



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # SB0365

Title: Revise laws related to use of chloride-based deicers on Montana roads

Primary Sponsor: Brown, Dee

Status: As Introduced

- | | | |
|---|---|--|
| <input 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</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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$27,049,444	\$29,602,612	\$32,155,780	\$34,708,948
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$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: SB 365 is expected to significantly increase overall costs to maintain the roadways at current levels of service by requiring the use of non-chloride based deicer.

FISCAL ANALYSIS

Assumptions:

Department of Transportation (MDT)

1. A non-chloride based deicer would be used as an adequate replacement to the liquid chlorides currently used.
2. Liquid potassium acetate is the only product available that meets current performance and environmental specifications of the Pacific Northwest Snowfighters required by MDT.
3. Liquid magnesium chloride costs \$.89 per gallon and the state uses 2,433,290 gallons per year. Liquid salt brine costs \$.40 per gallon and the state uses 4,327,776 gallons per year. Liquid potassium acetate is estimated at \$5.71 per gallon.
4. The program used 6,761,066 gallons of liquid chloride deicer in FY 2012 at a cost of \$3,896,738. This quantity was used as the criteria for estimating costs in future years.

5. Liquid potassium acetate will cost \$34,708,949 more on a state-wide basis = (6,761,066 X 5.71) = \$38,605,689. (\$38,605,689 - \$3,896,738 “base costs”)
6. In the initial areas of concern MDT used 3,783,626 of salt brine gallons and 1,344,500 of magnesium chloride gallons for a total cost of \$2,710,055.
7. The increased cost for liquid potassium acetate for the initial area is \$26,571,544.
8. The anticipated cost increase each year is \$2,095,735 until FY 2017 when this will be fully implemented statewide.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	<u>\$26,571,544</u>	<u>\$28,667,279</u>	<u>\$31,224,459</u>	<u>\$33,819,997</u>
TOTAL Expenditures	<u><u>\$26,571,544</u></u>	<u><u>\$28,667,279</u></u>	<u><u>\$31,224,459</u></u>	<u><u>\$33,819,997</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$26,571,544	\$28,667,279	\$31,224,459	\$33,819,997
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u><u>\$26,571,544</u></u>	<u><u>\$28,667,279</u></u>	<u><u>\$31,224,459</u></u>	<u><u>\$33,819,997</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$26,571,544)	(\$28,667,279)	(\$31,224,459)	(\$33,819,997)

Long-Term Impacts:

1. The Highway State Special Revenue Fund does not have ongoing revenues available to fund this increased level of expenditure. Decreased expenditures in other areas or increased revenues would need to be addressed in order to balance the fund. Decreasing expenditures for highway construction would result in a decrease in federal matching funds.

Sponsor's Initials

Date

Budget Director's Initials

Date