



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	HB0316	<b>Title:</b>	Revise fuel tax revenue to fund local public transportation
<b>Primary Sponsor:</b>	Wilson, Nancy	<b>Status:</b>	As Introduced

- Significant Local Gov Impact   
 Needs to be included in HB 2   
 Technical Concerns  
 Included in the Executive Budget   
 Significant Long-Term Impacts   
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$9,872,000	\$9,872,000	\$9,872,000	\$9,872,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$9,872,000	\$9,872,000	\$9,872,000	\$9,872,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 316 increases the gasoline tax by two cents per gallon. One cent of the increase is allocated for repair and maintenance of the state highway system. One cent of the increase is allocated for the purpose of public transportation.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill increases the gas tax by 2 cents per gallon from 27 cents per gallon to 29 cents per gallon.
2. An additional \$9,872,000 of gas tax will be collected each year based on an average taxable gallon history FY 2008 – FY 2012.
3. There will be costs to the department to develop administrative rules and distribute the funds, however it's assumed that distribution will be handled thru the existing processes for public transportation funding allocations and state highway system allocations.

*SECTION 2: Repair & Maintenance of the State Highway System*

4. One cent per gallon is estimated to generate \$4,936,000 to be allocated to the repair and maintenance of the state highway system per provision 60-3-202(2), MCA.

*SECTION 3: Public Transportation*

5. Of the one cent per gallon for public transportation, allocations are estimated to be:
- a. \$1,727,600 (35%), would be distributed annually to 49 USC 5311 transit providers (rural cities less than 50,000 population) to match federal funds;
  - b. \$1,727,600 (35%) would be distributed annually to 49 USC 5307 transit providers (Great Falls, Billings and Missoula) to match federal funds;
  - c. \$987,200 (20%) would be distributed annually to 49 USC 5311 (f) intercity transit providers to match federal funds; and
  - d. \$493,600 (10%) would be distributed annually to county DUI task forces.
6. Funding for public transportation through this bill is to match federal funds only. If grant funds are unavailable, funds collected under this section would revert to the Department of Transportation.
7. Matching funds distributed through this section will replace local matching funds under current law. The local funds would revert back to local entities to be used for other purposes.
8. All matching funds and DUI task force funds authorized under this section will be fully expended except for match for 5311 (f).
9. Grants received under 5311(f) are assumed to be \$640,000 annually. The match rate for these funds is estimated at 32%.
10. Match requirements for 5311 (f) will be \$204,800 (\$640,000 x 32%).
11. Excess matching funds of \$782,400 (\$987,200 – 204,800) will revert to the Department of Transportation and be used to funds highway maintenance activities.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$782,400	\$782,400	\$782,400	\$782,400
Grants	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600
<b>TOTAL Expenditures</b>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$9,872,000	\$9,872,000	\$9,872,000	\$9,872,000
<b>TOTAL Funding of Exp.</b>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$9,872,000	\$9,872,000	\$9,872,000	\$9,872,000
<b>TOTAL Revenues</b>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>	<u>\$9,872,000</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. For public transportation, this bill could free up county and local revenue currently used as public transportation match to be used for other projects as the local governments would no longer need to provide match that counties and cities already obligate for transit.

**Technical Notes:**

1. Use of revenue from the gasoline tax for public transportation is not specified in Article VIII, Section 6(2) of the Montana Constitution and would require a 3/5's vote of each house of the legislature.
2. This bill will require funds to be distributed to local governments to perform maintenance activities on the state highway system. Coordination between the department and local governments will be necessary for these activities. Additionally, any contracted work let through these funds requires approval of the Transportation Commission.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*