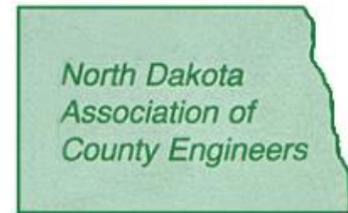


Testimony for HB1464
Presented to the Senate Finance and Taxation Committee
March 22, 2021
Jason Benson, Cass County Engineer



Chairwoman Bell and members of the Senate Finance and Taxation Committee, I am Jason Benson, the Cass County Engineer. I'm also the Chair of the Legislative Committee for the ND Assoc of County Engineers and I support House Bill 1464. Across the State of North Dakota Counties face a stark reality of not having enough funding to manage the challenges of increasing costs, flat budgets, stagnant Federal Funding, and a promise of "Prairie Dog" money that while appreciated in concept, wasn't realized into actual funding revenues. Now more than ever, Counties need additional highway infrastructure funding.

Increases in funding are needed to keep up with both infrastructure needs and increases in construction costs. North Dakota's gas tax hasn't been raised for nearly 20 years. Adding an extra \$0.03 may seem like a lot. Unfortunately, while it will add roughly \$9.6 million per year for Counties to the Highway Distribution Fund, it won't even make up for the 2020 shortfall in Highway Distribution funds. Had this additional gas tax been in place in 2020 our Highway Distribution fund revenues would have been closer to our 2018 revenues. Instead, our 2020 revenues were just slightly above what we received back in 2016.

Additional fuel tax funding will allow Counties to schedule maintenance projects that most efficiently utilize funding to extend the life of roads and bridges. Maintaining our infrastructure now will help avoid larger costs for complete reconstruction in the future. The funding shortfall for our Counties is best described in the North Dakota Association of Counties January 2021 newsletter "Common Ground" (<https://www.ndaco.org>) and the following statements from the newsletter: "The Upper Great Plains Transportation Institute Local Roads Study was recently completed and states: "...the combined estimate of infrastructure needs for all county and township roads is \$9.3 billion over the next 20 years. If averaged over the next 20 years, the annualized infrastructure need is equivalent to \$466 million per year." To put this into perspective, the annual portion of the State Highway Distribution Fund (Vehicle Taxes) that is distributed to all 53 counties is about \$60 million, and the annual road levies from the 53 counties also currently generate about \$60 million (although \$16 million of this will statutorily expire in 2024 unless voter-approved to continue). The county share of federal USDOT funding averages about \$12 million per year, for a grand total of \$132 million – to address a \$466 million need."

When looking at Federal Aid as a percentage of the County's total revenues, Federal funding has failed to keep up. Federal funding comes from the federal gas tax of 18.4 cents, last increased in 1993. In 2000, Federal Aid made up 21% of County's revenues. From 2000-2005 Federal Aid averaged 19% of our total funding and from 2006-2012 it averaged 13% of our total funding. Now Federal Aid only makes up 10% of County revenues.

There is a serious need to increase funding to help close the gap with the increasing cost of construction. Just this spring I've heard from multiple counties regarding increased construction costs. Grand Forks County and several western Counties are reporting up to a 36% increase in the cost of metal culverts over last year's prices.

I understand that placing additional taxes on the citizens of North Dakota is a challenging task that we would all love to avoid. However, North Dakotans that travel on our roads and highways will pay higher costs. Now we need to decide whether those costs are in a few cents more at the pump, the additional cost for vehicle repairs from potholes, or more significant future tax increases to pay for major reconstruction of failing infrastructure. Gravel and paved road networks need regular maintenance to keep to a standard that the travelling public expects. Now more than ever Counties need additional infrastructure funding to maintain our road and bridge networks.

Again, I support House Bill 1464 and I would be happy to talk more about these issues or address any questions you may have.