

# Kickoff Meeting

October 9, 2024

## Attendance

- Vaneza Callejas (Research Project Manager)
- Kendra Smith (Technical Panel Chair)
- Dorianne Minkoff (Technical Panel Member)
- Nicole Pallister (Technical Panel Member)
- David Kack (Montana State University)
- Alice Beattie (High Street Consulting Group)
- Mark Egge (High Street Consulting Group)
- Ryan Loos (High Street Consulting Group)
- Donner Kahl (High Street Consulting Group)

## Introductions & Roles

- Vaneza Callejas is a MDT consultant that has been helping manage research projects.
  - Specializes as liaison and administrator for research projects
  - Will act as the go-between for the Technical Panel and High Street Consulting
- Kendra Smith is the MDT Transportation Funding & Finance Supervisor and oversees all things motor fuel tax
- Dorianne Minkoff is an analyst who focuses on revenue forecasting
- Nicol Pallister is the CFO for the department
- David Kack works at MSU's Western Transportation Institute and has done various research projects for MDT in the past
- Alice Beattie will be the project manager
- Mark Egge will be the technical expert
- Ryan Loos will be the data scientist lead
- Donner Kahl will be the lead analyst

# Meeting Notes

## Project Management

- Covered by Vaneza
- Vaneza will do a 1:1 with Alice to cover additional PM material
- Vaneza has shared various guiding documents (available [here](#)) with Alice that cover formatting

## Scope & Schedule

- MDT agrees with existing schedule and would prefer to have the project done in December 2025 ahead of the March 2026 legislative sessions, which begins January 2026
  - Would like this report to inform the session and need time to draft legislation
  - Would like as much information as possible ahead of September 2025 committee meetings, but a final report is not needed by then
  - The purpose of the project is to help inform policy
- Task 3 is what Kendra & Nicole are most interested in
  - Task 3 includes: J. Analyze peer state best practices; G. Identify and explain transportation funding alternatives; H. Develop implementation and trade off tool; I. Evaluate costs and flaws; K. Develop cost benefit report; & L. Analyze projected decline in motor fuel and GVW fee receipts

## Task Overview

- I. Evaluate the Present
  - a. Collect transportation funding data
  - b. Put it in context: trends & how they change over time
  - c. Solidify assumptions & understand any in the data received
- II. Forecast the Future
  - a. From the current landscape, develop the baseline forecast
  - b. Build models and understand how assumptions can change forecasts
- III. Propose Transportation Funding Solutions
  - a. Identify peer states
    - I. Research Team will coordinate with MDT about which peer agencies, MDT personnel, etc. it would be helpful to discuss
  - b. Document different strategies & fit recommended ones to Montana
    - I. David at WTI will help evaluate alternatives & implications
      - I. Seek to understand the impact on funding with an interactive tool
      - II. Will make sure to consider fatal flaws (risks) and equity (rural vs urban; resident vs tourist; commercial vs passenger)
- IV. Hand Over Deliverables

- a. Tool format will be solidified later in the project

## Data Source Requests

- MDT does not have gas sold but has data on reported distributor gallons. These gallons are reported at the distributor level and not at fuel station level.
- Vehicle registration may be difficult due to registration fees going to the general fund and a new system
  - May have to pay for the data although the panel had received EV and Hybrid not long ago without paying a fee
- Montana has a permanent registration for vehicles, meaning after a certain period (~10 years) vehicles don't have to be re-registered
- Unlikely that non electric or hybrid vehicle registration fees would ever be transferred to MDT from the general fund
  - Could include in the suggested recommendations though
  - Could include GVW fees for EVs and Hybrids

## Political Considerations

- In response to asking about political obstacles, the panel responded "no" in order to avoid limiting research team recommendations
  - One sensitivity noted was GVW due to the trucking industry
  - Trucking industry will not want to increase fees although it has not increased since 1993 and truck traffic has gotten heavier & more frequent
- If a revenue increase via a fuel tax increase, or new tax is requested, there will be a lot of questions around "why"
- There is resistance to road usage charging (RUC), due to lack of understanding or misconceptions
  - Privacy issue and concern that rural areas get charged more
  - MDT is an observing state; has done other research, doing some pilot work with Washington but it focuses on Western States RUC model research rather than Montana specific
  - Collecting via fuel tax by distributors is easier as the system is already in place; RUC would be difficult due to size of state

## Additional Data Sources

- MDT has no immediate supplemental datasets in mind
- Has an economist on staff that could be a resource
- Used to have REMI but do not think they still have access

- Tourism data would be helpful
- Has a monthly revenue meeting and motor carrier meeting which can help with getting GVW data
  - Will have lots of permit data
- University of Montana has Bureau of Business and Econ Research; may have useful data
- What date range would be best for data? Specifically, in regard to gallonage distribution
  - At least 2010 to current

## Communication & File Sharing

- Vaneza has set up the next 2 monthly check-ins and will handle setting up additional ones
- High Street will submit deliverables through Montana's official file transfer service
- Panel will investigate setting up a Teams for easier file sharing and quick communications with official communications going through official channels
  - Data can be shared directly with Project Team but official documents like deliverables will go through Vaneza
  - Some documents need to be tracked: when was it delivered, what were the revisions, when was it revised

**HIGH STREET**

# Transportation Funding Research

Montana Department of Transportation

Project No. 10404-954

October 9, 2024



# Agenda

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**Introductions**



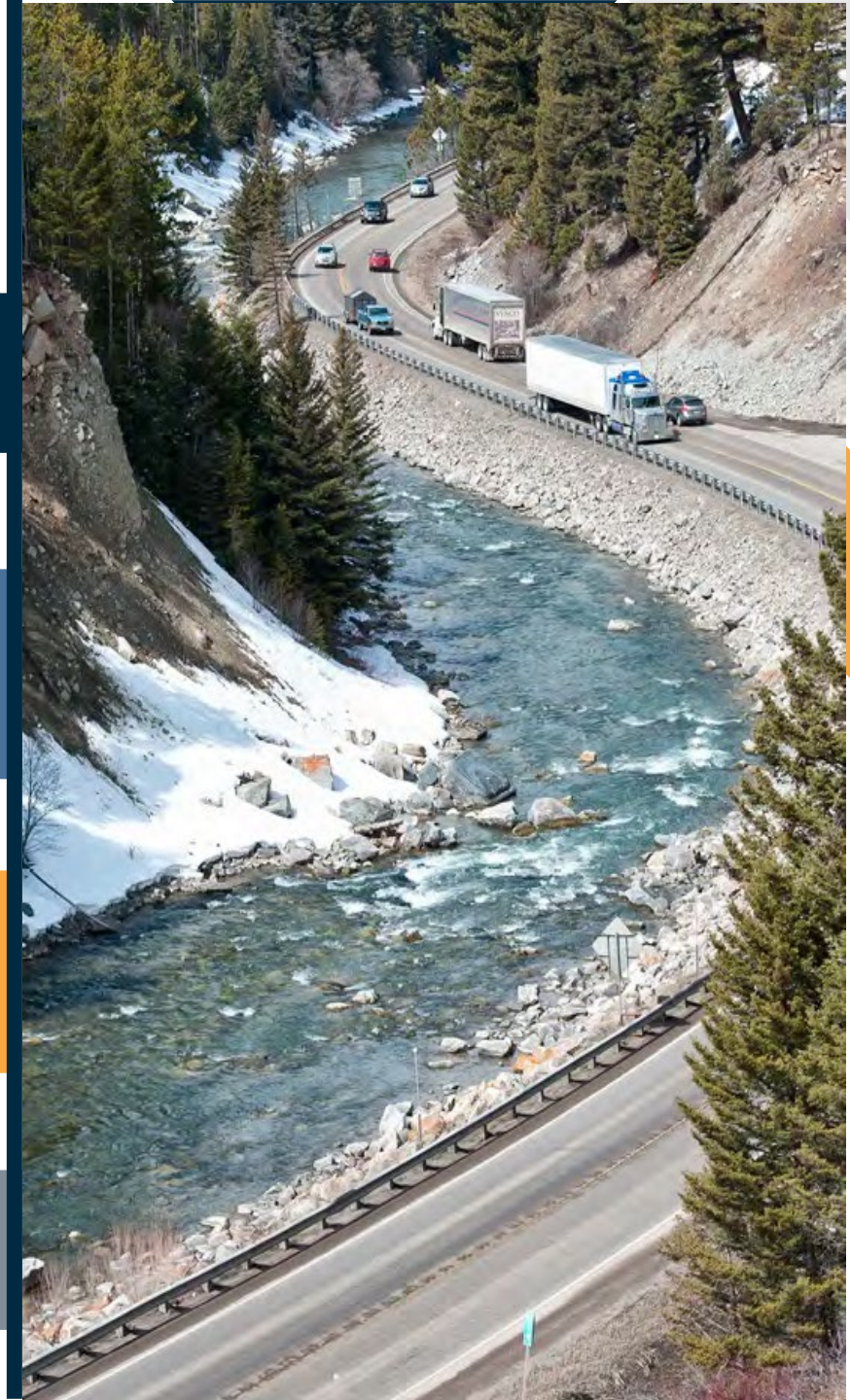
**Project Management**



**Scope & Schedule**



**Discussion & Next Steps**



# Introductions



Kendra Smith, Panel Chair

Panel Members:

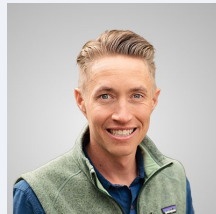
- Nicole Pallister
- Dorianne Minkoff

Vaneza Callejas, Research Project Manager

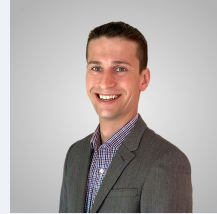
## HIGH STREET



**Alice Beattie**  
Project Manager



**Mark Egge**  
Lead Developer



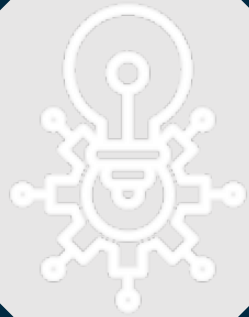
**Ryan Loos**  
Data Scientist



**Donner Kahl**  
Analyst



**David Kack**  
Researcher

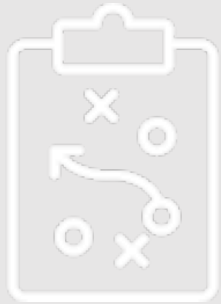


# Project Management

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Vaneza Callejas

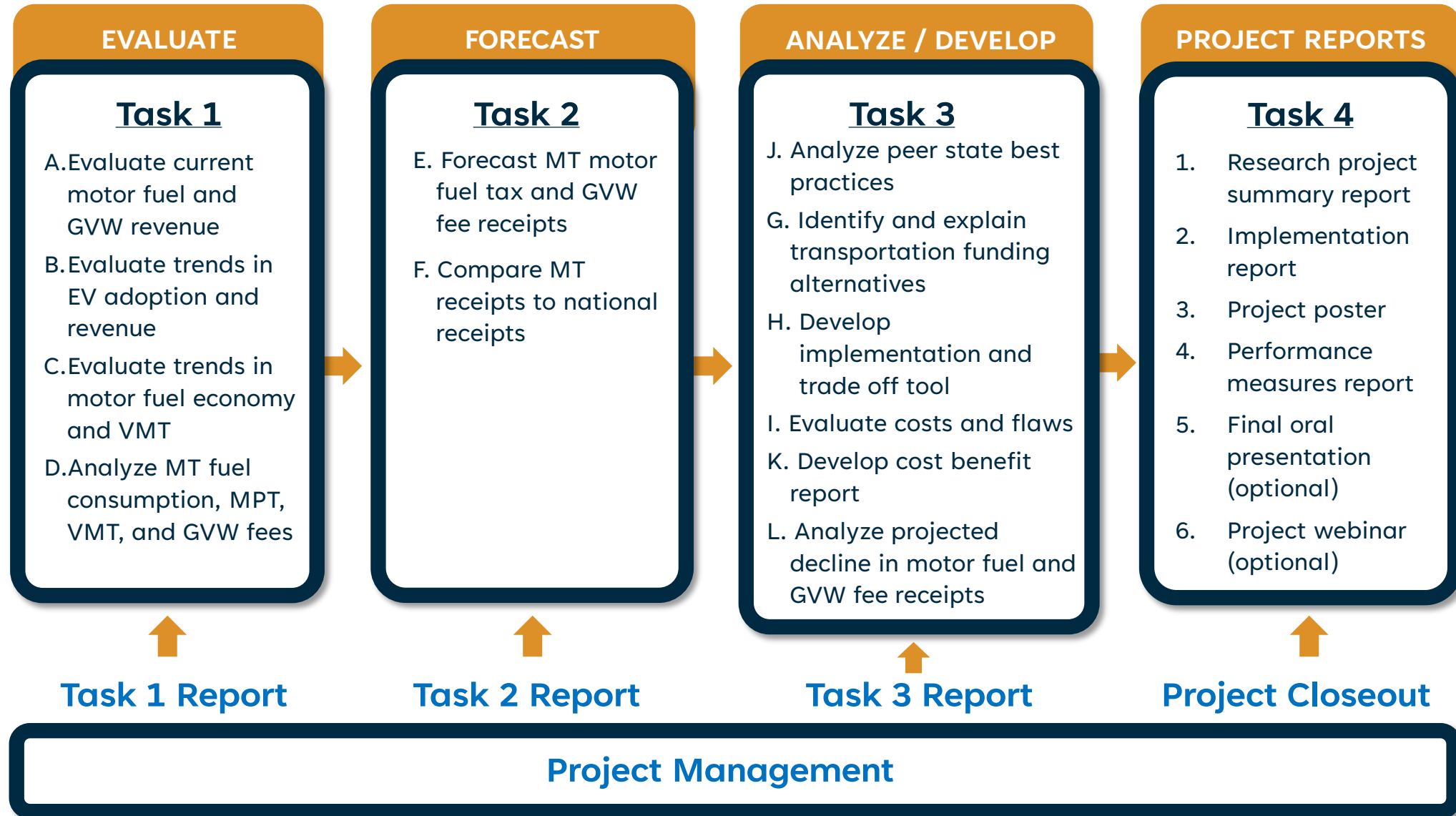




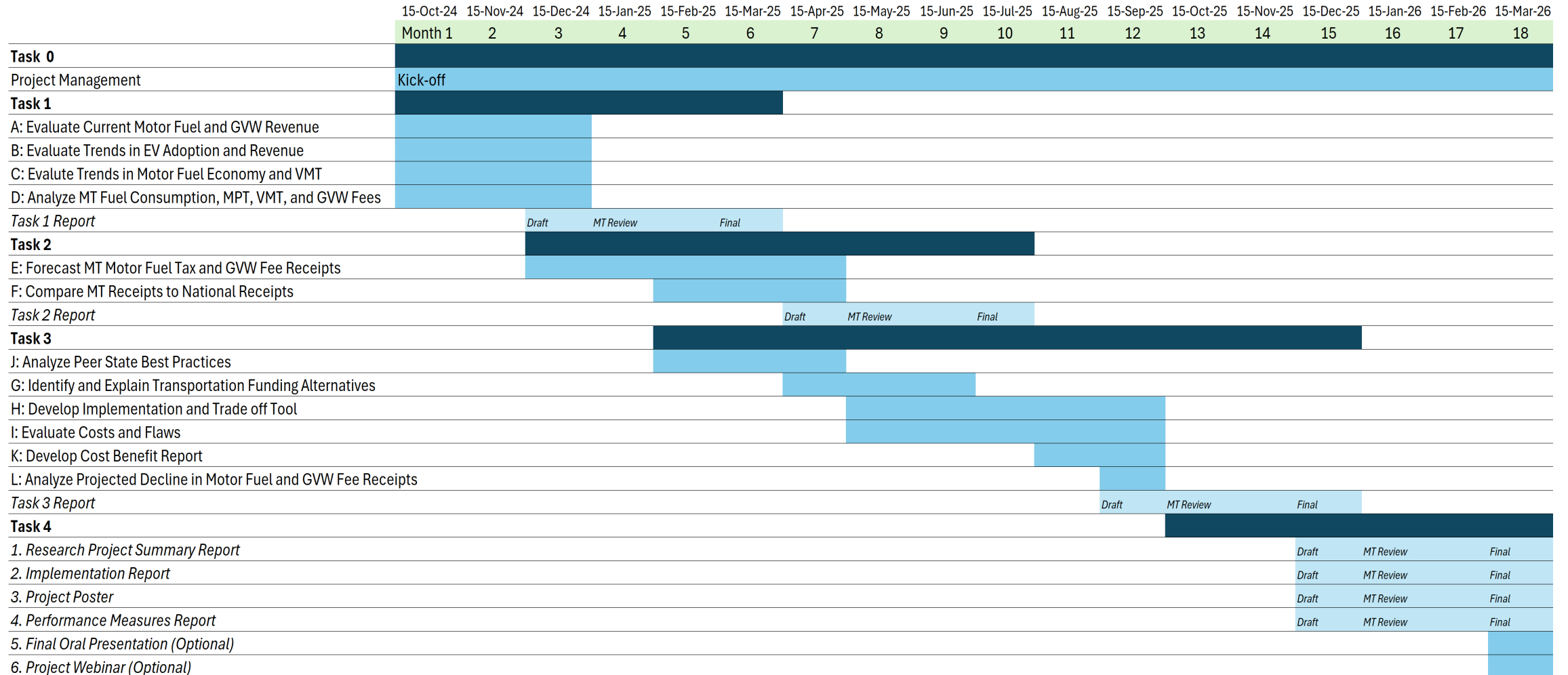
# Scope & Schedule

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# Approach



# Proposed Schedule



# Schedule - Discussion

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- Does the proposed schedule still align with MDT needs?
- Are there important intermediate dates the research team should keep in mind?

# Evaluate the Present

## Literature & Data Review

### Collect transportation funding data

- Fuel tax receipts
- Fuel sales
- Vehicle registration
- Vehicle miles traveled
- GVW fee collections
- GVW registrations
- Etc.

### Identify Montana trends

- Motor fuel and GVW revenues
- Motor fuel economy
- Alternative fuel, electric, and hybrid-electric vehicle adoption
- Vehicle miles traveled
- NorthWestern Energy EV Adoption research and Integrated Research Plan

We will also...

Identify  
best-available data

Define vehicle categories

Document assumptions

Cross check data

Establish contacts at MDT  
and other state agencies

# Forecast the Future

We will build off existing work to create revenue forecasts

## Propose external variables

For example:

- National or statewide economic indicators
- Statewide data (population, GSP, etc.)
- Tourism forecasts
- COVID-19 impacts

## Develop baseline revenue model

Represent historic relationship(s) between motor fuel and GVW revenues and VMT, fuel economy, EV adoption, and other identified variables

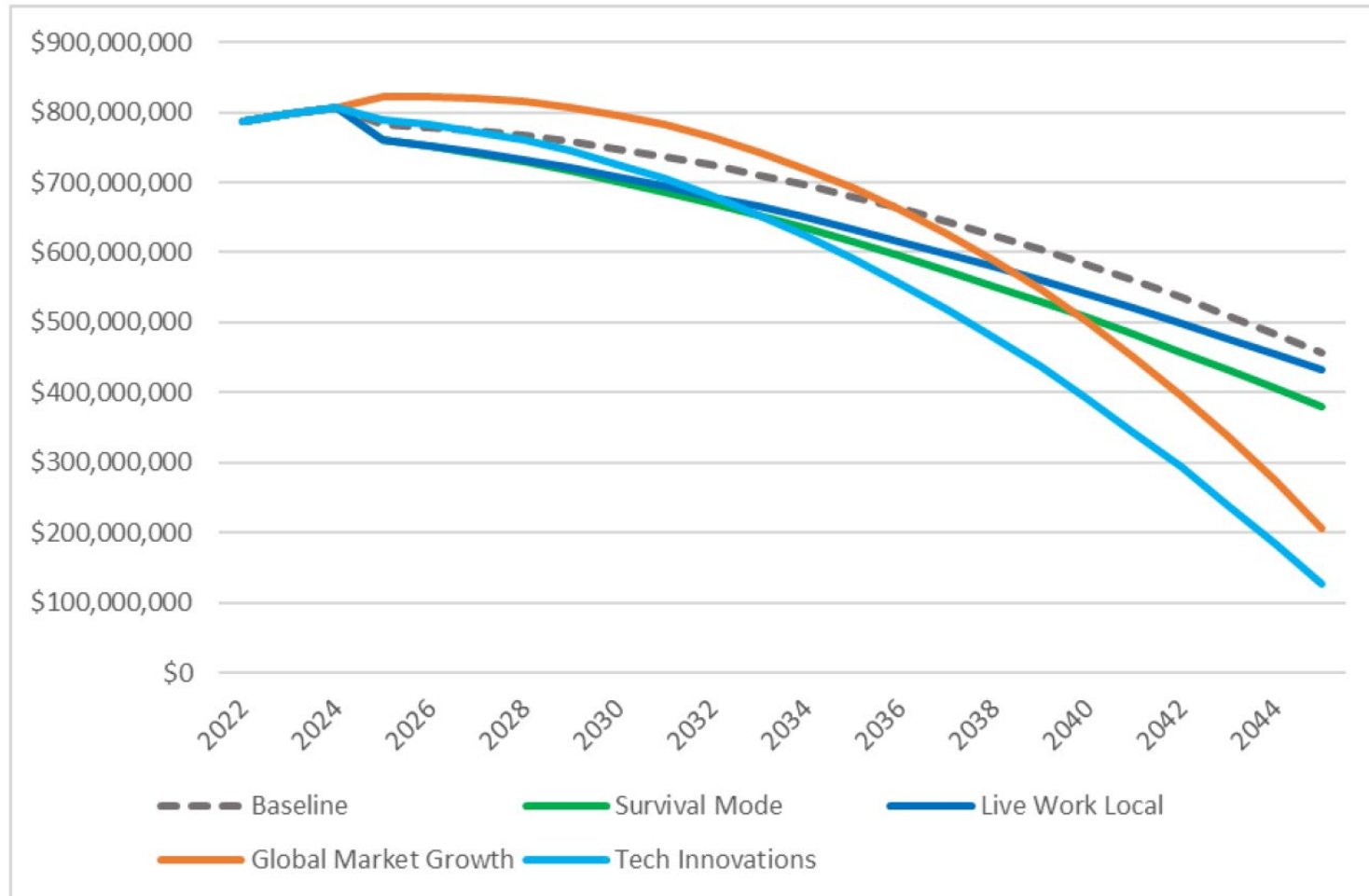
## Develop scenarios

Evaluate revenue in different future scenarios, e.g. varying

- Fuel economy
- Population
- Alt. fuel adoption
- VMT
- Vehicle weights
- Vehicle ages/turnover
- Others....

# Explore Scenarios

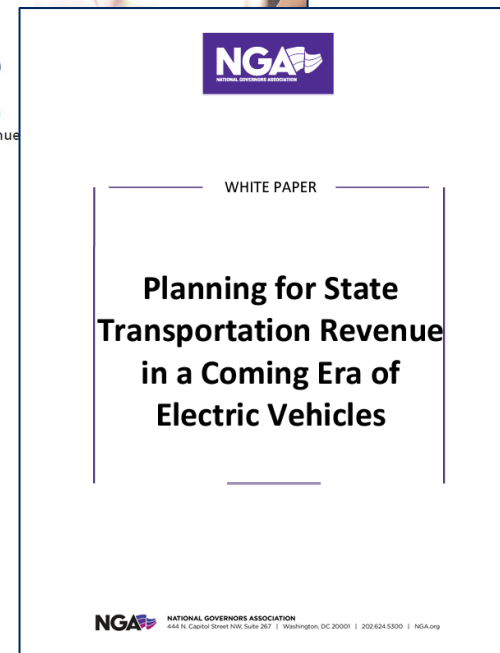
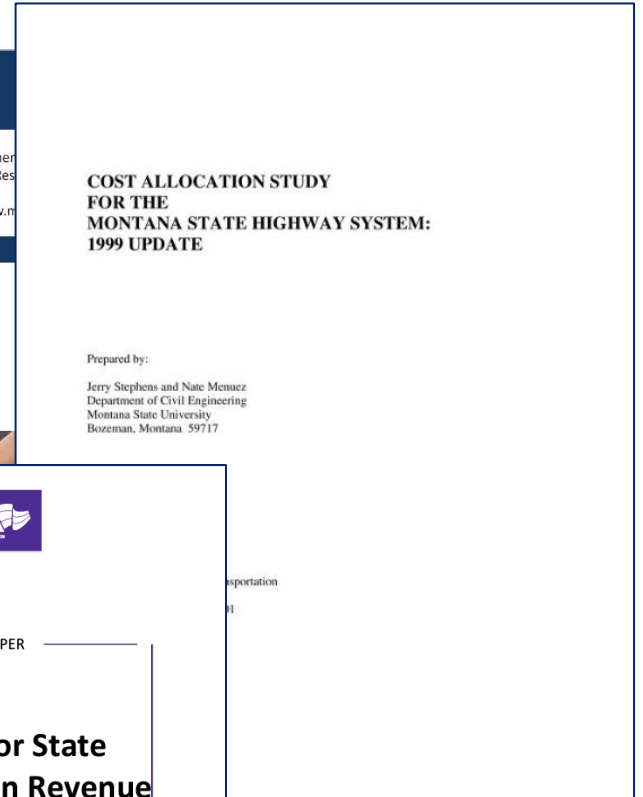
Figure 8: Motor Fuel Taxes by Scenario (Nominal)



Example Scenario Output – Kentucky Revenue Forecast (2022)

# Propose Transportation Funding Solutions

- Identify peer states based on factors of interest to MDT, e.g.:
  - Population distribution
  - Culture
  - Travel behavior
  - Tourism
  - Climate/weather
  - Other attributes
- Document peer state transportation funding options and best practices
- Identify potential alternative funding solutions





# Evaluate Alternatives and Implications

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Evaluate and document funding solution tradeoffs in a Montana-specific context

- Implementation, social, and economic costs and benefits
  - Equity considerations (rural/urban, resident/tourist, commercial/passenger, alt. fuel/ICE vehicle owners, etc.)
  - Fatal flaws
- Each alternative's impact on funding
- Document through implementation tool and task report

# Scenario Tool

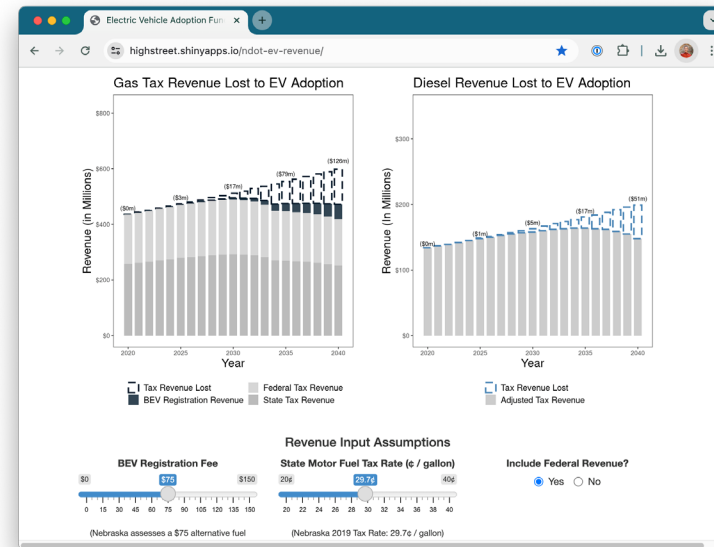
- Revenue forecasts rely on many assumptions; small changes in assumptions can have big impacts when compounded over decades
- Tool purpose:
  - Highlight assumptions
  - Perform sensitivity testing
  - Update forecasts as new information is available
  - Communicate with stakeholders
- Features
  - 25-year revenue forecast
  - Adjust rate assumptions
  - Model revenue alternatives
- Web-Based or Spreadsheet-Based

Assumptions and estimates around the rates of adoption of electric vehicles and change economy over time

2021 Source Data	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
2021 Source Data	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021
2021 Source Data	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021

Gas Tax Trust Fund Investment | Act275 SCDMV Fees Fines | Fleet Dynamics | SC Real GDP | SC Inflation | Population

## Spreadsheet Based Forecast Tool



## Web-based Interactive Forecast Tool



# Discussion

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Data requests

# Existing Data Sources

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## Historic transportation funding data

- Fuel tax receipts
- Fuel sales (gasoline, special fuels)
- Vehicle registration fee (General Fund)
- Vehicle miles traveled
- GVW fee collections (MDT)
- GVW registrations (MDT)
- EV registration fees (so far)
- Public charging tax per kWh
- Vehicle sales
- Registered vehicles
  - Fuel type (electric, hybrid, gas, diesel)
  - Fuel economy
  - Mileage

## Additional data, such as:

- Economic indicators
- Population
- Other statewide demographic trends



# Next Steps

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We are excited to work with you and look forward to your questions

# Next Steps

**High Street Team**

**Montana Dept. of Transportation**