North Dakota Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• The maximum real property tax rate that a county may impose for general or special purposes is 23 mils. In addition, state law allows counties to impose ad valorem taxes for the purpose of county roads at a specific rate which is exempt from the general limitation.

• Home rule counties have general authority to levy taxes on the sale of motor fuels and impose motor vehicle registration fees provided that they makes the requisite agreement with the state tax commissioner for administration of the taxes by the state.

• Counties have authority to levy special assessments on areas to which they provide capital improvement to offset the cost of the improvements.

Mandated/Authorized Transportation Services:

• Counties may construct and repair bridges and open, lay out, vacate, and change highways as provided for by law. Commissions must operate and maintain all public and private roads used regularly as part of a public school bus route. Commissions may otherwise provide for the improvement of private roads by entering into agreement with the landowner. The cost of these improvements shall constitute a lien on the real estate.

• Counties may create port authorities to stimulate economic development and expand water-based commerce in the state. Port authorities may issue bonds to raise funds. Counties may assist port authorities by levying a tax to provide financial support, lending or donating money, provide water and sewer utilities to ports and port facilities, furnish roads and enter agreements with the authority to provide services.

## **Funding Sources for County Transportation Projects:**

2008 County Roadway Funding:

|  |  |
| --- | --- |
| **Source** | **Amount (millions)** |
| Federal Aid (Major Collectors) | $35.20 |
| State Highway Tax Distribution Fund | $74.40 |
| State Aid Distribution | $49.17 |
| Bonding, Special Assessments & Local Mill Levies | $41.60 |
| Some Counties Receive Oil, Gas, & Coal Impact Funds | ? |
| **Total** | **$200.37 + ?** |

• In North Dakota the county road system is funded with a mix of local ad valorem\* taxes (10%), state fuel & motor vehicle taxes (40%), federal highway funds that are derived from federal fuel taxes (35%) and oil and coal production taxes (15%). These percentages represent an approximate statewide average as the mix in any given county, and for any given year, can vary quite significantly - only about 1/3 of the counties receive oil and coal production taxes.

• SB2176 provided $100 million to non-oil counties (counties with less than $500,000 in oil revenue) and the cities and townships within those counties. Of these funds, $39 million went towards county roads, and $36 million for township roads with the portion for unorganized townships going to the counties.

• HB1358 addresses the gross production tax (GPT) allocation to local governments with a total appropriation over $1.1 billion dollars to local governments. Allocates the first $5 million annual revenue from oil and gas produced in each county to the county, then shifts to a 25% share of the remainder throughout the fiscal year. Counties must levy at least 10 mils for road and bridge purposes to receive GPT revenues. The bill provides $160 million for the reconstruction of local roads in counties with more than $5 million in oil revenues and $120 million for all counties with less than $5 million in oil revenues allocated by county road miles.

• “Extraordinary road use fees” charge operators of vehicles violating weight limitations on interstate roadway systems. SB2025 extends that extraordinary road use fees for violations on roads not part of the interstate system must be deposited in the general funds of the jurisdiction having authority over the road and must be used for the support of that jurisdiction’s road system. This allows counties to collect these fees to fund the maintenance of county roads.

## **Challenges in Funding and Financing Transportation Projects:**

## **Innovative Solutions to Funding and Financing Challenges**

• “Extraordinary road use fees” charge operators of vehicles violating weight limitations on interstate roadway systems.