

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/30/2019**

Amendment to: SB 2288

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$59,200,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

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

Engrossed SB 2288 increases the special fuel and motor fuel tax rates from \$.23 to \$.27 per gallon.

- 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.*

Section 1 of Engrossed SB 2288 increases the motor fuel tax rate to \$.27 per gallon. Section 2 of the bill increases the special fuel tax rate to \$.27 per gallon.

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.*

If enacted, Engrossed SB 2288 is expected to increase revenues in the highway tax distribution fund by an estimated \$59.2 million during the 2019-21 biennium.

- 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.*

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 701.328.3402

**Date Prepared:** 01/30/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/14/2019**

Bill/Resolution No.: SB 2288

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$103,600,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

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

SB 2288 increases the special fuel and motor fuel tax rates from \$.23 to \$.30 per gallon.

- 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.*

Section 1 of SB 2288 increases the motor fuel tax rate to \$.30 per gallon. Section 2 of the bill increases the special fuel tax rate to \$.30 per gallon.

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.*

If enacted, SB 2288 is expected to increase revenues in the highway tax distribution fund by an estimated \$103.6 million during the 2019-21 biennium.

- 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.*

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 701.328.3402

**Date Prepared:** 01/21/2019

**2019 SENATE FINANCE AND TAXATION COMMITTEE**

**SB 2288**

# 2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB 2288  
1/22/2019  
Job # 31161

- Subcommittee  
 Conference Committee

Committee Clerk: Alicia Larsgaard

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating to the tax imposed on motor vehicle fuels and special fuels; and to provide an effective date.

Minutes:

Attachments: 3

**Chairman Cook:** Called the hearing to order on SB 2288.

**Senator Larry Luick, District 25, Fairmount:** Introduced SB 2288. See attachment #1. The purpose that brought this bill to light was that for the last 3 session I was hearing from constituents that wanted to increase the gas tax because of the condition of our roads in the SE corner of the state. We feel the prairie dog bill is going to be a great asset to what we are doing. We do not think there will be enough revenue, timely enough, to get our roads into the condition that they should be up and then to have them kept up. This is an effort to get people to thinking about increasing the gas tax. I handed out the map showing the gas taxes in other states surrounding us. I was told that MN is contemplating raises it again this year higher from the 28.6 cents. It is a conversation piece to have. I have been told the 7 cents would raise over \$100 million. I am up for discussion on that whether it is the full 7 or something less. Hopefully we can address this and see if this is something we want to pursue.

**Chairman Cook:** The fiscal note is \$103,600,000. That is what the 7 cents raises. Do you think that is necessary?

**Senator Luick:** I do not know what is necessary. I just know that anything we can add to it for our infrastructure is good for our needs.

**Russ Hanson, Associated General Contractors of North Dakota:** Testified in favor of the bill. See attachment #2. We are always supportive of funding for the highway fund. We think the timing is good given the upper great plains study showing a 20 year need with a large gap with the available resources versus the current funding levels. There is about a \$14 billion gap over the next 20 years. Note that we have a current federal highway bill which runs through 2020. When that expires, our federal highway fund is in dire straits. A lot of states are looking at their own resources in light of that. Attached to my testimony is some

historical data of the state DOT funding. As you look, notice the 13 and 15 biennium. Thank you to the legislature for the one time resources that you did provide. They were put to good use. The DOT is back to the state match plus the federal program. We feel the discussion of this is timely. Our surrounding states are all 5.5 cents or more, higher than us in their user fee.

**Chairman Cook:** What do we pay in federal gas tax?

**Russ Hanson:** We pay 18.4 cents per gallon. That has been there since October 1, 1993. This user fee has not been adjusted since 2005 at 23 cents.

**Chairman Cook:** Is it safe to say that we get more federal dollars for roads back than what we pay in?

**Russ Hanson:** Yes. 81% of our program is federal funding, comparing to the national average being about 43 cents.

**Senator Patten:** There have been some wide swings in DOT funding. Can you talk a little about how that has affected our ability to get contractors in and also if it is relating to the prices of the jobs that they do?

**Russ Hanson:** In '13 and '17 when historic dollars were being looked at as an investment, that was a concern. What would the environment be pricing wise and could we do the work? We did the work and the industry is very competitive. The in state contractors has the ability to expand their volume and they did. Contractors go where the work is. We have projects that used to get 4 bidders, now they are seeing 6-9. The pencils are sharp.

**Terry Traynor, Executive Director of the North Dakota Association of Counties:** Testified in favor of the bill. See attachment #3. As Mr. Hanson said, we are so appreciative of the one-time funding that you as a legislature has put out there for our local road network, how you have addressed the gross production allocation, and all of those things have made a huge difference on local roads. One thing that this bill does that those past efforts haven't, is it provides a degree of understanding of where we are going as a state for road funding and it gives us a better opportunity to plan. The Upper Great Plains study has shown that we have an \$8 billion need over the next 20 years. We are at about \$440 million per year in order to maintain our road network. Because of what you did, we were able to hit that mark and our roads really show it. We have to keep at it if we are going to keep them where we need them to be. As you can see, we are now back below the line. This would add to that however; it would not address all the need. It would certainly go a long way of that 103 because counties get 22% of that. We would be looking at about \$23 million per biennium that would help. Couple that with the prairie dog bill, and we are really moving towards the right direction. Please consider it.

**Chairman Cook:** When the prairie dog bill was put together with the numbers that are in it, there was no consideration of a gas tax increase. It was the hope that the prairie dog bill would get us in the right direction by itself. Now we are adding another hundred billion to that prairie dog bill and you are testifying that that is needed?

**Terry Traynor:** That is needed. The prairie dog bill isn't law yet. We have to look at all the options for the long term. That bill doesn't do anything for the DOT or state highway network. The greater share 63% goes to the state highway network which is important. I think it is good to have the conversation and keep this on the table. We had a symposium that was put on by the DOT and Upper Great Plains this past summer. One thing we heard was the discussion in SD to raise their gas tax was a 7-year process. This definitely needs to be part of it in the long term.

**Blake Crosby:** Testified in favor of the bill. I should let you know that 3-4 years ago, the League of Cities contracted with the Upper Great Plains and we did a study of the major arterial roads in 14 cities and did a projection as to the cost of repair and maintenance. We are talking tens of millions of dollars in costs. The prairie dog bill will be a compliment to the increase in transportation funding that this bill will provide us. I would encourage a do pass. We rely way to heavily on the federal government. I do not see those funds continuing at that level. We need to take care of ourselves and this will help us do that.

**Geoff Simon, Western Dakota Energy Association:** Testified in favor of the bill. The area impacted by oil development and other energy producing activities in what we represent. Our association operates the oversize truck permitting system for counties in western ND. Last year, our system issued more than 80,000 permits for oversized vehicles. The real impact to the roads are the divisible loads like oil and water. The maintenance needs are never ending. A bump in that gas tax would put us about on par with the other states around us which all have higher rates than we do. Visitors to ND pay that as well so keep that in mind.

**Chairman Cook:** Isn't the gas tax becoming outdated due to the electric cars and everything else out there?

**Geoff Simon:** I am not sure that we are going to see a ton of electric cars due to the efficiency of batteries in colder climates. Vehicles are getting much better miles than they have before.

**Scott Rising, Soybean Growers Association:** Testified in favor of the bill. From the Ag perspective, we pay if the roads aren't good also in equipment cost. We will leave it to your best judgment to determine whether the 7 cents is the right number or not. There certainly needs to be a number at least. In the last year, we have been working with the DOT to share information with our growers actively about truck configurations and those kinds of things to preserve what we have to do a better job of that. A bump in the fuel tax goes hand in hand with trying to solve a long term problem. The money that would be in this bill for the DOT is important. We have spent a lot of money on roads. We need to spend some more money on bridges. We have a huge bridge problem. I will stand for questions.

**Larry Syverson, North Dakota Township Offices Association:** Testified in favor of the bill. I think we can stay in the ballpark without neighbors they are already at a higher rate. I do not think we would be at a disadvantage if we had a similar number.

**Kayla Pulvermachre, North Dakota Farmer's Union:** Testified in favor of the bill. NDFU supports the passage of this bill.

**Chairman Cook:** Any more testimony in support? Any testimony opposed?

**Senator Dotzenrod:** One thing I was hoping the folks this morning would say is; if you look across the state they refer to the Great Plains Study. Are the projects that need to be done spread evenly across the state? Are we finding that there are certain parts that really are having a lot more difficulty keeping their roads in shape? My impression is that it is pretty well spread. I would like to hear if that is true.

**Dale Heglund, Upper Great Plains Transportation Institute:** There are wonderful wide maps with upper great plains grid and our asset inventory that show the local network. When you look at the maps with the condition rating and the improvements that have been made with the infusion of funding, you will see that across the entire state, we have roads in dire need of funding. It is evenly spread across the state.

**Senator Dotzenrod:** I would really like to see one of those maps, particularly the state highway system.

**Senator Unruh:** I agree with Senator Dotzenrod. I would like to see more information on the needs. We have heard about them but we don't know exactly what they are or how the funds are distributed once they are collected.

**Chairman Cook:** Any more testimony on the bill? We will close the hearing on SB 2288.

# 2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB 2288  
1/29/2019  
Job #31647

- Subcommittee  
 Conference Committee

Committee Clerk: Alicia Lasgaard

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 1 of section 57-43.1-02 and subsection 1 of section 57-43.2-02 of the North Dakota Century Code, relating to the tax imposed on motor vehicle fuels and special fuels; and to provide an effective date.

Minutes:

Attachments: 0

**Chairman Cook:** Called the hearing to order on SB 2288. I am not going to support this. I do not care what the committee does and I do not care what the body does on it. If you want to pass it, go ahead. If you want to reduce it and then pass it, do that too. I will be throwing out my no vote.

**Senator Unruh:** I take tax increases and fee increases seriously. If there is a need to do it, it is something I do consider. With the testimony we received, I wasn't convinced that this is the increase in taxation that we needed to continue to fund our critical infrastructure needs throughout the state. You mentioned a few other ways that are far better.

**Chairman Cook:** No one should know better than DOT whether we need this or not. They listened to all the interim testimony and they didn't bring the issue forward.

**Senator Kannianen:** The interim government finance committee probably spent about  $\frac{1}{4}$  of its time on this issue. The bottom line was that you look at a decade ago when 20% of the roads were in poor condition and now it is only 10%. There has been a lot of money spent and a lot of improvements. A lot of that was one-time funding. With the improvements made, the cents per gallon hasn't changed in a number of years but the dollars collected has gone way up because of the extra traffic in the state.

**Chairman Cook:** Even with the total miles per gallon?

**Senator Kannianen:** Yeah the total revenue collected has gone up. Maybe it has flattened out over the last couple years. They were looking at ways to increase revenue. The interim committee and the DOT didn't see a need to put any recommendations in.

**Senator Dotzenrod:** We have had some meetings down in our corner of the state. Senator Luick is a sponsor. We have met with the Fargo district office and asked them why these projects aren't getting done. There is a turn line needed when you cross into Minnesota. From what I'm seeing, we have this vision one program and if we don't have the money to get these things done when there is commerce growing all over the state, I was hopeful we could do something. I don't know if the committee would change their mind if we amended it down to 4 cents. It does appear that we are not getting a lot of safety work done because we don't have the money.

**Chairman Cook:** If we pass this bill at 7 cents, do you think the money would be there to fix the road you are talking about.

**Senator Dotzenrod:** I think it would.

**Chairman Cook:** Or do you think you are far enough down the priority line where it still wouldn't reach you.

**Senator Dotzenrod:** The way the highway dept. explained it to me is that they have a 5-year list. When they do projects, they don't just want to create a new one and fund it. They want you to get on that list. They manage the priorities in that list as time goes on. Sometimes they will move one back or ahead. We have some that are on the list on the highway 13. They are now set for 2022. The particular issue with this new facility is not on the list at all. I think that if an accident does occur and there is a fatality, that will get their attention and maybe something will happen. When I get home and in my district, that is the thing I hear the most about. I thought there was a demonstration of a need when we had the hearing. From my own experience, there are people modifying the way they travel because of that hazard. It is on one of the most traveled highways in the state.

**Chairman Cook:** Did you want to make a motion?

**Senator Dotzenrod:** I could try to amend the bill on line 7 to change "thirty" to "twenty-seven".

**Senator Unruh:** Seconded.

**Chairman Cook:** Any Discussion?

**A Voice Vote Was Taken.**

**Motion Carried.**

**Senator Patten:** In the conversations I have had, I have seen a rejection to the 7 cents but an openness to a lower number. I do not know if 4 cents was low enough. I hear 2 and 3 cents being talked about. It wasn't real forward.

**Senator Dotzenrod: Moved a Do Pass on SB 2288 As Amended.**

**Senator Unruh: Seconded.**

**Chairman Cook: Any Discussion?**

**A Roll Call Vote Was Taken: 1 yeas, 5 nays, 0 absent.**

**Motion Failed.**

**Senator Kannianen: Moved a Do Not Pass on SB 2288 As Amended.**

**Senator Meyer: Seconded.**

**A Roll Call Vote Was Taken: 5 yeas, 1 nay, 0 absent.**

**Motion Carried.**

**Senator Kannianen will carry the bill.**

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Title.02000

Adopted by the Senate Finance and Taxation  
Committee

January 29, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 7, replace "thirty" with "twenty-seven"

Page 1, line 11, replace "thirty" with "twenty-seven"

Renumber accordingly

Date: 1-29-19  
Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2288**

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 19.1113.01001

Recommendation:	<input checked="" type="checkbox"/> Adopt Amendment <input type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> As Amended <input type="checkbox"/> Place on Consent Calendar <input type="checkbox"/> Reconsider	<input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/>	

Other Actions:  Reconsider

Motion Made By Dotzenrod Seconded By Unruh

Absent

## Floor Assignment

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

Date: 1-29-19  
Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2288**

Senate Finance and Taxation Committee

Subcommittee

**Amendment LC# or Description:**

Recommendation:	<input type="checkbox"/> Adopt Amendment	<input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass	<input type="checkbox"/> Without Committee Recommendation
	<input checked="" type="checkbox"/> As Amended	<input type="checkbox"/> Place on Consent Calendar	<input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/> Reconsider		

Other Actions:  Reconsider

Motion Made By Dietzenbach Seconded By Unruh

Total (Yes) / No 5

Absent 0

## Floor Assignment

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

Date: 1-29-19  
Roll Call Vote #: 3

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2288**

Senate Finance and Taxation Committee

## **Committee**

Subcommittee

**Amendment LC# or Description:**

Recommendation:	<input type="checkbox"/> Adopt Amendment	<input type="checkbox"/> Do Pass <input checked="" type="checkbox"/> Do Not Pass	<input type="checkbox"/> Without Committee Recommendation
	<input checked="" type="checkbox"/> As Amended	<input type="checkbox"/> Rerrefer to Appropriations	
	<input type="checkbox"/> Place on Consent Calendar	<input type="checkbox"/> Reconsider	<input type="checkbox"/>

Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Kannianen Seconded By Meyer

Total (Yes) 5 No 1

Absent 0

Floor Assignment Lahriaren

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

**REPORT OF STANDING COMMITTEE**

**SB 2288: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends  
**AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2288 was placed on the Sixth order on the calendar.

Page 1, line 7, replace "thirty" with "twenty-seven"

Page 1, line 11, replace "thirty" with "twenty-seven"

Renumber accordingly

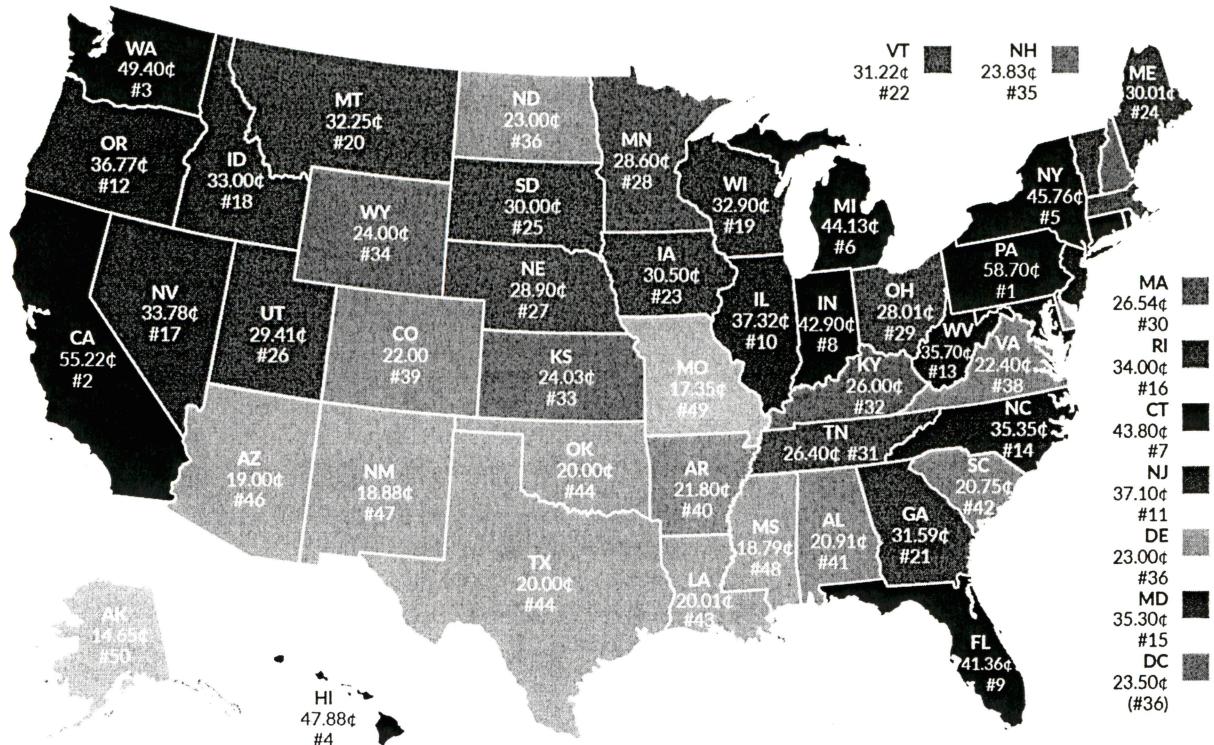
**2019 TESTIMONY**

**SB 2288**

22 SB 2288 #1 pg.1

## How High Are Gas Taxes in Your State?

Total State Taxes and Fees on Gasoline, as of July 2018 (cents per gallon)



Notes: These rates do not include the 18.40 cent/gallon federal excise tax on gas. The American Petroleum Institute (API) has developed a methodology for determining the average tax rate on a gallon of fuel. Rates may include any of the following: excise taxes, environmental fees, storage tank taxes, other fees or taxes, and general sales tax. In states where gasoline is subject to the general sales tax, or where the fuel tax is based on the average sale price, the average rate determined by API is sensitive to changes in the price of gasoline. States that fully or partially apply general sales taxes to gasoline are California, Connecticut, Georgia, Illinois, Indiana, Michigan, and New York. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Source: American Petroleum Institute.

Total State Taxes and Fees on Gasoline



TAX FOUNDATION

@TaxFoundation

Pennsylvania's gas tax rate is highest at 58.7 cents per gallon, followed by California (55.22 cpg) and Washington (49.4 cpg). The lowest gas tax rate is found in Alaska at 14.65 cents per gallon, followed by Missouri (17.35 cpg) and Mississippi (18.79).

While gas taxes tend to be politically unpopular, they are a relatively good embodiment of the "benefit principle," or the idea in public finance that the taxes a person pays should relate to the benefits received. In general, drivers benefit from the government services that are funded by their gas tax dollars, including road construction, maintenance, and repair. By connecting the costs of road upkeep with the act of driving, gas taxes incentivize efficient road use, which helps mitigate congestion and wear and tear attributable to overuse.

Because they adhere to the benefit principle, gas taxes and other user taxes and fees are the revenue tools most suitable for generating the funds needed to maintain and repair public roads over time. One of the primary issues with federal and state gas taxes, however, is that they are not indexed for inflation, meaning the nominal value of revenue generated from the gas tax isn't keeping pace with infrastructure funding needs across the country. Indexing gas taxes for inflation is one of the most important actions states can take to create a more stable source

**Testimony SB 2288**  
**Senate Finance & Taxation Committee**  
**January 22, 2019**

1  
22 SB 2288  
#2 pg. 1

Mr. Chairman and members of the Finance & Taxation committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is a 400 member association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to present this testimony in support of SB 2288.

SB 2288 provides much needed state resources to augment the transportation funding which is essentially, once again, the federal program (plus state match) for the ND DOT after several biennium of one time state funding (see attached charts). A transportation needs study indicate North Dakota transportation funding has a \$14.6 billion funding gap over the next 20 years with \$25.6 billion in needs versus \$10 billion in revenue with the current funding level. SB 2288 is step in the right direction to provide much needed resources for transportation funding.

With the current federal transportation act expiring in 2020, there is much uncertainty of the next federal highway program, how it will be funded, and at what level. North Dakota is highly dependent on federal funding for our highway program with an 81% dependence on federal funding compared to a nationwide average of other states of 43% reliance on federal funding. SB 2288 shrinks the gap on federal reliance.

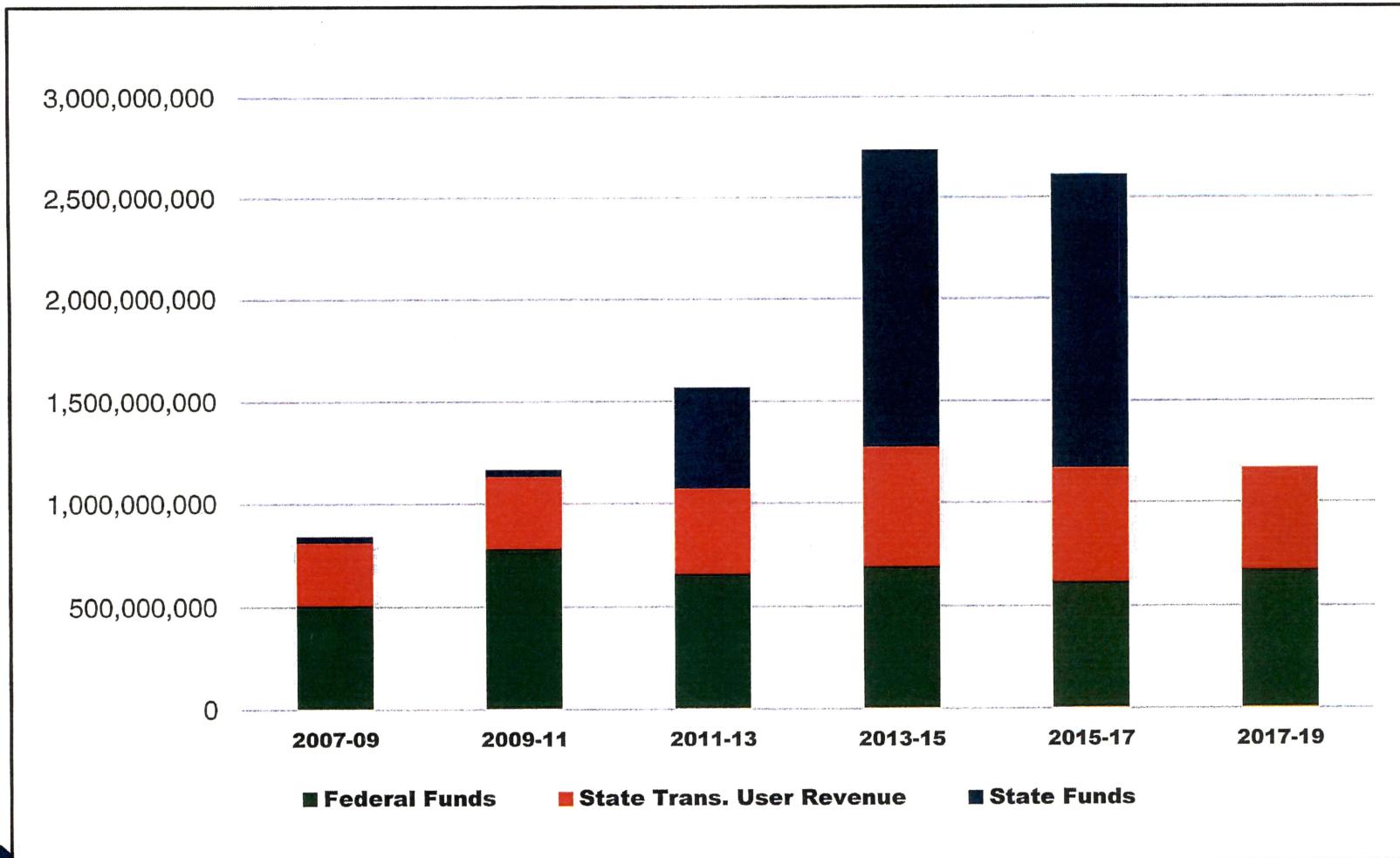
The timing to discuss adjusting the user fee is good as the last time the fee was adjusted was in 2005 and the North Dakota rate is lower than all our neighboring states which all have adjusted their user fees in recent years. In reviewing the attached chart (2017 rates) illustrating all the states motor vehicle user fee rates, most states rates are higher than North Dakota.

Thanks for the opportunity to comment on SB 2288 and we respectfully request the committee issue a Do Pass Recommendation.

✓  
22 SB 2288  
#2 pg. 2



# NDDOT Funding Appropriated Per Biennium



3/23 SB 2288 #2 pg. 3

22 SB 2288 #2 pg. 4

### State Motor Fuel Tax Rates

(January 1, 2017)

	GASOLINE			DIESEL FUEL			GASOHOL			Notes
	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	
Alabama /1	18.0		18.0	19.0		19.0	18.0		18.0	
Alaska	8.0	0.95	8.95	8.0	0.95	8.95	8.0	0.95	8.95	Refining Surcharge
Arizona	18.0	1.0	19.0	26.0	1.0	27.0	18.0	1.0	19.0	/8 LUST Tax
Arkansas	21.5	0.3	21.8	22.5	0.3	22.8	21.5	0.3	21.8	Environmental fee
California	41.7	5.0	46.7	36.0	25.0	61.0	41.7	5.0	46.7	Includes prepaid sales tax /7
Colorado	22.0		22.0	20.5		20.5	20.0		20.0	
Connecticut	25.0		25.0	41.7		41.7	25.0		25.0	Plus a 8.1% Petroleum tax (gas)
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.9% GRT
Florida /2	17.725	13.7	31.425	18.6	13.7	32.3	17.725	13.700	31.425	Sales tax added to excise /2
Georgia /5	26.8		26.8	30.0		30.0	26.8		26.8	/5 Local sales tax additional
Hawaii /1	16.0		16.0	16.0		16.0	16.0		16.0	Sales tax additional
Idaho	32.0	1	33.0	32.0	1	33.0	32.0	1	33.0	Clean Water Fee
Illinois /1	19.0	1.1	20.1	21.5	1.1	22.6	19.0	1.1	20.1	Sales tax add., env. & LUST fee /3
Indiana /5	28.0		28.0	26.0		26.0	28.0		28.0	Sales tax additional /3
Iowa	30.5		30.5	32.5		32.5	29.0		29.0	
Kansas	24.0	1.03	25.03	26.0	1.03	27.03	24.0	1.03	25.03	Environmental & Inspection fees
Kentucky	24.6	1.4	26.0	21.6	1.4	23.0	24.6	1.4	26.0	Environmental fee /4 /3
Louisiana	20.0	0.125	20.125	20.0	0.125	20.125	20.0	0.125	20.125	Inspection fee
Maine	30.0		30.0	31.2		31.2	30.0		30.0	
Maryland /5	33.8		33.8	34.55		34.55	33.8		33.8	/5
Massachusetts	24.0		24.0	24.0		24.0	24.0		24.0	
Michigan	26.3		26.3	26.3		26.3	26.3		26.3	Sales tax additional
Minnesota	28.5	0.1	28.6	28.5	0.1	28.6	28.5	0.1	28.6	Inspect fee
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.3	17.3	17.0	0.3	17.3	17.0	0.3	17.3	Inspection & Load fees
Montana	31.5		31.5	29.25		29.25	31.5		31.5	
Nebraska	28.4	0.9	29.3	28.4	0.9	28.7	28.4	0.9	29.3	Petroleum fee /5
Nevada /1	23.0	0.805	23.805	27.0	0.75	27.75	23.0	0.805	23.805	Inspection & cleanup fee
New Hampshire	22.2	1.625	23.825	22.2	1.625	23.825	22.2	1.625	23.825	Oil discharge cleanup fee
New Jersey	10.5	26.6	37.10	13.5	30.7	44.20	10.5	26.6	37.10	Petroleum fee
New Mexico	17.0	1.875	18.875	21.0	1.875	22.875	17.0	1.875	18.875	Petroleum loading fee
New York	8.0	16.9	24.9	8.0	15.15	23.15	8.0	16.9	24.9	Petroleum Tax, Sales tax aditional
North Carolina	35.1	0.25	35.35	35.1	0.25	35.35	35.1	0.25	35.35	/5 Inspection tax
North Dakota	23.0		23.0	23.0		23.0	23.0		23.0	
Ohio	28.0		28.0	28.0		28.0	28.0		28.0	
Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0	16.0	1.0	17.0	Environmental fee
Oregon /1	34.0		34.0	34.0		34.0	34.0		34.0	
Pennsylvania	57.6		57.6	74.1		74.1	57.6		57.6	Oil franchise tax only /5
Rhode Island	33.0	1	34.0	33.0	1	34.0	33.0	1	34.0	LUST tax
South Carolina /9	16.0	0.75	16.75	16.0	0.75	16.75	16.0	0.75	16.75	Inspection fee & LUST tax
South Dakota /1	28.0	2	30.0	28.0	2	30.0	26.6	2	28.6	Inspection fee (gasohol E10)
Tennessee /1 /9	24.0	1.4	25.4	21.0	1.4	22.4	24.0	1.4	25.4	Petroleum Tax & Envir. Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	29.4		29.4	29.4		29.4	29.4		29.4	/4
Vermont /5	12.1	18.62	30.72	28.0	4.0	32.0	12.1	18.62	30.72	Cleanup Fee & Trans. Fee
Virginia /1	16.2		16.2	20.2		20.2	16.2		16.2	/6
Washington	49.4		49.4	49.4		49.4	49.4		49.4	0.5% privilege tax
West Virginia	20.5	15.2	35.7	20.5	15.2	35.7	20.5	15.2	35.7	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	Petroleum Insp. Fee
Wyoming	23.0	1	24.0	23.0	1	24.0	23.0	1	24.0	License tax
Dist. of Columbia	23.5		23.5	23.5		23.5	23.5		23.5	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	13.0	0.1	13.1	/7 LUST tax

SOURCE: Compiled by FTA from various sources.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 5 cents; SD and TN, one cent; and VA 2.1%.

/2 Local taxes for gasoline and gasohol vary from 0 cents to 6.0 cents. Includes Inspection Fee, SCETS, & Statewide Local Tax.

/3 Carriers pay an additional surcharge equal to IL-13.4 cents, IN-21 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted annually. The actual rates are: KY, 9%; and UT, 16.5%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.

/6 Large trucks pay an additional (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 5.1%, (d) 6%.

/7 California Gasoline subject to 2.25% sales tax. Diesel subject to a 9.25% sales tax.

/8 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/9 On July 1, 2018, the SC fuel excise tax will increase to 18 cents on July 1, 2018 and the TN tax rate will increase to 25 cents (g) and 24 cents (d).

Testimony to the  
**Senate Finance & Taxation Committee**

Prepared January 22, 2019

By Terry Traynor, NDACo Executive Director



**RE: Support for SB2288 – Motor Fuels Tax**

Chairman Cook and members of the Senate Finance and Taxation Committee, I am Terry Traynor, the Executive Director of the North Dakota Association of Counties. On behalf of our state's 53 counties, the county commissioners and other officials responsible for the maintenance and preservation of our county road network, I wish to go on record in support of the long-term funding for local infrastructure that Senate Bill 2288 would provide.

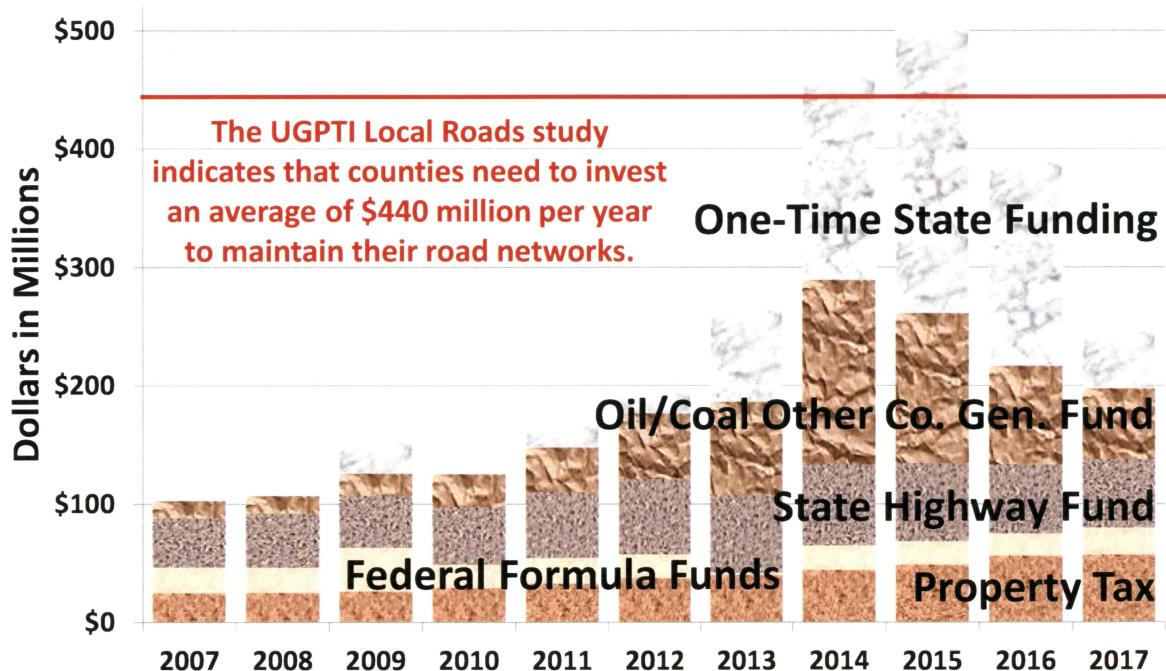
The Legislature has been wise in its past efforts to address local infrastructure needs, and county officials are extremely grateful. The way you have addressed gross production tax allocations and the multiple times that you have allocated one-time funding for local roads have been significant in addressing the enormous unmet need for local road improvement. This bill today will improve upon these efforts by bringing enhanced revenue with a much greater degree of certainty to future funding – allowing counties to more effectively plan and program improvements for greater efficiency and cost-effectiveness.

You have undoubtedly heard about the Upper Great Plains Transportation Institute's Local Roads Study. It is really the "gold standard" when it comes to quantifying the needs for county and township roads. Their past research, involving pavement testing, historical construction data, traffic/load analysis, equipment and input costs, and so much more, has clearly demonstrated the long-term investment needs for our local roads.

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22 SB 2288 #3 pg. 2

The chart in my testimony contrasts, over time, the county highway funding sources – including the significant one-time infusions of state allocations – with the statewide local road needs on a biennial basis. I believe it clearly demonstrates how vital the funding this bill provides would be to bring the two numbers closer together. Can we address all of the needs with this increase in motor fuels taxes? That is unlikely, but it would be a large step in filling that gap.

## County Road Funding vs. Need



As I mentioned when I began, the greater certainty that the on-going nature of this bill brings to infrastructure planning is so very important. We urge you to consider this factor when analyzing this proposal.

Mr. Chairman and Committee Members, on behalf of our state's counties and county officials, I would like to thank the sponsors for bringing this bill forward, and I urge you to give it favorable consideration and a Do Pass Recommendation