

**Department of Transportation
Budget 801
House Bill No. 1012**

	FTE Positions	General Fund	Other Funds	Total
1999-2001 legislative appropriation	1,040.00		\$626,041,796	\$626,041,796
1997-99 legislative appropriation	<u>1,042.00</u>	<u> </u>	<u>465,552,778</u>	<u>465,552,778</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	(2.00)	\$0	\$160,489,018	\$160,489,018

NOTE: The 1999-2001 appropriation amounts include \$624,050 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$30,139 of other funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

Item Description

Teleconference system - The 1999 Legislative Assembly provided \$41,725 for a teleconferencing pilot project involving three sites.

Driver's license site automation - The 1999 Legislative Assembly provided \$50,000 for automating select driver's license sites. The executive budget had recommended \$100,000 for automating 10 sites.

Motor vehicle registration and titling system - The Department of Transportation contracted with Unisys during the 1995-97 biennium to develop a vehicle registration and titling system. The total project cost was \$3,360,775 and was originally estimated to be completed by October 1997.

Capital improvement projects - The Legislative Assembly provided \$310,000 from the highway fund to expand the Devils Lake shop and \$619,000 from the highway fund to replace six section buildings.

Status/Result

The Department of Transportation is evaluating the use of video conferencing through personal computers and the Internet rather than implementing a teleconferencing system as initially anticipated. The department expects the Internet video conferencing system to be less costly. If the evaluation indicates the system quality is acceptable, the department plans to implement a pilot project involving six sites.

The department is in the process of automating two driver's license sites, one in Lisbon and the other in Linton. The estimated cost of automating these two sites is \$30,000.

The department anticipates the project will be completed by November 2000. Through March 2000, Unisys has reimbursed the department \$197,600 for costs incurred because the project was not completed as originally scheduled.

Rather than expand the current Devils Lake shop, the department is studying options available, including whether to expand the current facility or relocate to a different facility. The department has replaced two section buildings at a total cost of \$330,000, one at Michigan and the other at Napoleon. Because the cost of replacing each section building is more than budgeted, the department is planning to replace only four rather than six buildings this biennium. The department estimates the cost of replacing the other two buildings at \$200,000 each. The location of the other two replacements has not yet been determined.

Federal highway construction funds - The Legislative Assembly anticipated North Dakota would receive \$222.2 million of federal highway construction funds during the 1999-2001 biennium requiring a state highway fund match of \$45.7 million.

Fuel taxes and registration fees - The 1999 Legislative Assembly approved House Bill Nos. 1130 and 1183 which affect fuel tax rates and motor vehicle registration fees and the amount of highway-related revenue that is available for distribution through the highway tax distribution fund to the state and cities and counties.

House Bill No. 1130 provided that the motor fuel tax rate, including diesel, remains at 20 cents per gallon rather than reverting to 17 cents per gallon after December 31, 1999, which would have occurred under the previous law.

House Bill No. 1183 increased the motor fuel tax rate by one cent per gallon, from 20 to 21 cents. The bill also increased motor vehicle registration fees by \$1 per year on motor vehicles except for pickups 20 years old or older and farm trucks which were not increased. The estimated revenue resulting from provisions of this bill totals \$11.3 million per biennium, \$7.1 million of which is distributed to the state highway fund and \$4.2 million of which is distributed to cities and counties.

Lewis and Clark license plate - The Legislative Assembly did not authorize a general license plate issue during the 1999-2001 biennium. The Legislative Assembly did, however, authorize the department to issue a distinctive Lewis and Clark license plate that an individual may choose to purchase for an additional one-time fee of \$10. All collections from the \$10 fee are deposited in the highway fund. The \$10 fee is estimated to generate \$200,000 of additional revenue to the highway fund for the 1999-2001 biennium.

Special road fund - Senate Bill No. 2267 continues the special road committee and the special road fund, which would have been repealed on June 30, 1999, under previous law. The special road committee consists of a member of the Senate and a member of the House of Representatives appointed by the Legislative Council chairman, the Game and Fish Department director, the Parks and Recreation Department director, and the Department of Transportation director. The bill provides that 40 percent of the highway fund's interest income is deposited in the special road fund which for the 1999-2001 biennium is estimated to be \$600,000. The special road committee may use the moneys in the fund, within the limits of legislative appropriations, for constructing and maintaining access roads to and roads within recreational, tourist, and historical areas. The committee may require a political subdivision or state agency receiving funds for a project to contribute to the cost of the project. Any unobligated moneys in the fund at the end of each biennium revert to the highway fund.

Federal highway construction funds have been received as projected. In addition, North Dakota has been authorized \$35 million of emergency relief funds for use primarily in the Devils Lake region. These funds require a 20 percent state match. Although the funds have not yet been made available to North Dakota, the department does not currently have available the required state match of \$8,750,000.

Through April 2000, funds allocated to the state highway fund from the highway tax distribution fund have totaled \$73.7 million, \$3.4 million or 4.8 percent more than projected revenues of \$70.3 million.

The department began issuing its Lewis and Clark license plate in December 1999. Through April 2000, the department has issued 5,396 plates and collected \$53,960 of revenue for the highway fund.

The legislative members of the special road committee include Senator Bob Stenehjem and Representative Keith Kempenich. The committee met in July 1999 and approved nine projects totaling \$337,400. Through April 2000, \$320,000 (40 percent of the interest earned on the highway fund) has been deposited in the special road fund. The department anticipates depositing approximately \$600,000 of highway fund interest in the special road fund this biennium.

The special road committee and fund were originally created by the 1989 Legislative Assembly. Under the original legislation, the fund was credited with all of the interest earned on the highway fund. However, the 1997 Legislative Assembly provided that beginning July 1, 1997, the interest income earned on the highway fund would be retained in the highway fund and after June 30, 1999, statutory provisions relating to the special road fund and special road committee would be repealed. The committee and fund were reestablished under the provisions of 1999 Senate Bill No. 2267 as discussed above.

Highway fund revenue impact from House Bill No. 1462 - The provisions of House Bill No. 1462 reduce the shrinkage allowance for fuel suppliers, distributors, and retailers from a maximum of one percent to a maximum of .5 percent. The bill eliminates refunds of special fuels taxes for nonhighway purposes and initiates a "buy right" provision under which nonhighway users must buy and use dyed special fuel, which is subject to the reduced rate of two percent. The bill creates administrative fees for the owner or operator of a licensed motor vehicle found to contain dyed special fuel and which is being used on a highway. The administrative fees range from \$250 for the first violation to \$5,000 for a fourth and subsequent violation occurring within three years. Citations for unlawful use of dyed fuel on highways are to be issued by the Highway Patrol and collected by the State Tax Commissioner. The State Tax Commissioner may waive the administrative fees for good cause. The provisions of the bill are estimated to generate \$1,950,000 for the 1999-2001 biennium, \$1,340,000 of which is deposited in the state highway fund and \$610,000 of which is distributed to cities and counties.

The Tax Department has formed agreements with the state laboratory and the Highway Patrol for the dyed fuel enforcement program. The Highway Patrol has obtained the equipment it needs to collect the fuel samples and will be training its officers to do this type of enforcement. The enforcement program should begin by July 2000.