

# DOJ HISTORY IN HIGHWAY STATE SPECIAL REVENUE ACCOUNT

A Report Prepared for the  
Revenue and Transportation Interim Committee

By  
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December 1, 2015



# HISTORY OF DEPARTMENT OF JUSTICE IN THE HIGHWAY STATE SPECIAL REVENUE ACCOUNT

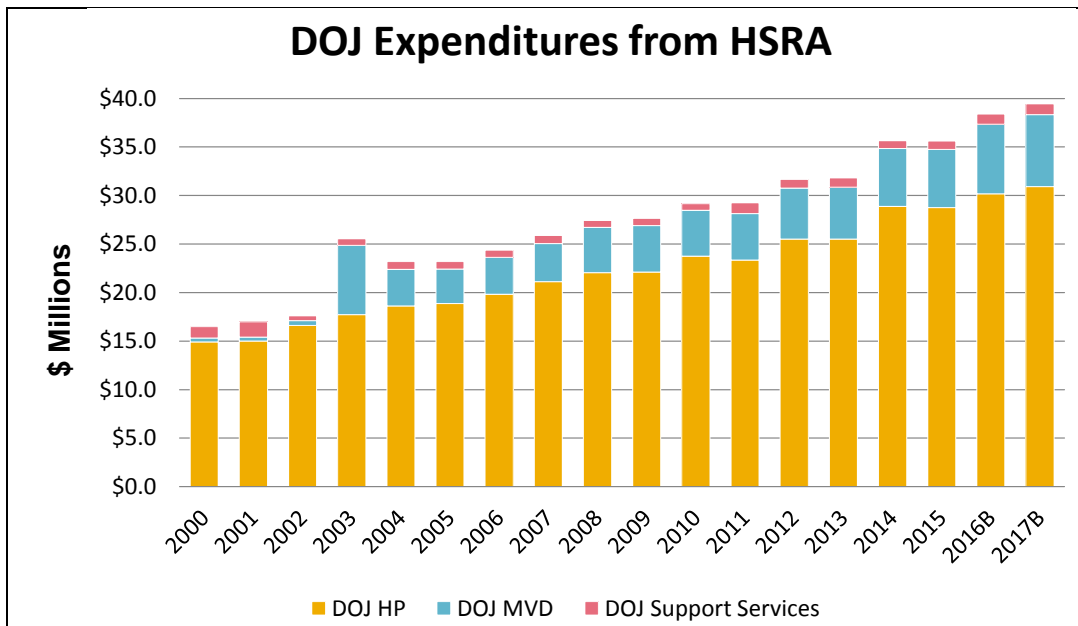
The restricted highway state special account (HSRA), administered by the Montana Department of Transportation (MDT), has funded certain activities of the Department of Justice (DOJ) throughout time. This report provides a historic perspective of the DOJ uses and provides an assessment of DOJ expenditures between FY 2000 and FY 2015, with budgeted FY 2016 and FY 2017.

## DOJ CHANGES OF NOTE OVER TIME, REVENUES:

- **1972 Constitutional Convention** – Revises 1956 amendment to the 1889 constitution by 1) removing the requirement that motor vehicle registration fees be earmarked for the constitutionally stated purposes; 2) amended the constitutionally stated purposes to include local government road and street systems, highway safety programs and driver education programs as permissible uses of earmarked funds; and 3) allowing the legislature by a three-fifths vote to divert the earmarked funds to other purposes
  - Vehicle registration fees were a source of funding derived from services provided by DOJ
- **1999 Session** – HB 540, which contained the requirement of a voter referendum, along with the associated guidelines established in SB 260, changed the taxation of motor vehicles. The bill replaced the vehicle property tax on light vehicles with a flat fee. The legislation also repealed the new car sales tax, a county tax in which most of the proceeds flowed into HSRA.
  - This legislation completed the diversion of vehicle registration fees from HSRA
  - The HB 540 fiscal note provided that in FY 2002, the first full year of the related impact, the funding reduction to HSRA was \$13.1 million

## DOJ CHANGES OF NOTE OVER TIME, EXPENDITURES:

- **1971 Session** – The legislature added 44-1-501, MCA which stated, “All salaries of the members of the highway patrol shall be paid out of the earmarked revenue fund of the highway department”
  - The legislature started funding the Highway Patrol functions through HSRA at this point
- **1986 Special Session** – Amended 44-1-501, MCA to the current reading, “All expenses of the highway patrol shall be paid out of the transportation department's account in the state special revenue fund”
  - This amendment expanded the use of HSRA funds to the full costs of the Highway Patrol operations
- **2002 Special Session** – Replaced \$6.5 million of general fund support in the Motor Vehicle Division with highway state special revenue (in FY 2003)
  - The change occurred in a time when the general fund revenues were projected to be insufficient to fully cover the state's primary services
  - While lower in subsequent years, the legislature has continued the support of the Motor Vehicle Division budgets in HSRA since this action
- **2007 Session** – Transferred the functions of the Motor Carrier Safety Assistance Program from the DOJ, Highway Patrol Division to MDT
  - This administrative change had no cost impact on HSRA since the account fully supported the Highway Patrol Division functions and the Motor Carrier Safety Program therein
  - The change reduced costs to the Highway Patrol Division and flattened the HSRA costs of DOJ in FY 2008 and FY 2009
  - In the 2017 biennium, the annual cost of the Motor Carrier Services Division is \$11.9 million per year



## DOJ HISTORICAL HSRA EXPENDITURES ANALYSIS

- This analysis is based on nominal dollars and does not adjust for the time value of money or any related population growth statistics that add to growth in costs
- The Highway Patrol Division has had a historic presence in HSRA. Initially, the program received funding to cover the salaries of the patrolmen, but since FY 1987 the program has received most of their operational costs through HSRA. In the 2017 biennium, 78% of the Montana Highway Patrol budget is funded through HSRA<sup>1</sup>. Between FY 2004 and FY 2015, the average annual growth of actual expenses has been 4.0%
- The Motor Vehicle Division has had a presence in HSRA over the past 15 years. Between FY 2000 and FY 2002, the program was funded (approximately 90%) with general fund and HSRA funding averaged \$433,000 per year. In the 2017 biennium, the general fund is expected to support approximately 44.8% of the division’s budget and HSRA 31.1%. Between FY 2004 and FY 2015, the average annual growth of actual expenses has been 4.3%

Related HSRA factors (2004 to 2015) include:

- Change in HSRA revenues: \$39.5 million (average annual growth of 1.3%)
- Change in DOJ expenditures: \$12.4 million (average annual growth of 4.0%)
- Change in MDT expenditures: \$12.8 million (average annual growth of 0.4%)

<sup>1</sup> In 2005, the legislature approved a \$5 dollar vehicle registration fee in support of the Highway Patrol Division. The associated revenues are deposited into a state special revenue fund. The fee was intended to support the addition of 20 officers, provide higher pay for all the officers, and fund a portion of operating expenses (and by extension reduce cost growth in HSRA). In the 2017 biennium, appropriations from this source of revenue are \$13 million, 16.9% of total Highway Patrol Division funding.