



North Dakota Legislative Council

Prepared for the Government Finance Committee
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AGENCY FEE REPORT SUMMARY

The Government Finance Committee is assigned to study state agency fees pursuant to North Dakota Century Code Section 54-35-27. Agencies with 40 or fewer fees were required to submit a report to the Office of Management and Budget in July 2022, and the Office of Management and Budget compiled reports for submission to the Government Finance Committee in September 2022. This memorandum provides a summary of the report, which included 265 fees as reported by agencies.

AGENCY FEE REPORT OBSERVATIONS

The committee's responsibility to analyze state agency fees may be challenging due to inconsistencies with the agency responses in the agency fee report from September 2022. Examples of inconsistencies include:

- Some agencies did not include any comments regarding their evaluation of the fees. Section 54-35-27(2) requires agencies to evaluate each fee, including the appropriateness and affordability of the fee.
- Some agencies did not separately identify the revenue from each fee because the fee collections are comingled and not separately reported by the agency.
- Some agencies did not separately identify the expenses associated with each fee so a comparison to the revenue generated by each fee may not be feasible even though the comparison is required by Section 54-35-27(2).
- Some agencies reported multiple fees as one fee because the fees were authorized by the same section of law or administrative rule.

Other observations include:

- Some agencies indicated the fee was in the process of being evaluated or changed.
- Some fees reported by the judicial branch were also reported by the State Treasurer, since the State Treasurer is the collecting agent.
- The Tax Department noted the expenses associated with most of its fees are minimal primarily because the fees are processed electronically.
- The budgets for the Office of Administrative Hearings and Securities Department are funded entirely from their fee collections.
- The fees collected by the Housing Finance Agency are used for expenses associated with administering the fees with excess revenues used to support other housing programs.

HIGHLIGHTS FROM AGENCY COMMENTS

Highlights from comments by agencies in the agency fee report from September 2022 include:

- The Department of Career and Technical Education noted the agency's five fees are appropriate.
- The Department of Trust Lands did not identify specific costs associated with most of their fees but did identify staff time for administering the fees.
- The Tax Department noted the motor fuel license fee is very low and does not reflect the importance of the license requirement.
- The Department of Public Instruction is reluctant to request a fee increase because the program participants frequently have low incomes.

- The Department of Environmental Quality noted the air pollution control permit fees for minor sources and oil and gas production have not been increased recently and recommended consideration of a fee increase.
- The Industrial Commission noted staff time was not reflected in the cost of administering the fees because staff salaries are paid from the general fund.
- The Legislative Council and Department of Water Resources noted that no changes were recommended for their agency fees.

AGENCY FEES - COLLECTIONS EQUAL OR EXCEED EXPENSES

The schedule below provides information on the 115 agency fees with collections that are at least as much as the expenses associated with the fee as reported by the agencies in the agency fee report from September 2022.

Agency/Fee	Revenue	Expenses	Difference
State Auditor			
Bonding fund audits	\$26,625	\$26,625	\$0
Political subdivision audits ¹	\$1,950,100	\$1,821,281	\$128,819
Political subdivision small government reviews ¹	\$119,975	\$112,050	\$7,925
Political subdivision report reviews ¹	\$188,090	\$175,665	\$12,425
Legislative Council			
Legislator computer usage fee	\$31,750	\$0	\$31,750
Document subscription and copy fees during legislative session	\$2,278	\$0	\$2,278
Judicial Branch			
Indigent defense facility fee	\$989,060	\$989,000	\$60
Restitution collection fee	\$13,386	\$13,386	\$0
Ethics Commission			
Lobbyist gifts	\$0	\$0	\$0
Lobbyist delivering campaign contributions made by another person	\$0	\$0	\$0
Department of Public Instruction			
GED fees	\$7,394	\$7,300	\$94
School for the Deaf			
Interpreter services	\$58,707	\$58,707	\$0
School for the Blind			
Braille fees	\$2,327	\$2,327	\$0
Adult and student instruction fees	\$6,458	\$6,458	\$0
Department of Career and Technical Education			
License renewal	\$3,000	\$2,000	\$1,000
New license	\$2,000	\$2,000	\$0
Department of Environmental Quality			
Air pollution control permit fees - Minor and major fees	\$3,528,633	\$2,929,714	\$598,919
Antifreeze registration fees	\$49,010	\$21,500	\$27,510
Lead-based paint	\$20,700	\$13,150	\$7,550
Radiation licensing and health fees	\$2,897,550	\$2,535,281	\$362,269
Job Service North Dakota			
New jobs training program administration fee	\$150,097	\$120,000	\$30,097
Industrial Commission			
Horizontal re-entry permit fee	\$0	\$0	\$0
Carbon dioxide storage administration fee	\$0	\$0	\$0
Carbon dioxide storage trust fee	\$0	\$0	\$0
Aeronautics Commission			
Aircraft registration	\$337,471	\$1,500	\$335,971
Permanent aircraft registration	\$875	\$0	\$875
Aerial applicator registration	\$36,600	\$400	\$36,200
Aircraft dealer's license	\$12,000	\$100	\$11,900
Ultralight vehicle dealer's license	\$0	\$0	\$0
Securities Department			
Exempt securities ²	\$2,100	\$266	\$1,834
Exempt securities - Nonprofit ²	\$0	\$0	\$0
Exempt securities - Nonprofit renewal ²	\$6,450	\$816	\$5,634
Exempt transactions - Offer to less than 35 persons ²	\$1,800	\$228	\$1,572
Exempt transactions - Certain in-state buyers ²	\$0	\$0	\$0
Exempt transactions - Certain sales to accredited investors ²	\$700	\$89	\$611
Registration by announcement - Secondary ²	\$0	\$0	\$0
Securities registration by qualification ²	\$147,400	\$18,647	\$128,753
Securities registration by coordination ²	\$214,770	\$27,170	\$187,600
Securities registration by qualification renewal ²	\$8,950	\$1,132	\$7,818
Securities registration by coordination renewal ²	\$9,325	\$1,180	\$8,145

Agency/Fee	Revenue	Expenses	Difference
Federally covered security, definite ²	\$215,026	\$27,202	\$187,824
Federally covered security, initial ²	\$706,800	\$89,415	\$617,385
Federally covered security, renewal ²	\$5,585,715	\$706,626	\$4,879,089
Federally covered security, initial ²	\$286,010	\$36,182	\$249,828
Federally covered security, renewal ²	\$16,831	\$2,129	\$14,702
Federally covered security - Reg D Rule 506 ²	\$91,700	\$11,601	\$80,099
Federally covered security - Reg D Rule 506 late filing fee ²	\$21,500	\$2,720	\$18,780
Crowd funding ²	\$0	\$0	\$0
Franchise initial registration ²	\$85,000	\$10,753	\$74,247
Franchise renewal ²	\$96,800	\$12,246	\$84,554
Franchise amendment ²	\$19,150	\$2,423	\$16,727
Franchise notice of exemption ²	\$11,000	\$1,392	\$9,608
Franchise exemption renewal ²	\$22,000	\$2,783	\$19,217
Agents ²	\$13,880,580	\$1,746,005	\$12,134,575
Dealer firms ²	\$488,400	\$61,435	\$426,965
Investment advisor firms ²	\$171,200	\$21,535	\$149,665
Investment advisor representatives ²	\$198,950	\$25,025	\$173,925
Housing Finance Agency			
Federal Housing Authority loss mitigation fee	\$9,250	\$9,250	\$0
Late fee	\$611,448	\$611,448	\$0
Not-sufficient-funds fee	\$161,009	\$161,009	\$0
Simple file fee	\$6,648	\$6,648	\$0
Participation fee	\$3,500	\$3,500	\$0
Underwriting fee	\$13,000	\$13,000	\$0
Start premium payback	\$947,703	\$947,703	\$0
Government National Mortgage Association service fee	\$1,400,036	\$1,400,036	\$0
Servicing fee	\$5,445,704	\$5,445,704	\$0
Simple file administration accrual	\$4,631,077	\$4,631,077	\$0
Community land trust application fee	\$0	\$0	\$0
Guarantee fee	\$0	\$0	\$0
Housing incentive fund application fee	\$6,000	\$6,000	\$0
Housing incentive fund compliance fee	\$83,565	\$83,565	\$0
Housing incentive fund origination fee	\$388,266	\$388,266	\$0
Rural housing development loan program origination fee	\$500	\$500	\$0
Resolution trust corporation compliance fee	\$7,325	\$7,325	\$0
Tax credit application and allocation fee	\$668,070	\$668,070	\$0
Tax credit processing fee	\$7,800	\$7,800	\$0
Tax credit compliance fee	\$519,815	\$519,815	\$0
Tax credit compliance development penalty	\$0	\$0	\$0
Reissuance fee	\$0	\$0	\$0
Tax credit compliance penalty	\$0	\$0	\$0
Tax credit transfer of ownership fee	\$2,200	\$2,200	\$0
Multifamily bond annual fee	\$11,563	\$11,563	\$0
Multifamily compliance fee	\$0	\$0	\$0
Federal Housing Authority loss mitigation fee	\$9,250	\$9,250	\$0
Workforce Safety and Insurance			
File copy fees	\$22,016	\$216	\$21,800
Highway Patrol			
Regular overload permit fees	\$22,314,235	\$8,122,000	\$14,192,235
Overdimensional and overweight permit fees	\$2,517,403	\$429,689	\$2,087,714
Special fuels tax	\$130,635	\$1,000	\$129,635
Capitol building access card fees	\$13,942	\$1,000	\$12,942
Department of Corrections and Rehabilitation			
Electronic monitoring	\$14,523	\$14,523	\$0
Scram fees	\$167,795	\$167,795	\$0
Miscellaneous correction fees - Drug patches	\$24,517	\$24,517	\$0
Bureau of Prisons juvenile detention billing	\$56,499	\$0	\$56,499
Adjutant General			
Hazardous chemical fee	\$1,337,370	\$1,158,685	\$178,685
Department of Commerce			
Tourism rest area brochure program	\$50,950	\$32,680	\$18,270
Department of Agriculture			
Apiary license	\$217,644	\$71,348	\$146,296
Auction markets	\$6,400	\$5,617	\$783
Commercial feed registration and tonnage	\$2,041,749	\$510,213	\$1,531,536
Fertilizer fees for anhydrous tonnage	\$1,445,382	\$175,734	\$1,269,648

Agency/Fee	Revenue	Expenses	Difference
Grain inspection license	\$490,647	\$398,209	\$92,438
Health certification and identification tags	\$14,941	\$14,491	\$450
Hemp license	\$30,680	\$27,823	\$2,857
Inspection fees	\$202,133	\$160,115	\$42,018
Livestock medicine	\$63,280	\$43,879	\$19,401
Pesticide registration	\$5,086,900	\$207,645	\$4,879,255
State Historical Society			
Archaeological permit, cultural resources reporting, and excavation fees	\$43,050	\$41,440	\$1,610
Parks and Recreation Department			
Annual park pass	\$1,291,162	\$27,652	\$1,263,510
Senior citizen pass	\$151,911	\$0	\$151,911
Disabled veteran pass	\$5,362	\$0	\$5,362
Daily park pass	\$800,615	\$0	\$800,615
Interpretive pass	\$231,304	\$0	\$231,304
Camping fee	\$4,378,277	\$0	\$4,378,277
Cabins, yurts, and tipis rental fee	\$698,103	\$0	\$698,103
Equipment rental	\$89,981	\$0	\$89,981
Marina slip fees	\$702,675	\$0	\$702,675

¹The expenses for the political subdivision audit fees were not reported separately by the agency but were adjusted to allocate them in proportion to the revenue collections for comparison purposes.

²The expenses for the Securities Department were not reported separately by the agency but were adjusted to allocate them in proportion to the revenue collections for comparison purposes.

AGENCY FEES - EXPENSES EXCEED COLLECTIONS

The schedule below provides information on the 60 agency fees with collections that are less than the expenses associated with the fee as reported by the agencies in the agency fee report from September 2022.

Agency/Fee	Revenue	Expenses	Difference
State Auditor			
State agency audits	\$2,215,480	\$8,819,860	(\$6,604,380)
State Library			
Copier fees	\$545	\$2,517	(\$1,972)
Fees - Book library	\$2,655	\$2,766	(\$111)
Department of Career and Technical Education			
Tuition (in-state)	\$2,482,615	\$7,507,922	(\$5,025,307)
Tuition (out-of-state)	\$560,440	\$1,694,882	(\$1,134,442)
Comprehensive education services	\$84,591	\$255,821	(\$171,230)
Department of Environmental Quality			
Asbestos control permit fees	\$95,514	\$136,350	(\$40,836)
Chemistry laboratory analysis	\$839,340	\$3,631,833	(\$2,792,493)
Environmental laboratory certification program	\$71,000	\$190,000	(\$119,000)
Sanitary pumpers permit fees	\$34,800	\$56,600	(\$21,800)
Water and wastewater operator certification fees	\$22,965	\$238,761	(\$215,796)
Solid waste program	\$1,415,539	\$2,174,857	(\$759,318)
Boiler inspection fees	\$745,014	\$992,445	(\$247,431)
Veterans' Home			
Basic care rent	\$1,423,293	\$7,558,104	(\$6,134,811)
Pharmacy copayments	\$106,585	\$133,129	(\$26,544)
Cable TV	\$18,254	\$19,098	(\$844)
Skilled care rent	\$9,838,029	\$12,162,625	(\$2,324,596)
Industrial Commission			
Geophysical permit fee	\$200	\$323	(\$123)
Geothermal commercial permit fee	\$2,000	\$2,366	(\$366)
Geothermal residential permit fee	\$560	\$2,484	(\$1,924)
Coal exploration permit fee	\$1,100	\$1,157	(\$57)
Subsurface mineral exploration fee	\$100	\$105	(\$5)
Case continuance fee	\$5,175	\$9,808	(\$4,633)
New drilling permit fee	\$182,400	\$238,032	(\$55,632)
Renewal drilling permit fee	\$126,900	\$165,605	(\$38,705)
Temporary abandoned renewal fee	\$41,900	\$45,767	(\$3,867)
Operator change fee	\$21,300	\$28,925	(\$7,625)
Well name change fee	\$6,675	\$9,065	(\$2,390)
Recompletion permit fee	\$500	\$653	(\$153)
Re-entry permit fee	\$200	\$261	(\$61)

Agency/Fee	Revenue	Expenses	Difference
Public Service Commission			
Weights and measures program scale inspection fees	\$88,047	\$814,000	(\$725,953)
Public utility filing fees - Changes in tariff rates	\$8,200	\$1,378,000	(\$1,369,800)
Auctioneer and auction clerk licensing fees	\$36,180	\$165,000	(\$128,820)
Coal mining fees	\$27,110	\$2,707,000	(\$2,679,890)
Housing Finance Agency			
Multifamily housing bond issuance fee	\$2,100	\$72,100	(\$70,000)
Department of Corrections and Rehabilitation			
Supervision	\$4,107,708	\$13,767,000	(\$9,659,292)
Offender medical copayment	\$34,368	\$22,700,716	(\$22,666,348)
Missouri River Correctional Center room and board	\$37,390	\$7,637,369	(\$7,599,979)
County juvenile detention billing	\$560,841	\$7,913,439	(\$7,352,598)
Adjutant General			
911 and public safety answering point service fee	\$1,965,606	\$7,351,734	(\$5,386,128)
Law enforcement teletype system terminal fee	\$768,012	\$2,473,117	(\$1,705,105)
Department of Commerce			
Manufactured home installation program insignia fee	\$27,650	\$35,000	(\$7,350)
Manufactured home installation program installer and inspector registration fee	\$39,880	\$41,750	(\$1,870)
Manufactured home installation program oversight inspection fee	\$4,375	\$6,500	(\$2,125)
Innovate ND	\$32,750	\$1,052,500	(\$1,019,750)
Department of Agriculture			
Anhydrous ammonia license	\$1,550	\$7,248	(\$5,698)
Conference registration accounts	\$236,369	\$336,950	(\$100,581)
Creamery license	\$11,750	\$25,734	(\$13,984)
Hemp testing fees	\$0	\$9,274	(\$9,274)
Livestock dealers license	\$12,150	\$21,547	(\$9,397)
Nontraditional livestock license	\$2,995	\$217,617	(\$214,622)
Nurse license	\$22,500	\$24,641	(\$2,141)
Pride of Dakota membership	\$89,250	\$336,950	(\$247,700)
Poultry fees	\$615	\$3,407	(\$2,792)
Testers license	\$1,535	\$5,167	(\$3,632)
Mediation user fees	\$12,013	\$17,689	(\$5,676)
Department of Water Resources			
Weather modification license fee ¹	\$100	\$837,500	(\$837,400)
Weather modification permit fee ¹	\$100	\$837,500	(\$837,400)
Conditional water permit applications	\$40,250	\$322,936	(\$282,686)
Temporary water permit applications	\$220,425	\$2,967,520	(\$2,747,095)

¹The expenses for the weather modification license fees were not reported separately by the agency but were adjusted to allocate them in proportion to the revenue collections for comparison purposes.