

**Department of Transportation
Budget No. 801
Senate Bill No. 2012, House Bill Nos. 1050, 1069**

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	1,044.50	\$0	\$827,412,952	\$827,412,952
2005-07 legislative appropriations	1,044.50		955,008,348	955,008,348
Legislative increase (decrease) to executive budget	0.00	\$0	\$127,595,396	\$127,595,396
Legislative increase (decrease) to 2003-05 appropriations	0.00		\$170,622,430	\$170,622,430

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Transportation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			\$425,909	\$425,909
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$559.15 to \$553.95 per month per policy			(128,669)	(128,669)
Added funding from the highway fund for costs of complying with provisions of Senate Bill No. 2209 which require the department to provide data on the location of utilities on highway rights of way			168,520	168,520
Added funding in House Bill No. 1069 for paying military service retirement credit			50,854	50,854
Added funding from the public transportation fund to increase the funding available for public transportation grants as a result of provisions of Senate Bill No. 2348 which increases the public transportation fee on motor vehicle registrations from \$2 to \$3 per year			1,550,000	1,550,000
Added funding from grant anticipation revenue vehicle (GARVEE) bond proceeds for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck			53,500,000	53,500,000
Added funding, \$2 million of which is from the highway fund and			17,900,000	17,900,000

the remainder from federal funds, for highway projects in anticipation of receiving \$202.3 million of federal highway construction funds in federal fiscal year 2005 and \$205 million in federal fiscal year 2006

Added funding, \$8,472,520 of which is from the highway fund, \$1,687,930 from counties, and the remainder from federal funds for emergency relief projects

	0.00	\$0	54,128,782	54,128,782
Total	0.00	\$0	\$127,595,396	\$127,595,396

FTE Changes

The 2005-07 biennium appropriation includes funding for 1,044.5 FTE positions, the same as the 2003-05 biennium authorized level.

Federal Highway Construction Funds

The Legislative Assembly appropriated funding to match an estimated \$202.3 million of federal highway construction funds in federal fiscal year 2005 and \$205 million in federal fiscal year 2006. The Department of Transportation estimated that an additional \$22.9 million of state highway fund money would be needed to match the anticipated level of federal highway construction funds and that an additional \$8.5 million of state matching funds would be needed for federal emergency relief projects. The executive budget included funding to match an estimated \$199.7 million of federal highway construction funds for each year of the 2005-07 biennium and recommended borrowing from the Bank of North Dakota the state matching funds needed for emergency relief projects. The 2003-05 biennium appropriation included funding to match an estimated \$182.5 million of federal highway construction funds for each year of the biennium.

Tax and Fee Changes to Generate Additional Highway Revenues

To provide additional state highway matching funds of an estimated \$28.6 million, the Legislative Assembly made the following tax and fee changes in Sections 10, 11, 12, and 14 of Senate Bill No. 2012:

1. Increased the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 2 cents per gallon, from 21 to 23 cents. This increase is estimated to generate \$20.4 million for the 2005-07 biennium, of which \$12.8 million is deposited in the state highway fund and \$7.6 million is distributed to cities and counties.
2. Making pickup truck registration fees equivalent to passenger vehicle fees by providing for 50 percent of the increase necessary to make this change during the 2005-07 biennium and the remainder beginning July 2007. This change is estimated to generate \$3.8 million for the 2005-07 biennium, of which \$2.4 million is deposited in the state highway fund and \$1.4 million distributed to cities and counties.
3. Increasing annual motor vehicle registration fees by \$10 for deposit directly in the state highway fund. This increase is estimated to generate \$13.4 million for the state highway fund during the 2005-07 biennium. After this increase, a total of \$13 of each registration fee is deposited directly in the state highway fund.
4. Changes the allocation of motor vehicle excise tax collections to provide that 80 percent of collections be deposited in the general fund and 20 percent in the highway fund as follows **(the Governor vetoed this provision)**:
 - a. The first \$150 million received be deposited in the general fund.
 - b. The next \$37.5 million be deposited in the state highway fund.
 - c. Additional amounts will be allocated 80 percent to the general fund and 20 percent to the highway fund.

This change was not expected to affect the motor vehicle excise tax collections deposited in the state aid distribution fund. This was not anticipated to result in any motor vehicle excise tax collections deposited in the highway fund during the 2005-07 biennium based on the March revised forecast which anticipated collections to total \$148,408,000 for the 2005-07 biennium.

The executive budget had recommended increasing annual motor vehicle registration fees by \$15 and depositing the proceeds, estimated at \$20.1 million for the 2005-07 biennium, directly in the state highway fund rather than the highway tax distribution fund.

Other Sections in Bill

Section 4 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.

Section 5 requires the Department of Transportation to maintain the structural integrity of bridges over navigable waters in the state that it is currently maintaining unless the department enters into an agreement with the municipality.

Section 6 provides that the Department of Transportation, to the extent possible, implement the highway performance classification plan.

Section 7 delays the effective date from January 1, 2006, to January 1, 2008, of provisions allowing a landowner owning land next to a no-mow or managed-mow area to hay the no-mow or managed-mow area after July 15 without payment or penalty.

Section 8 authorizes the Department of Transportation to issue grant anticipation revenue vehicle (GARVEE) bonds for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project.

Section 9 provides that the bridge built to replace the Liberty Memorial Bridge between Bismarck and Mandan continue to be named the Liberty Memorial Bridge.

Section 13 allows Native Americans to claim refunds for fuels taxes paid.

Related Legislation

House Bill No. 1015 includes a section requiring the Department of Transportation to transfer funds from the state highway fund to the special road fund to make available \$500,000 in the special road fund for projects during the 2005-07 biennium and a section making Section 8 of Senate Bill No. 2012 relating to issuing GARVEE bonds an emergency.

House Bill No. 1478 reduces the motor vehicle fuel tax rate to one cent per gallon on sales of "E85" fuel of up to 1.2 million gallons and requires the Agricultural Products Utilization Commission to transfer funds equal to 20 cents per gallon of "E85" fuel sold of up to 1.2 million gallons to the highway tax distribution fund.

Senate Bill No. 2339 increases the motorcycle safety education fee from \$5 to \$10 per year.

Senate Bill No. 2348 increases the annual motor vehicle registration fee dedicated for public transportation services from \$2 to \$3.