



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0536 - Provide funding for local government road maintenance (Hertz, Greg)	
Status:	As Introduced

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$100,000,000	\$0	\$0	\$0
State Special Revenue	\$100,010,980	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$100,010,980	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$100,000,000)	\$0	\$0	\$0

Description of fiscal impact: This bill transfers \$100 million from the general fund to the Department of Transportation (MDT) to be distributed monthly to counties, cities, towns, and consolidated city-counties to be used for the construction, reconstruction, maintenance and repair of county roads and city or town streets and alleys.

FISCAL ANALYSIS

Assumptions:

1. During FY 2024 there will be a transfer of \$100 million from the general fund to a local government road maintenance account which may be used only for funding the construction, reconstruction, maintenance, and repair of county roads and city or town streets and alleys.
2. Money deposited into the local government road maintenance account will be distributed by the MDT to the counties, cities, towns, and consolidated city-counties monthly.
3. There will be 183 distributions each month (56 counties and 127 cities/towns).
4. The department will receive a \$5 fee from each county, city, town, or consolidated city-county for each distribution for administrative costs.
5. The department will collect \$10,980 for administrative costs (183 distributions x \$5 x 12 months).
6. The \$100 million will be fully distributed by June 30, 2024.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$10,980	\$0	\$0	\$0
Transfer	\$100,000,000	\$0	\$0	\$0
Grants	\$100,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$200,010,980	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$100,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$100,010,980	\$0	\$0	\$0
TOTAL Funding of Exp.	\$200,010,980	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$100,010,980	\$0	\$0	\$0
TOTAL Revenues	\$100,010,980	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$100,000,000)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. County and local governments will have \$100 million revenue for road construction, reconstruction, maintenance, and repair.

NO SPONSOR SIGNATURE

_____ 3/28/23 _____ [Signature] _____ 3-28-23
Sponsor's Initials *Date* *Budget Director's Initials* *Date*

17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Yes, the revenue is directed from the general fund and is funded by the taxpayers of Montana and any non-Montanans that pay taxes into the General Fund. The benefactors of this bill are any of the traveling public or anyone receiving goods or services that are transported using the local roads and streets.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

By using a special revenue fund, the Montana Department of Transportation (MDT) can account and track the exact amount of monies being expended each year. Also, MDT can ensure that only the proper expenditures are applied to the money.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes, the program will provide funding to local governments to fund construction and maintenance of county roads or city streets.

- d) **Does the need for this state special revenue provision still exist? Yes No (Explain)**

Yes, the revenues are designated for local roads and streets and their construction and maintenance.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No, the dedicated revenue being accounted for in a special revenue fund helps ensure that locals have the ability to construct and maintain their roads.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Yes, the need of constant maintenance and improvement of local construction and maintenance of roads and streets.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

MDT's primary funding is accounted for through special revenue funds. By using a special revenue fund, MDT can use the economies of scale gained through the existing special revenue funds to account for and budget more efficiently.