

September 2010

## PUBLIC SAFETY AND TRANSPORTATION COMMITTEE - BILL DRAFTS RELATING TO THE STUDY OF HIGHWAY CONSTRUCTION FUNDING

The table below provides information regarding bill drafts under consideration by the Public Safety and Transportation Committee that relate to the committee's study of highway construction funding:

Bill Draft	Date Originally Presented	Committee Action	Estimated Fiscal Effect
A bill draft to provide that a violation of an overweight permit issued under a home rule county ordinance is considered a violation of state law (10048.0100)	April 20, 2010	No action taken	None
A bill draft to provide that the extraordinary road use fee collected under North Dakota Century Code Chapter 39-12 is to be deposited in the appropriate county general fund if the overweight vehicle violation occurred on a road that is not part of the state or federal highway system (10180.0100)	September 23, 2010	No action taken	See Footnote 1
A bill draft to create a program for oil impact-related development grants and to provide funding of \$100 million to be used for grants through the 2015-17 biennium (10082.0100)	June 2, 2010	No action taken	Transfers \$100 million from the permanent oil tax trust fund on July 1, 2011
A bill draft to allocate motor vehicle excise tax collections, after distributions to the state aid distribution fund, to the highway tax distribution fund (10104.0200)	August 4, 2010	The original bill draft contained a section to reduce the motor vehicle excise tax rate from 5 percent to 3 percent. The committee voted to remove this section.	See Footnote 2
A bill draft to provide a \$50 million transfer from the permanent oil tax trust fund to the state highway fund and to provide an additional \$50 million transfer from the permanent oil tax trust fund to the highway tax distribution fund (10105.0100)	August 4, 2010	No action taken	See Footnote 3

<sup>1</sup>The bill draft provides that extraordinary road use fees collected under Chapter 39-12 be deposited in the appropriate county general fund if the overweight vehicle violation occurred on a roadway other than a state or federal highway. All extraordinary road use fees are currently deposited in the state highway fund. The table below details Highway Patrol collections of extraordinary road use fees for the 2007-09 biennium and for the 2009-11 biennium through August 2010:

<b>Overweight Vehicle Extraordinary Road Use Fee Collections Resulting From Highway Patrol Enforcement Action</b>		
	<b>2007-09 Biennium</b>	<b>2009-11 Biennium (Through August 2010)</b>
Fees collected from violations occurring on state and federal highways	\$848,840	\$646,435
Fees collected from violations that occurred on roadways other than a state or federal highway	148,500	46,705
<b>Total</b>	<b>\$997,340</b>	<b>\$693,140</b>

<sup>2</sup>The bill draft provides that motor vehicle excise tax collections, after distributions to the state aid distribution fund, be deposited in the highway tax distribution fund rather than the general fund. Current statute provides that beginning July 1, 2011, all motor vehicle excise tax collections, after deposits to the state aid distribution fund, are to be deposited in the state general fund. The table below details the estimated effect of the bill draft provisions on motor vehicle excise tax allocations based on the 2011-13 preliminary revenue forecast prepared by the Office of Management and Budget:

<b>Estimated 2011-13 Biennium Motor Vehicle Excise Tax Collections</b>			
	<b>Allocation Under Current Law (In Millions)</b>	<b>Allocation Under Proposed Bill Draft (In Millions)</b>	<b>Change (In Millions)</b>
State aid distribution fund	\$15.4	\$15.4	\$0
General fund	176.5	0	(176.5)
Highway tax distribution fund	0	176.5	176.5
<b>Total</b>	<b>\$191.9</b>	<b>\$191.9</b>	<b>\$0</b>

The table below details estimated distributions from the highway tax distribution fund based on the provisions included in the bill draft:

	<b>Distribution Rate</b>	<b>Estimated Funding Distributions (In Millions)</b>
State highway fund	61.3%	\$108.2
Counties	21.5%	38.0
Cities	13.0%	22.9
Township highway fund	2.7%	4.8
Public transit fund	1.5%	2.6
<b>Total</b>	<b>100.0%</b>	<b>\$176.5</b>

<sup>3</sup>The bill draft transfers \$50 million from the permanent oil tax trust fund to the state highway fund and transfers an additional \$50 million from the permanent oil tax trust fund to the highway tax distribution fund. The table below details the allocation of funds resulting from the \$50 million transfer to the highway tax distribution fund:

	<b>Distribution Rate</b>	<b>Funding Distributions (In Millions)</b>
State highway fund	61.3%	\$30.65
Counties	21.5%	10.75
Cities	13.0%	6.50
Township highway fund	2.7%	1.35
Public transit fund	1.5%	0.75
<b>Total</b>	<b>100.0%</b>	<b>\$50.0</b>