

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Tori Hunthausen, Legislative Auditor
FROM: Angus Maciver, Deputy Legislative Auditor
DATE: January 16, 2013
RE: Highways tax revenues and traffic safety expenditures in the Lockwood area of Billings, Legislative Request 13L-3650

The following summarizes information relating to highways tax revenues and traffic safety expenditures in the Lockwood area of Billings in recent fiscal years. Information was sourced from the Montana Department of Transportation (MDT), the Montana Department of Revenue (DOR), and Yellowstone County. Unless otherwise stated, we have defined the Lockwood area of Billings to include all the properties and roads within the Lockwood School District (see attached map). This memo addresses highways tax revenues and traffic safety expenditures separately.

Highway Tax Revenues

Funding for highway construction and maintenance, and other transportation projects comes from federal, state and local sources. For the purposes of this analysis, we are restricted to a discussion of tax revenues reported by state and local governments in Montana. At the state level, the main source of highways tax revenues is fuel tax collections. The MDT reported gasoline and diesel fuel tax collections for the past three fiscal years for Yellowstone County. The following table shows fuel tax collections for Yellowstone County and also estimates the proportion of these tax revenues that are attributable to the residents of the Lockwood School District.

Fiscal Year	Yellowstone County Fuel Tax Collections	Lockwood School District Fuel Tax Estimate*
2010	\$33,918,747	\$1,802,847
2011	\$35,175,610	\$1,869,652
2012	\$37,109,894	\$1,972,463

* Estimate for Lockwood School District is calculated on a per capita basis. The population of the school district is estimated as being approximately 5.3 percent of the total county population based on the 2010 decennial census.

As shown, in the most recent fiscal year, Yellowstone County generated over \$37 million in fuel tax revenues. Of this total, approximately \$2 million could be attributable to the residents of the Lockwood School District on a per capita basis. Fuel tax revenues support MDT construction, maintenance and other operations across the state, but some of these revenues are distributed directly to local jurisdictions to

fund transportation activities. The next table shows the amounts of fuel tax revenue distributions made to Yellowstone County, and the City of Billings, and also estimates the amount of the county distribution that may be attributable to the Lockwood School District.

Fiscal Year	Yellowstone County Distribution	City of Billings Distribution	Lockwood School District Distribution Estimate*
2010	\$272,633	\$1,728,502	\$48,953
2011	\$273,532	\$1,724,915	\$49,115
2012	\$288,874	\$1,759,434	\$51,870

* Estimate for Lockwood School District is calculated on a per capita basis. The population of the school district is estimated as being approximately 18 percent of the county population exclusive of the City of Billings based on the 2010 decennial census.

These calculations show approximately \$50,000 in state fuel tax distributions could be available annually, if Yellowstone County distributed the funding on a per capita basis to projects within the Lockwood School District. The MDT directs the majority of resources for state or federally-funded transportation projects, and can direct this funding to the roads it is responsible for within the Lockwood School District.

The other main source of highways tax revenues is from local property tax assessments. Residents and businesses within the Lockwood School District pay property taxes, including levies to support the county road fund. Analysis of information on taxable value within the school district for the current fiscal year shows a total taxable value for all property of approximately \$22.24 million. Yellowstone County currently levies 34.48 mills for its road fund, which produces an estimated contribution of approximately \$855,000 annually to the road fund attributable to the tax payers of the Lockwood School District. This estimate is based on reported taxable value and may not reflect actual collections by Yellowstone County.

Traffic Safety Expenditures

We identified two state transportation programs dedicated to funding local traffic safety projects. These two programs provide a means of directing state and federal resources to improving highway safety through funding of specific projects. The general purpose of these programs is summarized in the following sections and we also identify whether specific projects have been funded in the Lockwood School District in recent years.

Safe Routes to School Program

The Montana Safe Routes to School (SRTS) program is a federally funded, competitively awarded, reimbursement program that encourages and enables children, including those with disabilities to walk and bicycle to school; and makes bicycling and walking to school a safer and more appealing transportation alternative. Along with other federal-aid highway resources, the State of Montana receives an annual funding apportionment for SRTS from the Federal highway Administration (FHWA). Montana's SRTS apportionment was approximately \$1 million annually for fiscal years 2005-2009. Montana's SRTS Program provides funding for projects through a competitive application process. Noninfrastructure (behavioral) projects include community assessments, development of community action plans, tracking and performance monitoring, public awareness campaigns, bicycle and pedestrian safety, health and environment training, incentive programs, and enforcement efforts, including portable speed trailers. Infrastructure projects include crosswalks, sidewalks, pathways, and bike racks. All

infrastructure projects must be publicly accessible, within 2 miles of a K-8 school, and maintained by a local government.

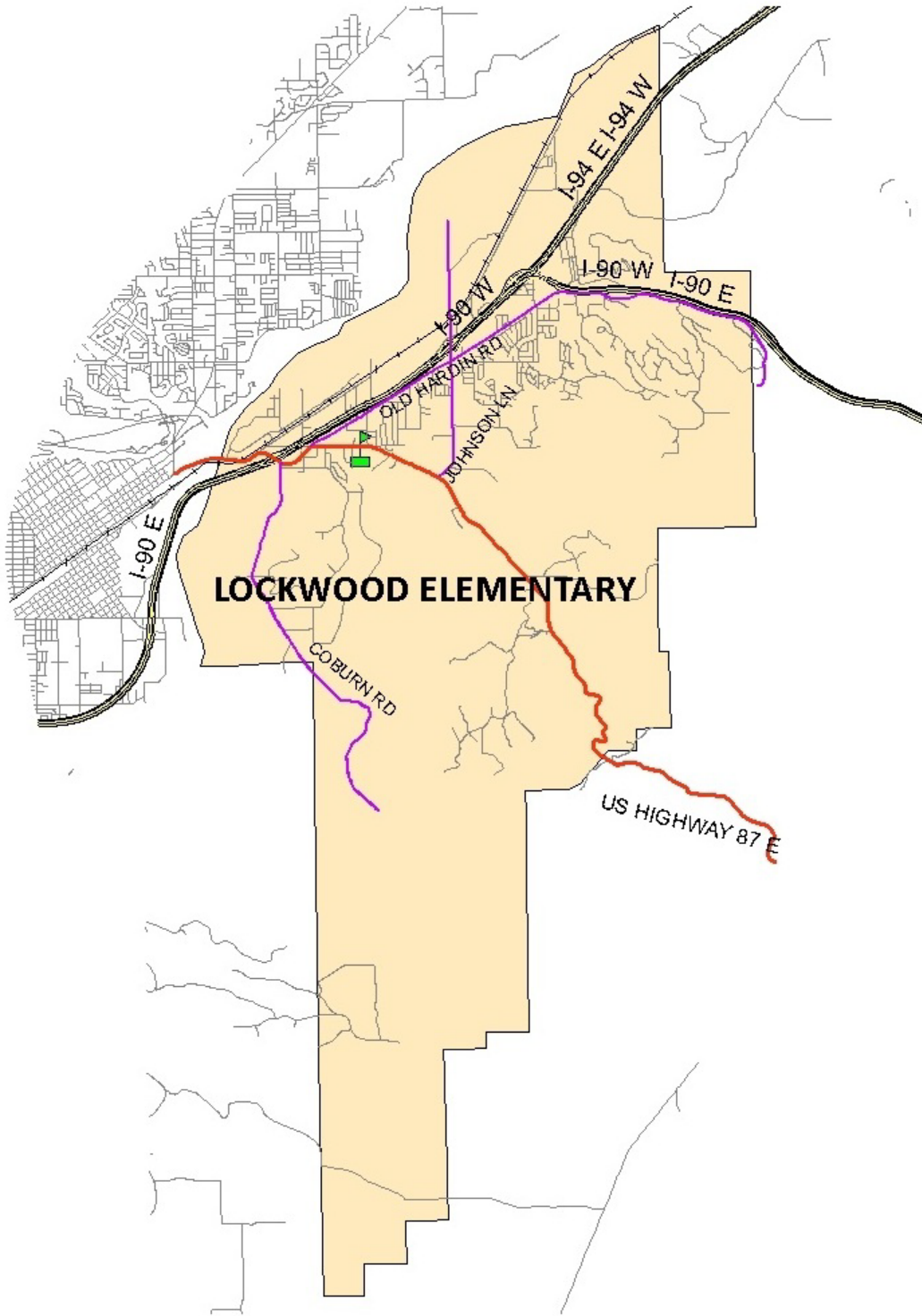
Applications for SRTS funding must be prepared and submitted to the MDT. Eligible applicants for SRTS funding include state, local and regional agencies, school districts, private schools, and nonprofit organizations. The Montana's SRTS Program is a 100% federally funded reimbursement program and does not require a local match. The amount of funds available through Montana's SRTS program is limited. SRTS projects funded in the Billings area to date total \$263,772 in federal funding to support the program, with Lockwood School District receiving \$46,731 from the program in fiscal year 2011.

The Highway Safety Improvement Program

The Highway Safety Improvement Program (HSIP) is a core federal-aid program for U.S. federal surface transportation spending. States administer the HSIP with federal oversight from the FHWA. Examples of improvements suggested by the program include safety countermeasures such as lighting, chevrons, guardrails, and rumble strips. While the scale of projects is generally small, larger projects such as the installation of a roundabout may also be considered for an HSIP project. HSIP projects are funded via a combination of state and federal funds, with federal funds representing 90 percent of project funding. In Montana, state funding match for the program is derived from the state fuel tax. Funds may be used for projects on any public road or publicly owned bicycle and pedestrian pathway or trail. On an annual basis, MDT identifies locations on Montana's public roads where public safety could be increased through the installation of a safety improvement. HSIP projects are prioritized through the use of crash data. MDT obtains crash data from the Montana Highway Patrol. On an annual basis, the department establishes numerous crash cluster criteria to identify potential project locations. For example, in 2005, three or more fatalities within a .5 mile segment of road would identify a location for additional review. Annual criteria also include applications received for the program from the public. Identified locations are reviewed and selected through a number of successive steps, beginning with identifying crash cluster criteria and ending with obtaining project approval from the department's Transportation Commission.

Since state fiscal year 2005, over \$80 million in state and federal funding has been obligated for 304 HSIP projects across Montana. Individual HSIP projects can range from under \$1,000 to over \$1,000,000. Based on information from MDT, of those 304 projects, 44 projects have been approved within MDT's Billings District, with two projects approved within Lockwood School District. Of those two projects, one involved a signal light installation at an intersection; another is a future planned project to extend the length of an existing guardrail on a roadway.

Map of Road Network in the Lockwood School District
January 2013



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Mailing Status: HD by AM
Date: 1/16/2013
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