

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 152 relates to the condemnation of private property for a public purpose, and would require the condemner to have all necessary permits and approvals from involved agencies prior to beginning negotiations with the condemnee.

Waiting until all permits and agency approvals have been obtained before beginning negotiations to acquire property by condemnation, as proposed in LB 152, will extend the time it takes to complete a project. This is based on the assumption that under current practice the negotiations to condemn a piece property are occurring at the same time that efforts to obtain agency approvals and permits are occurring.

To help determine the potential fiscal impact a fiscal note request was sent to the Department of Roads since they are involved in condemnation proceedings on a regular basis. The department has estimated that the delay in completing projects could add **\$4 million per year** to the cost of construction based on a 3% annual inflation rate. It would appear that this estimate assumes that all right-of-way acquisition will be delayed whether by means of negotiated purchase or condemnation. Other state agencies and political subdivisions that are involved in condemnation proceedings could also see inflationary cost increases if the provisions of LB 152 delay the completion of projects.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: LB 152	AM:	AGENCY/POLT. SUB: Department of Roads (027)
REVIEWED BY: Joe Wilcox	DATE: January 24 th , 2013	PHONE: (402) 471-4178
COMMENTS: The Department of Roads fiscal note identifies potential costs associated with potential delays in projects as a result of LB 152. The delays may or may not occur and the agency analysis of fiscal impact may be overstated, as it presumes an entire year's worth of delay on projects (as the agency applies an annual inflation rate to the cost of projects over an entire year). No basis to assume any delay would last a full year. Also, the agency identifies that, due to limited construction funding available for any given year, increased inflation costs from delays would, from a practical matter, likely result in delays on future projects rather than actual increased costs or the need for additional appropriations in the year of the original project delay.		

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 152 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Roads

Prepared by: (3) Becky Fleming Date Prepared: (4) 1/18//13 Phone: (5) 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 152 - The intent of this bill is to restrict negotiations for condemned property, ensuring damages for a condemned property are accurately assessed by the courts, that the purpose of the project does not change, and that the project for which the property was condemned comes into existence. This bill also states before a condemner can negotiate, all agencies that are required to approve the project have done so and all necessary permits have been granted.

If this Legislation is passed as written, there could be the potential for construction delays as pre-construction activities could not be performed simultaneously (right-of-way negotiations and environmental permitting). These delays will impact the cost of the highway projects, estimated to be at 3% per year.

Fiscal impact as follows:

- \$430 Million FY-14 estimated program size
- 27% Projects that require right-of-way acquisition
- \$116 Million Projects potentially delayed
- 3% Annual Inflation Factor
- \$4 Million Impact on the Highway Construction Program

However, as no additional funds are available, this increase in the cost of planned projects will result in delay of another project.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____