

DEPARTMENT OF TRANSPORTATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

Dept. of Livestock
Dept. of Natural Resources & Conservation
Dept. of Agriculture

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Agency Base Budget Comparison

Agency Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent		
PB	132.50	135.50	135.50	3.00	1.1%	
Proprietary Funds	48,869,640	60,115,286	60,116,281	22,492,287	23.0%	
Total Funds	48,869,640	60,115,286	60,116,281	22,492,287	23.0%	
Personal Services	12,149,765	12,316,082	12,342,184	358,736	1.5%	
Operating Expenses	20,683,545	23,762,874	23,737,767	6,133,551	14.8%	
Equipment & Intangible Assets	15,916,881	23,916,881	23,916,881	16,000,000	50.3%	
Debt Service	119,449	119,449	119,449		0.0%	
Total Expenditures	48,869,640	60,115,286	60,116,281	22,492,287	23.0%	
Total Ongoing	48,869,640	60,115,286	60,116,281	22,492,287	23.0%	
Total One-Time-Only					0.0%	

Agency Highlights

**Department of Transportation
Major Budget Highlights**

The Montana Department of Transportation’s (MDT) 2027 biennium non-budgeted proprietary appropriations are approximately \$22.5 million or 23.0% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling (\$730,765) for the biennium These include:
 - DP 1 - Personal services: (\$195,586)
 - DP 2 - Fixed costs: (\$535,053)
 - DP 3 - Inflation/Deflation: (\$126)
- Present law increases totaling \$22.7 million for the biennium. Major changes include:
 - DP 805 – Equipment replacement purchases: \$16.0 million
 - DP 808 – Equipment Repair Increase: \$6.7 million
- New proposals totaling \$568,722 for the biennium, an increase of 3.00 PB. Details of major changes include:
 - Equipment program
 - An increase of 3.00 PB and associated pay and benefits for traveling mechanic

Executive Request

Office of the Department of Transportation 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	48,869,640	80.2%	0	0	0	48,869,640	80.2%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(371,580)	(0.6%)	0	0	0	(359,185)	(0.6%)
Present Law (PL)	0	0	0	12,127,165	19.9%	0	0	0	12,127,165	19.9%
New Proposals	0	0	0	290,061	0.5%	0	0	0	278,661	0.5%
Total HB 2 Adjustments	0	0	0	12,045,646	19.8%	0	0	0	12,046,641	19.8%
Total Requested Budget	0	0	0	60,915,286		0	0	0	60,916,281	

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Transportation Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
06508 Highway Equipment - Int Svc.			105,326,547		105,326,547	38.8%
06506 Motor Pool - Int Svc			15,460,192		15,460,192	5.7%
06007 Yellowstone Airport			1,044,828		1,044,828	0.4%
Proprietary Fund Total	-	-	121,831,567	-	121,831,567	44.9%
Total of All Funds	-	-	121,831,567	149,668,156	271,499,723	
Percent of All Sources of Authority	0.0%	0.0%	44.9%	55.1%		

Non-Budgeted Proprietary Funds

The Motor Pool is funded with an internal service fund, which is a type of proprietary fund. Since all agencies in state government utilize motor pool, the legislature approves the maximum rate the program may charge agencies during the biennium. They are not the rates the program must charge.

The Equipment Program is also an internal service fund but as it only serves MDT, the rates are not required to be approved by the legislature. However, the 60-day working capital reserve must be approved by the legislature and then is included in section R of HB 2.

The Yellowstone Airport is discussed in the Aeronautics program.

Program Base Budget Comparison

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget FY 2026		Biennium Change from Base Amount		Percent
PB	7.00	7.00	7.00	0.00		0.0%
Proprietary Funds	7,017,678	6,932,413	6,927,779	(175,164)		(1.2%)
Total Funds	7,017,678	6,932,413	6,927,779	(175,164)		(1.2%)
Personal Services	623,178	619,434	620,621	(6,301)		(0.5%)
Operating Expenses	2,473,298	2,391,777	2,385,956	(168,863)		(3.4%)
Equipment & Intangible Assets	3,801,753	3,801,753	3,801,753			0.0%
Debt Service	119,449	119,449	119,449			0.0%
Total Expenditures	7,017,678	6,932,413	6,927,779	(175,164)		(1.2%)
Total Ongoing	7,017,678	6,932,413	6,927,779	(175,164)		(1.2%)
Total One-Time-Only						0.0%

Program Highlights

State Motor Pool Major Budget Highlights
<p>The State Motor Pool 2027 biennium non-budgeted proprietary appropriations are \$175,164 or 1.2% lower than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • The motor pool rates proposed by the executive are lower than the previous biennium due to a decrease in fuel prices <ul style="list-style-type: none"> ◦ Although the usage rate has declined due to fuel price changes, the assigned rate rose due to increases in vehicle purchase prices. Rates have decreased overall ◦ Increased vehicle purchase prices are reflected in increased operating costs • Statewide present law adjustments total (\$175,164) for the biennium <ul style="list-style-type: none"> ◦ DP 1 - Personal Services: (\$6,301) ◦ DP 2 - Fixed Costs (\$168,863)

Executive Request

State Motor Pool 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	7,017,678	90.8%	0	0	0	7,017,678	90.8%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(85,265)	(1.1%)	0	0	0	(89,899)	(1.2%)
Present Law (PL)	0	0	0	800,000	10.3%	0	0	0	800,000	10.4%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	714,735	9.2%	0	0	0	710,101	9.2%
Total Requested Budget	0	0	0	7,732,413		0	0	0	7,727,779	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 07-State Motor Pool Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06506 Motor Pool - Int Svc	0	0	15,460,192	0	15,460,192	100.0%	
Proprietary Total	\$0	\$0	\$15,460,192	\$0	\$15,460,192	100.0%	
Total All Funds	\$0	\$0	\$15,460,192	\$0	\$15,460,192		

Non-Budgeted Proprietary Funds

Funding for the state motor pool is generated through rental and lease fees charged to the state agencies, which are deposited in a proprietary fund.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	612,549	614,731	623,178	619,434	620,621
Operating Expenses	2,953,741	2,992,846	2,473,298	3,191,777	3,185,956
Equipment & Intangible Assets	4,815,977	4,816,753	3,801,753	3,801,753	3,801,753
Debt Service	416,498	454,449	119,449	119,449	119,449
Total Expenditures	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Proprietary Funds	8,798,765	8,878,779	7,017,678	7,732,413	7,727,779
Total Funds	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Total Ongoing	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies statewide.

Section 2-17-411, MCA, establishes that the Department of Transportation’s Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, Attorney General, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business but is encouraged in the Montana Operations Manual (MOM). Other options for state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. The rate for the use of personal vehicles for state business travel are set by the Internal Revenue Service for the current year if the State employee qualifies according to the conditions as discussed in the Employee Travel policy of the MOM manual.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Appropriations for FY 2024 were 99.1% expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall appropriations for FY 2025 are 21.0% or \$1.9 million below FY 2024 appropriations. The main difference is in equipment and intangible assets which is \$1.0 million lower in FY 2025 than FY 2024. The program currently plans to spend \$3.8 million on auto purchases in FY 2025, the same amount as FY 2023. Other differences include debt service which is 73.7% or \$335,000 lower in FY 2025. Operating expenses in FY 2025 are 17.4% or \$519,548 lower in FY 2025. In FY 2024 aircraft repairs and other expenses were performed that are not expected in FY 2025.

Motor Pool Program - 06506

Proprietary Program Revenues and Expenses

Program revenues are generated through vehicle rental fees charged to the state agencies. Vehicle rental fees come from two service classes: 1) short-term rentals; and 2) long-term leases. On occasion, the program receives revenues resulting from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies.

Proprietary Rates

As shown in the figure, the State Motor Pool rental rates are based on a dual rate structure. Users pay a usage rate and an assigned rate. The usage rate is charged for actual miles driven and allows the program to recover costs directly related to the operation of the vehicle, such as repairs, parts, fuel, lubricants, and tires. The assigned rate is charged for hours the vehicle was used and allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and utilities. The dual rate structure provides: 1) more stable revenue to make loan payments and other cost obligations; and 2) equity among all vehicle classes so that one vehicle class does not subsidize another vehicle class. The rates approved by the legislature are the maximum the program may charge during the biennium, not the rates the program must charge. When approved by the Legislature, the rates are included in HB 2, Section R.

Proposed Motor Pool Rates									
Class	FY 2026				Class	FY2027			
	Assigned Rate	Usage Rate				Assigned Rate	Usage Rate		
		3.47/gal	3.97/gal	4.47/gal			3.47/gal	3.97/gal	4.47/gal
02	1.361	0.181	0.202	0.223	02	1.432	0.181	0.202	0.223
04	1.283	0.279	0.311	0.343	04	1.607	0.281	0.312	0.344
05	1.292	0.137	0.152	0.166	05	1.390	0.132	0.146	0.160
06	1.004	0.184	0.204	0.225	06	1.025	0.186	0.206	0.226
07	0.528	0.291	0.322	0.354	07	0.531	0.317	0.349	0.380
11	1.911	0.257	0.289	0.321	11	1.884	0.257	0.289	0.321
12	1.161	0.238	0.264	0.290	12	1.236	0.239	0.265	0.292

Proposed Beechcraft King Air Rental Rate
(Cost per flight hour)

FY 2024	FY 2025
1,487.61	1,538.66

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	Fiscal 2026					Fiscal 2027				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(3,744)	0.00	0	0	0	(2,557)
DP 2 - Fixed Costs	0.00	0	0	0	(81,521)	0.00	0	0	0	(87,342)
DP 705 - Operations Budget Increase	0.00	0	0	0	800,000	0.00	0	0	0	800,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$714,735	0.00	\$0	\$0	\$0	\$710,101

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive budget includes adjustments to the present law personal services budget. This has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

DP 2 - Fixed Costs -

The executive budget includes adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 705 - Operations Budget Increase -

This change will increase the operations budget for the program in order to cover increases in the cost of repair parts and services to the motor pool fleet.

Program Base Budget Comparison

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
FTE	123.00	126.00	126.00	3.00	1.2%
Proprietary Funds	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total Funds	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Personal Services	11,270,287	11,440,980	11,465,690	366,096	1.6%
Operating Expenses	17,941,929	21,104,595	21,085,026	6,305,763	17.6%
Equipment & Intangible Assets	12,115,128	20,115,128	20,115,128	16,000,000	66.0%
Total Expenditures	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total Ongoing	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total One-Time-Only					0.0%

Program Highlights

Equipment Program Major Budget Highlights
<p>The Equipment Program's 2027 biennium non-budgeted proprietary appropriations are approximately \$22.7 million or 27.4% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law adjustments total (\$551,193) for the biennium, 100% proprietary <ul style="list-style-type: none"> ◦ DP 1 - Personal services: (\$188,226) ◦ DP 2 - Fixed costs: (\$362,841) ◦ DP 3 - Inflation/deflation: (\$126) • Present law adjustments total \$22.7 million, 100% proprietary <ul style="list-style-type: none"> ◦ DP 805 - Equipment replacement purchases: \$16.0 million ◦ DP 808 - Equipment repair increase: \$6.7 million • New proposal adjustments total \$568,722 and 3.00 PB <ul style="list-style-type: none"> ◦ DP 809 - Traveling Mechanics: \$568,722 and 3.00 PB to replace modified positions with permanent funding for PB

Executive Request

Equipment Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	41,327,344	78.5%	0	0	0	41,327,344	78.5%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(283,867)	(0.5%)	0	0	0	(267,326)	(0.5%)
Present Law (PL)	0	0	0	11,327,165	21.5%	0	0	0	11,327,165	21.5%
New Proposals	0	0	0	290,061	0.6%	0	0	0	278,661	0.5%
Total HB 2 Adjustments	0	0	0	11,333,359	21.5%	0	0	0	11,338,500	21.5%
Total Requested Budget	0	0	0	52,660,703		0	0	0	52,665,844	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 08-Equipment Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06508 Highway Equipment - Int Svc.	0	0	105,326,547	0	105,326,547	100.0%	
Proprietary Total	\$0	\$0	\$105,326,547	\$0	\$105,326,547	100.0%	
Total All Funds	\$0	\$0	\$105,326,547	\$0	\$105,326,547		

Non-Budgeted Proprietary Funds

Funding for the Equipment Program is generated through user fees charged to programs and divisions in MDT, which are deposited in a proprietary fund. The source for the majority of funding for this program are state special funds, this is because the Maintenance Program is the primary customer of the Equipment Program.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
FTE	0.00	123.00	123.00	126.00	126.00
Personal Services	10,686,489	10,746,310	11,270,287	11,440,980	11,465,690
Operating Expenses	18,743,543	18,740,225	17,941,929	21,104,595	21,085,026
Equipment & Intangible Assets	10,596,111	10,865,128	12,115,128	20,115,128	20,115,128
Total Expenditures	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Proprietary Funds	40,026,143	40,351,663	41,327,344	52,660,703	52,665,844
Total Funds	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Total Ongoing	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The Equipment Program is responsible for the acquisition, repair, maintenance, and disposal of a fleet of approximately 4,700 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively the various programs within the Montana Department of Transportation (MDT), such as Construction, Motor Carrier Services, Maintenance, and Rail, Transit and Planning use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

The Equipment Program is funded under the rules and guidelines of HB 576. No specific statutory authority is established for the program as the program is strictly internal to the Department of Transportation and is not used by any outside entity.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Appropriations for FY 2024 were 99.2% expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall appropriations for FY 2025 are 2.4% or approximately \$1.0 million greater than FY 2024. The primary increase was in equipment and intangible assets which is 11.5% greater in FY 2025 due to equipment purchases and major maintenance. Personal services is 4.9% higher due to pay plan increases.

Equipment Program – 06508

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Equipment Program			
	Fund	Fund Name					
	06508	Highway Equipment - Int Svc.					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		32,075,096	38,830,064	44,206,682	40,339,553	52,660,703	52,665,844
Total Operating Revenues							
		32,075,096	38,830,064	44,206,682	40,339,553	52,660,703	52,665,844
Expenses:							
Personal Services							
		8,804,818	10,111,236	10,483,695	11,270,287	11,440,980	11,465,690
Other Operating Expenses							
		25,328,277	28,702,812	25,861,279	30,057,057	41,219,723	41,200,154
Total Operating Expenses							
		34,133,095	38,814,048	36,344,974	41,327,344	52,660,703	52,665,844
Operating Income (Loss)							
		(2,057,999)	16,016	7,861,708	(987,791)	-	-
Nonoperating Revenues:							
Other Revenue A							
		2,474,991	2,262,039	2,225,567	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		2,474,991	2,262,039	2,225,567	-	-	-
Income (Loss) Before Contributions and Transfers							
		416,992	2,278,055	10,087,275	(987,791)	-	-
Change in Net Position							
		416,992	2,278,055	10,087,275	(987,791)	-	-
Beginning Net Position - July 1							
		78,750,077	79,167,069	81,445,124	91,532,399	90,544,608	90,544,608
Change in Net Position							
		416,992	2,278,055	10,087,275	(987,791)	-	-
Ending Net Position - June 30							
		79,167,069	81,445,124	91,532,399	90,544,608	90,544,608	90,544,608
Net Position (Fund Balance) Analysis							

Expenses

Program costs for FY 2024 include:

- Personal services for 123.00 PB of \$10.5 million or 26.7% of total expenditures
- Operating expenses of \$18.4 million or 46.9% of total expenditures
- Equipment and intangible assets of \$10.6 million for repairs and purchases, 26.5% of total expenditures

Changes between the 2025 biennium budget and the 2027 biennium budget include:

- Personal services – projected to increase by 1.6% and 3.00 PB
- Operating expenses – projected to increase by 17.6%
- Equipment purchases – projected to increase by 66% or \$16.0 million

Revenues

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from accidents caused by an outside party. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload and travel requirements of the various department users. The rental rates will be set to recover revenue to meet the program's obligations.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	Fiscal 2026				Fiscal 2027					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(106,468)	0.00	0	0	0	(81,758)
DP 2 - Fixed Costs	0.00	0	0	0	(177,324)	0.00	0	0	0	(185,517)
DP 3 - Inflation Deflation	0.00	0	0	0	(75)	0.00	0	0	0	(51)
DP 805 - Equipment Replacement Purchases	0.00	0	0	0	8,000,000	0.00	0	0	0	8,000,000
DP 808 - Equipment Repair Increase	0.00	0	0	0	3,327,165	0.00	0	0	0	3,327,165
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$11,043,298	0.00	\$0	\$0	\$0	\$11,059,839

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive budget includes adjustments to the present law personal services budget. This has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive budget includes adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive budget includes adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 805 - Equipment Replacement Purchases -

The executive budget includes an adjustment to replace equipment and vehicles.

DP 808 - Equipment Repair Increase -

The executive budget includes an adjustment due to the increase of cost in repair for aging vehicles and equipment.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 809 - Traveling Mechanics	3.00	0	0	0	290,061	3.00	0	0	0	278,661
Total	3.00	\$0	\$0	\$0	\$290,061	3.00	\$0	\$0	\$0	\$278,661

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 809 - Traveling Mechanics -

The executive budget includes an increase in the equipment proprietary fund appropriation for FY 2026 and FY 2027 in order to convert three modified positions to permanently funded PB.

Program Base Budget Comparison

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget		Biennium Change from Base		
		FY 2026	FY 2027	Amount	Percent	
FTE	2.50	2.50	2.50	0.00	0.0%	
Proprietary Funds	524,618	522,170	522,658	(4,408)	(0.4%)	
Total Funds	524,618	522,170	522,658	(4,408)	(0.4%)	
Personal Services	256,300	255,668	255,873	(1,059)	(0.2%)	
Operating Expenses	268,318	266,502	266,785	(3,349)	(0.6%)	
Total Expenditures	524,618	522,170	522,658	(4,408)	(0.4%)	
Total Ongoing	524,618	522,170	522,658	(4,408)	(0.4%)	
Total One-Time-Only					0.0%	

Program Highlights

Aeronautics Program Major Budget Highlights
<p>The Aeronautics Program's 2027 biennium non-budgeted appropriations are approximately \$218,000 or 3.2% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law increase totaling \$218,428 for the biennium, 2.6% federal, 97.4% state special <ul style="list-style-type: none"> ◦ DP 1 - Personal services: \$230,477 for the biennium ◦ DP 2 - Fixed costs: (\$11,994) for the biennium ◦ DP 3 - Inflation/Deflation (\$55) for the biennium

Executive Request

Aeronautics Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	524,618	100.5%	0	0	0	524,618	100.4%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(2,448)	(0.5%)	0	0	0	(1,960)	(0.4%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	(2,448)	(0.5%)	0	0	0	(1,960)	(0.4%)
Total Requested Budget	0	0	0	522,170		0	0	0	522,658	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
02287 Aeronautical Grant Account	0	0	0	5,799,882	5,799,882	100.0%
State Special Total	\$0	\$0	\$0	\$5,799,882	\$5,799,882	84.7%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
06007 Yellowstone Airport	0	0	1,044,828	0	1,044,828	100.0%
Proprietary Total	\$0	\$0	\$1,044,828	\$0	\$1,044,828	15.3%
Total All Funds	\$0	\$0	\$1,044,828	\$5,799,882	\$6,844,710	

HB 2 Appropriations

The Aeronautics program is funded with state and federal special revenues. State special revenue funds are derived primarily from state aviation fuel taxes and aircraft registration fees. Federal special revenue comes from Federal Aviation Administration grants.

Statutory Appropriations

The statutorily appropriated Aeronautical Grant Account receives most of its funding from 90% of a 4.5 cent per gallon tax on aviation fuel, and provides funding for grants to Montana communities for aviation related projects.

Non-Budgeted Proprietary Funds

The Yellowstone Airport enterprise program, is supported by proprietary funding and is a not budgeted in HB 2.

Yellowstone Airport – 06007

Program Description

The Yellowstone Airport located two miles north of the Town of West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. The airport is closed during the winter months, conducting limited snow removal in fringe seasons. The airport is typically open for six months each year with seasonal commercial air service provided by SkyWest Air Lines dba Delta Connection and SkyWest Air Lines dba United Express from early-May to mid-October. The airport accomplishes its mission with facilities to accommodate all sized aircraft and operations ranging from large four engine commercial service jets to small single engine aircraft.

Airside facilities at the airport include an 8,400' runway and taxiway, as well as large parking apron and hangar areas for all types of aircraft operations. The runway is equipped with a precision approach instrument landing system (ILS) and a GPS approach accommodating air traffic even during inclement weather conditions. The airport also supports and maintains an Automated Weather Observing System (AWOS) which reports directly to the National Weather Service (NWS) and broadcasts locally to air traffic over a VHF transmission. Other airport facilities include a commercial terminal building with tenants that include a restaurant, rental car agencies, Transportation Security Administration (TSA) offices, airline offices, and airport administration and operations. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operator (FBO), an air ambulance base, and Airport Rescue Fire Fighting (ARFF) services. The US Forest Service operates an inter-agency fire control center with direct through the fence access to the airfield. A wildlife fence surrounds the entire airport property.

Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2027 biennium to keep the airport in compliance with FAA mandates and advisory circulars. The Yellowstone Airport is an enterprise proprietary fund. There is one airport manager who works full time, year-round. The airport also has two other employees, an airport operation chief and an airport fire fighter/maintenance specialist who are employed seasonally.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Aeronautics Program			
	Fund	Fund Name					
	06007	Yellowstone Airport					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		83,820	52,877	67,229	652,207	612,207	612,207
Other Operating Revenue		532,034	592,458	500,496	-	-	-
Total Operating Revenues		615,854	645,335	567,725	652,207	612,207	612,207
Expenses:							
Personal Services		(12,342)	26,931	83,603	256,300	255,668	255,873
Other Operating Expenses		514,705	532,271	640,983	268,318	266,502	266,785
Expense B		(90,750)	90,750	-	-	-	-
Expense C		(1,567,428)	-	398,260	-	-	-
Total Operating Expenses		(1,155,815)	649,952	1,122,846	524,618	522,170	522,658
Operating Income (Loss)		1,771,669	(4,617)	(555,121)	127,589	90,037	89,549
Nonoperating Revenues:							
Other Revenue A		1,015	24,939	136,351	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		1,015	24,939	136,351	-	-	-
Income (Loss) Before Contributions and Transfers		1,772,684	20,322	(418,770)	127,589	90,037	89,549
Capital Contributions		23,764	90,750	31,390,198	-	-	-
Change in Net Position		1,796,448	111,072	30,971,428	127,589	90,037	89,549
Beginning Net Position - July 1		10,557,635	12,354,083	12,465,155	43,436,583	43,564,172	43,654,209
Change in Net Position		1,796,448	111,072	30,971,428	127,589	90,037	89,549
Ending Net Position - June 30		12,354,083	12,465,155	43,436,583	43,564,172	43,654,209	43,743,758
Net Position (Fund Balance) Analysis							

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
FTE	0.00	2.50	2.50	2.50	2.50
Personal Services	84,533	245,219	256,300	255,668	255,873
Operating Expenses	128,882	240,282	268,318	266,502	266,785
Equipment & Intangible Assets	24,187	25,269	0	0	0
Total Expenditures	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Proprietary Funds	237,602	510,770	524,618	522,170	522,658
Total Funds	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Total Ongoing	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Aeronautics Program: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations; 4) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 5) coordinates and supervises aerial search and rescue operations.

The program administers a loan and grant program to airport sponsors to fund airport improvement projects. The Aeronautics Board approves loan and grant requests.

The program serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), US Forest Service, other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities and to support general aviation operations.

The program is also responsible for operation of the commercial service airport just north of West Yellowstone, MT and for 13 other state-owned or operated airports.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Aeronautics Program expended 46.5% of its FY 2024 non-budgeted appropriation. The personal services appropriation of \$245,219 was 34.5% expended, most of the personal services recently has recently been covered with federal CARES Act Operating and Maintenance (O and M) funds rather than planned proprietary funding. The operating expense budget was 53.6% expended for similar reasons.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 2.7% greater than the FY 2024 appropriation. The main difference is that there are no planned equipment purchases in FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(632)	0.00	0	0	0	(427)
DP 2 - Fixed Costs	0.00	0	0	0	(1,816)	0.00	0	0	0	(1,533)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$2,448)	0.00	\$0	\$0	\$0	(\$1,960)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.