



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
Total State Auditor	\$2,284,790	\$2,135,621	\$149,169
Legislative Council			
Legislator computer usage fee	\$31,750	\$0	\$31,750
Document subscription and copy fees during legislative session	2,278	0	2,278
Total Legislative Council	\$34,028	\$0	\$34,028
Judicial Branch			
Indigent defense facility fee	\$989,060	\$989,000	\$60
Restitution collection fee	13,386	13,386	0
Total Judicial Branch	\$1,002,446	\$1,002,386	\$60
Ethics Commission			
Lobbyist gifts	\$0	\$0	\$0
Lobbyist delivering campaign contributions made by another person	0	0	0
Total Ethics Commission	\$0	\$0	\$0
Department of Public Instruction			
GED fees	\$7,394	\$7,300	\$94
Total Department of Public Instruction	\$7,394	\$7,300	\$94
School for the Deaf			
Interpreter services	\$58,707	\$58,707	\$0
Total School for the Deaf	\$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
Total School for the Blind	\$8,785	\$8,785	\$0
Department of Career and Technical Education			
License renewal	\$3,000	\$2,000	\$1,000
New license	2,000	2,000	0
Total Department of Career and Technical Education	\$5,000	\$4,000	\$1,000
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
Total Department of Environmental Quality	\$6,495,893	\$5,499,645	\$996,248
Job Service North Dakota			
New jobs training program administration fee	\$150,097	\$120,000	\$30,097
Total Job Service North Dakota	\$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
Total Industrial Commission	\$0	\$0	\$0
Aeronautics Commission			
Aircraft registration	\$337,471	\$1,500	\$335,971
Permanent aircraft registration	875	0	875

Agency/Fee	Revenue	Expenses	Difference
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
Total Aeronautics Commission	\$386,946	\$2,000	\$384,946
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
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
Total Securities Department	\$22,288,157	\$2,809,000	\$19,479,157
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
Total Housing Finance Agency	\$14,933,729	\$14,933,729	\$0

Agency/Fee	Revenue	Expenses	Difference
Workforce Safety and Insurance			
File copy fees	\$22,016	\$216	\$21,800
Total Workforce Safety and Insurance	\$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
Total Highway Patrol	\$24,976,215	\$8,553,689	\$16,422,526
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
Total Department of Corrections and Rehabilitation	\$263,334	\$206,835	\$56,499
Adjutant General			
Hazardous chemical fee	\$1,337,370	\$1,158,685	\$178,685
Total Adjutant General	\$1,337,370	\$1,158,685	\$178,685
Department of Commerce			
Tourism rest area brochure program	\$50,950	\$32,680	\$18,270
Total Department of Commerce	\$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
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
Total Department of Agriculture	\$9,599,756	\$1,615,074	\$7,984,682
State Historical Society			
Archaeological permit, cultural resources reporting, and excavation fees	\$43,050	\$41,440	\$1,610
Total State Historical Society	\$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
Total Parks and Recreation Department	\$8,349,390	\$27,652	\$8,321,738
Total all agencies	\$92,298,053	\$38,217,444	\$54,080,609

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)
Total State Auditor	\$2,215,480	\$8,819,860	(\$6,604,380)

Agency/Fee	Revenue	Expenses	Difference
State Library			
Copier fees	\$545	\$2,517	(\$1,972)
Fees - Book library	2,655	2,766	(111)
Total State Library	\$3,200	\$5,283	(\$2,083)
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)
Total Department of Career and Technical Education	\$3,127,646	\$9,458,625	(\$6,330,979)
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)
Total Department of Environmental Quality	\$3,224,172	\$7,420,846	(\$4,196,674)
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)
Total Veterans' Home	\$11,386,161	\$19,872,956	(\$8,486,795)
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)
Total Industrial Commission	\$389,010	\$504,551	(\$115,541)
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)
Total Public Service Commission	\$159,537	\$5,064,000	(\$4,904,463)
Housing Finance Agency			
Multifamily housing bond issuance fee	\$2,100	\$72,100	(\$70,000)
Total Housing Finance Agency	\$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)
Total Department of Corrections and Rehabilitation	\$4,740,307	\$52,018,524	(\$47,278,217)
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)
Total Adjutant General	\$2,733,618	\$9,824,851	(\$7,091,233)
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)

Agency/Fee	Revenue	Expenses	Difference
Innovate ND	32,750	1,052,500	(1,019,750)
Total Department of Commerce	\$104,655	\$1,135,750	(\$1,031,095)
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)
Nursey 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)
Total Department of Agriculture	\$390,727	\$1,006,224	(\$615,497)
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)
Total Department of Water Resources	\$260,875	\$4,965,456	(\$4,704,581)
Total all agencies	\$28,737,488	\$120,169,026	(\$91,431,538)

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.