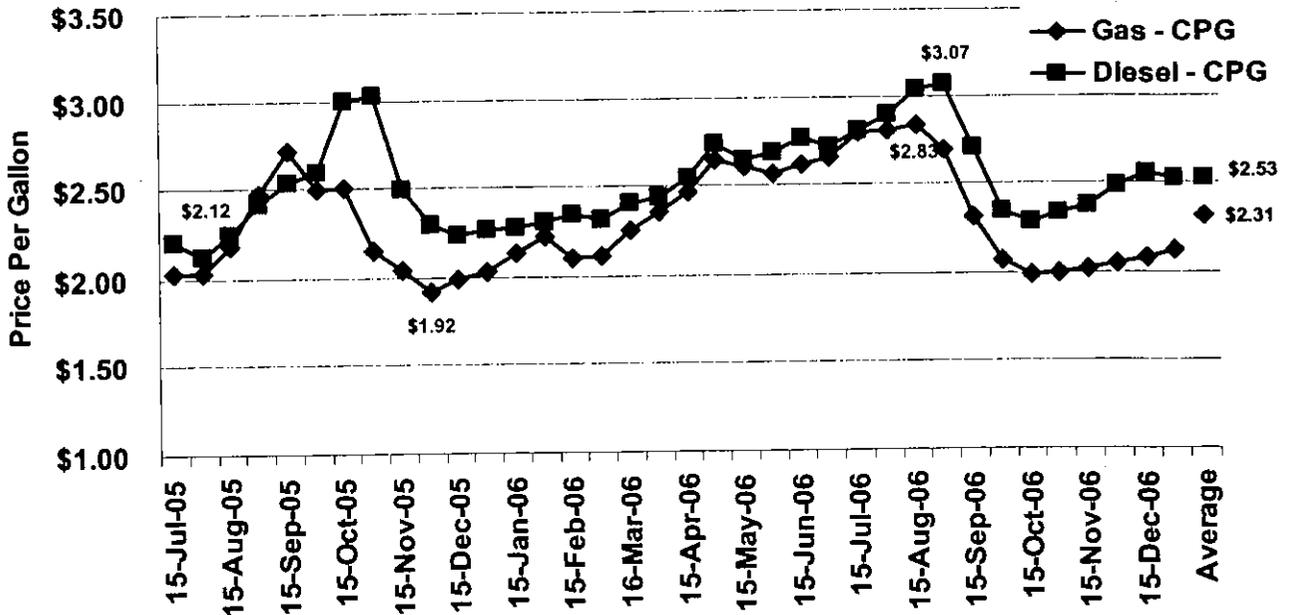
	Usage Rate	Depr. Rate	Replacement Rate	FYTD Usage	Cost	Salvage Value	FYTD Depr.	LTD Depr.
VG01	.190	.210	0	1,144,201	3,708,055.00	892,532.35	233,671.29	1,632,085.20
VG02	.175	.095	0	5,432,397.50	10,200,601.77	1,600,285.23	591,119.48	3,659,967.22
VG03	.250	.190	0	1,598,278	5,384,738.60	1,457,515.70	230,315.01	2,769,586.59
VG04	.260	.230	0	2,759,912	10,072,196.49	3,232,109.24	423,677.75	3,983,503.34
VG07	.314	.216	0	1,662,238	3,556,576.72	1,109,526.15	334,431.29	1,315,099.02
VG09	.260	.160	0	929,861	1,260,222.00	504,083.40	124,761.60	465,600.80
VG12	.34	.380	.080	331,496	4,147,605.89	576,097.44	126,389.84	2,079,665.18
VG13	.19	.30	.06	1,335,915	3,000,490.48	1,017,476.23	274,373.50	1,657,440.28
VG18	16.020	12.930	2.050	8,492	3,837,816.14	741,122.43	84,186.91	1,782,739.27
VG19	21.876	11.000	3.124	1,217	648,918.98	111,354.93	9,382.08	198,504.78
VG20	15.093	5.680	1.227	5,640	1,712,297.63	271,197.99	24,996.54	743,471.67
VG21	27.870	11.30	0	13,853	4,585,192.09	1,438,085.47	88,214.34	2,394,061.09
VG22	39.280	7.954	10.766	58,823	23,753,810.47	6,228,428.06	568,478.72	6,290,327.65
VG23	26.30	6.650	1.14	3,199	892,904.18	112,976.72	11,023.84	313,277.52
VG24	54	6	0	90	2,366,291.90	309,929.90	27,814.08	767,313.39
VG26	43.864	10.970	6.166	2,146	928,994.15	90,041.26	21,730.62	212,261.92
VG27	14	16	5	413	382,415.00	5,641.50	6,371.64	15,713.40
VG29	12.640	37.360	0	394	223,619.49	33,542.49	4,728.06	98,960.80
VG30	16.590	3.630	6.780	3,782	606,360.00	90,934.00	12,519.96	171,353.09
VG31	7.35	15	0	1,772	11,268.97	50,137.00	1,859.52	105,263.92
VG32	31.450	36.550	0	635	563,170.66	56,317.66	19,032.48	178,592.49
VG34	90	0	0	1,706	3,000,275.50	393,010.50	66,772.74	3,123,673.15
VG63	41	0	0	109	263,081.00	26,304.00	3,528.42	187,887.34
VG64	61	788	788	788	791,382.00	79,131.00	14,293.80	361,033.59
VG66	183	0	0	16	439,698.00	56,633.00	11,389.38	146,403.94
VG67	61	0	0	31	0	0	275.92	0.00
VG68	61	0	0	303	395,260.00	55,983.20	5,296.50	180,720.11
VG70	49	0	0	644	306,573.00	21,463.45	2,237.30	219,503.83
VG72	44	0	0	154	157,635.00	23,645.25	3,349.74	10,607.52
VG73	55	0	0	400	53,928.00	136,178.40	10,521.23	43,233.09
VG74	58	0	0	288	265,565.32	39,804.32	3,178.50	184,019.26
VG75	51	0	0	72	245,975.60	41,009.00	3,200.58	84,817.58
VG76	34	0	0	8,553	3,676,326.87	529,521.87	88,132.03	829,448.71

# State Fleet Historical Fuel Expenditures

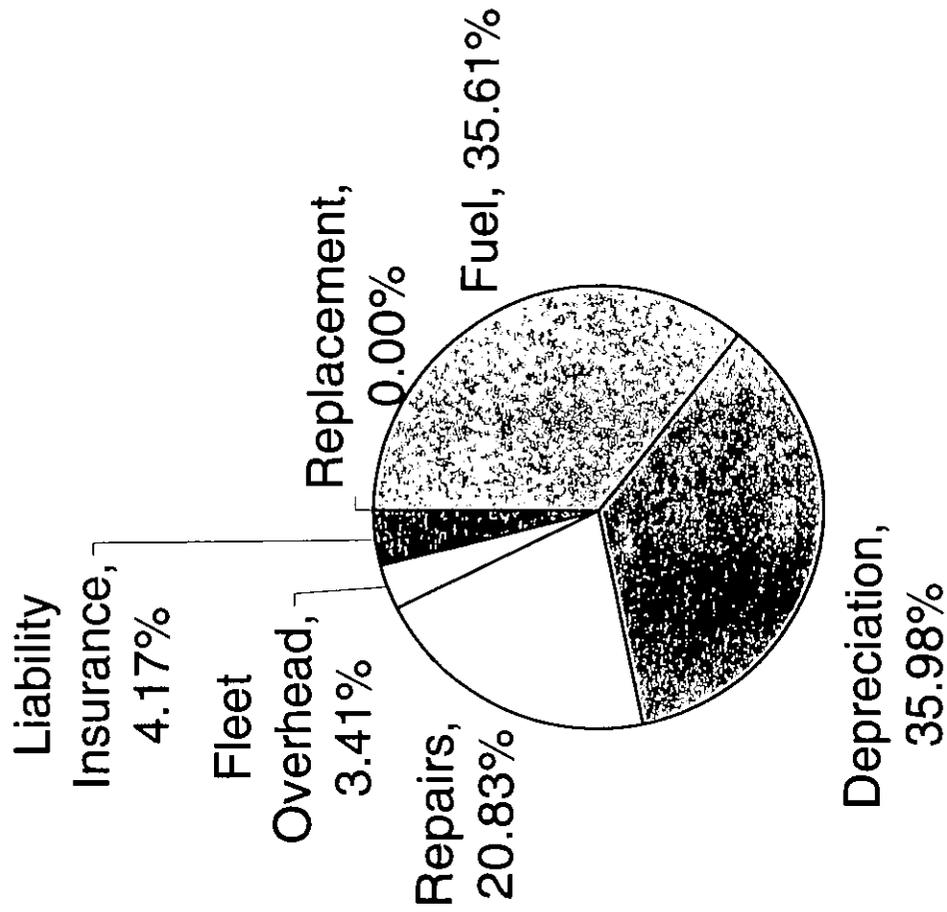
## Cumulative State Fleet Fuel Budget Usage



## State Fleet Cost Per Gallon (CPG)

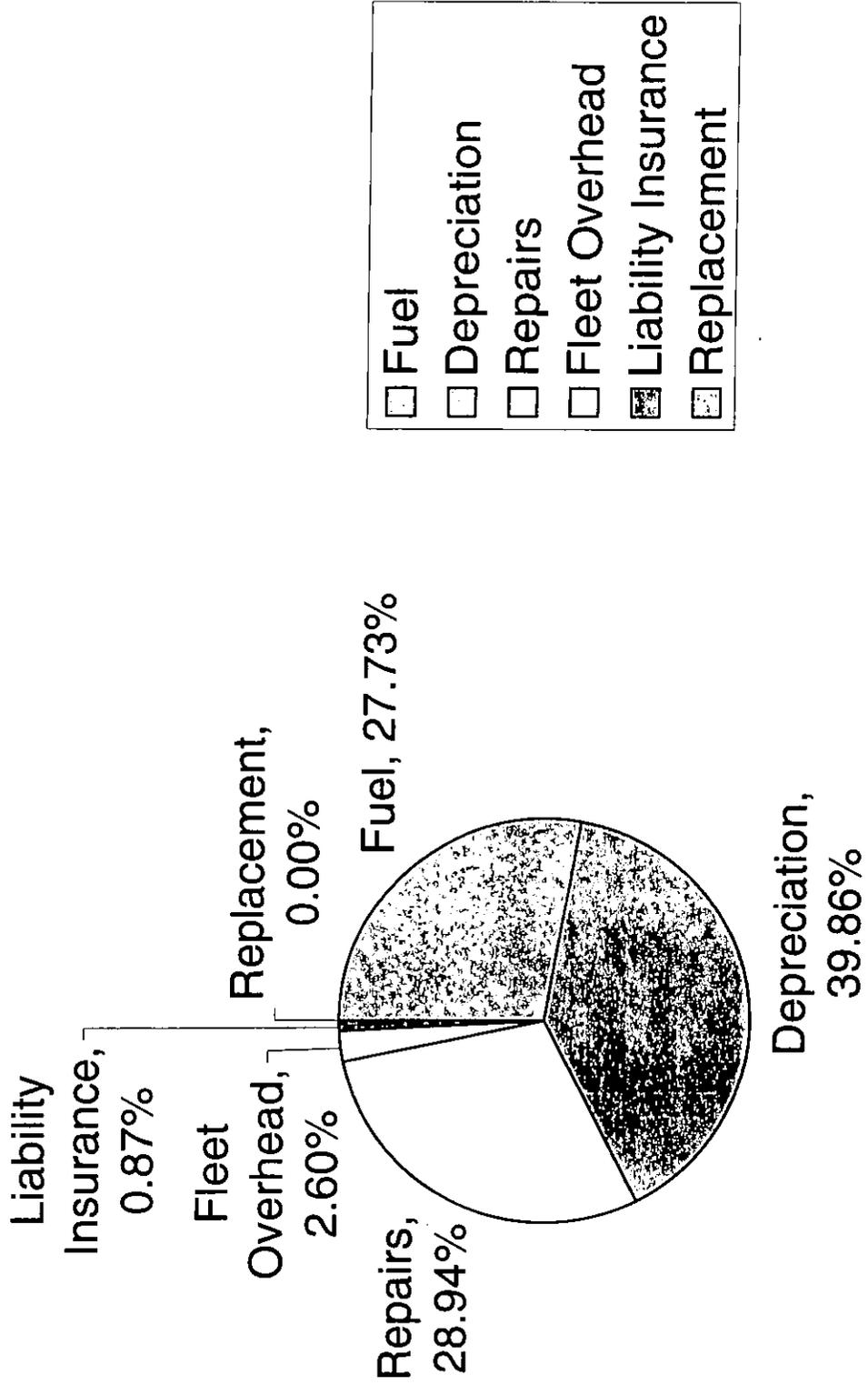


Group 02 Sedans \$0.27 per mile Rental Rate Breakdown With a Life Cycle of 4 Years

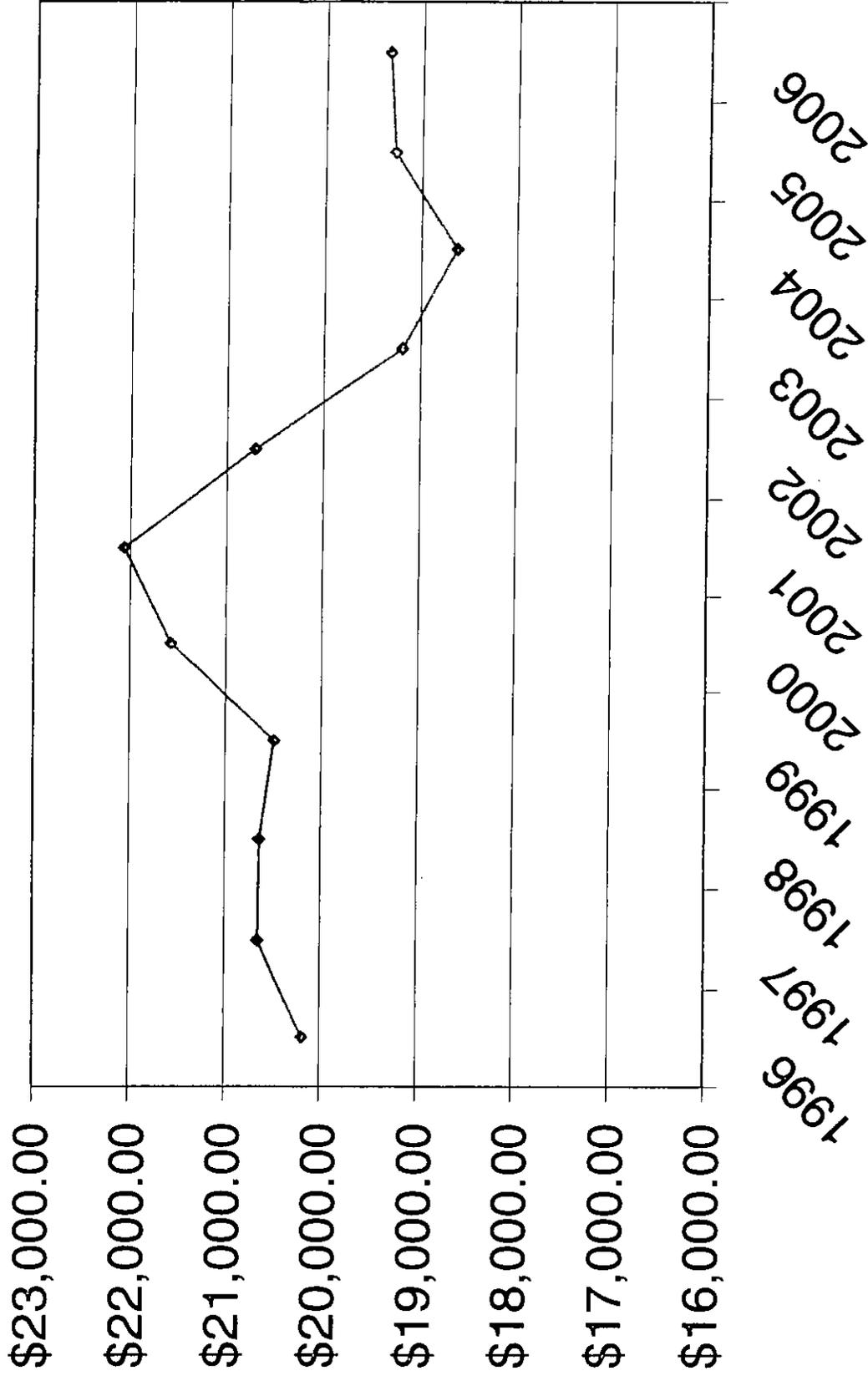


- Fuel
- Depreciation
- Repairs
- Fleet Overhead
- Liability Insurance
- Replacement

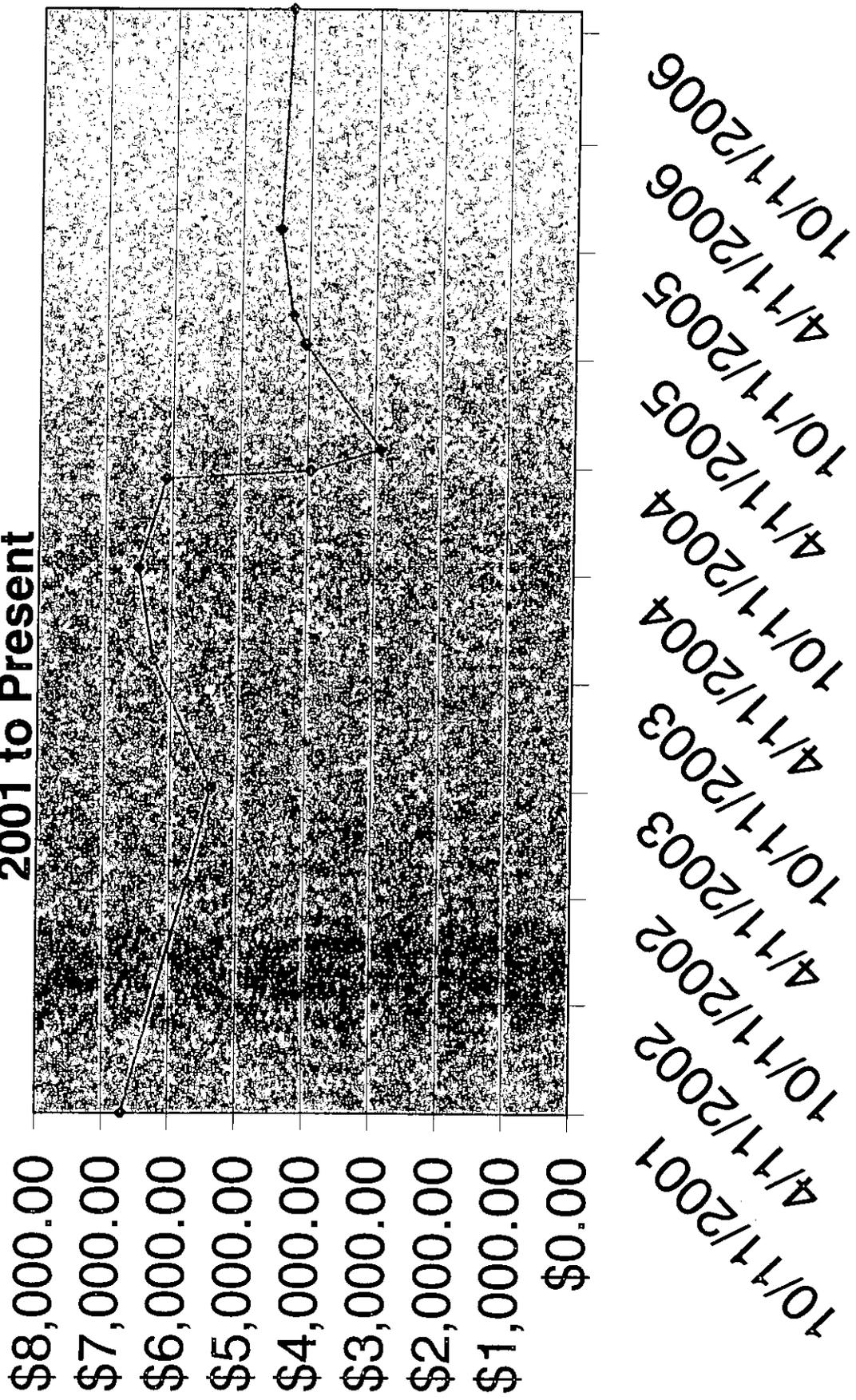
Group 04 Heavy Pickups \$0.53 per mile Rental Rate Breakdown  
With a Life Cycle of 7 Years



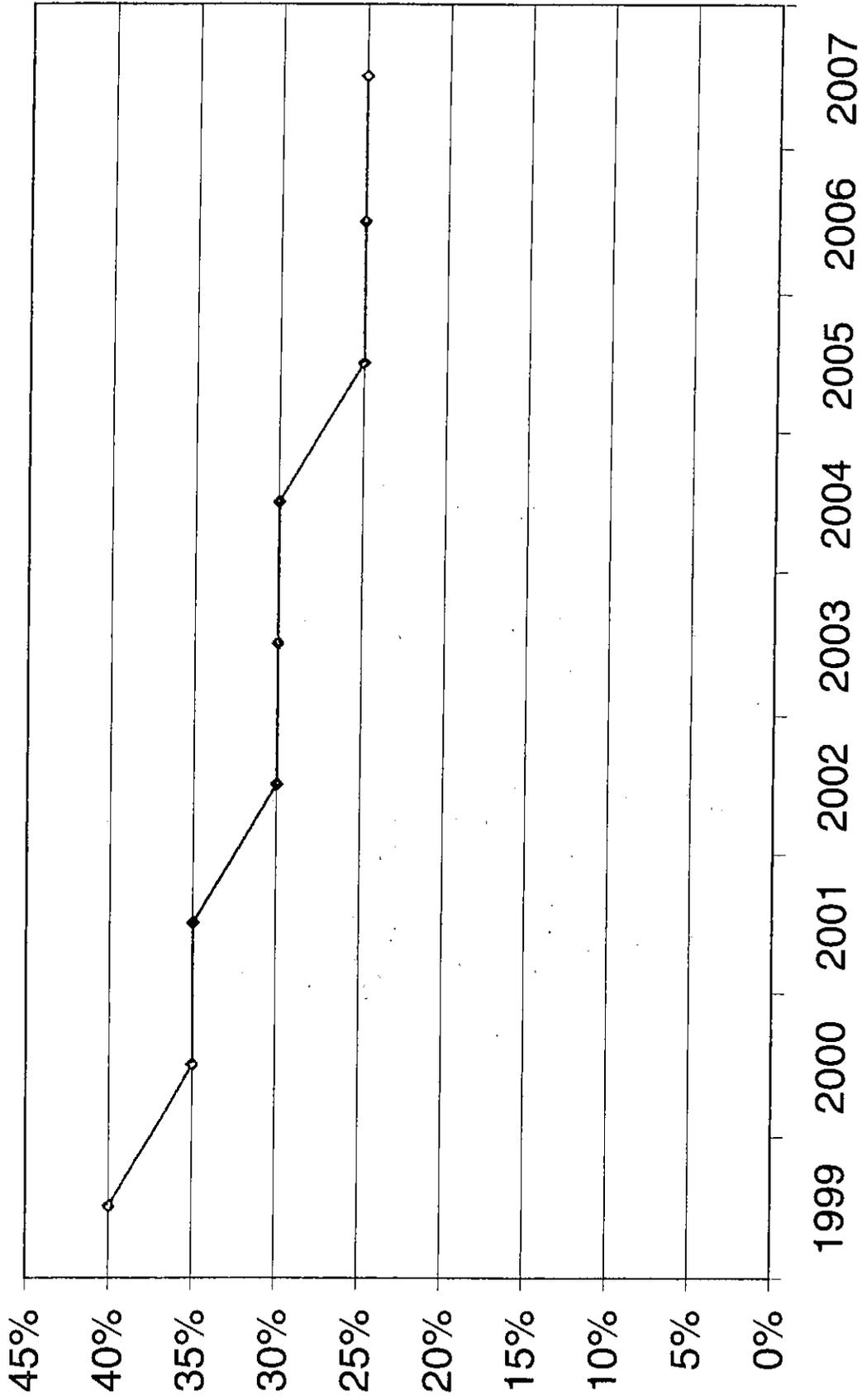
Group 04 Heavy Pickup Purchase Price History 1996 to Present



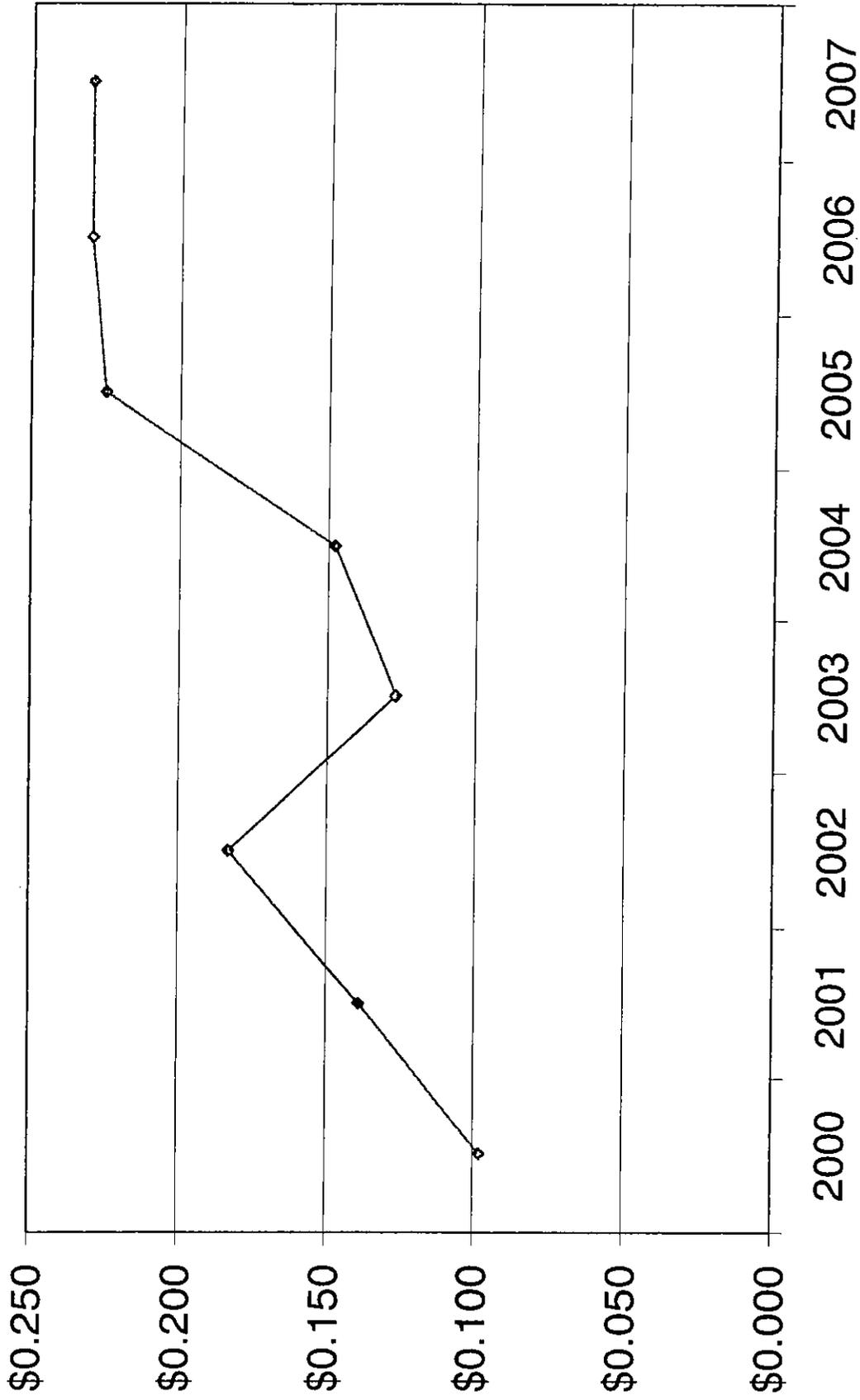
# Average Auction Price for 1 Ton Crew Cab Sales 2001 to Present



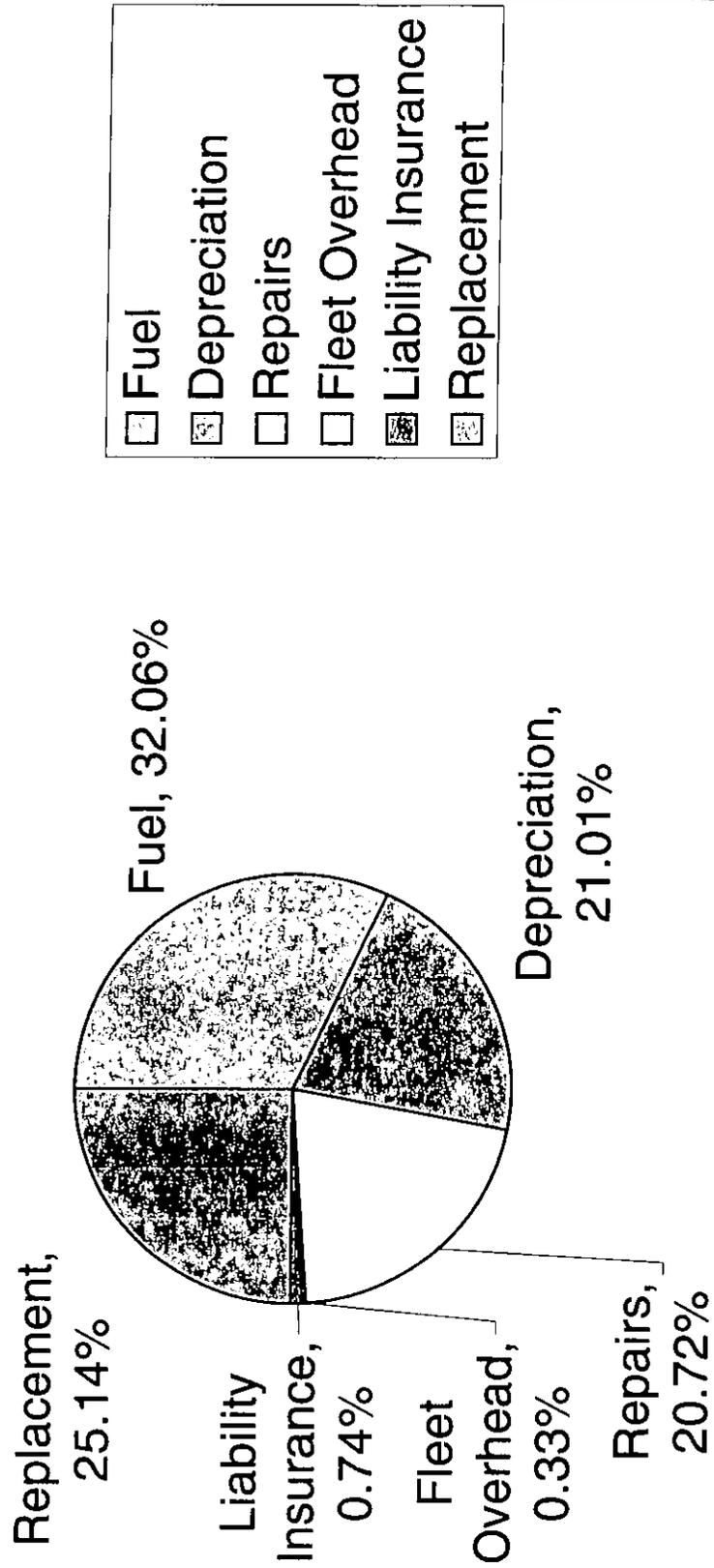
Group 04 Heavy Pickup Salvage Percentage 1999 to Date



Group 04 Heavy Pickup Depreciation Rate 2000 to Present



# Group 22 Tandem Axle Truck \$56 per hour Rental Rate Breakdown With a Life Cycle of 15 Years



**Overview of Need for NDDOT DL3 Rewrite  
January 30, 2007**

**Name of Program: DRIVER LICENSE MASTER (DL3)**

**Purpose and Need for Rewrite:**

The DL3 system provides for the license history and status of all ND drivers, Commercial Drivers, suspended drivers and citizens desiring identification cards. The system must be modified many times per year to accommodate changes in state and federal laws and administrative rules. Few systems are subject to such rigorous external requirements for modifications. The system changes are difficult and time consuming to make due to the complexity of the system and the limited expertise available to program the modifications. System changes often result in errors in drivers records. These errors can and have resulted in alarming experiences for citizens including unwarranted arrests or detention of truck-loads of perishable produce. Errors have also resulted in erroneous insurance rate increases and incorrect jury selection addresses.

Re-writing the system will reduce the potential for erroneous records and will enhance the capability of responding to rapidly to changing state and federal driver laws and administrative rules.

**History of System**

Originally written – 1984, Age 23 years

Major system impacts since 1984 due to required Federal changes

- 1989 – National Driver Register and AAMVAnet interfaces.
- 1992 – Commercial Driver License System
- 1994 – Problem Driver Pointer System
- 1995 – Digital Driver License System integration
- 2003 – Social Security On-line Verification
- 2004 – CDL Audit Changes
- 2004 – USA Patriot Act (Transportation Security)
- 2006 – Motor Carrier Safety Improvement Act (Still in Progress)

DL3 Rewrite Project was submitted in the 2003-2005, 2005-2007 and 2007-2009 IT Plans. Budget situations resulted in delay of re-write.

**DL3 Business Case Summary**

- DL3 System manages approximately 660,000 records including 470,107 current drivers of which 43,852 are commercial drivers (CDL). The remaining

records cover identity card records as well as other miscellaneous information. Note, deceased CDL's must be maintained for 55 years.

- System is an identity data system which is comprehensive to the point of being used by many agencies, the private sector, and the federal government. Users include:
  - Public - every 4 years every driver uses this system to renew licenses as mandated by State statute and any adverse actions on driver privilege. The public expects the system to be available and provide them the services they require.
  - Law enforcement - all law enforcement agencies are dependent on this system for accuracy.
  - Court systems and State's Attorneys for adjudication.
  - State Agencies - Department of Human Services, Tax Department, Game and Fish, Attorney General's office all utilize the system on a daily basis.
  - Federal Agencies - Federal Motor Carrier, Federal Bureau of Investigation, Department of Homeland Security, Social Security Administration
  - Insurance industry
  - Other Jurisdictions - all 50 states and Canadian provinces access Drivers License data for identity verification.
  - Secretary of State for electronic poll book.
  
- Drivers License (DL3), by nature, will always be a high maintenance system because of impacts from both State and Federal law and rule changes.
- Because of the age of the system and the outdated technology that it is built on, these changes are becoming increasingly difficult to incorporate.
- We have experienced situations where code changes have affected totally unrelated areas of the application which in many cases do not surface until the driver or law enforcement or another outside entity brings it to our attention. When this occurs the errors can result in arrests, detaining of perishable truck loads, erroneous insurance rate increases, incorrect jury list addresses as well as many other potential impacts.
- The cost of programming continues to rise because it's taking longer and longer to make even the simplest changes.
- Drivers License (DL3) is a very complex system that demands accuracy in every aspect. However, this accuracy is being compromised because of the lack of expertise to maintain the outdated technology that it is built on.
- DL3 does a tremendous amount of work and although 97% of the driver records are correct, the 3% that have incorrect data are partly because of coding issues or because the system did not prevent invalid entry.
- As we continue to make additional changes to the current DL3 application we expect the percent of incorrect records to increase because this system has been bandaged and patched constantly.

## **Current Costs**

This biennium resulted in 321 ITD software development/service requests through December 2006 at a cost of \$304,674.

### **Real ID Act – Known impacts on DL3**

Increase name length 125 Characters - \$32,000.00

All driver verification check - \$160,000 (National Driver Database)

Digital Image Exchange - \$20,000

Passport Verification - \$3,800

Real ID will primarily require a tightening of both physical and personnel records related security and additional upfront verification of a person's identity but minimal impact on the actual Drivers License application. This will have little impact on the DL3 rewrite proposed in the Executive budget.



HOUSE OF REPRESENTATIVES  
**NORTH DAKOTA  
LEGISLATIVE ASSEMBLY**



REPRESENTATIVE  
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STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360

COMMITTEES:  
Judiciary  
Political Subdivisions  
Constitutional Revision, Chairman

## Memo

To: Members of the Conference Committee on HB 1012  
Francis Ziegler, Department of Transportation  
Governor John Hoeven

From: Rep. Kim Koppelman  
Former MIPRC Commissioner—ND  
Chairman-elect, Council of State Governments

Re. Midwest Interstate Passenger Rail Commission

North Dakota's membership in the Midwest Interstate Passenger Rail Commission is the result of passage, on two occasions, by the North Dakota Legislature, of the Midwest Interstate Passenger Rail Compact. Originally adopted with a sunset clause, confidence in North Dakota's membership in the compact was demonstrated, as it was later adopted permanently. The purpose of the compact is to advance passenger rail in the Midwest.

Several years ago, plans began for a high speed rail corridor in the Midwest, with Chicago as the hub and branch lines spreading out throughout the Midwestern region of the United States. There was only one problem: North Dakota was not a part of the plan.

This problem was rectified, with years of hard work. The Compact's governing perimeters were amended to allow the Dakotas to join. North Dakota was one of the earliest states (the third, I believe) to join the compact. As one of the charter commissioners, I sought, negotiated, and obtained reduced membership dues for the State of North Dakota, resulting in the creation of an affiliate dues structure.

After North Dakota joined the compact, I became one of the charter commissioners. In the initial years of its operations, I continued in this capacity, as the only active commissioner from North Dakota. The compact calls for the appointment of three commissioners from North Dakota as follows: one appointed by the House of Representatives, one appointed by the Senate, and one appointed by the Governor. Later, David Spryncynatyk (then heading the Department of Transportation) became active, as a commissioner, as the Governor's appointee.

Mr. Spryncynatyk, of course, no longer serves in that capacity. A different commissioner from the House of Representatives was appointed two years ago, who I understand has since asked to step down from this appointment. As a result, North Dakota has had no active, participating Commissioner, representing our state's interests on the Commission.

It has come to my attention that a current proposed amendment to the Department of Transportation's budget would threaten withdrawal from the Compact by the Governor, if he isn't able to negotiate lower dues. I would urge reconsideration and modification of this position for a number of reasons:

1. As previously explained, North Dakota has not had active participation in the Commission for the past two years. This has probably led to it not being favorably considered—as it had no voice at the table—with respect to dues structure.
2. If North Dakota wants dues to be negotiated, the appropriate method for that to occur, is for its MIPRC Commissioners to do so. Not only is this the appropriate methodology, it is what had worked in the past and, what in fact, precipitated North Dakota's historic reduced dues status.
3. The Governor is not a Commissioner and therefore has no standing to negotiate dues. He does have the authority to appoint a commissioner and could conceivably even appoint himself, but that appointee has no more or less influence or authority, under the Compact, and its rules and governance structure recognizes all commissioners as equal representatives of his or her state.
4. Inserting the language suggested, in this bill, would undermine and conflict with the compact.
5. Inserting this language would also abdicate the Legislative Branch's authority, under the compact, making it subservient to the Executive Branch's authority, when both are given the specific, equal authority to appoint and be represented by Commissioners, under the Compact.

I have offered an amendment in the proper form to accomplish your committee's objectives, in keeping with the Compact.

I also stand prepared to assist your Committee, the Department of Transportation, and anyone else, with more information on the background and purpose of North Dakota's involvement in the Midwest Interstate Passenger Rail Compact, which not only gives North Dakota a seat at the table among its Midwestern neighbors, as it relates to the status and future of passenger rail in the Midwest, but also offers our state the potential to participate in an exciting plan for high speed rail in the Midwest, in the future.

# North Dakota Public Transit Programs

The North Dakota Department of Transportation administers federal transit grant funding to rural, non-urbanized areas; state funding for the entire state; and ensures that transit projects meet federal and state regulations and requirements. (See Attachment A for an overview of estimated and projected federal and state funding for the current and upcoming bienniums.)

## **Federal Grants**

The Federal Transit Administration (FTA) annually apportions federal funding provided under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which includes grant monies allotted under sections 5307, 5309, 5310, 5311 and 5316.

FTA grant funding requires North Dakota transit programs to match grant funding at a rate ranging from 20 to 50 percent, depending how the funding is used (administrative expenses, operating capital or capital purchases). FTA grant funding is administered as follows:

**Section 5307 Program.** Section 5307 makes federal resources available to urbanized areas for transit capital and operating assistance in urbanized areas and for transportation related planning. An urbanized area is an incorporated area with a population of 50,000 or more. In North Dakota, Section 5307 formula transit funds are administered directly to the urbanized areas/cities by the FTA Region VIII Office in Denver, thus do not pass through the NDDOT. The metropolitan planning organizations and their respective cities jointly develop an annual proposed transit program of projects that details how each urbanized area will utilize its transit apportionment. In North Dakota these areas are Grand Forks, Fargo/West Fargo and Bismarck/Mandan.

**Section 5309 Program.** Section 5309 allots federal transit discretionary funds for transit projects in both urban and rural areas of the state to use for primarily for new and replacement buses, equipment and maintenance needs. The NDDOT applies annually for statewide federal congressional earmark funding under this program.

**Section 5310 Program.** Section 5310 federal transit funds provide formula funding to states for the purpose of assisting transit projects in meeting the transportation needs of the elderly and persons with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. This grant funding is used to purchase new and replacement buses and related transit equipment. Funds are apportioned based on each state's share of population for these groups of people.

**Section 5311 Program.** Section 5311 provides formula funding to states for the purpose of supporting public transportation in areas of less than 50,000 population. This grant funding is apportioned in proportion to each state's non-urbanized population, and is primarily used to cover operating expenses. Each state prepares an annual program of projects, which must provide for fair and equitable distribution of funds within the states, including Indian reservations, and must provide for maximum feasible coordination with transportation services assisted by other federal sources.

**Section 5316, Job Access and Reverse Commute (JARC) Program.** Section 5316 provides federal transit funds to improve access to employment. Transit projects can utilize JARC funds to develop transportation services for residents of urban centers and rural and suburban areas to suburban employment opportunities. Emphasis is placed on projects that serve large populations.

Section 5309, Section 5310 and Section 5311 grant funding is allocated through an annual application process to the NDDOT. These funds are distributed at the discretion of the state; allocation is based on a combination of each individual transit project's need and ability to support its scope of service.

### **State Aid for Public Transportation**

The state transit fund was created by the 1989 State Legislature, and assists North Dakota public transit projects to help the elderly, physically disabled and members of the general public get where they need to go in order to obtain the goods and services they need or desire.

State aid assists transit projects to extend their limited resources by providing eligible local matching funds that allow transit providers to take full advantage of the federal grant funding that is available. Transit projects are not able to use fare revenue or other FTA grant funding for local matching funds.

Three dollars of every motor vehicle registration is deposited into the state transit fund, which is then allocated by formula to each North Dakota county. The formula is written in state law (NDCC 39-04.2.02) as a base amount plus per capita funding (for the complete chapter see Attachment B, NDCC 39094.2). As motor vehicle registration increases or decreases, so does the per capita amount. The current per capita amount of \$1.92 was reached using the following methodology:

$$\text{Total available funds} - \$96,990^* \div \text{most recent census} = \text{per capita}$$

$$*53 \text{ counties} \times \text{the base amount of } \$1,830$$

Each county's state aid is provided to the transit project that serves that county. In cases where more than one transit project serves a county, the county's state aid is prorated, based on the formula, to all transit projects serving that county. Each transit project receives a percentage of the base amount plus a variable amount based on the number of individual rides given to elderly and disabled passengers in the previous fiscal year.

As an example, Adams County had a population of 2,593 at the time of the most recent census. Based on the formula, in fiscal year 2006 Southwest Transportation Services received \$23,278 in funding to serve Adams County. *Note: Final calculations are rounded down to the nearest dollar.*

$$\$1,830 \text{ (base)} + \$4,978 \text{ (per capita of } 2,593 \times \$1.92) = \$23,278$$

State aid history and projections as of January 2007 follow as Attachment C.

**NORTH DAKOTA PUBLIC TRANSIT FUNDING  
DOT BUDGETED**

Federal Program	Subrecipient	Federal/Local Match	Estimated 2005-2007 Biennium	Projected 2007-2009 Biennium
5303 Planning Funds (Fed.)	MPOs	80%/20%	\$553,000	\$679,000
5304 State Planning Funds (Fed.)	Statewide	80%/20%	145,000	178,000
5310 Elderly & Disabled (Fed.)	Rural Statewide	80%/20%	674,000	760,000
5311 Rural Support (Fed.)	Rural Statewide	80%/20%	4,448,000	7,189,000
Administrative	Up to 15%			
Capital	Up to 15%			
Operating	68%			
5311(b) RTAP (Training) (Fed.)	2%	100%	154,000	167,000
5311(c) Tribal Programs (Fed.)	Recognized Tribes	80%/20%	\$198,000 <sup>1</sup>	n/a
5316 Job Access (Fed.)	Statewide	50%/50%	492,000	643,000
5317 New Freedoms (Fed.)	Statewide	50%/50%	147,000	322,000
5309 Earmark Funds (Fed.)	Statewide	80%/20%	1,212,000	1,250,000
<b>Subtotal Federal Program</b>			8,023,000 <sup>2</sup>	11,188,000
Total State Program			4,700,000 <sup>3</sup>	4,700,000 <sup>3</sup>
<b>Totals</b>			<b>\$12,723,000</b>	<b>\$15,888,000</b>

<sup>1</sup> FTA Section 5311(c) Tribal Transit Program funds. Tribes apply directly to the FTA for funding under this program; approved grant applications are disbursed directly to the tribes by the FTA. Projected funding levels are: \$198,000 for the 2005-2007 biennium and \$530,000 for the 2007-2009 biennium. A funding line item appears for the first year of this program, in the 2005-2007 biennium. At the time this program was introduced, its administration was unclear. Therefore, funding was included in the NDDOT budget for the initial year only. Administrative procedures were delineated during that initial year, and funding was removed from the NDDOT budget for subsequent years.

<sup>2</sup> The DOT received approximately \$325,000 more in earmarks in 2006 than we had estimated. That is why we are above the \$7.7 million we had estimated for this biennium.

<sup>3</sup> State Aid to Public Transit funding passes through the NDDOT to all counties on a formula basis. Projected funding under this program is \$4.7 million for the 2005-2007 biennium and \$4.7 million for the 2007-2009 biennium.

**There are additional Federal funds distributed to public transit projects that are not included in the NDDOT budget. These are: Federal Transit Administration Section 5307 Urbanized Area Transit Support Program funds that are distributed directly by the FTA to North Dakota's three urbanized areas: Bismarck-Mandan, Fargo and Grand Forks. Projected funding under this program is approximately \$3.3 million annually, or \$6.6 million per biennium.**

**CHAPTER 39-04.2**  
**PUBLIC TRANSPORTATION**

**39-04.2-01. Definitions.** In this chapter, unless the context or subject matter otherwise requires:

1. "Public transportation" means the vehicular transportation of persons from place to place within this state, but does not include the provision of transportation facilities otherwise provided by public funds, such as roads, streets, highways, bridges, lighting equipment, or signs.
2. "Ridership" means a one-way trip provided to any one person in a motorized vehicle designed to carry eight or more persons in an enclosed area with separate seating for each person.
3. "Transportation provider" means a political subdivision or any nonprofit corporation that provides transportation to the public, especially to elderly and handicapped citizens.

**39-04.2-02. Public transportation fund - Administration of the fund.** The director shall administer the public transportation fund. Payments disbursed under this chapter must be paid from moneys deposited in the fund. The expenses arising from administration of the fund must be paid from the fund within the limits of legislative appropriations.

**39-04.2-03. Additional registration fee - Deposit in fund.** At the time of registering a motor vehicle subject to registration under section 39-04-19, the owner shall pay to the director in addition to the registration fee a fee of three dollars for each motor vehicle registered. The fee must be deposited with the state treasurer, who shall credit the fee to the public transportation fund.

**39-04.2-04. Distribution of funds.**

1. Moneys appropriated by the legislative assembly to the public transportation fund must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.
2. Following authorization of the director, the state treasurer shall pay the public transportation funds to transportation providers in each county. Each county shall receive eighteen thousand three hundred dollars plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount of eighteen thousand three hundred dollars must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county.
3. Unless otherwise provided by law, any moneys remaining in the fund at the end of each biennium must be retained in the public transportation fund for redistribution.

## Attachment C

### Public Transportation Fund As of January 2007

MONTH	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
JULY	\$118,005.00	\$112,072.00	\$106,847.00	\$164,996.75	\$173,045.05
AUG	\$121,753.00	\$114,833.00	\$121,432.00	\$188,936.00	\$191,439.95
SEPT	\$99,118.00	\$105,704.00	\$105,307.00	\$150,405.00	\$147,803.00
OCT	\$122,767.50	\$126,905.00	\$103,511.00	\$158,281.99	\$153,809.00
NOV	\$144,798.50	\$130,981.00	\$146,497.00	\$201,651.01	\$190,339.00
DEC	\$183,294.00	\$189,974.00	\$203,191.00	\$301,558.75	\$300,428.00
JAN	\$126,887.00	\$130,884.00	\$125,492.00	\$213,806.25	\$203,141.98
FEB	\$111,531.00	\$102,017.00	\$103,991.00	\$152,937.00	\$187,766.02
MAR	\$125,062.00	\$145,977.00	\$126,871.00	\$185,639.00	\$209,014.00
APR	\$120,125.00	\$129,468.00	\$141,357.00	\$188,866.00	
MAY	\$122,010.00	\$115,745.00	\$117,031.00	\$203,254.00	
JUNE	\$126,066.00	\$134,757.00	\$159,454.25	\$182,333.00	
<b>Totals</b>	<b>\$1,521,417.00</b>	<b>\$1,539,317.00</b>	<b>\$1,560,981.25</b>	<b>\$2,292,664.75</b>	<b>\$1,756,786.00</b>

**Notes:**

The 2003-05 biennium, FY 2004 and 2005, saw \$3.1 million collected for Public Transportation. Public Transportation collected \$2 for each Motor Vehicle Registration during this biennium.

The 2005-07 Legislative Session increased the fee to \$3 for each MV Registration. Current estimates for Public Transportation are \$4.7 million per biennium, or \$2.35 million per year. Current projections are that each \$1 per registration will generate \$780,000 annually. This will not change as it is based on current collections. It will remain our estimate until collections change and/or legislation changes collections.

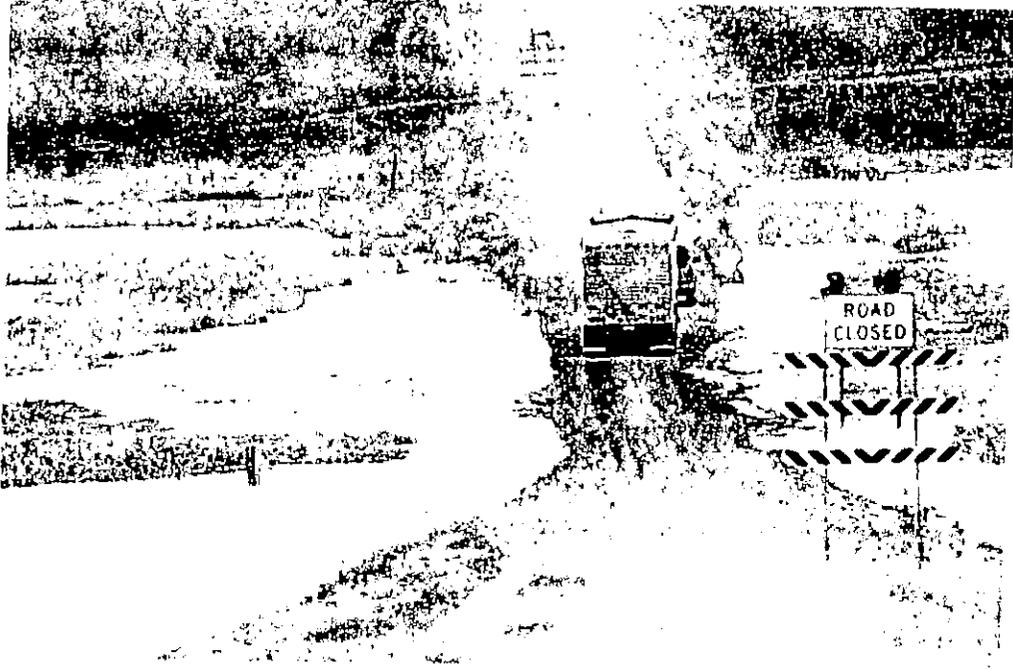
Therefore, NDDOT's projection for FY 2007 and 2008 is \$2.35 million. We project another approximately \$0.6 million for FY 2007.

The \$4.7 million per biennium matches our revenue estimate, and is the amount included in the NDDOT budget for appropriation.

NORTH DAKOTA

LOCAL MATCH FOR TRANSIT PROGRAMS

Program	Federal Share	Local Match	Estimated 2005-2007		Project 2007-2009	
			Federal Funds	Local Funds	Federal Funds	Local Funds
<b>Rural</b>						
5303 Planning Funds	80%	20%	\$ 553,000	\$ 138,250	\$ 679,000	\$ 169,750
5304 State Planning Funds	80%	20%	145,000	36,250	178,000	44,500
5309 Earmark Rural	80%	20%	1,212,000	303,000	1,250,000	312,500
5310 Elderly & Disabled Capital	80%	20%	674,000	168,500	760,000	190,000
5311 Rural Administrative Funds	80%	20%	667,200	166,800	1,078,000	269,500
Rural Capital Funds	80%	20%	667,200	166,800	1,078,000	269,500
Rural Operating Funds	50%	50%	3,113,600	3,113,600	5,033,000	5,033,000
5311(b) RTAP (Training) Funds	100%	0%	154,000	0	167,000	0
5311(c) Tribal Programs	80%	20%	198,000	49,500	0	0
5316 Jobs Access	50%	50%	492,000	492,000	643,000	643,000
5317 New Freedoms	50%	50%	147,000	147,000	322,000	322,000
Sub-Total			\$8,023,000.00	\$4,781,700.00	\$11,188,000.00	\$7,253,750.00
<b>Urban</b>						
5309 Earmarked Urban	80%	20%	3,971,000	992,750	702,000	175,000
5307 Urbanized Capital Funds	80%	20%	1,355,000	338,750	1,086,000	271,500
Urbanized Operating Funds	50%	50%	5,097,000	5,097,000	6,060,000	6,060,000
Sub-Total			\$10,423,000	\$6,428,500	\$7,848,000	\$6,506,500
<b>TOTAL</b>			<b>\$ 18,446,000</b>	<b>\$ 11,210,200</b>	<b>\$ 19,036,000</b>	<b>\$ 13,760,250</b>
\$3 MV Registration Fee				\$4,700,000		\$4,700,000
<b>Revised Total</b>				<b>\$6,510,200</b>		<b>\$9,060,250</b>



Stump Lake is threatening Nelson County Road 23, the main link between Tolna and Doyan, ND. A bill in the legislature would provide money to raise and fix the road but the measure is being challenged. Herald photo by Jackie Lorentz.

**BOARD OF COUNTY COMMISSIONERS  
NELSON COUNTY**

**Lakota, North Dakota 58344**

Ronald Dahlen  
Donald Fougner

Odell Flaagan, Chairman

Noel Lofthus  
Harold Bergquist

March 9, 2007

Senator Ray Holmberg, Chairman  
Appropriations Committee

Re: HB 1012

Dear Mr Holberg and Committee Members:

Nelson County is in support of HB 1012 as amended.

Due to the rising waters of Stump Lake, Nelson County has lost 18 miles of county access roads. At present, we have one road north of Tolna, County Road 23, which allows east and west traffic between ND Hwy 1 and county road 27 on the Ramsey/Nelson County line. This one access road is also in danger of going under water in an area approximately 2500 feet long. (See attached map)

The loss of roads around Stump Lake has split the area in half causing severe problems in accessing our residents for emergency ambulance and fire service, bussing to schools and mail delivery routes.

We are requesting funding to raise the grade in this stretch of County Rd 23 to 1465 feet. In 2006 our engineering firm estimated the cost at \$800,000.00. Nelson County has no federal funding for this site, no presidential disaster for FEMA funding is available, so the entire cost is left up to Nelson County and our emergency fund has already been depleted on previous emergency projects.

Funding for this grade raise is essential to the livelihood of Nelson County.

Sincerely,



O'Dell Flaagen, Chairman  
Nelson County Commisioners



# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
*Director*

John Hoeven  
*Governor*

March 19, 2007

The Honorable Ray Holmberg, Chairman  
Senate Appropriations Subcommittee  
600 East Boulevard Avenue  
Bismarck, ND 58505

The Honorable Rich Wardner,  
Senate Appropriations Transportation Subcommittee  
600 East Boulevard Avenue  
Bismarck, ND 58505

Dear Senators Holmberg and Warner:

Subject: Nelson County Amendment Proposal to Engrossed HB 1012

The letter to Senator Holmberg from O'Dell Flaagan, Nelson County Commissioners, indicates that \$800,000 is needed to raise the grade on Nelson County 23 because it has the potential to flood as the waters of Stump Lake rise.

Staff has reviewed the conditions of Nelson County 23 and has learned that the lowest point on Nelson County 23 is at elevation 1454.5. The NDDOT has been building all the roads in the area to elevation 1455 or only one-half foot above Nelson County 23, as the stage one construction. The map shown as Exhibit 1 shows all the State Highways in red that are at elevation of 1455. The NDDOT hasn't made any requests to raise the elevations of any of these roads in the next biennium.

In our opinion there's no need to raise the elevation of Nelson County 23 at this time. If a major moisture event should occur that would require raising the state's and Nelson County's roadways above elevation 1455, we would expect that another disaster would be declared and hopefully federal funding would become available to raise these roadways above the current levels.

For this reason, the NDDOT would not support the amendment proposed by Nelson County.

Sincerely,

  
Francis G. Ziegler, P.E.  
Director

01/jam

Enclosure

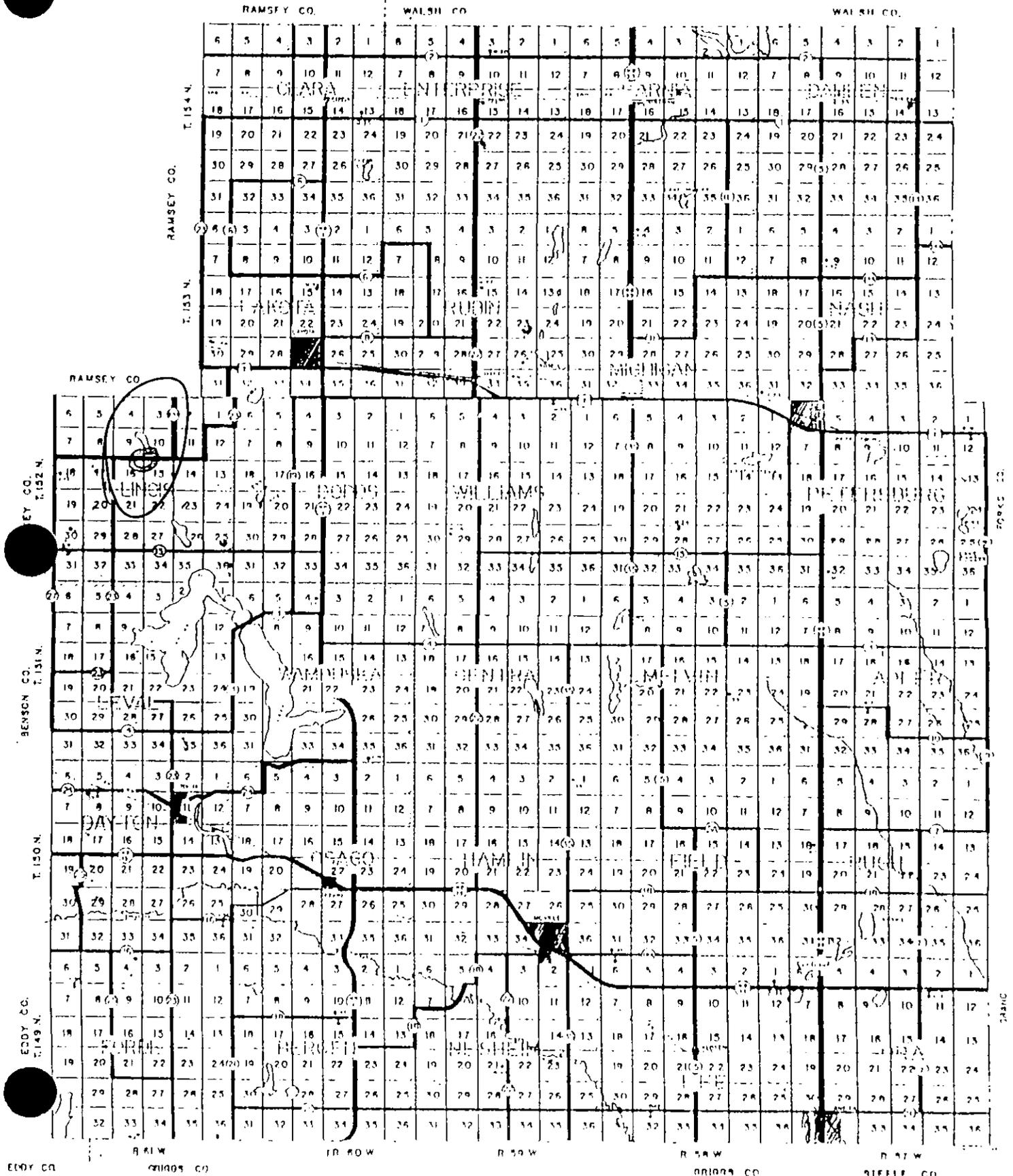
608 East Boulevard Avenue • Bismarck, North Dakota 58505-0700

Information: (701) 328-2500 • FAX: (701) 328-0310 • TTY: (701) 328-4156 • [www.dot.nd.gov](http://www.dot.nd.gov)

Roads under water  
due to Stump Lake

# NELSON COUNTY MAP

Proposed Grade Raise



## Eligible Projects for SRTS funding

Construction and construction engineering of infrastructure-related projects that will substantially improve the ability of students to walk and bicycle to school, such as:

- Sidewalk improvements.
- Traffic calming and speed reduction improvements.
- Pedestrian and bicycle crossing improvements.
- On-street bicycle facilities.
- Off-street bicycle and pedestrian facilities.
- Traffic diversion improvements within two miles of the school.

The maintenance of the completed projects are the responsibility of the program applicant. The SRTS will fund 100% of the costs of the eligible items.

### Non-infrastructure projects:

- Public awareness campaigns and educational material.
- Traffic education and enforcement in the vicinity of schools.
- Student sessions on bicycle and pedestrian safety, health, and environment.

### Project applications

Project applications will be accepted from board of county commissioners, cities, Bureau of Indian Affairs, and school districts.

Application forms are available from the North Dakota Department of Transportation or online at [www.dot.nd.gov](http://www.dot.nd.gov).

Project applications should be submitted directly to NDDOT by April 10, 2007. The projects that are submitted will be reviewed

and ranked by the Selection Committee. Applicants that are not selected for 2008 can apply again the following year.

The SRTS program is a federally-funded reimbursement program for costs incurred. North Dakota will receive approximately one million per year over five federal fiscal years.

Further information is available at [www.dot.nd.gov](http://www.dot.nd.gov) or [safety.fhwa.dot.gov/saferoutes](http://safety.fhwa.dot.gov/saferoutes).

This program is administered by the Local Government Division of the North Dakota Department of Transportation.

For questions about SRTS programs, contact Pam Wenger at (701) 328-4787 or [pwenger@nd.gov](mailto:pwenger@nd.gov).



Prepared by

**NORTH DAKOTA**  
**DEPARTMENT OF TRANSPORTATION**  
BISMARCK, NORTH DAKOTA

[www.dot.nd.gov](http://www.dot.nd.gov)

**DIRECTOR**  
Francis G. Ziegler, P.E.

**LOCAL GOVERNMENT DIVISION**  
Dave Leftwich, P.E.

February 2007

# Safe Routes to School

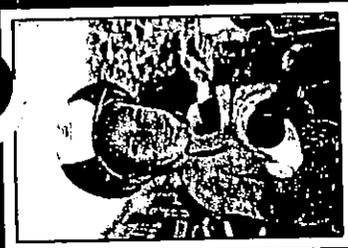
*North Dakota*



**Safe Routes to School is a national program that encourages youth and their families to choose walking, bicycling, and other active ways to get to and from school.**

1012.1.11.07 F

Less than 40 years ago, walking or biking to school was part of everyday life; in 1969 about half of all students walked or biked to school. Today, less than 15 percent of children walk or bicycle to school. This sharp decline in walking and bicycling has had a negative impact on traffic congestion, air quality and student safety around schools. Coinciding with the declining numbers of students walking and biking to school, children are leading more sedentary lifestyles and are at risk for a variety of health problems such as obesity, diabetes, and cardiovascular disease.



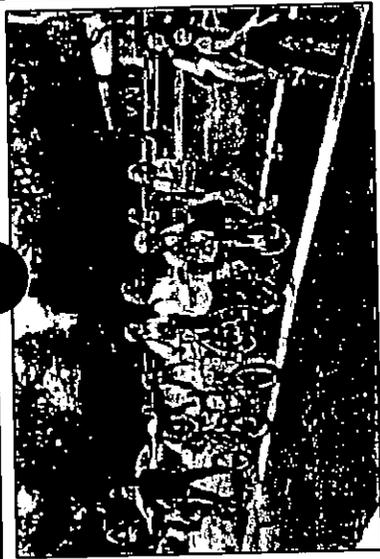
www.pedbikemagcs.org/Dan Burden

The Safe Routes to School (SRTS) is a new federal program that empowers communities to make walking and bicycling to schools a safe and routine activity once again. The SRTS program makes funding available for a wide variety of programs and projects that encourage children to walk and bicycle safely to school.

### The purposes of the program

- To enable and encourage children, including those with disabilities, to walk and bicycle to school.
- To make bicycling and walking to school a safer and more appealing transportation alternative, thereby encouraging a healthy and active lifestyle from an early age.
- To facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity (approximately two miles) of grades K-8 schools.

Walking School Bus/Bike Train



www.pedbikemagcs.org/Dan Burden

### The goals of the program

- Increased bicycle, pedestrian, and traffic safety.
- More children walking and bicycling to and from schools.
- Improved childhood health and reduction of childhood obesity.
- Encouragement of healthy and active lifestyles.
- Improved community safety, security, accessibility, and community involvement.
- Improvements to the physical environment that increase the ability to walk and bicycle to and from schools.
- Decreased traffic congestion and fuel consumption and improved air quality.
- Improved partnerships among schools, local municipalities, parents, and other community groups, including non-profit organizations.
- Increased interest in bicycle and pedestrian accommodations throughout a community.

### Program criteria

This comprehensive program must address the following "5E's."

**Engineering** - Creating operational and physical improvements to the transportation infrastructure surrounding schools that reduce speeds and establish safer crosswalks, walkways, trails and bikeways.

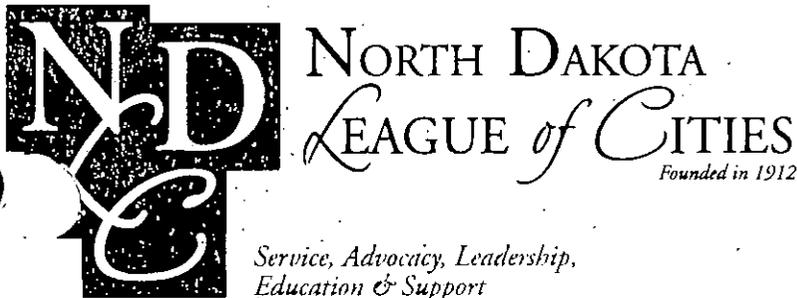
**Education** - Teaching children about the broad range of transportation choices, instructing them in important lifelong bicycling and walking safety skills, and launching school area driver safety campaigns.

**Enforcement** - Partnering with local law enforcement to ensure drivers obey school area traffic laws and initiating community enforcement such as crossing guard programs.

**Encouragement** - Using events and activities to promote walking and bicycling

**Evaluation** - Monitoring and documenting outcomes and trends through the collection of data, including the collection of data before and after the intervention(s).

**Did you know Walking School Buses and Bike Trains burn no fuel, emit no exhaust, cut down on traffic congestion, and cost nothing to run? They are simple ways to reduce motor vehicle use and encourage more kids to get to and from school on their own with parental supervision.**



House Appropriations Committee  
House Bill 1012  
January 11, 2007

For decades, the cities and counties in North Dakota have worked with the state's Department of Transportation to address transportation needs. The state's 357 incorporated cities use state, federal and local funds to maintain and improve streets, and transportation funds have become the largest per capita payment to cities.

Beginning in 2001, the League participated with representatives of local government, the private sector and the state in developing North Dakota's statewide strategic plan (TransAction) and we recently participated in the update. The plan quantifies the ever-growing transportation infrastructure needs and caused all of us to think about our transportation system as a key component in growing the economy in North Dakota. Among many things, this effort focused our collective attention on the need to approach our transportation system in a comprehensive manner, to prioritize the needs, and to recognize it as an investment.

Together, using federal, state and local funds, we have made substantial investments in transportation and this state-local partnership has served us well over the decades. City leaders recognize the value of maintaining a high level of transportation services at the local level, as well as the crucial need for a well-maintained network of highways among communities. Examples of state-local partnership efforts over the last several years include:

- The Liberty Memorial Bridge, State Street and the Highway 1804 reconstruction projects in Bismarck;
- Constructing the four-lane section of Highway 2 between Minot and Williston which is significantly improving connections between communities in northwest North Dakota and the rest of the state;
- Valley City's bridge improvements;
- Carrington's Highway 281 overpass;
- Fargo's Main Avenue and Main Avenue bridge projects;
- South Broadway project in Minot;
- Killdeer's Highway 22 project through the city;
- 32<sup>nd</sup> Avenue and Columbia Road improvements in Grand Forks; and
- Highway 2 improvements in the Devils Lake area.

The League supports the North Dakota Department of Transportation's 2007-09 budget and the continuation of this state-local partnership. However, we have a serious concern about the lack of growth in the dollars for cities and counties that flow through the distribution fund.

The state has been experiencing construction inflation above 20% and so has local government. While the strategic planning efforts that began in 2001 revealed Herculean efforts to address the needs at both state and local levels, it is also clear that the state, the cities and the counties are finding it increasingly difficult to keep up.

While each entity could find areas of disagreement on dollars and priorities, the state-city-county partnership that has existed for many years has served all parties well. On behalf of the North Dakota League of Cities, I look forward to continued focus on finding the resources to meet this state's transportation needs.

Connie Sprynczynatyk  
Executive Director



# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
Director

John Hoeven  
Governor

April 10, 2007

Ms. Mary Peters, Chairperson  
National Surface Transportation Policy and  
Revenue Study Commission  
United States Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

Dear Ms. Peters:

Thank you for the opportunity to submit the attached statement from the North Dakota Department of Transportation to the National Surface Transportation Policy and Revenue Study Commission. I will be presenting a summary of this statement at the Commission Hearing in Minneapolis on April 18. We have also attached, and fully support, the joint statement of the Transportation Departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming which was submitted on April 3.

Thank you for the opportunity to express our views, and I look forward to addressing the Commission in Minneapolis.

Sincerely,

Francis G. Ziegler, P.E.  
Director

17/ns

Attachments

c: The Honorable John Hoeven, Governor of North Dakota  
The Honorable Byron Dorgan, United States Senate  
The Honorable Kent Conrad, United State Senate  
The Honorable Earl Pomeroy, United States House of Representatives  
John DeViermo, Attorney at Law

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# North Dakota Department of Transportation

Francis G. Ziegler, P.E.  
*Director*

John Hoeven  
*Governor*

**Statement of Francis Ziegler, Director  
North Dakota Department of Transportation  
before the  
National Surface Transportation Policy and Revenue Study Commission**

**Minneapolis, Minnesota**

**April 18, 2007**

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Madam Chair and Commission Members:

I am Francis Ziegler, Director of the North Dakota Department of Transportation (NDDOT).

North Dakota appreciates the opportunity to appear before you today. We hope our comments will assist the Commission as it formulates recommendations for Federal policies to improve the nation's surface transportation system.

North Dakota considers it essential that the Commission's report and recommendations recognize that a strong Federal investment in surface transportation in rural states, as well as metropolitan areas, is and will remain vital to the national interest. The nation needs a strong, interconnected surface transportation system to safely move people and commodities, and promote the nation's economic competitiveness. Significantly increasing the Federal investment in transportation is essential to maintaining a network and meeting the transportation needs of rural states and metropolitan areas.

We know that we are not alone in holding such views. Attached to my prepared statement are the comments submitted to this Commission earlier this month by my department jointly with the transportation departments of Idaho, Montana, South Dakota and Wyoming. We fully support the comments submitted by the five states. In my prepared statement today, I want build on those comments and emphasize points that are of particular importance to North Dakota.

#### The Nation Benefits from Federal Transportation Investments in Rural States

There are a number of reasons why it is essential to the nation to maintain and improve the surface transportation system in large rural states. The Federal aid highway system is the backbone of our nation's transportation system. That highway network connects North Dakota to the region, the rest of the country, and the world. Transportation of raw materials and finished products is vital to manufacturing, agriculture, and the nation's economic growth. These movements require a good road network. Commercial trucks utilizing rural Interstate highways demonstrate every day that people in major metropolitan areas benefit from the nation's investment in arterial highways in rural states. Facilitating interstate commerce and mobility is a national interest that requires major investments to provide good highways within and across rural areas.

A significant portion of North Dakota's economy is based on agriculture, energy production, and the extraction of natural resources.

North Dakota ranks first in the nation in the production of at least twelve commodities: flaxseed, durum wheat, sunflowers, spring wheat, barley, honey, dry edible beans, dry edible peas, canola, pinto beans, navy beans, and lentils.

We rank second in the production of all wheat and sugar beets and fourth in the production of potatoes. In addition, we rank ninth in the country in oil production and tenth in coal production.

There is a strong national interest in ensuring that agricultural and resource products have the sound transportation network needed to deliver products to markets. In addition, North Dakota is experiencing growth in the ethanol and bio-diesel alternative fuel industries. This is becoming an ever increasing element of the national effort to reduce our dependence on foreign oil. Our road network must support this industry as well.

One of the primary reasons for developing the Interstate System was to support the efficient movement of military personnel and supplies. A strong system of arterial roads in rural areas, as well as metropolitan areas, continues to support our military operations.

## North Dakota Supports its Transportation System

The State of North Dakota has traditionally been very supportive of maintaining and improving its transportation infrastructure. During the past four legislative sessions, the state has periodically increased motor fuel taxes and vehicle registration fees in order to maintain our system and match available federal aid. The Legislature has also provided the NDDOT the authority to issue bonds to help finance major projects. They are also considering providing General Fund revenue, which would help our department deal with recent construction inflation. So, we are supporting our transportation system.

Residents from rural states like North Dakota pay more in highway user fees on a per capita basis to support transportation. The per capita contribution to the Highway Account of the Federal Highway Trust Fund attributed to North Dakota is about \$161 annually compared to the national average of \$109 per person. Our per capita contributions exceed the national average by about 48 percent even though our per capita incomes are about twelve percent below the national average.

Even though we have raised user fees in North Dakota the amount of revenue that is generated is somewhat limited. For example, increasing North Dakota's state motor fuel tax by one cent per gallon only generates about \$5.1 million annually. This is between one-sixth and one-seventh of the average annual revenue generated by all states from a one cent increase in the motor fuel tax in 2004.

Challenges Faced by Rural States in Preserving and Improving the Surface Transportation System

Rural states like North Dakota face many challenges in maintaining and improving the Federal-aid highway system. We have an extensive public road network with a small population base to support that system. North Dakota has more public road mileage per capita than any state in the nation. In North Dakota there are 16 people per lane mile of Federal-aid highway compared to the national average of 128 people per lane mile. This alone shows that our citizens have limited ability to pay for the national network connectivity that benefits the entire nation.

Generally speaking, in North Dakota we do not have major problems moving people but we do face obstacles when it comes to moving freight. Spring load restrictions and deficient structures limit our ability to move commodities. In addition, since 1980 just over 1,500 miles of railroad branch lines have been abandoned in North Dakota. This loss of rail service means we must rely more heavily on trucks to move our commodities, putting an additional strain on our state and local road network.

The Commission can be assured that the needs for investing in surface transportation in rural states like North Dakota exceeds the funding provided by Federal, State, and local sources. The gap between needs and resources is compounded by the fact that construction inflation is growing at a pace that far exceeds the growth rate of existing revenue sources.

So, North Dakota has:

- a very extensive road network needed to move commodities beyond its borders;
- very few people to support each lane mile; and
- below average incomes to support our transportation investment.

Further, our citizens must contribute not just towards capital investment, which is partially funded by the Federal program, but also to maintaining Federal-aid highways, which is solely a state expense. We have significant needs just to maintain and preserve our system. Therefore, if we are to have a national interconnected highway and surface transportation system, the Federal highway program must provide substantial funding in rural areas.

#### Construction Inflation

The greatest challenge we face in maintaining and providing our transportation infrastructure is the steep rise in costs associated with maintaining and reconstructing roads and bridges.

Table 1 provides a price comparison for actual average construction and maintenance costs per mile from 2004 to 2006 for projects administered by NDDOT.

**TABLE 1**  
**2004 – 2006 Comparison of Average Costs Per Mile, NDDOT**

<b>Type of Improvement</b>	<b>Cost/Mi. 2004</b>	<b>Cost/ Mi. 2006</b>	<b>% Increase 2004 – 2006</b>
Asphalt Overlay (3")	\$150,000	\$275,000	83%
Asphalt Surfacing Reconstruction	\$450,000	\$770,000	71%
Interstate Concrete Paving <sup>1</sup>	\$1,300,000	\$1,775,000	37%
Contract Patching	\$57,500	\$83,000	44%
Seal Coat	\$16,000	\$21,000	31%

<sup>1</sup> Includes two lanes in one direction

Table 1 shows the average cost per mile for asphalt overlays increased 83 percent and the cost of asphalt surfacing reconstruction increased 71 percent from 2004 to 2006. The cost per mile for seal coats, contract patching, and Interstate concrete paving increased from 31 to 44 percent during this time frame.

**These sharply increasing construction costs have forced the NDDOT to delay over 30 percent of the planned improvements to its highway infrastructure for the 2007 construction season, and about 10 percent of its 2006 planned improvements to cope with the loss in purchasing power of highway dollars.**

As construction costs increase, and purchasing power is eroded, there is a need to make a significant Federal investment to renew the nation's transportation system if our nation is to remain competitive in the world economy.

## Comments on the Structure of the Federal Program

The Federal-aid highway program has been one of the most successful Federal/State partnerships. This partnership has worked well and every effort should be made to build on the strengths of the program while making adjustments in the areas that can improve the overall program delivery process.

- The highway program should continue to be a federally assisted state program and should direct an increased percentage of program funds to the states. The percentage of overall Federal highway program funding that is apportioned to the states should be increased and the percentage of the program directed to Federal “off the top” programs or projects should be reduced.
- The highway program should continue to provide funding for Interstates, the NHS, other arterials, and major collectors. We need a Federal program that allows us to invest in our entire state system. We want to emphasize that the non-NHS Federal aid roads are also an important part of the transportation network. These routes provide an important link to the Interstate and NHS routes and ensure a strong network serving and interconnecting these systems.
- Continue to focus on improving safety on rural roads. In 2002, 60 percent of highway fatalities occurred on rural roads and, of those fatalities, 41 percent occurred on two-lane roads. It is important to provide funding to address deficiencies on these routes.

- Reduce regulatory and program burdens. The Federal highway and transit programs are complex. We believe the overall program can be made more flexible and that project delivery time can be reduced. Madam Chair, we know that you have personally dedicated much of your personal life to improving program delivery. We appreciate that leadership. But we hope more can be done. We encourage the Commission to support reasonable suggestions to expedite the project delivery processes and reduce program overhead.
- We do not support the creation of additional program categories or new program requirements that limit how a state can use funds within a category. More funding is needed, but not new program structures. Additional ability to flex funds between categories would be beneficial.
- Public transportation plays a vital role in serving the citizens in rural states. Many rural areas are experiencing an increase in the population of senior citizens, who are often dependent on rural transit services. Rural transit service provides a vitally important link for citizens in small towns to access medical facilities and day-to-day services and activities. The Federal transit program must continue to provide funding for rural transit. In addition, the northern tier Amtrak service, "the Empire Builder," provides an important option for long distance travel to some of our nation's isolated communities.

## Tolls are not the answer to financing transportation needs in rural states

There continues to be a lot of discussion about the role of public private partnerships and tolling as a means of financing the nation's transportation needs. While these options may assist in meeting the transportation needs in some parts of the country, they are not viable options in North Dakota. We do not have the traffic densities to support the tolling concept.

We share the concern expressed by Chairman Oberstar that public private partnerships and tolling will not maintain or produce an interconnected, integrated, or strong national surface transportation system.

## Conclusion

We believe it is essential that the Commission recognize in its recommendations and report to Congress that significantly increased Federal investment in highways and surface transportation in rural states, as well as in metropolitan areas, is and will remain an important national interest.

The entire nation, including citizens in metropolitan areas, clearly benefits from transportation investment in rural states like North Dakota. Rural residents are doing their part to preserve and improve their surface transportation system. In a time when the transportation industry is being negatively impacted by inflation, even continuing surface transportation infrastructure investment at the same dollar level is effectively a step backward and would make it even more difficult to achieve an interconnected surface transportation system for America. We believe that

substantially increasing Federal funding for the nation's surface transportation program is justified.

Thank you for your consideration of these comments. We respectfully request favorable action on our comments and recommendations.

That concludes my statement, Madam Chair.

.....

Attachment: Statement of the Transportation Departments of Idaho, Montana, North Dakota, South Dakota and Wyoming

**National Surface Transportation Policy & Revenue Commission**

**Minneapolis, Minnesota**

**April 18, 2007**

**Speaking Points - Francis Ziegler, Director**

**Introduction**

- **Good afternoon Madam Chair and Commission Members.**
- **I am Francis Ziegler, Director of the North Dakota Department of Transportation. We appreciate the opportunity to appear before you today.**
- **North Dakota considers it essential that a strong Federal investment in surface transportation in rural states, as well as metropolitan areas, is and will remain vital to the national interest.**
- **The nation needs a strong, interconnected surface transportation system to safely move people and commodities, and promote our nation's economic competitiveness in the world.**
- **These views are shared by Idaho, Montana, South Dakota and Wyoming as indicated in our attached statement.**
- **Today, I want build on those comments and emphasize points that are of particular importance to North Dakota.**

**Importance to North Dakota**

- **Rural America is an important part of the nation's transportation system.**

- The Federal aid highway system is the backbone of our nation's transportation system. That highway network connects North Dakota to the region, the rest of the country, and the world. Transportation of raw materials and finished products is vital to manufacturing, agriculture, and our nation's economic growth.
- North Dakota ranks first in the nation in the production of twelve agricultural commodities, and in the top 10 with five other commodities, including oil and coal. The majority of these commodities are not consumed in North Dakota, but are shipped out across the nation and throughout the world.
- There's also major growth in the ethanol and bio-diesel fuel industries. This is becoming an ever-increasing element of the national effort to reduce our dependence on foreign oil. A 100-million gallon ethanol plant requires approximately 45,000 truck loads a year to deliver Ag products to the facility. Our road network must support this industry as well.

### **State supports transportation**

- The State of North Dakota has traditionally been very supportive of maintaining and improving its transportation infrastructure, by increasing gas taxes and vehicle registration fees in the last four sessions.

### **Challenges faced by rural states**

- Rural states face many challenges in maintaining and improving the Federal-aid highway system.
- We have an extensive public road network that is needed to move products of national importance, with a small population base to support that system.

- **Construction inflation is the greatest challenge we face in maintaining and providing our transportation needs.**
  - **From 2004 to 2006 - we saw an increase of 80 percent in the average cost per mile for asphalt overlays. Other inflation rates are included in our report.**
- **Because of the sharp increase in construction costs we have been forced to delay one-third of our planned improvements for the 2007 construction season.**

### **Federal Program**

- **The Federal-aid highway program has been one of the most successful Federal/State partnerships.**
- **Every effort should be made to build on the strengths, while making adjustments in areas that can improve the overall program. We encourage the Commission to support suggestions to expedite project delivery processes and reduce program overhead.**
- **The percentage of overall Federal highway program funding that is apportioned to the states should be increased and the percentage of the program directed to Federal "off the top" programs should be reduced.**
- **The highway program should continue to provide funding for Interstates, the NHS, other arterials, and major collectors. We need a Federal program that allows us to invest in our entire state system.**
- **Public transportation plays a vital role in rural states. Many citizens are dependent on rural transit services for basic transportation and access to medical facilities.**

## **Public - Private Partnerships**

- There continues to be a lot of discussion about the role of public private partnerships and tolling as a means of financing the nation's transportation needs.
- While these options may help meet the needs in some states, they are not viable options in North Dakota, where traffic densities would not support this concept.
- We share the concern expressed by Chairman Oberstar that public private partnerships and tolling will not maintain or produce an interconnected, integrated, or strong national surface transportation system.

## **Conclusion**

- We believe it's important to our national interest, that Congress significantly increases the Federal investment in highways and surface transportation in rural states, as well as in metropolitan areas.
- In a time when the transportation industry is being negatively impacted by inflation - even continuing our current investment at the same level - is a step backward and would make it even more difficult to achieve an interconnected surface transportation system for America.
- We respectfully request favorable consideration to our comments and recommendations. Thank You.

Statement of the Transportation Departments of  
Idaho, Montana, North Dakota, South Dakota, and Wyoming

to the

National Surface Transportation Policy and Revenue Study Commission

April 3, 2007

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The Transportation Departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming ("we" or "our" or "us") respectfully submit these comments to assist the Commission as it formulates recommendations for Federal policies to improve the nation's surface transportation system.

Most importantly, we consider it essential that the Commission's report and recommendations expressly recognize that strong Federal investment in surface transportation in rural states, as well as in metropolitan areas, is and will remain important to the national interest.

The nation needs a strong, interconnected highway and surface transportation network to meet the needs of people for mobility and safety and business for competitiveness. Significantly increased Federal investment is essential to maintaining such a network and meeting the transportation needs of rural and metropolitan areas. The need for Federal funding leadership is underscored by recent high levels of transportation construction inflation and the high cost of preserving our aging Interstate and other National Highway System roads.

In the balance of this statement we will elaborate on these key points and make some additional comments.

The Nation Benefits from Federal Transportation Investment In and Across Rural States

There are a number of reasons why it is essential to the nation to maintain and improve a strong highway and surface transportation system in large rural states. Highway transportation between the East and Midwest on the one hand and the West on the other is simply not possible without excellent roads that bridge those vast distances. This connectivity benefits the citizens of our nation's large metro areas because air or rail frequently will not be the best option for moving people or goods across the country from, say, Chicago to Seattle or San Francisco. The many commercial trucks on rural Interstate highways in States like Idaho, Montana, North Dakota, South Dakota and Wyoming demonstrate every day that people in the major metropolitan areas benefit from the nation's investment in arterial highways in rural states. So, there is a NATIONAL interest in facilitating interstate commerce and mobility that requires good highways in and connecting across rural areas.

Similarly, without a strong road network in the rural West, access to many of the Nation's great National Parks and other scenic wonders would be limited. The resident of a major metropolitan area may not need the roads approaching Yellowstone or Grand Teton or Glacier National Parks or the Mount Rushmore National Monument as often as he or she needs roads used in the daily commute. But those citizens want high quality highway access to these national treasures for those special trips that are part of what makes America great. Investment in such highways also helps ensure that American and international tourism dollars are spent in America.

A significant portion of the economy in our region is based on agriculture, energy production, and natural resource extraction. There is a strong national interest in ensuring that agricultural and resource products have the road network that is needed to deliver product to markets, particularly export markets. In addition, the growing ethanol and alternative fuel industry is located in significant part in rural America and not on Interstate highways. It is an important part of the national effort to reduce dependence on foreign oil. Our road network needs to be adequate to serve agriculture, resource and energy industries.

Another consideration is the huge parcels of Federally owned land in the West. Development or use of these lands is either prohibited or limited, and State and local governments can't tax them. Yet, the nation's citizens and businesses want a reasonable opportunity to be able to cross them and have access to them. This is an expensive transportation proposition for sparsely populated states. Significant investment of transportation dollars by the Federal government has been and remains a proper response.

This national road network provides other benefits that may be hard to quantify. For example, without the option of using Interstate and arterial roads across the rural West and Midwest, rates for some air and rail transportation movements could well be higher.

One of the original reasons for the Interstate System was to support prompt movements of military personnel and supplies. A strong system of arterial roads in rural areas, as well as metropolitan areas, continues to support efficient military movement.

In short, the entire nation, including the citizens of metropolitan areas, clearly benefits from transportation investment in rural states in our region. In crafting SAFETEA-LU Congress gave stronger recognition to states with large land areas and low population densities. The Commission's report and recommendations to Congress should expressly recognize and support these important considerations and should support strong Federal investment in highways and surface transportation in rural states.

#### Tolls Are Not an Answer To Transportation Needs In Rural States

We have observed a lively debate about the role of public private partnerships and tolling in meeting the nation's transportation needs.

We say "observed" because, while public private partnerships and tolling may have a modest role in meeting transportation needs in some areas of the country, we do not have the traffic densities to make tolling even a viable option.

Thus, we share the concern expressed by Chairman Oberstar, as well as others, that public private partnerships and tolling will not maintain or produce an interconnected, integrated or strong national surface transportation system.

We believe that strong Federal funding leadership is essential to maintaining and improving a national highway and surface transportation network that meets the needs of people and business.

### Rural States Face Serious Obstacles in Preserving and Improving the National Highway and Surface Transportation Network

Our rural States face a number of serious obstacles in preserving and improving the Federal-aid highway system within our borders. Our states:

- are very rural,
- are large,
- have low population densities, and
- have extensive highway networks.

Taken together, this means that our large road networks have very few people per lane mile to support them. In South Dakota, for example, there are about 19 people per lane mile of Federal-aid highway, in Idaho 60, in North Dakota 16, in Montana 29, and in Wyoming 29. The national average is 128 people per lane mile. This alone indicates that our citizens have limited ability to pay for the national network connectivity that benefits the entire nation.

And there are additional obstacles. Our states:

- have incomes 10 percent or more below the national average, while
- the per capita contribution to the Highway Trust Fund attributable to our states exceeds the national average.

More specifically, the per capita contribution to the Highway Account of the Federal Highway Trust Fund attributed to Idaho is \$119, Montana \$156, North Dakota \$161, South Dakota \$150, and Wyoming \$312. The national average is \$109 per person.

These factors make it very challenging for rural states to provide, maintain, and preserve a modern transportation system that connects to the rest of the nation and to global markets and economic opportunities -- even with the support of Federal funding at today's levels.

So, in the rural States there are long stretches of highway, fewer people to support each lane mile, and lower incomes to support transportation investment. And our citizens must contribute not just towards capital investment, which is partially funded by the Federal program, but also to maintaining Federal-aid highways, which is solely a state expense.

For reasons such as these, we think that there is no question that, to achieve the important benefits of a truly national, interconnected highway and surface transportation system, the Federal highway program must provide substantial funding for the Federal-aid road network in rural states, as well as elsewhere.

#### Our Needs Are Large and Inflation Has Made it Much Harder to Meet Our Needs

We can assure the Commission that rural states' needs for highway investment and maintenance exceed available combined Federal, State and local resources by a wide margin. Further, this investment gap has grown in recent years due to inflation in transportation construction that has far exceeded increases in the consumer price index.

In addition, as the Interstate System ages, resurfacing will not be enough to maintain its condition and its ability to serve national and regional commerce and mobility. Increasingly, the Interstate System will need to be reconstructed – a very expensive proposition that could well prove to be more expensive than we currently believe. We seriously doubt it will prove to be less expensive than currently estimated.

In short, we have significant and growing unmet needs just to maintain and preserve the system – and we, like other states, want to improve it as well. Public private partnerships and tolling are not really available to help us meet needs. Our states are already making greater than national average contributions to the Highway Trust Fund – with lower than national average per capita incomes.

For all of these reasons, the Commission should recommend actions that will result in the Federal government providing strong, significantly increased funding for highways and other surface transportation investment, particularly including highways in rural states. We see that as essential to meeting the national interest requirement that our nation preserve and maintain, as well as improve, an interconnected national highways and surface transportation system.

#### Short Term Improvements in Revenue to the Highway Trust Fund Are Very Important

There are many facets to the financing issue. Today, we will stress one that we believe deserves more attention – short term steps that can be taken to shore up the Highway Trust Fund, particularly the Highway Account.

We see positive short term action as vitally important to successful long term action.

We are all familiar with the wise statement that “a journey of a thousand miles begins with a single step.” We are certain that the great philosopher, in offering that advice, was not suggesting a first step backward!

So, the transportation community and policy makers should take action to ensure that highway and transit programs supported by the Highway Trust Fund are not cut in the near term from SAFETEA-LU authorized levels due to short term shortages in the Highway Trust Fund. Less investment now would be a step backward and would make it even more difficult to achieve an

improved surface transportation system in the long run.

More specifically, we are greatly concerned that, due to Highway Trust Fund receipts lower than estimated at the time SAFETEA-LU was enacted, the highway program could be asked by some to take a cut from SAFETEA-LU levels before the end of FY 2009. Indeed, the Administration has proposed a reduction of \$631 million in the highway program for FY 2008 due to concerns that the declining balance in the Highway Account of the Highway Trust Fund cannot support SAFETEA-LU funding levels.

We disagree with that approach and support ways of addressing the shrinking Highway Account balance that would not reduce authorized SAFETEA-LU funding levels.

There are options that can help in the short term, including options that do not require tax increases. For example, the Highway Trust Fund is perhaps the only trust fund in the Federal Government not credited with interest on its balance. That could be corrected, perhaps even retroactively to the beginning of SAFETEA-LU. In addition, for various reasons, some highway users receive back from the Federal Government credits (essentially refunds) equal to the gas taxes they pay. Such refunds should be paid out of the General Fund of the Treasury, not out of the Highway Trust Fund as is the case today. The proceeds of the tax assessed on "gas guzzler" vehicles could be placed in the Highway Trust Fund. There are undoubtedly additional such changes in law that would fairly credit the Highway Trust Fund with funds it does not receive today. Such changes would not increase taxes but would adjust current laws to properly credit the Highway Trust Fund.

Taking such steps would not only help shore up Federal program investment levels through FY 2009, they would add money to the revenue stream that would be considered to be within the revenue "baseline" when legislation for later years is developed. Making such changes now would give the nation a head start on having the Federal revenue that is needed to improve the highway and transit programs in the future.

In addition, the Highway Trust Fund should not be drained by unauthorized expenditures from the fund. We note with disappointment that, as the Highway Account of the Highway Trust Fund is hurtling towards a zero balance, the Administration's budget submission for FY 2008 proposes using the Highway Account to pay for certain NHTSA vehicle research activities that are not authorized to be undertaken with Highway Trust Fund monies. We support funding NHTSA's safety activities at authorized levels, but with authorized sources, not through unauthorized use of approximately \$122 million in Highway Account funds per year at a time when the Account's proverbial cupboard is bare. Any such unauthorized outlays from the Highway Account would lower the Account balance and, inevitably, make it harder to make needed highway and transportation infrastructure investments.\*

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\* We support the Administration's announced intention to correct the way the Highway Trust Fund accounts for funds flexed from the highway program to transit projects. The practice has been to remove from the Highway Account an amount equal to the dollar value of the flexed Federal highway funds as soon as a decision is made to flex the funds for a transit project. Now, the Administration would shift such funds from the Highway Account to the Mass Transit Account of the Highway Trust Fund as they are utilized for the project over time. This change is commendable and mitigates, though apparently does not solve, the problem of potentially inadequate revenue in the Highway Account to support SAFETEA-LU funding levels through FY 2009.

We believe that the problem of potentially inadequate funding in the Highway Account to get through SAFETEA-LU should be solved in a way other than by reducing authorized SAFETEA-LU investment levels for highways or transit. That can and should be done.

### Some Comments on the Structure of the Federal Program

Before closing, we offer some comments on the structure of a future Federal surface transportation program.

The Highway Program Should Continue to Be a Federally Assisted State Program and Should Direct an Increased Percentage of Program Funds to the States. The future Federal highway program should continue to distribute the vast majority of funds to the states. States would continue to select projects and deliver the program. This is a partnership that has worked well. In the future, the percentage of overall Federal highway program funds that is apportioned to the states should be increased, and the percentage of overall program funding directed to Federal "off the top" programs or projects should be reduced.

The Highway Program Should Continue to Provide Funding for Interstates, the NHS, other Arterials, and Major Collector Routes. Under this long-standing approach, approximately 24 percent of the Nation's over 4 million miles of public roads are Federal-aid eligible. This strikes a good balance, focusing the Federal program on the more important roads, but not on so few roads that connectivity is weak. While we believe that the importance of investment in the Interstate and other NHS routes is beyond doubt, we want to emphasize that non-NHS Federal-aid roads are also an important part of the network of federal-aid routes. These roads make up approximately 20 percent of total road miles in the nation and carry over 40 percent of the traffic nationwide. These routes provide an important link between the NHS and local roads and streets and ensure that regions can connect to the NHS system without a disproportionate number of expensive Interstate or NHS lane miles.

In addition, there has been increased attention in recent years, including in SAFETEA-LU, to the national interest in improving safety on rural roads. More than two-thirds of all roads in the U.S. are located in or near areas with populations of less than 5,000. In 2002, 60 percent of highway fatalities occurred on rural roads and, of those fatalities, 41 percent occurred on two-lane roads. The most important of these roads are eligible for federal funding. It will be important to continue to provide funding to address deficiencies on these routes.

Further, over the last two or three decades tens of thousands of rural rail branch lines have been abandoned. Over that time Class I railroads have shed over 100,000 routes miles. While some of those former Class I miles are still operated by smaller railroads, the reduced reach of the rail network means that many areas, particularly rural areas, must rely more heavily on trucks and the road network for important commerce needs.

For these and other reasons, now is not a time to reduce the extent of the road network that is eligible for Federal funding.

While Maintaining Eligibility for Arterials and Major Collectors, we would Increase the Percentage of overall Program Funding dedicated to the Interstates. With the high costs of reconstructing Interstate routes looming, and given the importance of these routes to interstate commerce, we are comfortable with the notion that a higher percentage of apportioned funds should be for these highways, provided that the overall percentage of the program that is apportioned to States increases, as we recommend, or at least does not decline. We would also increase the basic Federal share of non-Interstate NHS projects to 85 percent, to reinforce the importance of the NHS. Further, any increase in the proportion of funds dedicated to the Interstates should not be at the expense of other traditional programs with broad eligibility, such as NHS or bridge or STP. We see providing added funding emphasis to the Interstate System as the right way to respond to calls by some for more emphasis on roads that are important to freight. The Interstates are critically important to freight. Creating a new road system, with new rules, or pitting states against each other in a new competition to be part of some new Federal system does not strike us as constructive.

Preserve Highway Trust Fund Dollars for Transportation Investment. As we all know, since September 11, 2001 there has been, correctly, an increased focus in this country on transportation security, including funding to improve security. Fortunately, such funding has been from the General Fund of the Treasury, not the Highway Trust Fund. This approach should continue. Frankly, to help ensure that Highway Trust Fund dollars produce as much direct transportation benefit as possible, we would explore shifting some functions, such as FHWA Administrative costs, to the General Fund of the Treasury, so that more of the currently scarce funds in the Highway Trust Fund would be available for actual program investment.

Continue Federal Lands Programs. Distinct from apportionments to States, the Federal highway program has long included separate funding for Indian Reservation Roads and highways on Federal lands and in national parks. These are lands with no private ownership (except perhaps small inholdings) and states have limited if any ability to tax them or benefit from economic development of them. While there are national parks, other public lands, and tribal territories throughout the country, it is fair to say that the Federal public lands highway programs probably never would have been developed but for the large Federal and tribal land areas in the West. The need for these Federal Lands highway programs continues and the Commission should recognize that in its work product.

Reduce Regulatory and Program Burdens. The Federal highway and transit programs are not simple. An enormous amount of planning is required in order to deliver actual projects and programs. We are confident that the overall program can be made more flexible and that project delivery time can be reduced. We suggest that the Commission support reasonable suggestions that it receives to expedite project delivery processes and reduce program overhead. For example, we read that a witness at one of the Commission's earlier hearings criticized current regulatory practice regarding "fiscal constraint" as unduly burdensome. The original concept of fiscal constraint being an element in the development of transportation improvement plans was a straightforward one - that states and metropolitan planning organizations should not plan to build a list of projects when there is not enough money available to support those projects. A fiscal constraint concept could have been implemented by requiring a simple certification by a state or MPO. Instead, ensuring that a STIP or TIP is fiscally constrained has evolved into a complex

and sometimes frustrating system that involves USDOT approval of requests to update transportation improvement plans to reflect modestly changed circumstances. It is not needed. We can't spend what we don't have. We don't need extensive regulations to confirm that. That's just one small example of a way the program could be simplified.

Similarly, we do not support the creation of additional program categories or new program requirements that would limit how a state can use funds within any category. Right now we suspect that any major type of transportation investment that a state wants to make is eligible for investment. A new special program is not required for states to be able to respond to needs for investment in corridors that are considered important. More funding is needed, but not new program structures. Additional program flexibility could be helpful, such as increased ability to flex funds between categories.

We are not saying that the program is not well run -- either by USDOT or by States or transit agencies -- but we believe that the effort should be made to reduce regulatory burdens and make it easier to deliver the program benefits to people and business.

Public Transportation. Public transportation also plays a role in the surface transportation network in rural states. Public transportation is not only for large metropolitan areas. For example, the northern tier Amtrak service, the "Empire Builder," provides an important option for long distance travel to some of our nation's isolated communities. The Federal transit program includes a program of apportionments for rural transit. Transit service is an important, sometimes vitally important link for citizens in small towns to get to the hospital or clinic as well as to work or other destinations. In some rural areas we are experiencing an increase in the age of the population and public transit can be important to aging populations. In short, Federal public transportation programs must continue to include funding for rural states and not focus entirely on metropolitan areas.

### Conclusion

For all of the reasons presented, we consider it essential that the Commission expressly recognize in its recommendations and report to Congress that significantly increased Federal investment in highways and surface transportation in rural states, as well as in metropolitan areas, is and will remain important to the national interest.

The transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming thank the Commission for its consideration of these comments and respectfully request favorable action on the above comments and recommendations.

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