



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0383

Title: Revise laws regarding highway by-pass requirements

Primary Sponsor: Fiscus, Clayton

Status: As Introduced

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> 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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$50,604,654	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 383 requires a buffer zone between a proposed highway bypass and certain residential zones. The fiscal impact of HB 383 comes from the loss of current and future federal funds for certain projects, costs associated with lost federal reimbursement for current expenditures, and payback for past reimbursements for project development phases of bypass and relocation projects.

FISCAL ANALYSIS

Assumptions:

Department of Transportation (MDT)

- The fiscal impact of this bill primarily effects MDT's current federal funding from the Federal Highway Administration used to construct present and existing highway bypass projects. Based on the bill's buffer zone restrictions and the definition of "bypass", this bill will require work on these projects to cease.
- Federal rules dictate that federal funds cannot be expended on a project that is ultimately not constructed and completed resulting in federal reimbursement. MDT will be responsible for repayment of federal funds previously expended on development of projects that will not be allowed to be constructed due to passage of this bill.

3. Any federally participating expenditure incurred to date on these bypass projects will need to be repaid to the federal government (estimated at \$50,604,654).
4. There would be costs associated with federal payback requirements for projects not under contract for which the environmental document has determined purpose and need but cannot advance to contract due to HB 383; these costs are difficult to quantify due to uncertainties with Federal interpretation.
5. In addition to the cost of federal payback, MDT would suffer the loss of awarding future projects in the current tentative construction plan. This will affect MDT’s future project delivery by up to \$757,261,351. The department will not have the capacity to redirect these projects and expenditures within its existing business plan resulting in forfeiture of work.

	<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>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$50,604,654	\$0	\$0	\$0
TOTAL Expenditures	<u>\$50,604,654</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$50,604,654	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$50,604,654</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$50,604,654)	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Local project grants and local and private expenditures made developing these projects will be impacted.
2. MDT does not initiate bypass projects. These projects are identified and prioritized in locally developed transportation plans for funding sources that MDT is responsible for administering. Local governments which have contacted MDT to discuss potential construction of bypasses of which HB 383 would affect: Culbertson, Scobey, Sydney, Fairview, Baker, Nashua, Polson, and Whitefish. This bill would restrict locally initiated planning processes from identifying these kinds of projects because MDT would not be able to use the locally prioritized federal funding to complete the project.
3. Gallatin County has been awarded a TIGER grant in the amount of \$8,976,224 for the East Belgrade Interchange and has initiated expenditures of nearly \$5 million from local/private funds for project development costs. If this project is delayed or stopped, the TIGER grant would be rescinded and the local/private expenditures would be lost. Similarly, any local funds expended on other bypass projects impacted would also be lost.

4. Many of the bypass or realignment projects considered in this fiscal note have received Congressional earmark funds. These funds have been allocated to the specific projects and cannot be transferred to other work in the state. Based on past experience, if these funds are not expended on these projects they will be rescinded and reallocated to fund projects in other states. Obligation limitation for these projects (Billings Bypass, South Central Arterial, Bench Blvd, East Belgrade Interchange, Ronan Urban, and multiple locations near Red Lodge) total just over \$34.5 million in federal funds.

Technical Notes:

1. There is no definition for the term “highway relocation projects”.
2. The potential for the additional reimbursements to the federal government is contingent upon language interpretation. Three types of projects could fall within this bill’s guidelines. These project types are: reconstruction projects that may require a change in location of travel lanes and that are within/near urban boundaries, urban route projects, and interstate projects since the current language does not identify city approval required for relocation/bypass.

Sponsor’s Initials

Date

Budget Director’s Initials

Date