MINUTES OF THE MEETING OF THE HOUSE HIGHWAYS AND TRANSPORTATION COMMITTEE, JANUARY 18, 1983

The meeting was called to order by Chairman Abrams on Tuesday, January 18, 1983 at 12:30pm, in Room 129, State Capitol. All members were present with the exception of Rep. Kennerly, who was excused, and Representatives Shontz and Stobie, who were absent.

HEARINGS

HOUSE BILL 7. REP. JOHN HARP, District 19, Kalispell, testified as sponsor of the bill which would revise Highway Commission districts and reduce the number of financial districts from 12 to 5. He said as the financial districts would be identical to Highway Commission districts, a commissioner would also automatically represent a financial district. Rep. Harp showed committee members a map of the present 12 districts, formed in 1927, and explained the Department of Highways is in a phase of reconstructing roads based upon need instead of boundaries, but the present district structure hampers Department efforts in scheduling projects, adding adjacent districts must have available funds for work on roads which intersect districts.

REP. HARP said the a maximum of 25% may be borrowed from one financial district for another, which must be repaid and up to 300% may be borrowed for interstate projects. He advised the major problem with existing law is it does not address existing roads in the State properly, which would be corrected be expanded districts. As an example he cited financial district 12, whose top priority at this time would be dropped to 36 if proposed financial districts are implemented, and said the eleventh priority in financial district 8 would drop to 30, if the Department were allowed to address Montana highways based upon critical miles. He told the Committee there are GVW and right of way districts, in addition to financial districts which would be consolidated into the proposed five districts, adding the Department should be given the opportunity to utilize funds properly, by updating the 1927 law.

PROPOUNENTS

MR. MILEN FOSTER, Montana Highway Commission, stated his support of the bill.

MR. GARY WICKS, Director, Department of Highways, told committee members he supports the bill, as the problems
addressed in the Governor's Transportation Advisory Council would be resolved, in addition to those noted by the Legislative Auditor on pages 27 and 29 of that report. He said the primary system needs should be met and the bill would provide greater flexibility in use of the funds.

MR. LARRY TOBIASON, Montana Automobile Association and Montana Highway Users Association, said he supports the bill as do the majority of the 63,000 members of the MAA.

MR. BEN HAVDAL, Montana Motor Carriers Association, stated his support of the bill and testimony of other proponents.

OPPONENTS

REP. CHET SOLBERG, District 2, Daniels County, told committee members the original districts were designed to spread funding evenly and redistricting would penalize agriculture, which is the number one industry in the State.

IN CLOSING, Rep. Harp said the proposed changes do not affect the funding formula, addressed in House Bill 9, but only the availability of funds, providing more authority with fewer districts.

QUESTIONS

REP. SOLBERG asked Rep. Harp if the 25% available for borrowing was sufficient to complete projects. Rep. Harp replied the law is difficult to comply with and has been broken in the past to administer funds.

REP. BROWN asked if the five Highway Commission districts would be apportioned according to the proposed redistricting. Mr. Foster replied they would not change.

CHAIRMAN ABRAMS asked what the formula would be for distribution of funds within the proposed districts. Mr. Wicks said the formula would be changed in House Bill 9 to provide the Montana Highway Commission with discretion in apportioning funds. As an example, he said if the number of miles below the 100% sufficiency level in financial district 4 were considered within the proposed districts, it would receive 10% of available funds for that year.
CHAIRMAN ABRAMS asked if the bill would have a great bearing on the distribution of funds. Mr. Wicks replied it would and provided committee members with copies of the Financial District Law.

REP. UNDERDAL asked how the Department arrived at the proposed division of districts. Rep. Harp replied they were tied to present Highway Commission districts and administration districts.

REP. SOLBERG asked how the sufficiency rating was arrived at. Mr. Wicks provided committee members with the formula which gives information on structural adequacy, safety and traffic capacity.  

REP. SOLBERG asked if Highway 13 were scheduled for reconstruction. Mr. Wicks replied it was scheduled for overlay, using the 60% sufficiency level, but the Department cannot authorize the work. He said if it were the highest priority in the financial district, it would receive 100% funding to bring it to sufficiency level.

REP. SOLBERG said six miles of Highway 13 were constructed in 1964 at a cost of $50,000 and another six miles, constructed at a cost of $50,000 per mile. He asked why these miles were not differentiated in the sufficiency ratings. Mr. Wicks replied he would have to look at the section of highway referred to as well as adjacent sections before he could answer the questions. He said the system is not a perfect measure, but does provide a good idea of what is needed, adding a rating of 30% compared to one of 75% is markedly relevant to highway condition, while a lesser difference might not be so relevant.

REP. BROWN asked how many road miles were involved in each of the districts. Rep. Harp replied there are 1,300 primary miles in district 1; 1,200 miles in district 2; 1,053 in district 3; 1,800 in district 4 and 1,200 in district 5, all of which receive federal aid.

REP. UNDERDAL asked whether the present situation would be better, if House Bill 7 passed and its companion bill, House Bill 9, did not. Mr. Wicks said passage of House Bill 7 would resolve an identified problem and although the bills are related, they are not interdependent upon one another.
REP. KEYSER asked why the surface area of a highway was given a higher rating base, (30 points), and the foundation given only ten points, especially since the foundation seemed to be of greater importance. Mr. Wicks said there is more emphasis on the surface as it has more contact with the public and if the surface is not cared for, the foundation worsens.

REP. UNDERDAL said he was concerned with Montana's standards for moisture content in its highways and asked if this could be investigated. Mr. Wicks said he would prefer to have an engineer answer the question and Mr. Foster explained a large amount of highway construction costs are for drainage.

The hearing was closed on House Bill 7.

HOUSE BILL 9. The bill was opened to questions from the Committee.

QUESTIONS

MR. SCOTT SEACAT, Deputy Legislative Auditor, provided committee members with a fiscal note for the bill.

MR. FOSTER, as a member of the Highway Commission, stated his support of the bill.

REP. UNDERDAL asked Mr. Wicks what the average cost per mile was in districts 2 and 5, which are mountainous, versus the costs in districts 3 and 4, which are mostly plains. Mr. Wicks replied he would have to obtain the information for Rep. Underdal, adding the average cost is $600,000 per mile and construction and right of way costs are higher in Western Montana.

REP. BROWN asked if there were any minimums applied to the districts. Mr. Wicks said because of the present funding method, all districts are receiving funding, as they all have deficient miles. Rep. Harp asked the Committee to check the Financial District Law in response to Rep. Underdal's question.

REP. KEYSER asked if funding could be designed to give the Legislature a better handle on how well the formula was working over a period of a few years. Mr. Wicks said the Commission has this responsibility and the information is presently compiled each biennium for the Legislature. He commented he did not know if the time
period were sufficient, adding the information does not change radically in one or two years.

REP. BROWN asked if he could obtain information on current and proposed funding formulas as they relate to House Bill 7. Mr. Wicks said he would provide the requested information. Rep. Brown commented he would prefer to have the breakdown prior to executive action on the bill.

REP. UNDERDAL asked if the formula were based on dollars rather than miles. Mr. Wicks said the present formula is based on the number of miles under the 100% sufficiency level in the State and, as an example, told committee members district 7 will receive 5.17% of funds under the present formula and would receive 3.91% under the proposed formula, for primary highways.

REP. ZABROCKI asked how many highways were at the 100% sufficiency level. Mr. Wicks said there are very few, but he did not know the exact number. He explained the number of miles below the 100% sufficiency level would be closed to the number of primary miles in the State.

REP. ABRAMS closed the hearing and advised committee members executive actions would be deferred until all members were present and information requested from the Department had been received. He announced House Bills 6 and 16 would be heard on January 29, 1983 at 8am, in the SRS Auditorium.

The meeting was adjourned at 1:30pm.

[Signature]

Joann T. Gibson, Secretary
<table>
<thead>
<tr>
<th>NAME</th>
<th>RESIDENCE</th>
<th>REPRESENTING</th>
<th>SUPPORT</th>
<th>OPPOSE</th>
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<tbody>
<tr>
<td>Bob Brenner</td>
<td>Helena</td>
<td>W.I.FE</td>
<td>?</td>
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<tr>
<td>Sam Tobias</td>
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<td>Ben Keveda</td>
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<td>Mont. Motor Carriers</td>
<td>X</td>
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<td>M Studer</td>
<td></td>
<td>LT Gov. (Intern)</td>
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</table>

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.
CONSTRUCTION, MAINTENANCE, RIGHT-OF-WAY, AND GVW DISTRICTS

SOURCE: Department of Highways records.

Two or more boundaries coincide

--- Construction District Boundaries

xxxxx Maintenance District Boundaries

***** GVW District Boundaries

(Right-of-Way districts coincide with one or more other districts.)
Sufficiency Rating formula:

A. **Structural Adequacy - Total 50 Points**
   1. Foundation 10 Points
   2. Surface 30 Points
   3. Drainage 10 Points

B. **Safety - Total 20 Points**
   1. Number of stopping sight distances, shorter than permitted by design speed.
   2. Number of horizontal curves, sharper than permitted by design speed.
   3. Number of bridges narrower than the width of the approaches.
   4. Number of accidents as related to the average traffic volume for the analysis period.

C. **Traffic Capacity - Total 30 Points**
   1. Design hour traffic volume for the current year.
   2. Pavement and shoulder widths
   3. Percent of commercial vehicles
   4. Length of no passing zones
   5. Design Speed
   6. Average highway speed.
CHAPTER III

FINANCIAL DISTRICT LAW

The financial district law was enacted in 1927 by the Legislature. The law divides the state into twelve geographic regions for the allocation of highway funds. Its original function appears to have been to assure that road construction occurred throughout the state. The law has changed little since 1927 with the exception of establishing different allocation methods for interstate, primary, secondary, urban, and off-system funds.

Illustration 7 shows a map of the financial districts. Each region receives a funding allocation for each road system according to the following criteria:

-- Interstate funds are allocated to each financial district based on the cost to construct or reconstruct the interstate roads in that district.

-- Primary funds are allocated to each district based on the number of deficient primary road miles in that district. This method is an interpretation of the financial district law by the department. The number of deficient miles for a segment of highway is the percentage deficiency from a perfect road times the length of the segment. For example, a 10-mile segment of road with a 30 percent deficiency is said to have 3 deficient miles. (See Appendix A for detail.)

-- Secondary funds are allocated to each district based on the rural population, the rural road mileage (excluding primary and interstate), the land area, and the rural taxable valuation. These funds are in turn allocated to the counties based on the same criteria.

-- Urban funds are allocated to each city of over 5,000 population based on population.

-- Off-system funds are allocated the same way as secondary funds.
The department also receives federal funds for other types of projects such as bridge replacement and hazard elimination. These funds are not allocated to areas of the state. Appendix B shows the allocations by road system for fiscal year 1981-82. The federal government has not released any off-system funds for fiscal year 1981-82 and may not in the future.

We examined the financial district law after discussions with department officials revealed that the law has considerable impact on their ability to schedule projects. The following sections detail our analysis of the law and its weaknesses. The discussions are divided into those which impact the interstate and primary systems and those which impact the local systems (i.e., secondary, urban, and off-system).

INTERSTATE AND PRIMARY

The interstate and primary systems are grouped together because they are the major roads for travel across the state and are planned, built, and maintained by the state. Our examination of the financial district law revealed a major concern related to the primary system allocation. The allocation criteria in the law limit the department's ability to effectively schedule projects. Also, the definition of a deficient road in the primary system is unrealistic.

The interstate system is not affected as much by the financial district law because the interstate lies in fewer districts and the department has greater flexibility in moving funds among these districts. Also, funds are allocated based on the costs to construct or reconstruct the interstate in each district, which we believe is
more appropriate than the primary distribution formula. For these reasons our comments in the following section are directed mostly at the primary system.

Primary Road Funding Allocation

As mentioned earlier, primary funds are allocated to each district based on deficient primary road miles in that district. Basing the allocation on deficient road mileage does not take into account variations in cost from area to area and variations in the type of work needed to be performed. Construction in the mountains of western Montana can cost much more than construction on the plains of eastern Montana. Two six-mile projects constructed in 1980 show this difference. One project in the mountains of southwest Montana cost $4.1 million, while the other on the plains of central Montana cost $2.5 million. In addition, roads in similar overall condition can require repairs costing drastically different amounts. In 1980, the department constructed two twelve-mile overlay projects. One cost $1.4 million, while the other cost nearly twice as much at $2.7 million. The major difference in these two projects was the thickness of the overlay.

With twelve financial districts, the funding for each district is quite small. For fiscal year 1981-82, the allocations ranged from a high of $6.7 million to a low of $2.8 million. With these small allocations, the mileage of road which could be constructed or overlayed in each district is minimal since the average cost for construction is about $680,000 per mile, while the average cost for overlays is about $140,000 per mile. These figures only include
actual payments to contractors and not other department costs. With small allocations and high construction costs, the projects tend to be small, and small projects have higher overhead costs as a percentage of construction costs. For example, the $2.8 million allocation would construct only about four miles of road.

As noted previously, interstate money is allocated based on the cost to construct or reconstruct the interstate in each financial district. Primary funds are allocated based on deficient primary mileage. The department may increase the interstate allocation to any district up to 300 percent in a given year, provided that future allocations are reduced to "pay back the loan." The flexibility on the primary system is much less since allocations may only be increased by 25 percent. The department has violated the law because of this lack of flexibility. We found two districts in which the department had overspent the fiscal 1980-81 primary allocations in excess of the statutory maximums.

The financial district law does not allocate primary funds to the areas of the state with the worst primary roads as defined by the department. We noted that two of the financial districts have about 60 percent of the primary road mileage which are in critical need of repair, according to the department. However, the allocations for these two districts amount to only 24 percent of the primary funds. To compound the problem, these districts tend to have higher per mile construction costs when compared to a statewide average. This is mainly due to their location in the western mountainous part of the state.
The financial district law causes projects to be constructed based upon their priority within their respective financial districts regardless of their priority statewide. We compared the department's district-by-district priority rankings with the department's listing of the top 48 projects statewide. We found several cases in which the top priority in a district was low on the statewide list or not even on the list. As an example, the top priority in Financial District 12 ranks 36th overall. However, the 11th priority in Financial District 8 ranks 30th overall. In other words, financial districts with many critical miles can have several projects that on a statewide basis would rank higher than the top priority project of a district with few or no critical miles. But the statewide ranking has little meaning since the top priority projects in each district receive that district's funding.

Our analysis indicates the department also has problems with coordinating funds for projects which cross financial district boundaries. To build the project as a single unit, the funding in both districts must be available at the same time. If funding is not available, the project must be delayed until funds are available or split into projects small enough for the funding to be adequate. In both cases, the costs are increased. Also, the department's accounting for funds is complicated since the department must keep track of funds by district. A project which crosses district boundaries must be given a different project number for each district and the costs associated with each project number must be accounted for separately.
With allocations based on a standard of 60 percent, Financial District 1 would receive $2 million more, while Financial District 3 would receive $2 million less. The result is that financial districts with the most critical miles as defined by the department would get more funds and thus more miles of road could be reconstructed in those districts.

Changing the definition of deficient roads to only include those sections which do not meet "adequate" standards would improve the distribution of primary funds. Basing the distribution on the cost of the needed improvements for those deficient sections would be better than basing it solely on deficiency since cost of improvements takes into account the differences in construction costs among areas of the state. The cost of improvements method also considers the differences in cost for various reconstruction needs.

Possible Revisions

All of these concerns point to the need to substantially revise the financial district law as it applies to the primary system. The following are some possible revisions that would improve the distribution of primary funds.

One change could be to decrease the number and increase the size of financial districts. For example, five large districts rather than twelve small ones would minimize several of our concerns. The number five is chosen because it would coincide with the number of commission districts and field regions. This is discussed further in Chapter IV. This change would increase the size of allocations which would reduce splitting of projects, add flexibility
in where money could be spent, and reduce interdistrict coordination problems. This change would also benefit the interstate system for the same reasons.

A logical extension of reducing the number of financial districts would be to prioritize and fund projects on a statewide basis. This would effectively eliminate financial districts and would further reduce our concerns. The department could fund projects where the need is greatest. In addition, projects can be larger and hence have lower percentage of overhead costs. Splitting and delaying projects should be greatly reduced.

Eliminating financial districts for the interstate and primary systems would require the department to develop procedures for analyzing construction needs for these systems throughout the state. These procedures should result in statewide priorities for interstate and primary projects and corresponding fund allocations for the projects.

If the financial district system is retained, the allocation criteria for primary roads should be changed from deficient mileage to cost of improvements needed on deficient roads, similar to the interstate. This would shift funding to the areas with roads in more critical need of repair. Also, variations in cost from area to area and project to project would be taken into account.

RECOMMENDATION #1

WE RECOMMEND THE LEGISLATURE EITHER:

A. ELIMINATE FINANCIAL DISTRICTS FOR THE INTERSTATE AND PRIMARY SYSTEMS AND ALLOW THE DEPARTMENT TO SET PROJECT PRIORITIES AND ALLOCATE FUNDS ON A STATEWIDE BASIS; OR
REALIGNING HIGHWAY COMMISSION AND FINANCIAL DISTRICTS

A Report by Paul E. Verdon, Staff Researcher to Joint Subcommittee on Highways
June 8, 1982

In response to committee instructions at the May 18 meeting, the researcher has consulted with the Department of Highways to formulate a new alignment of counties into highway commission districts to resemble more closely the department's administrative districts that were reconstituted last month in a statewide reorganization.

The intention is to make the commission districts and the administrative districts congruent so that the commissioner can identify more closely with the activities in his area and maintain a meaningful advisory and consulting relationship with the department's management team.

A logical further step would be the amendment of the financial district law to reduce the number of districts from twelve to five and to make these new larger districts identical with the proposed commission-administration districts. This change, in essence, would assure that all functions--planning, financing, construction, maintenance, administration, and policy-making--would occur within similar geographic constraints and would utilize the coordinated talents and efforts of the same group of people in each region.

Achievement of this objective, of course, will require abandonment of commission and financial district concepts that are almost six decades old and that in some instances will require far-reaching modifications, particularly in the configuration of the huge eastern Montana commission district.

As now constituted, the commission districts include these counties:

District 1. Lincoln, Flathead, Sanders, Lake, Mineral, Missoula, Ravalli, Granite, Lewis and Clark, Jefferson, Broadwater;

District 2. Powell, Deer Lodge, Silver Bow, Beaverhead, Madison, Gallatin, Meagher, Wheatland, Park, Sweet Grass;

District 3. Glacier, Toole, Liberty, Hill, Blaine, Pondera, Teton, Chouteau, Cascade, Judith Basin;
District 4. Fergus, Petroleum, Garfield, Phillips, Valley, McConel, Prairie, Dawson, Wibaux, Richland, Roosevelt, Daniels, Sheridan;

District 5. Golden Valley, Stillwater, Carbon, Big Horn, Yellowstone, Musselshell, Rosebud, Treasure, Custer, Powder River, Carter, Fallon.

Realignment of commission districts to conform with administrative districts would result in this arrangement:

District 1. Lincoln, Flathead, Sanders, Lake, Mineral, Missoula, Ravalli, Granite, Powell.

District 2. Beaverhead, Deer Lodge, Silver Bow, Jefferson, Madison, Gallatin, Park, Meagher, Broadwater.


A statistical comparison of the proposed new districts:

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</tr>
</thead>
<tbody>
<tr>
<td>Dist. 1</td>
<td>162,468</td>
<td>209,291</td>
<td>23,340</td>
<td>1,284.4</td>
<td>11,803.1</td>
</tr>
<tr>
<td>Dist. 2</td>
<td>100,714</td>
<td>132,219</td>
<td>22,920</td>
<td>1,177.6</td>
<td>8,040.9</td>
</tr>
<tr>
<td>Dist. 3</td>
<td>136,823</td>
<td>185,949</td>
<td>27,288</td>
<td>1,053.3</td>
<td>17,745.7</td>
</tr>
<tr>
<td>Dist. 4</td>
<td>91,253</td>
<td>97,141</td>
<td>46,867</td>
<td>1,789.3</td>
<td>22,469.4</td>
</tr>
<tr>
<td>Dist. 5</td>
<td>130,722</td>
<td>161,212</td>
<td>26,620</td>
<td>1,171.1</td>
<td>11,297.3</td>
</tr>
</tbody>
</table>
Under this proposal, the commission and financial districts are congruent, and all counties are intact. Boundaries of department administrative districts, as currently constituted, vary slightly because the counties of Powell, Beaverhead, Lewis and Clark, Judith Basin and Phillips have been divided for purposes of operating efficiency.

It is perhaps a fortuitous coincidence that enactment of these district changes by the 1983 legislature would vacate no highway commission seat whose present occupant's term extends beyond this year. The term of the only serving commissioner whose county of residence would be moved to a new district expires at the end of this year, and that commissioner has stated publicly he desires to terminate his service.

Effective dates of legislation to realign financial districts should be July 1, 1983, so the department's allocation of funds for the biennium can correspond with fiscal years.

A proposal to modify the financial district law was requested by Senator Elliott who asked that the allocation criteria be changed to require that one-half of the construction funds be apportioned according to critical need and the remaining one-half be allocated as under existing statute.

This change could be effected by amending 60-3-205, MCA, thus:
Figure 2
Highway Commissioner Districts

- Commissioner District Boundaries
- Commissioner District Numbers

1. Roy Duff
   Whitefish

2. John Sullivan
   Vice Chairman
   Livingston

3. Hbert Hellebust
   Chairman
   Havre

4. Gerald Archambeault
   Glasgow

5. Paul Foster
   Billings

Figure 2
Highway Commissioner Districts
Financial District Boundaries

SOURCE: Department of Highways records.
Proposed districts

MONTANA

DISTRICT

DISTRICT

DISTRICT

DISTRICT
## Allocation of Highway Construction Funds

<table>
<thead>
<tr>
<th>Type of Fund</th>
<th>Allocated to</th>
<th>Factors for Federal Apportionment</th>
<th>State Financial District Distribution Factors</th>
<th>Criteria for State Project Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interstate</td>
<td>Financial Districts</td>
<td>Cost of completing system compared to total cost of completion nationally.</td>
<td>Estimated cost of completing system in each financial district compared to cost of completion statewide. Interstate 4R Program (resurfacing) is not distributed by financial district.</td>
<td>Uncompleted projects that match the dollars available, 4R projects selected on need for resurfacing.</td>
</tr>
<tr>
<td>2. Primary</td>
<td>Financial Districts</td>
<td>Area, rural population, rural delivery route mileage, intercity route mileage.</td>
<td>Ratio of deficient primary mileage in each financial district to the total deficient primary mileage in state.</td>
<td>Sufficiency ratings, accident rates, recommendations of staff, maintenance costs, public requests.</td>
</tr>
<tr>
<td>3. Secondary</td>
<td>Financial Districts</td>
<td>Area, rural population, rural delivery route mileage and intercity mail route mileage.</td>
<td>Rural population, land area, rural road mileage and value of rural land in each financial district and county.</td>
<td>Priorities established by county commissioners with concurrence of DOH.</td>
</tr>
<tr>
<td>4. Urban</td>
<td>Cities of 5,000+ population</td>
<td>Urban population</td>
<td>Proportion of population.</td>
<td>Priorities established by Technical Advisory Committees and the Policy Coordinating Committees.</td>
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<tr>
<td>5. Economic Growth Centers</td>
<td>Approved Growth Centers</td>
<td>Three active growth centers per state.</td>
<td>Ratio of number of miles of primary, secondary, and urban roads in need of upgrading in each center compared to total in all centers.</td>
<td>Deficit mileage in area of influence of each center.</td>
</tr>
</tbody>
</table>

* Other minor funding sources or programs include: Bridge Replacement, Rail-Highway crossings, Hazard Elimination, Pavement Marking, Highway Safety, Forrest Highway, Highway Planning and Research and The Reconstruction Trust.*
In compliance with a written request received January 6, 1983, there is hereby submitted a Fiscal Note for House Bill 9 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 9 revises the formula used to apportion construction funds to the Federal Aid Primary Highway System. The total funds apportioned each year would not change, but the allocation for each financial district would change, depending on the sufficiency levels adopted as adequate and critical by the Highway Commission. More weight is also provided in the new allocation formula to critically deficient roadway mileage.

ASSUMPTIONS:

1) The following estimated percentage allocations are based on 1982 sufficiency ratings.

FISCAL IMPACT:

No additional revenue will be distributed as a result of this bill. However, the allocation to each financial district will be:

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<tr>
<th>Financial Districts</th>
<th>Present</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Formula</td>
<td>%</td>
<td>%</td>
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<tr>
<td>Present</td>
<td>12.76</td>
<td>6.07</td>
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<tr>
<td>Proposed</td>
<td>27.94</td>
<td>4.03</td>
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FISCAL NOTE 3:H/1

[Budget Director's Signature]

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 1-11-83
ANALYSIS OF THE EFFECTS OF HB 7 AND HB 9

House Bill 7 establishes five Financial Districts to replace the current twelve.

House Bill 9 establishes a formula for allocation of primary funds based on Highway Commission established levels of "critical" and "adequate" sufficiency. These levels are assumed to be 40 and 60 respectively and are based on 1981 sufficiency ratings adjusted for traffic.

<table>
<thead>
<tr>
<th>NEW Financial District</th>
<th>Miles 0-40 Sufficient</th>
<th>%</th>
<th>Miles 0-60 Sufficient</th>
<th>%</th>
<th>Allocation Percentage</th>
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<tbody>
<tr>
<td>1</td>
<td>279</td>
<td>61.06</td>
<td>757.5</td>
<td>28.49</td>
<td>44.78</td>
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<tr>
<td>2</td>
<td>13.1</td>
<td>2.87</td>
<td>392.8</td>
<td>14.77</td>
<td>8.82</td>
</tr>
<tr>
<td>3</td>
<td>34.3</td>
<td>7.51</td>
<td>444.3</td>
<td>16.71</td>
<td>12.11</td>
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<tr>
<td>4</td>
<td>80.6</td>
<td>17.64</td>
<td>641.5</td>
<td>24.13</td>
<td>20.88</td>
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<td>5</td>
<td>49.9</td>
<td>10.92</td>
<td>422.6</td>
<td>15.90</td>
<td>13.41</td>
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<tr>
<td>Statewide</td>
<td>456.9</td>
<td>100</td>
<td>2658.7</td>
<td>100</td>
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</table>

Due to rounding, there are slight differences between the total mileages shown above and those shown in the Sufficiency Report.
MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS JO BRUNNER AND I SPEAK TODAY FOR THE WOMEN INVOLVED IN FARM ECONOMICS ORGANIZATION. OUR ORGANIZATION, LIKE THE OTHER AGRICULTURE ORGANIZATIONS IS DEEPLY CONCERNED WITH THE CONDITIONS OF OUR HIGHWAYS, AND WE RECOGNIZE THE TREMENDOUS COST OF BUILDING AND MAINTAINING OUR HIGHWAY SYSTEMS. BUT WE ARE ALSO CONCERNED THAT IN ORDER TO FACILITATE SUCH PROGRAMS AS MAY BE DETERMINED BY THE POWERS THAT BE, THAT MANY OF OUR SMALLER COMMUNITIES WILL LOOSE WHAT SMALL CHANCE THEY MAY NOW HAVE TO SHARE IN DESPERATELY NEEDED HIGHWAY AND ROAD DEVELOPMENT.

WHILE WE REALIZE THAT 12 DISTRICTS IS PERHAPS TOO GREAT A NUMBER TO BE EFFECTIVE TO THE HIGHEST DEGREE DESIRED, AND THAT THERE ARE BENEFITS TO BE DERIVED FROM COORELATING THE COMMISSION AND FINANCIAL DISTRICTS, WE BELIEVE THAT LESS DISTRICTS WITH MORE COUNTIES IN EACH DISTRICT WILL CERTAINLY LESSEN THE DEGREE OF EFFECTIVENESS AS FAR AS THE OUTLYING PORTIONS OF EACH DISTRICT IS CONCERNED. THEREFORE IT IS OUR POLICY AND OUR RECOMMENDATION THAT THERE BE NOT LESS THAN 7 HIGHWAY DISTRICTS IN THE STATE OF MONTANA.

THANK YOU.
Bill Summary

House Highways and Transportation Committee

HB 7 would revise the makeup of highway commission districts and would reduce the number of financial districts from 12 to 5. The financial districts would be identical to the 5 highway commission districts. Under this plan, a commissioner would automatically also represent a financial district.
January 18, 1983

Representative Hubert Abrams
Chairman, Highways and
Transportation Committee
Montana Legislature
State Capitol Building
Helena, Montana 59601

Dear Chairman Abrams:

The Kalispell Area Chamber of Commerce wishes to place itself on record in full and wholehearted support of House Bills #6, #7, #9, #16 and #17.

These are all essential portions of a program that seem to us to be the correct direction to the improvement of the Montana highway system, both in new construction and in maintenance.

The deteriorating condition of the system and the failure to recognize areas of critical need, both in condition and safety factors, require a positive approach represented by the Bills mentioned above.

We sincerely hope that the Committee will give favorable consideration to the Bills mentioned in order that a more sound and businesslike approach be given to the highway system in Montana.

Very truly yours

KALISPELL AREA CHAMBER OF COMMERCE

By

President

By

Chairman, Legislative Affairs