Montana Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• The commission retains all authority to levy a mill tax on property in the county (main revenue source for roads), make appropriations, issue bonds and securities, and discharge any debts claimed against the county.

• Impose a local option tax on the sale of gasoline for use in motor vehicles on public roads at a rate of either one or two cents per gallon as long as the tax receives the approval of the public through referendum. The county must share its revenues with municipalities within the county and the county must use its share of the revenues for the construction and maintenance of roads.

• Impose a local option tax of up to 0.5 percent on the average trade in value or a flat fee on motor vehicles subject to state registration fees. Fifty percent of the revenues are apportioned to the county and the other 50 percent are apportioned between the county and any municipalities.

• Local governments have the authority to generate revenues within an area targeted for improvement through Tax Increment Financing (TIF). TIF districts are assessed through property tax and financing options include

private activity revenue bonds, pay as you go, loans, special assessments and tax increment bonds.

Mandated/Authorized Transportation Services:

• The county commission is charged with laying out, constructing and maintaining all county roads in the unincorporated area of the county. The county may create road districts headed by an administrative board to oversee the maintenance of county infrastructure.

• Counties may create transportation authorities to provide public transportation – buses, rail and subways.

• Counties may create port authorities and rail authorities with the power to lay out, construct and maintain railways in the county.

## **Funding Sources for County Transportation Projects:**

• County’s general property tax is the main sources of funding for roads

• Title I SRS payments, PILT, Oil and Gas Revenues, Federal Mineral Royalty and voted property tax levies.  Additional Federal assistance includes Federal Land Access Program funds, off-system bridge funds and TIGER grants.  Counties also receive direct assistance from federal agencies such as the USFS and BLM under cost share agreements

• In addition to the local option tax on gasoline, counties also receive a portion of the revenues from state taxers on motor fuels that must be used for the construction and maintenance of roads.

• In addition to the local option tax on motor vehicles, counties receive a portion of certain fees charged by the state for licensing and registration.

• Montana has 36 transit providers receiving funds through the MDT-administered program providing operating and capital assistance for rural general public transportation services through Section 5311. Federal funds pay 54 percent of operating costs, 70 percent of administration costs, 80 percent of maintenance costs and 86 percent of capital costs, with the remaining funding coming from local recipients.

• Counties can receive state administered transit funding programs such as TransADE, for assistance to organizations providing transportations services to the elderly and persons with disabilities covering 54 percent of operating costs, 70 percent of administration costs and 80 percent of maintenance costs with state funds, with the remaining funding coming from the local recipient.

## **Challenges in Funding and Financing Transportation Projects:**

• The state is looking for ways to collect revenues from highway users with fuel efficient or electric vehicles. In 2010, lawmakers tried to pass legislation to apply the fuel tax to electric and hybrid plug-in vehicles in 2010, it did not pass.

## **Innovative Solutions to Funding and Financing Challenges**