Local Transportation Funding Sources
North Dakota Symposium on Transportation Funding
Alan Dybing, Associate Research Fellow
Bismarck Radisson
March 14, 2018
Upper Great Plains Transportation Institute
North Dakota State University

Overview

• For each jurisdiction, the traditional funding mechanisms are presented – also found in the green funding tables
• Funding levels are on a statewide basis and do not distinguish oil and non-oil counties
• One-time funding is excluded to present the continuing funding levels
• Unique situations are described where possible
• Each jurisdiction was asked about limitations and concerns
Ongoing Township Funding

• Current Sources
  – Highway Tax Distribution Fund
  – Mill Levies
  – Gross Production Tax (Oil Counties)
    • 3% of County GPT distributed to Townships relative to share of miles within county
    • 3% of Total all County GPT distributed to all Oil Townships equally (Counties receiving more than $5 million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Highway Tax Distribution ($million)</th>
<th>Gross Production Tax ($million)</th>
<th>Property Tax ($million)</th>
<th>Total ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$7.28</td>
<td>$11.6</td>
<td>$28.45</td>
<td>$47.33</td>
</tr>
<tr>
<td>2016</td>
<td>$7.31</td>
<td>$9.9</td>
<td>$26.90</td>
<td>$44.11</td>
</tr>
<tr>
<td>2015</td>
<td>$8.58</td>
<td>$11.6</td>
<td>$22.80</td>
<td>$42.98</td>
</tr>
<tr>
<td>2014</td>
<td>$8.17</td>
<td>$18.1</td>
<td>$22.80</td>
<td>$49.07</td>
</tr>
<tr>
<td>2013</td>
<td>$8.03</td>
<td>$7.1</td>
<td>$18.50</td>
<td>$33.63</td>
</tr>
<tr>
<td>2012</td>
<td>$7.35</td>
<td></td>
<td>$18.50</td>
<td>$25.85</td>
</tr>
</tbody>
</table>

Source: State Treasurer, ND Township Officer’s Association
Ongoing Township Funding

- Limitations
  - Mill Levy
  - Special Assessments – allowable, but not used

- Not Allowable
  - Sales tax
  - Repair levy
  - Disaster levy

- Concerns
  - Shrinking fuel tax fund
  - 36 mill general fund limitation

Ongoing County Funding

- Current Sources
  - Highway Tax Distribution Fund
  - Mill Levies
  - Sales Tax – Home Rule Counties
    - Only Steele County has a Sales Tax for Roads
  - Gross Production Tax/Coal Tax
Ongoing County Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Property Tax ($million)</th>
<th>Federal Formula ($million)</th>
<th>Highway Tax Distribution ($million)</th>
<th>Oil/Coal ($million)</th>
<th>Total ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$57.00</td>
<td>$19.91</td>
<td>$58.00</td>
<td>$60.00</td>
<td>$194.91</td>
</tr>
<tr>
<td>2016</td>
<td>$55.98</td>
<td>$19.86</td>
<td>$58.27</td>
<td>$83.84</td>
<td>$217.95</td>
</tr>
<tr>
<td>2015</td>
<td>$48.46</td>
<td>$19.98</td>
<td>$66.17</td>
<td>$127.37</td>
<td>$261.98</td>
</tr>
<tr>
<td>2014</td>
<td>$44.07</td>
<td>$20.06</td>
<td>$68.59</td>
<td>$156.21</td>
<td>$283.93</td>
</tr>
<tr>
<td>2013</td>
<td>$39.69</td>
<td>$19.94</td>
<td>$65.49</td>
<td>$79.37</td>
<td>$204.49</td>
</tr>
<tr>
<td>2012</td>
<td>$36.94</td>
<td>$19.53</td>
<td>$63.78</td>
<td>$55.98</td>
<td>$176.23</td>
</tr>
</tbody>
</table>

Source: State Treasurer, ND Association of Counties, North Dakota Department of Transportation

Ongoing County Funding

- Limitations
  - County commission changes, election requirement
  - Special assessments – difficult to pass
  - Bonding – must be approved by voters
  - 30 Mills for Roads– SB 2144
    - Exception with farm-to-market provision – 10 years

- Not Allowable
  - Sales Tax – outside Home Rule counties

- Concerns
  - Reductions Highway Distribution Fund
  - Inflation in Road and Improvement Costs
Ongoing Urban Funding

- Current Sources
  - Highway Tax Distribution Fund
  - Federal Formula
  - Property Tax*
  - Sales Tax*
  - Oil/Coal Tax*
  - State Aid*

*Only a portion is available for road maintenance and improvement

<table>
<thead>
<tr>
<th>Year</th>
<th>Property Tax ($million)*</th>
<th>Federal Formula ($million)**</th>
<th>Highway Tax Distribution ($million)</th>
<th>Oil/Coal Tax ($million)*</th>
<th>City Sales Tax ($million)*</th>
<th>State Aid ($million)*</th>
<th>Total ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$161.1 (2016)</td>
<td>$19.13</td>
<td>$33.9</td>
<td>$98.3</td>
<td>$183.9</td>
<td>$39.6</td>
<td>$535.93</td>
</tr>
<tr>
<td>2016</td>
<td>$161.1</td>
<td>$19.21</td>
<td>$33.0</td>
<td>$103.7</td>
<td>$185.4</td>
<td>$43.5</td>
<td>$545.91</td>
</tr>
<tr>
<td>2015</td>
<td>$149.9</td>
<td>$18.03</td>
<td>$37.5</td>
<td>$99.0</td>
<td>$216.5</td>
<td>$59.3</td>
<td>$580.23</td>
</tr>
<tr>
<td>2014</td>
<td>$138.9</td>
<td>$18.11</td>
<td>$39.0</td>
<td>$125.5</td>
<td>$209.5</td>
<td>$56.2</td>
<td>$587.21</td>
</tr>
<tr>
<td>2013</td>
<td>$129.3</td>
<td>$18.00</td>
<td>$37.4</td>
<td>$51.3</td>
<td>$190.3</td>
<td>$52.9</td>
<td>$470.20</td>
</tr>
<tr>
<td>2012</td>
<td>$120.8</td>
<td>$17.63</td>
<td>$35.2</td>
<td>$17.0</td>
<td>$177.3</td>
<td>$49.6</td>
<td>$417.53</td>
</tr>
</tbody>
</table>

* Not all funds available for road improvements
**Includes non-state urban routes
Source: North Dakota Treasurer, North Dakota League of Cities, North Dakota Department of Transportation
Ongoing Urban Funding

- Limitations
  - 105 mills in General Fund – covers more than roads
    - Property value decline in small cities
  - New revenue sources under home rule

- Not Allowable
  - City gas tax
  - Anything not previously allowed under home rule

- Concerns
  - Maintenance of existing system is more of a concern than building new roads
  - Future population in small cities – revenue distribution
  - Cost of maintaining infrastructure
  - Increased axle weights (if allowed in cities)

Ongoing Transit Funding

- Current Sources
  - Federal Transit Administration
    - Up to 80% of capital and administration and 50% of operating expenses with local match
  - Highway Tax Distribution Fund – 1.5%
  - Local Government
    - Property Taxes
  - Fares
  - Other Funds (Advertising, Grants, Medicaid, Donations, etc.)
### Ongoing Transit Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Government ($million)</th>
<th>State Government ($million)</th>
<th>Local Government ($million)</th>
<th>Fares ($million)</th>
<th>Other Funds ($million)</th>
<th>Total ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$13.31</td>
<td>$4.36</td>
<td>$5.59</td>
<td>$2.87</td>
<td>$1.49</td>
<td>$27.61</td>
</tr>
<tr>
<td>2015</td>
<td>$13.19</td>
<td>$5.17</td>
<td>$5.27</td>
<td>$2.64</td>
<td>$1.52</td>
<td>$27.80</td>
</tr>
<tr>
<td>2014</td>
<td>$9.97</td>
<td>$4.34</td>
<td>$4.60</td>
<td>$2.66</td>
<td>$2.51</td>
<td>$24.08</td>
</tr>
<tr>
<td>2013</td>
<td>$13.69</td>
<td>$4.44</td>
<td>$5.03</td>
<td>$2.80</td>
<td>$2.14</td>
<td>$28.10</td>
</tr>
<tr>
<td>2012</td>
<td>$10.32</td>
<td>$3.62</td>
<td>$4.67</td>
<td>$2.96</td>
<td>$1.83</td>
<td>$23.40</td>
</tr>
</tbody>
</table>

Source: National Transit Database, Federal Transit Administration

### Limitations
- Mill levy limit: 5 mills

### Concerns
- Lack of growth in mill levy revenue
- Lack of dedicated local government funding source for many agencies
- Decrease in State Highway Tax Distribution Fund
- Uncertainty about Federal funding after FAST Act expires
Further Information

- Alan Dybing – UGPTI
- Patty Schock - NDDOT
- Terry Traynor - NDACO
- Larry Syverson - NDTOA
- Blake Crosby – NDLC
- Dale Bergman – City of Grand Forks