



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: March 10, 2016
TO: Revenue and Transportation Interim Committee
FROM: Cathy Duncan, Senior Analyst of Legislative Fiscal Division
RE: Detailed Uses of the Highway State Special Revenue Account

This report provides information related to the uses of the highway state special revenue account (HSRA). The data, extracted from the state accounting system, includes actual expenditures and accruals in FY 2015.

Figure 1 provides a general overview of total expenditures from HSRA by agency and categorized at the first level of expenditure in the accounting system, which includes:

Personal services	40.4% of all expenditures;
Operating expenses	47.3% of all expenditures;
Equipment and intangible assets	2.0% of all expenditures;
Capital outlay	2.2% of all expenditures;
Grants	5.6% of all expenditures;
Transfers-out	2.4% of all expenditures;
Debt service	0.0% of all expenditures.

The two largest uses supported by HSRA funding are seen in personal services and operating expenses. A few of the primary personal services uses include:

- o 529 FTE in various engineering functions (Montana Department of Transportation (MDT));
- o 93 FTE roadway designers (MDT);
- o 218 FTE in blue collar designated maintenance functions (MDT);
- o 302 FTE in highway patrol functions (Department of Justice (DOJ)).

Figure 1 also includes a break-out of several of the largest uses of the funds within the operating expenses category, which includes:

1. Consulting and professional services- 4.2% of operating expenses. The largest use of consulting and professional services is the state share for the design of highway construction projects;
2. Contracted services- 38.2% of operating expenses. The largest use of contracted services is the state share for highway construction projects;
3. Maintenance and construction materials- 10.9% of operating expenses. Includes materials such as road stripping paint, guard rails, sign materials, salt, sand, gravel, and de-icer;
4. Equipment- 19.3% of operating expenses. MDT uses an internal lease program for any maintenance and construction equipment needs;
5. Motor vehicle fuels- 0.8% of operating expenses. DOJ is the biggest user of this expenditure category, with fuel usage for the highway patrol. Fuel costs of MDT are included in the equipment leases;

6. All other operating expenses- 26.7% of operating expenses. This category consists of, but is not limited to, costs related to space (rents, utilities, janitorial and maintenance, heating and cooling), communications, information technology, insurance, and travel.

Approximately \$21.6 million, or 7.0%, of HSRA funds from the gas tax are distributed annually to local and tribal governments. There are \$16.7 million of distributions to counties and cities is provided in 15-70-101(2 a & b), MCA. The amount of the distribution is numerical and has been the same since 2001. The statutes 15-70-101(4)-(9) provide parameters for the use of the funds and require that the funding be used for the construction, reconstruction, maintenance, and repair of rural roads or city or town streets and alleys or to match federal funds allocated for the construction of roads or streets that are part of the primary or secondary highway system or urban extensions to those systems. Tribal governments that enter into a cooperative agreement with the state receive distributions of the gas tax. A summary of the distributions, along with a short description of how the funds are distributed to the various entities is provided below:

Counties: \$6.3 million or 2.0% of total HSRA expenditures. For each county the distribution is as follows:

- o 40% based on the ratio of rural road mileage in each county to total rural road mileage in the state;
- o 40% based on the ratio of rural population in each county outside incorporated cities and towns to the total rural population in the state outside incorporated cities and towns;
- o 20% based on the ratio of county land area to the total land area of the state;
- o Table 1 shows the detail of distributions by county.

Cities: \$10.4 million or 3.4% of total HSRA expenditures. For each city the distribution is as follows:

- o 50% based on the ratio of the population within the corporate limits of the city or town to the total population within corporate limits of all the cities and towns in Montana;
- o 50% based on the ratio of city or town street and alley mileage within corporate limits to the total street and alley mileage within the corporate limits of all cities and towns in Montana;
- o Figure 2 shows the detail of distributions of city by county.

Tribes: \$4.9 million or 1.6% of total HSRA expenditures. The cooperative agreements between the state and the Tribes provide the following: Tribal Distribution = Enrolled Members Living on the Reservation X State Per Capita Gas Taxes Paid.

- o The tribal agreements allow the funding to be used for any purpose;
- o Figure 3 shows the detail of distributions by Tribal government.

This analysis of the uses of the HSRA is meant to answer the questions asked in the December meeting of the Revenue and Transportation Interim Committee related to the uses of the gasoline taxes. Staff stands ready to analyze any further information that the committee may be in need of as they work through the funding and expenditures of HSRA.

Figure 1

Uses of Highway State Special Revenues								
Expenditures in FY 2015								
	Personal Services	Total Operating Expenses	Equipment & Intangible Assets	Capital Outlay	Grants	Transfers-out	Debt Service	Total
Department of Transportation	\$102,246,200	\$133,227,596	\$4,004,524	\$1,272,583	\$553,599	\$4,089	\$78,164	\$241,386,754
Department of Justice	22,085,255	11,399,560	2,175,693	25,329				35,685,837
Fish, Wildlife, and Parks				2,306,650				2,306,650
Long-Range Building Program (MDT)				3,236,582				3,236,582
Long-Range IT Program (MDT)		1,098,268	6,281					1,104,549
Statutory Appropriated Distributions ¹					16,766,000	601,500		17,367,500
Transfer for Tribal Distributions ²						4,915,703		4,915,703
Fuel Distributor Fees						2,000,000		2,000,000
Grand Total	\$124,331,455	\$145,725,423	\$6,186,498	\$6,841,143	\$17,319,599	\$7,521,292	\$78,164	\$308,003,575

Breakout of Operating Expenses						
	Consult & Prof Services	Contracted Services	Maintenance / Construction Materials	Equipment	All Other Operating Expenses	Total Operating Expenses
Department of Transportation	\$5,282,280	\$55,484,820	\$15,831,570	\$28,154,460	\$28,473,079	\$133,227,596
Department of Justice	773,344	223,629			9,270,028	11,399,560
Long-Range IT Program (MDT)					1,098,268	1,098,268
Grand Total	\$6,055,624	\$55,708,450	\$15,831,570	\$28,154,460	\$38,841,375	\$145,725,423

Note: Data for this table includes actual expenditures and accruals

¹Details provided in attached Table 1

²Details provided in attached Table 2

Figure 2

2015 Gas Tax Distributions to Local Governments											
County / City	County Amnt.	City Amnt.	Total	County / City	County Amnt.	City Amnt.	Total	County / City	County Amnt.	City Amnt.	Total
Beaverhead	\$144,826	\$92,775	\$237,600	Golden Valley	32,289	17,417	49,706	Ravalli	270,092	158,070	428,162
Dillon		82,264		Lavina		7,456		Darby		15,816	
Lima		10,511		Ryegate		9,961		Hamilton		87,734	
Big Horn	131,731	85,597	217,329	Granite	55,958	35,022	90,980	Pinesdale		20,196	
Hardin		74,155		Drummond		7,836		Stevensville		34,324	
Lodge Grass		11,442		Philipsburg		27,186		Richland	88,203	151,781	239,984
Blaine	120,882	52,916	173,798	Hill	133,100	177,643	310,743	Fairview		27,376	
Chinook		32,782		Havre		170,765		Sidney		124,405	
Harlem		20,134		Hingham		6,878		Roosevelt	101,933	124,905	226,838
Broadwater	60,124	40,261	100,385	Jefferson	99,074	56,562	155,635	Bainville		12,407	
Townsend		40,261		Boulder		31,748		Brockton		6,224	
Carbon	84,880	105,292	190,172	Whitehall		24,814		Culbertson		21,716	
Bearcreek		3,722		Judith Basin	61,481	24,721	86,202	Froid		9,897	
Bridger		19,324		Hobson		9,691		Poplar		18,703	
Fromberg		10,923		Stanford Town		15,030		Wolf Point		55,958	
Joliet		12,589		Lake	176,953	158,575	335,528	Rosebud	116,610	96,094	212,704
Red Lodge		58,734		Polson		98,805		Colsip		46,507	
Carter	63,196	14,919	78,115	Ronan		41,277		Forsyth		49,587	
Ekalaka		14,919		St Ignatius		18,493		Sanders	119,954	78,380	198,334
Cascade	199,059	1,024,309	1,223,368	Lewis & Clark	270,859	602,780	873,638	Hot Springs		18,254	
Belt		13,503		East Helena		48,425		Plains		23,993	
Cascade		17,718		Helena		554,354		Thompson Falls		36,133	
Great Falls		988,952		Liberty	58,045	25,539	83,584	Sheridan	74,155	66,272	140,426
Neihart		4,136		Chester		25,539		Medicine Lake		11,331	
Chouteau	136,067	81,252	217,320	Lincoln	224,262	115,337	339,600	Outlook		4,951	
Big Sandy		21,476		Eureka		25,209		Plentywood		43,276	
Fort Benton		47,683		Libby		65,503		Westby		6,713	
Geraldine		12,094		Rexford		3,053		Butte Silver Bow	39,639	619,830	659,469
Custer	81,993	184,526	266,519	Troy		21,573		Butte Silver Bow		594,282	
Ismay		3,849		Mccone	65,240	21,055	86,295	Walkerville		25,549	
Miles City		180,677		Circle		21,055		Stillwater	94,211	48,002	142,213
Daniels	49,164	36,002	85,165	Madison	115,121	64,489	179,610	Columbus		48,002	
Flaxville		4,352		Ennis		23,445		Sweet Grass	49,254	42,529	91,783
Scobey		31,649		Sheridan		16,253		Big Timber		42,529	
Dawson	85,481	112,012	197,493	Twin Bridges		10,807		Teton	95,643	81,598	177,241
Glendive		103,363		Virginia City		13,983		Choteau		51,520	
Richey		8,649		Meagher	49,334	33,981	83,315	Dutton		11,904	
Ancda. Deer Ld	40,654	105,741	146,394	White Sulphur		33,981		Fairfield		18,174	
Ancda. Deer Lodge		105,741		Mineral	64,364	33,921	98,285	Toole	69,520	122,074	191,594
Fallon	49,084	55,844	104,928	Alberton		10,047		Kevin		9,545	
Baker		48,542		Superior		23,874		Shelby		93,376	
Plevna		7,301		Missoula	323,144	1,079,560	1,402,704	Sunburst		19,154	
Fergus	129,667	163,054	292,721	Missoula		1,079,560		Treasure	21,279	11,086	32,365
Denton Town		10,963		Musselshell	56,545	58,078	114,623	Hysham		11,086	
Grass Range		5,050		Melstone		6,332		Valley	147,476	102,973	250,449
Lewistown		129,262		Roundup		51,747		Fort Peck		13,711	
Moore		9,615		Park	107,084	157,297	264,380	Glasgow		69,087	
Winifred		8,164		Clyde Park		10,523		Nashua		13,071	
Flathead	478,668	601,015	1,079,682	Livingston		146,774		Opheim		7,104	
Columbia Falls		89,734		Petroleum	36,026	10,929	46,954	Wheatland	35,295	34,477	69,772
Kalispell		364,622		Winnett		10,929		Harlowton		27,776	
Whitefish		146,659		Phillips	115,057	63,800	178,857	Judith Gap		6,701	
Gallatin	315,588	903,366	1,218,954	Dodson		5,979		Wibaux	29,041	19,845	48,886
Belgrade		125,606		Malta		47,991		Wibaux		19,845	
Bozeman		658,584		Saco		9,831		Yellowstone	288,362	1,908,177	2,196,538
Manhattan		40,982		Pondera	69,637	85,322	154,959	Billings		1,771,687	
Three Forks		48,352		Conrad		59,271		Broadview		6,448	
West Yellowstone		29,842		Valier		26,051		Laurel		130,041	
Garfield	88,326	14,211	102,537	Powder River	67,401	15,366	82,766	Total Dist.	\$6,306,000	\$10,360,000	\$16,666,000
Jordan		14,211		Broadus		15,366		Montana Local Technical Assistance			100,000
Glacier	112,976	82,324	195,300	Powell	68,571	71,193	139,764	Grand Total Distributions			\$16,766,000
Browning		20,601		Deer Lodge		71,193					
Cut Bank		61,723		Prairie	43,420	29,907	73,327				
				Terry		29,907					

Figure 3

2015 Gas Tax Distributions to Tribal Governements	
Blackfeet Tribe	\$1,046,804
Chippewa Cree Tribe	446,095
Confederated Salish and Kootani Tribe	581,679
Crow Tribe	1,006,335
Fort Belknap Indian Tribe	500,700
Fort Peck Tribe	784,654
Northern Cheyenne Tribe	544,605
Net Accrual Adjustments	4,831
Total Tribal Distributions	\$4,915,703