

MAJOR SOURCES OF FUNDING FOR HIGHWAYS IN NORTH DAKOTA AND SURROUNDING STATES

This memorandum provides information on major sources of funding for highways in North Dakota and surrounding states. A schedule is included comparing motor fuel tax rates and motor vehicle registration fees among these states. States included are North Dakota, South Dakota, Montana, and Minnesota.

NORTH DAKOTA

North Dakota's major sources of state funding for highways include motor fuel taxes and motor vehicle registration fees. In North Dakota, collection of these taxes and fees are deposited in the highway tax distribution fund and from there distributed to the state highway fund, cities, and counties. The following schedule shows the percentage allocation from the state highway tax distribution fund:

State highway fund	63%
Counties	23%
Cities	14%
Total	100%

SOUTH DAKOTA

South Dakota's major sources of funding for highways include motor vehicle fuel taxes, motor vehicle excise taxes, motor vehicle registration fees, and county wheel taxes. Motor vehicle fuel taxes and the revenues from the motor vehicle excise tax (currently three percent) are deposited in the state highway fund and used for state highway purposes. Collections of motor vehicle registration fees are distributed to counties, cities, and townships. Each county may impose a county wheel tax of up to \$4 per wheel to a maximum of four wheels on vehicles registered in that

county. Revenues from the wheel tax are retained by the county levying the wheel tax.

MONTANA

Montana's major sources of funding for highways include motor vehicle fuel taxes and gross vehicle weight fees. The gross vehicle weight fee is a component of motor vehicle registration fees. In Montana, motor vehicle registration fees include both a flat fee and a fee based on the vehicle's gross weight. The flat fee is deposited in a number of accounts including a weed fund, junk vehicle fund, and the general fund. The gross weight fees are deposited in the highway fund. The Montana Legislature specifically allocates a portion of the funds in the state highway fund to cities and counties each legislative session.

MINNESOTA

Minnesota's major sources of funding for highways include motor vehicle fuel tax collections and motor vehicle registration fees. Revenues from these sources are deposited in the highway user tax distribution fund and allocated as follows:

Trunk highway fund - state	62%
County state-aid highway fund	29%
Municipal state-aid street fund	9%
Total	100%

The schedule below compares motor vehicle tax rates and motor vehicle registration fees among these states:

1998 Motor Fuel Tax Rates and Motor Vehicle Registration Fees							
	Motor Fuel Tax Rates (per gallon)			Motor Vehicle Registration Fees			
	Gasoline	Diesel Fuel	Gasohol	Passenger Car ¹	Pickup ²	Tractor Trailer ³	Farm Truck ⁴
North Dakota	\$.20	\$.20	\$.20	\$70	\$58	\$1,036	\$207
South Dakota	\$.21	\$.21	\$.19	\$30	\$30	\$1,457	\$126
Montana	\$.27	\$.2775	\$.27	\$342	\$484	\$1,522	\$695
Minnesota	\$.20	\$.20	\$.20	\$235 ⁵	\$315 ⁵	\$1,760	\$322

¹ A 1997 car with a purchase price of \$20,000 and a weight of 3,400 pounds.

² A 1997 pickup with a purchase price of \$25,000 and an unladen weight of 4,000 pounds and 8,000 pounds gross vehicle weight.

³ A 1997 large commercial truck with a purchase price of \$100,000 and a combined gross weight of 80,000 pounds.

⁴ A 1997 twin-drive tandem-axle 4.5-ton truck with a box and hoist with a \$50,000 purchase price and licensed at 46,000 pounds.

⁵ Registration fees in Minnesota are based on the make and model and the manufacturer's suggested retail price (MSRP) for the vehicle. The amounts shown are for a 1997 midsized passenger vehicle with an MSRP of \$20,000 and a 1997 half-ton pickup with an MSRP of \$25,000.

NOTE: All vehicles are being licensed in 1998 for the second year.