

Department of Transportation
Budget No. 801
Senate Bill Nos . 2012, 2254; House Bill No. 1106

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriations	1,005.00	\$4,000,000	\$2,722,092,265	\$2,726,092,265
2025-27 base budget	1,001.00	0	1,749,752,645	1,749,752,645
Legislative increase (decrease) to base budget	4.00	\$4,000,000	\$972,339,620	\$976,339,620

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2025-27 legislative appropriations	\$0	\$4,000,000	\$4,000,000
2023-25 legislative appropriations	0	10,375,000	10,375,000
2025-27 legislative increase (decrease) to 2023-25 appropriations	\$0	(\$6,375,000)	(\$6,375,000)
Percentage increase (decrease) to 2023-25 appropriations	0.0%	(61.5%)	(61.5%)

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026		\$0	\$8,694,284	\$8,694,284
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,893 per month			5,889,434	5,889,434
Added funding to replace the 2023-25 biennium new and vacant FTE funding pool, including \$3,545,684 for new positions and \$14,863,018 for vacant positions			18,408,702	18,408,702
Added 1 FTE bridge load rating coordinator position	1.00		249,997	249,997
Added 1 FTE road maintenance position	1.00		203,003	203,003
Added 1 FTE local government assistance position	1.00		249,997	249,997
Added 1 FTE interoperable radio coordinator position	1.00		236,000	236,000

Transferred \$938,997 for new FTE positions and \$18,187,600 for estimated vacant FTE positions from the salaries and wages line item to the new and vacant FTE pool line item and reduced the amount to \$13,576,477 resulting in the savings as shown			(5,550,120)	(5,550,120)
Provided for budget adjustments and reductions as requested in the department's budget request			(21,621,679)	(21,621,679)
Added funding for a data management program			451,898	451,898
Added funding for information technology rate increases			4,022,016	4,022,016
Adjusted grant and spending authority for additional funds deposited in the flexible transportation fund			225,600,000	225,600,000
Increased spending authority for estimated local funds to be received for projects			3,800,000	3,800,000
Increased federal funds for estimated formula and discretionary federal funds			406,821,876	406,821,876
Increased State Fleet Services budget authorization			12,500,000	12,500,000
Added one-time funding for department facility improvements			5,970,000	5,970,000
Added one-time funding for an appointment system upgrade project			3,000,000	3,000,000
Added one-time funding for an inventory tracking system			350,000	350,000
Added one-time funding for a walking trail grant			100,000	100,000
Increased one-time funding for road maintenance costs			9,842,212	9,842,212
Added one-time funding for equipment purchases			5,872,000	5,872,000
Added one-time funding from the strategic investment and improvements fund (SIIF) for road projects			287,100,000	287,100,000
Added one-time funding from SIIF for a passenger rail compact grant			150,000	150,000
Added one-time funding for nonfixed transit provider grants (House Bill No. 1106)	2,000,000	0		2,000,000
Added one-time funding for fixed route city paratransit grants (Senate Bill No. 2254)	2,000,000	0		2,000,000
Total	<u>4.00</u>	<u>\$4,000,000</u>	<u>\$972,339,620</u>	<u>\$976,339,620</u>

FTE Changes

The Legislative Assembly approved 1,005.00 FTE positions for the Department of Transportation (DOT) for the 2025-27 biennium, an increase of 4.00 FTE positions from the 2023-25 biennium. The Legislative Assembly added 1 FTE bridge load rating coordinator, 1 FTE road maintenance position, 1 FTE local government assistance position, and 1 FTE interoperable radio coordinator.

One-Time Funding

The following is a summary of one-time funding items for DOT for the 2025-27 biennium:

	General Fund	Other Funds	Total
Facility improvements		\$5,970,000	\$5,970,000
Appointment system upgrade		3,000,000	3,000,000
Inventory tracking system		350,000	350,000
Walking trail grant		100,000	100,000
Increased maintenance costs		9,842,212	9,842,212
Equipment purchases		5,872,000	5,872,000
Highway projects (SIIF)		287,100,000	287,100,000
Passenger rail compact grant (SIIF)		150,000	150,000
Nonfixed transit provider grants	\$2,000,000		2,000,000
Fixed route city paratransit grants	2,000,000		2,000,000
Total	\$4,000,000	\$312,384,212	\$316,384,212

Highway Tax Distribution Fund

Section 12 of Senate Bill No. 2012 adjusts the percentage distributions from the highway tax distribution fund. The scheduled below details the current and revised distribution percentages and the amount of funding estimated to be allocated to the state highway fund, counties and cities, townships, and public transportation fund during the 2025-27 biennium based on the revised percentage distributions.

	Current	2025-27 Biennium	Estimated 2025-27 Allocations (in Millions)
State highway fund	61.3%	60.0%	\$363.5
Counties and cities	34.5%	35.0%	212.0
Township highway aid fund	2.7%	3.4%	20.6
Public transportation fund	1.5%	1.6%	9.7
Total	100.0%	100.0%	\$605.8

Flexible Transportation Fund

Current law provides that 25 percent of state funds deposited in the flexible transportation fund must be used for non-oil-producing county and township projects and the remaining 75 percent of funds can be used for any state or local project. Section 11 of Senate Bill No. 2012 provides for state funds deposited in the flexible transportation fund to be allocated for certain political subdivision grants and formula distributions. The schedule below details the percentage of state funds that must be used for specific purposes and the estimated 2025-27 biennium funding that will be allocated for each purpose.

	Percentage Allocation	Estimated 2025-27 Allocations (in Millions)
Undesignated state and local projects	21.0%	\$48.30
Non-oil county and city grants	19.5%	44.85
Non-oil county and city formula distributions	19.5%	44.85

Political subdivision bridge grants	17.5%	40.25
Non-oil township grants	13.5%	31.05
Non-oil township formula distributions	9.0%	20.70
Total	100.0%	\$230.00

State Funding for Road and Bridge Needs

The 2025 Legislative Assembly provided total funding of \$1,298.1 million from motor fuels taxes and registration fees, motor vehicle excise taxes, legacy fund earnings, and SIIF for road and bridge needs. The following schedule details major state funding provided for road and bridge needs for the 2025-27 biennium by the funding source.

Estimated 2025-27 Biennium State Funding for Road and Bridge Needs (in Millions)				
	Highway Tax Distribution Fund ¹	Flexible Transportation Fund	Highway Fund ¹	Total
Motor fuels taxes and registration fees	\$518.3			\$518.3
Motor vehicle excise taxes	87.5	\$87.5		175
Legacy fund earnings			\$175.2	175.2
SIIF		142.5	287.1	429.6
Total	\$605.8	\$230.0	\$462.3	\$1,298.1

¹Of the amounts estimated to be deposited in the highway tax distribution fund, a total of \$363.5 million will be allocated to the highway fund.

Other Sections in Senate Bill No. 2012

New and vacant FTE pool line item - Section 3 provides guidelines regarding the use of funding in the new and vacant FTE pool line item.

SIIF transfer - Section 4 transfers \$142.5 million from SIIF to the flexible transportation fund.

Line item transfers - Section 5 authorizes the Office of Management and Budget to transfer funds between the salaries and wages, operating expenses, capital assets, and grants line items as requested by DOT when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Legislative Council.

SIIF - Section 6 identifies funding from SIIF for highway projects (\$287.1 million) and for a passenger rail compact grant (\$150,000).

Municipal and county and township infrastructure fund - Section 7 identifies funding from the municipal infrastructure fund and county and township infrastructure fund for grants to political subdivision. Section 16 and 17 provide for half of the funding deposited in each fund to be distributed as grants to non-oil-producing political subdivisions.

Passenger rail compact - Section 10 authorizes DOT to enter agreements with the Big Sky Passenger Rail Authority to create a service development plan.

Flexible transportation fund - Section 11 adjusts the uses of the flexible transportation fund.

Highway tax distribution fund - Section 12 adjusts the allocations from the highway tax distribution fund.

Legacy earnings fund - Section 13 increases the percent of market value distributions from the legacy fund each biennium from 7 to 8 percent of the 5-year average value of the fund. The section also adjusts distributions from the legacy earnings fund to provide the first \$102.6 million is for bond payments and any remaining funds are allocated 25 percent to the highway fund and 75 percent to the legacy property tax relief fund. Sections 8 and 9 adjust cross-references to the legacy earnings fund.

Motor vehicle excise taxes - Section 14 adjusts allocations of motor vehicle excise taxes to provide 50 percent of collections are deposited in the general fund, the same as current law, but allocates 25 percent to the highway tax distribution fund, and 25 percent to the flexible transportation fund rather than 50 percent to the flexible transportation fund.

State share of oil and gas tax revenue deposits - Section 15 adjusts the order of deposit of the state share of oil and gas tax revenue to remove an allocation of \$400 million to SIIF and reduces the amount of funding deposited in the municipal infrastructure fund and county and township infrastructure fund from \$130 million to \$80 million for each fund.

Repealed sections - Section 18 repeals statutory sections related to the legacy earnings highway distribution fund and certain references to the legacy earnings fund.

US Highway 85 project - Section 19 provides for DOT to continue the US Highway 85 environmental review process for remaining portions of the highway that have not been four-laned. Section 22 provides for DOT to complete the US Highway 85 four-lane project between Highway 200 and the Long X Bridge.

Rest area agreement - Section 20 provides for DOT to review options to enter a cooperative agreement for the operation of the Painted Canyon visitor center.

Appliance purchases - Section 21 authorizes DOT to purchase kitchen appliances for use at department facilities.

Carryover authority - Section 23 authorizes DOT to continue unexpended appropriations into the 2025-27 biennium.

Related Legislation

House Bill No. 1053 - Length of state highway system - Removes the limitation that the state highway system may not exceed seven percent of the entire road mileage of the state.

House Bill No. 1056 - Oahe Reservoir bridge - Authorizes DOT to accept ownership of any bridge constructed over the Oahe Reservoir.

House Bill Nos. 1091, 1092, 1140, 1173, and 1212 and Senate Bill No. 2277 - Designated names for roads and bridges - Designates names for certain roads and bridges and provides DOT with a continuing appropriation to spend any funds donated for the placement of signs designating the names of the roads and bridges.

Senate Bill No. 2133 - Blackout license plates - Authorizes DOT to issue blackout license plates for an additional fee.