



OFFICE OF STATE

TREASURER

NORTH DAKOTA

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-Highway Tax Distribution-

Senate Bill 2012
Increased percentage to cities and counties from 34.5% to 35%
Increased percentage to townships from 2.70% to 3.40%
Additional revenue deposited to fund for distribution from motor vehicle excise tax of 25%

Distribution Details

- Monthly distribution to cities and counties based on proportion of number of vehicle registrations credited to each county and the census population
- Quarterly distribution to townships based on township road miles in each county compared to length of all township road miles in the state as certified to State Treasurer July 1 of each even-numbered year
- Distribution is comprised of collections of motor vehicle registration and related fees, motor vehicle excise tax, fuel taxes, use taxes and special fuels excise tax
- Funds received by the county must be set aside in a sperate fund called "highway tax distribution fund" and applied solely for highway purposes in accordance with section 11, article X of the Constitution (NDCC 54-27-19)
- Funds received for township distribution by organized townships must be deposited in the township road and bridge fund and used for highway and bridge purposes. Counties that retain township funds must deposit the dollars in the county road and bridge fund (NDCC 54-27-19.1)



-County & Township Infrastructure Funding-

Senate Bill 2012	House Bill 1065
Reduced bucket in Oil & Gas distribution from \$115 M to \$80 M, but moved the bucket forward in the formula	Amended distribution and allocation to townships to be proportional to road miles
50% of dollars directly distributed by Office of State Treasurer (\$40 M)	
50% of dollars available to Department of Transportation as Grants (\$40 M)	
Eligibility requirements to receive funds related to townships	

Distribution Details

- 87% allocated to Non-Oil-Producing Counties (\$34.8 M) based on the most recently completed ND Upper Great Plains Transportation Institute infrastructure needs study (NDCC 57-51.1-07.8)
- 13% allocated to Non-Oil-Producing Townships (\$5.2 M) based on length of township road miles that meet eligibility requirements (NDCC 57-51.1-07.8)
- Non-oil-producing county: a county that received less than \$5 M in allocations through the Oil & Gas distribution based on the most recent even-numbered fiscal year before the start of the biennium
- Funds must be used for road and bridge infrastructure projects associated with the construction of new unpaved and paved road and bridge infrastructure or associated with the maintenance, repair, or replacement of existing unpaved and paved road and bridge infrastructure
- Reporting is required by November 30 of each even numbered year. Counties will need to report on funds received for the 2023-2025 biennium by **November 30, 2026**, on the State Treasurer's website. **Reminder:** No reporting due on funds received for townships.

-Flexible Transportation Fund-

Senate Bill 2012
Created new direct distribution to county and townships from the Office of State Treasurer for 2025-2027 biennium
Eligibility requirements to receive funds related to townships
New definition of “non-oil-county” for distribution. A non-oil-county is defined as a county that has average annual oil production of fewer than 10 million barrels based on the average annual oil production in the three-year period ending with the most recently completed even-numbered fiscal year before the start of the biennium
Reduces revenues from Motor Vehicle Excise tax deposited to fund by 25%

Distribution Details

- 19.5% of revenue allocated and distributed monthly to Non-Oil-Producing Counties & Cities (estimated \$44.85 M)
 - Distributed to counties and cities using the formula detailed in the highway tax distribution fund based on proportion of number of vehicle registrations credited to each county and the census population (NDCC 24-02-37.3(5))
- 9% of revenue allocated monthly and distributed quarterly to Non-Oil-Producing Townships (estimated \$20.7 M) based on length of township road miles that meet eligibility requirements (NDCC 24-02-37.3(5))
- Non-oil-producing county: A non-oil-county is defined as a county that has average annual oil production of fewer than 10 million barrels based on the average annual oil production in the three-year period ending with the most recently completed even-numbered fiscal year before the start of the biennium
- Funds must be used for road, bridge, and other infrastructure projects
- No reporting requirement

-Eligibility Requirements-

**The eligibility requirements for organized and unorganized townships apply to both the Township Infrastructure Fund and the Flexible Transportation Fund directly distributed by the Office of State Treasurer.*

** Mill levy data is retrieved from the Office of State Tax Commissioner's Taxpayer Access Point (TAP) system.*

Organized Townships

- Organized townships MUST levy at least 18 mills for general purposes AND have a general fund balance of less than \$100,000 as of December 31
 - TAP Reporting Codes: 1500 (District Type) & 1501 (Levy)
- General Fund balance reporting
 - Reported to the Office of State Treasurer on form prescribed by the office in same manner the office collects township road mileage data
 - Communication and reminders will be emailed by the Office of State Treasurer to county officials. This will be performed annually.

Unorganized Townships

- A county must levy at least 18 mills for unorganized townships for road and bridge purposes
 - TAP Reporting Codes: 1200 (District Type) & 1259 (Levy)

Levy Limitations ^				
1200-County				
<u>Levy No.</u>	<u>Fund or Purpose</u>	<u>Maximum Rate or Amount</u>	<u>Law</u>	<u>Remarks</u> (x) Indicates levies in add. to Gen. Fund Levy
1259	Unorganized Road and Bridge	18 mills	N.D.C.C. § 57-15-22	(x) Only in unorganized territory
1500-Civil Township				
1501	General	18 Mills; 36 mills with majority vote	N.D.C.C. § 57-15-20; 57-15-01.2(3)(b)	General purposes. Must revote for additional 18 mills every 4 years

^ Levy limitations retrieved from the North Dakota Office of State Tax Commissioner's website

(<https://www.tax.nd.gov/sites/www/files/documents/guidelines/property-tax/levy-limitations.pdf>)