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PREPARED BY:
DATE PREPARED:
PHONE:

Mike Lovelace
February 02, 2012
471-0050

LB 1040

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below		See below	
FEDERAL FUNDS		(See below)		(See below)
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1040 covers two separate topics, one being the guidelines for snow removal on state highways, and the other being the use of and marking of state highway right-of-way.

Fiscal impact related to the proposed snow removal guidelines.

The proposed guidelines provide that no snow removal operations shall be conducted until after an accumulation of at least four inches of snow, and that snow removal operations shall only be conducted between the hours of 9:00 PM and 4:00 AM. The Department of Roads may deviate from these guidelines only in emergency situations or upon a showing of necessity for the public safety or welfare.

At first glance it would appear that these restrictions would reduce snow plowing operations and would therefore reduce related expenses. However, the Department of Roads has indicated that if they are restricted to snow removal operations for 7 hours per day, instead of the current 24 hours, they will need to purchase 300 additional snow plow trucks to plow all of the state highways under this shortened time frame. They estimate the cost of purchasing the additional snow plow trucks to be \$39 million. They plan to spread the purchase over two years since it may not be feasible to procure this many snow plows in one year. Future costs would be related to the equipment replacement schedule and maintenance. Based on the premise that all miles of the state highway system will be plowed under the shortened time frame there is no basis to disagree with the Department's estimated need of additional snow plow trucks.

Absent from the Department's estimate is the potential cost of employing qualified operators for these 300 additional snowplows. If current employees are used there will be an increase in overtime payments. It is assumed that employees filling in as drivers will need training to procure a CDL license. This labor cost would vary from year-to-year depending on the amount of snowfall received, but could be a significant cost.

The Department also states that they would be required to purchase more expensive de-icing materials that work at colder night time temperatures. The cost difference provided by the Department is \$100 per ton, which calculates out to an estimated increase in cost of \$4.5 million per year.

Fiscal impact related to the use and marking of highway right-of-way.

LB 1040 would allow encroachments, structures, etc. within the state highway right-of way that is within the corporate boundaries of any city or village and would place the burden on the Department of Roads to prove that such encroachment, etc. is unreasonable, unsafe, or contrary to the health or welfare of another. The bill would require the Department of Roads to utilize the least restrictive means possible to regulate the use or boundaries of state right-of-way.

According to the Department of Roads, they must certify to the federal government that all right-of-way is clear of encroachments before any federal funds can be obligated toward a project. In the opinion of the Department of Roads, Nebraska could lose approximately \$200 million annually of federal highway funds if this certification cannot be met due to the provisions of LB 1040.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David Spatz	2/3/12	PHONE 471-4179
COMMENTS			
DEPT. OF ROADS – No basis to dispute agency analysis and estimate of increased cash fund expenditures and revenue fiscal impact.			

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LEGISLATIVE FISCAL

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

LB⁽¹⁾ 1040 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NEBRASKA DEPARTMENT OF ROADS

Prepared by: ⁽³⁾ Marilyn Hayes Date Prepared: ⁽⁴⁾ 1-30-2012 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$24 Million (\$200 Million)	(\$200 Million)	\$24 Million (\$200 Million)	(\$200 Million)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$176 Million)	(\$200 Million)	(\$176 Million)	(\$200 Million)

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

Explanation of Estimate:

LB 1040 provides:

Sec. 1, changes provisions relating to snow removal operations on state highways. This LB states the Department could only do snow removal after accumulation of at least 4 inches of snow, between the hours of 9:00 pm and 4:00 am.

The Department may deviate from these guidelines only in emergency situations or upon a showing of necessity for the public safety or welfare.

If NDOR was restricted to snow removal to 7 hours, instead of the current 24 hours, this would require additional snow removal equipment and a change in de-icing materials to work at a lower (night time) temperature with no sunshine assistance. No estimate is made for the change in level of service and the impact on the commerce of this state.

Fiscal impact is:

300 additional snow plow trucks at an estimated cost each of \$130,000 for a cost of \$39 Million, with cost shared over two years of purchasing for \$19.5 million per year.

Material cost from \$70 per ton to \$170 ton for an estimated increase in material cost of \$4.5 Million.

Total Fiscal Impact for change in snow removal policy is estimated at \$ 24 Million in Fiscal Years 2012- 2013 and 2013-2014. Following years will be at a reduced level, depending on the replacement schedule for the trucks.

Sec. 2 (5) on page 5, states the department shall utilize the least restrictive means possible to regulate the use or boundaries of state rights-of-way. No reflector pole, flag, post, stick, fence, sign, or other physical marking shall be utilized by the department to regulate the use of, or delineate the boundaries of, any state rights-of-way until the department demonstrates, in writing, that all other reasonable efforts and less restrictive means to regulate state rights-of-way have been exhausted.

NDOR must certify all right of way is clear of all encroachments before any federal funds can be obligated toward a project. If this certification is not met, **Nebraska could lose approximately \$200 million annually** for federal funds which would result in a like reduction in highway construction work.

Neither section of this bill specifies how these exception requirements are to be documented.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$4.5 Million	\$4.5 Million
Travel.....			\$19.5 Million	\$19.5 Million
Capital outlay.....			(\$200 Million)	(\$200 Million)
Aid.....				
Capital improvements.....				
TOTAL.....			(\$176 Million)	(\$176 Million)