

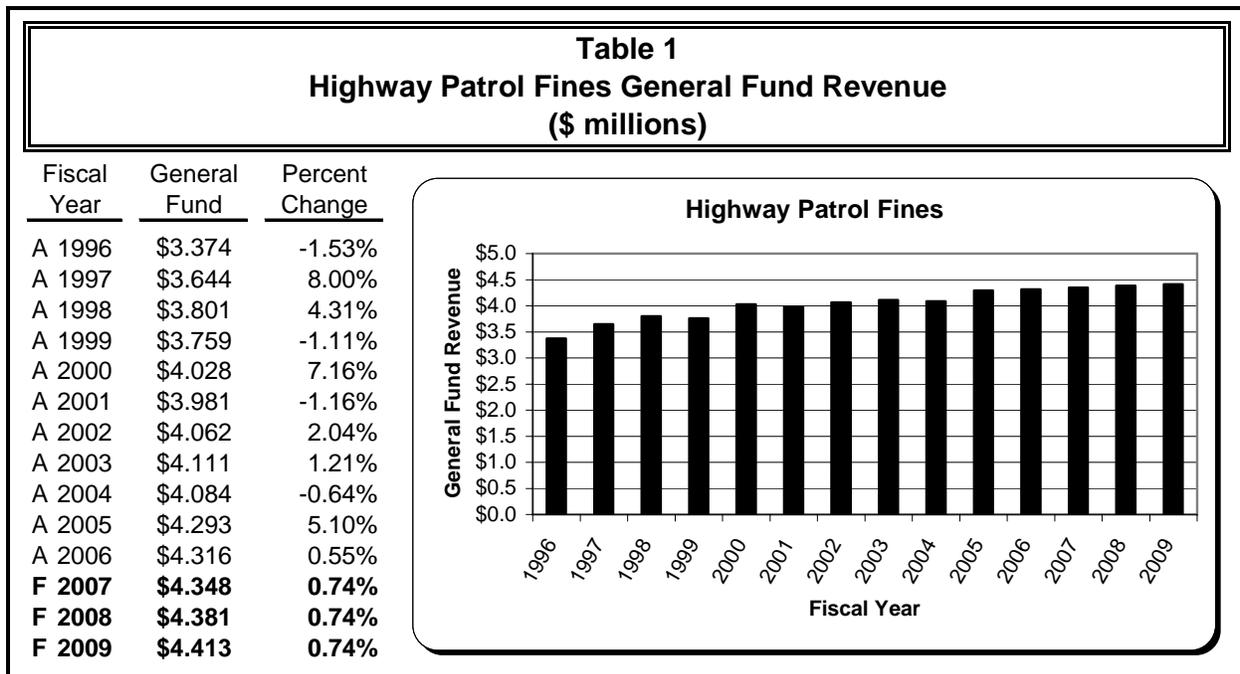
HIGHWAY PATROL FINES

Revenue Description

Highway patrol fines are provided for in Title 61, Chapter 8, parts 3 and 7, MCA. Disposition of these fines is provided for in 3-10-601, 53-9-109, and 61-12-701, MCA. Generally, citations given out by highway patrolmen are collected in justice court. Highway patrol fines are distributed 50% to the county general fund and 50% to the state general fund, pursuant to 3-10-601, MCA. Of the 50% of each fine the State of Montana receives, 100% is deposited in the general fund.

Historical and Projected Revenues

Table 1 shows actual general fund revenue from highway patrol fines for FY 1996 through FY 2006 and forecast revenue for FY 2007 through FY 2009.



Highway patrol fine revenue has shown a general upward trend, with collections increasing by an average of 2.13% per year between FY 1996 and FY 2006. However, this growth is cyclical. Each cycle is lead by a one to two year sharp increase in collections followed by several years of modest growth. With 5.10% growth, FY 2005 is the most recent peak in highway patrol fine collections. Highway patrol fine revenue in FY 2006, with only 0.55% growth, further supports highway patrol revenue peaking in 2005. In line with historical data, FY 2007 through FY 2009 should have only slight growth in highway patrol fine collections. Sharp increases in highway patrol fine collections are often caused by legislative changes. For example, due to the most

recent major change, the re-establishment of numeric speed limits, highway patrol fine collections grew by over 7% in FY 2000.

Forecast Methodology and Projection Calculation

There are two steps to forecasting highway patrol fine revenue. First, examine the growth trends of highway patrol fine revenue. Second, apply the appropriate growth rate for FY 2007 to FY 2009.

Examine Growth Trends

Highway patrol fine revenue from FY 1996 to FY 2006 exhibits a cyclical pattern with two modes of growth. Table 2 shows these modes of growth by defining a higher level of growth as annual percent change of over 5% and a lower level of growth as annual percent change of less than 5%. Based upon data from FY 1996 to FY 2006, the average growth rate for periods of strong growth, FY 1997, FY 2000, and FY 2005, is 6.75%. The average growth rate for periods of low growth, FY 1998, FY 1999, FY 2001 through FY 2004, and FY 2006, is 0.74%. The total average growth rate for FY 1997 to FY 2006 is 2.13%

In FY 2006, highway patrol fine revenue had small growth of only 0.55%. While revenues are expected to have positive growth and increase annually through FY 2009, the slower growth in highway patrol fine revenue is expected to continue through FY 2009 with an annual growth rate of 0.74%, which is simply the average growth rate of the lower-growth fiscal years.

Fiscal Year	Percent Growth	Over 5%	Under 5%
1997	8.00%	8.00%	
1998	4.31%		4.31%
1999	(1.11%)		(1.11%)
2000	7.16%	7.16%	
2001	(1.16%)		(1.16%)
2002	2.04%		2.04%
2003	1.21%		1.21%
2004	(0.64%)		(0.64%)
2005	5.10%	5.10%	
2006	0.55%		0.55%
2007	0.74%		0.74%
2008	0.74%		0.74%
2009	0.74%		0.74%
Average	2.13%	6.75%	0.74%

Apply Growth Rate

Table 3 shows forecast highway patrol revenue through FY 2009. Based on annual growth of 0.74% annually, general fund revenue is forecast to total \$4.348 million in FY 2007, \$4.381 million in FY 2008, and \$4.413 million in FY 2009.

Fiscal Year	Previous FY Collection	Total	Annual Growth	Forecast Revenue
F 2007	4.316	x 100%	+ 0.74%	= \$4.348
F 2008	4.348	x 100%	+ 0.74%	= \$4.381
F 2009	4.381	x 100%	+ 0.74%	= \$4.413

Data Source - Highway patrol fine revenue is from SABHRS MTGL109 Report.