

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION**

**JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION**

Call to Order: By **CHAIRMAN JOHN SINRUD**, on January 7, 2005 at
8:00 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. John Sinrud, Chairman (R)
Sen. Mike Cooney (D)
Sen. Lane L. Larson (D)
Sen. Corey Stapleton (R)
Rep. Janna Taylor (R)

Members Excused: Rep. Rosalie (Rosie) Buzzas (D)

Members Absent: Sen. Rick Laible (R)
Rep. Jon C. Sesso (D)

Staff Present: Greg DeWitt, Legislative Branch
Esther Poor, Committee Secretary
Transcribed by Jamie Mickelson

Please Note. These are summary minutes. Testimony and discussion
are paraphrased and condensed.

Hearing: Department of Transportation

HEARING

DEPARTMENT OF TRANSPORTATION

Jim Lynch, Montana Department of Transportation, gave a brief overview of the Department of Transportation (DOT). He stated that in the hearing there would be many things discussed, some of which including:

- Organization of the Department
- How the Department is funded
- Condition of the State Special Revenue Fund
- Evaro Hill to Polson project

Jim Curry, Montana Department of Transportation, explained the DOT divisions, which include:

- Administration Division
- Aeronautics Division
- Highways & Engineering Division
- Information Services Division
- Rail, Transit & Planning Division
- Maintenance Division
- Motor Carrier Services Division

EXHIBIT (jgh05a01)

Discussion:

SEN. COONEY asked if the director of DOT is planning on maintaining the same structure as the DOT has currently. **Mr. Curry** stated that he is interested in maintaining the current structure.

REP. TAYLOR asked how much the grants and loans are for the DOT. **Mr. Curry** stated that the figure is around \$2 million.

SEN. STAPLETON asked what the DOT's plans are for railroads during the tenure. **Mr. Curry** replied that the Department does not anticipate many changes within the railroad system.
{Tape: 1; Side: A; Approx. Time Counter: 0 - 10}

Mr. Curry explained that the DOT receives some of their major funding from gas and diesel taxes. He commented that the ethanol plant causes a \$6 million reduction to the revenue each year.
{Tape: 1; Side: A; Approx. Time Counter: 10 - 15}

SEN. COONEY asked for clarification on indirect costs for the Department. **Mr. Curry** clarified that the indirect costs were about \$36 or \$37 million dollars in FY 2006 and FY 2007. He stated that the Department bills the Federal Government for indirect costs and puts them back into state funds, so that it won't impact local funds.

Mr. Curry commented that it is the goal of the DOT to put all of the funds back into the infrastructure on the highway system.
{Tape: 1; Side: A; Approx. Time Counter: 15 - 21}

Mr. Curry gave a brief explanation of the Construction and Maintenance programs. He stated that the Construction Program is responsible for construction project planning and development. He clarified that the Maintenance Program is responsible for preserving and maintaining a safe and environmentally sound state highway transportation system and related facilities.

REP. SESSO asked if funding will be taken from the local government maintenance funds, or if there is another way to fund the maintenance program. **Mr. Curry** explained that the money will not come from the local government and it will not jeopardize the 87/13 Federal match ratio.
{Tape: 1; Side: A; Approx. Time Counter: 21 - 30}

FISH WILDLIFE AND PARKS

Mr. Curry gave a brief presentation on Fish Wildlife and Parks (FWP) roads that need to be maintained.

CHAIRMAN SINRUD asked if FWP is given the money and maintains the roads, or if the Department has personnel go in and maintains the roads. **Mr. Curry** stated that FWP maintains those roads and it is done as if it were a long-range planning project.

ETHANOL CONSUMPTION INCENTIVES

Mr. Curry gave a brief presentation on ethanol consumption incentives, on Page A-102. He stated that the Governor would like to see the ethanol consumption incentives, because it would increase agricultural production in the State of Montana. He commented that one of the main concerns that the DOT has is the construction of ethanol plants, which will cost the Department \$6 million per year in incentives.

SEN. STAPLETON asked for further clarification on ethanol consumption incentives. **Mr. Curry** explained that the ethanol

consumption incentives Program has a specific time frame and business plan. He stated that this program also increases the revenue of agriculture products, because the plants need to use grain produced in Montana in the production on ethanol.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 22}

FY' 04 STATE SPECIAL REVENUE FUND Page 2 EXHIBIT 1

Mr. Lynch gave a brief description of the pie chart labeled, "FY '04 State Special Revenue Fund Uses." He stated that the figures on the chart are a break down of the agencies that receive funding through State Special Revenue from the gas tax.

REP. SESSO asked what the trend has been in the last ten years with the gas tax. **Mr. Lynch** replied that the gas tax has been pretty steady, and in the last ten years there has been an increase of about 10%.

{Tape: 1; Side: B; Approx. Time Counter: 22 - 28}

MDT PROGRAM GROWTH vs STAFF RESOURCES Page 3 EXHIBIT 1

Mr. Lynch explained the chart labeled, "Montana Department of Transportation (MDT) Program Growth vs Staff Resources." He stated that the MDT has taken on five programs since 1991: 1) Aeronautics, 2) Transit, 3) Fuel Tax Collection, 4) Rail, and 5) Highway Traffic Safety. He informed the Committee that the MDT is very dependant on growth of the program for purchasing resources, funding increases in staff, and maintaining the quality of highway maintenance.

Greg DeWitt, LFD, informed the Committee they should anticipate a change in the LFD, Budget Analysis for the Department. He commented that the figures in the LFD Budget Analysis do not reflect what is being presented on the charts in Exhibit 1. He commented that there will be another submission of the budget. He stated that he believes that the charts being presented truly reflect the department figures and balances.

REP. SESSO asked **Mr. Lynch** if the structure of the MDT currently in place for FY 2009, with the \$4 million reserve, is the most efficient plan for the department. **Mr. Lynch** clarified that the way the funds were matched in the past is the assumption that the dollars appropriated are spent, but that never happens. He believes that the legislators should look at a State Special Revenue Fund. He commented that if the State Special Revenue Fund is appropriated, the Department will be in pretty good shape. He stated that this is a very prudent plan and the Department will save money from indirect costs.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 15}

MDT HISTORIC AND ESTIMATED HIGHWAY OBLIGATION LEVELS

Page 4 Exhibit 1

Mr. Lynch explained the chart labeled, "MDT Historic and Estimated Highway Obligation Levels." He commented that the Evaro Hill to Polson project is designed and ready for construction. He informed the Committee that Highway 93 is an unsafe stretch of road and the Department focused on improving safety with the project.

Discussion:

SEN. STAPLETON asked why the Evaro Hill to Polson project has taken such a long time to get up and running. **Mr. Lynch** replied that the Department has had a difficult time with restricted and private ownership of land, because it runs through the Flathead Indian Reservation.

SEN. STAPLETON asked how the Department is going to fund the Evaro Hill to Polson project. **Mr. Lynch** replied that the Department is going to fund the program with Grant Anticipation Revenue Vehicles (GARVEE) bonds.

CHAIRMAN SINRUD and SEN. COONEY left the meeting at 9:15 A.M.

SEN. LARSON asked what the completion date will be on the Evaro Hill to Polson project. **Mr. Lynch** stated that the Department plans on finishing the project by March of 2007. He stated that the completion date of the project is dependent upon an agreement with the Flathead Indian Tribe involving the Nine Pipe Wilderness Area, and the Department is still negotiating a four-lane-highway plan of action with Arlee and Ronan.

SEN. LARSON dismissed the MDT and announced the Committee would meet again at 8:00 A.M. on 1/10/05 for a hearing of the MDT.

ADJOURNMENT

Adjournment: 9:30 A.M.

REP. JOHN SINRUD, Chairman

ESTHER POOR, Secretary
Transcribed by Jamie Mickelson

JS/EP

Additional Exhibits:

EXHIBIT ([jgh05aad0.PDF](#))