



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 Amended in House Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<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>
Expenditures:				
General Fund	\$100,000,000	\$0	\$0	\$0
State Special Revenue	\$40,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$100,000,000	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$100,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 536, as amended, transfers \$100 million from the general fund to the Local Road and Bridget account at the Department of Transportation (MDT). Of the \$100 million transferred into the account, \$80 million of the transfer may be used only for providing the state match to fund the reconstruction and repair of off-system bridges, secondary highway system routes, urban highway system routes, or providing a state matching source, at the discretion of the department, for discretionary grants awarded to local governments. The remaining \$20 million will be distributed to cities and towns with a population of less than 10,000.

FISCAL ANALYSIS

Assumptions:

- MDT will receive a transfer of \$100 million cash from the general fund into the Local Road and Bridget account.
- Under SB 536, as amended, \$20 million of the funds deposited into the account will be distributed by MDT to incorporated cities and towns with a population of less than 10,000 by September 1, 2023 (FY 2024).

3. The remaining \$80 million will be administered by MDT and may be used as a matching source for projects on off-system bridges, secondary and urban highway system routes, or as match for discretionary grants awarded to local governments.
4. The projected spend of the \$80 million appropriated to MDT will be determined during the next tentative construction planning cycle. For the purposes of this fiscal note, the spending is shown as \$20 million per fiscal year from FY 2024 through FY 2027.
5. MDT administrative costs will be covered by existing resources.

	<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	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Grants	\$20,000,000	\$0	\$0	\$0
Transfers	\$100,000,000	\$0	\$0	\$0
TOTAL Expenditures	<u>\$140,000,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$100,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$40,000,000	\$20,000,000	\$20,000,000	\$20,000,000
TOTAL Funding of Exp.	<u>\$140,000,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$100,000,000	\$0	\$0	\$0
TOTAL Revenues	<u>\$100,000,000</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)	\$100,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$60,000,000	(\$20,000,000)	(\$20,000,000)	(\$20,000,000)

NO SPONSOR SIGNATURE

5.1.23



5-1-23

Sponsor's Initials

Date

Budget Director's Initials

Date