

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/19/2012**

Bill/Resolution No.: HB 1033

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$2,000,000		\$2,000,000
<b>Expenditures</b>				\$1,750,000		\$1,750,000
<b>Appropriations</b>				\$1,750,000		\$1,750,000

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would create a central aircraft management system under the ND Department of Transportation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Under this bill, the central aircraft management system would be operated on an actual cost basis whereby users would be billed at a rate based on the actual operating and pilot costs, as well as depreciation and estimated aircraft replacement costs. Accordingly, NDDOT would need additional appropriation sufficient to cover the related costs. The excess of revenue over expenditures represents depreciation and reserves for high cost repairs/replacements. This excess would be spent in later years as the aircraft pool incurs costs to replace aircraft and make major, high cost repairs to the aircraft. Note: The revenue and expenditure figures represent only the central aircraft pool. They do not represent the impact on agencies using the pool. The agencies using the pool should see an increase in expenditures for the fees they pay to the aircraft pool and a decrease in expenditures for aircraft operating costs that will now be covered by the pool. This fiscal note is based on the assumption that the aircraft currently used by the affected agencies would continue to be operated by the aircraft pool. The assumptions do not include near term replacement of any aircraft. If it becomes necessary to replace aircraft in the near term, the costs would be significantly greater than presented in this fiscal note.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is very difficult to accurately estimate the initial biennium revenues associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional first biennium revenues to operate the pool of aircraft to be approximately \$2 million greater than the NDDOT currently recognizes on its current aircraft. This revenue would be intended to cover the actual operating costs of the additional aircraft as well as depreciation and reserves for high cost repair/replacement. The DOT would not initially have a revenue source to cover major repairs/replacements. Funds for this purpose would be accumulated over time through the charging of reserves for major repairs/replacements and depreciation charges. Therefore, for the

first biennium, NDDOT would need an additional revenue source to cover the estimated major repairs/replacements of \$500,000 that might occur in the 1st biennium. Such revenue source is not covered in the revenue identified in Part 1A above.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is very difficult to accurately estimate the initial biennium expenditures associated with a central aircraft management system until we have accumulated actual operating data for a biennium. Nonetheless, we estimate the additional, "out of pocket" expenditures to operate the additional aircraft not currently operated by NDDOT to be approximately \$1.75 million as shown on the attached schedule.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The NDDOT will require an addition to its existing appropriation in the amount of \$1.75 million to cover the additional costs of operating the aircraft pool

**Name:** Shannon L. Sauer

**Agency:** NDDOT

**Telephone:** 328-4375

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### Estimated Additional 1st Biennium Costs to Operate Aircraft Pool

January 9, 2013

Salaries – Temporary salaries and additional overtime	\$ 300,000	
Additional travel costs	43,000	
Additional training costs	50,000	
Software, charts, manuals	7,000	
Fuel	200,000	
Insurance	60,000	
Repairs	500,000	
Licenses and miscellaneous fees	20,000	
Hangar Rental	70,000	
1st biennium initial startup major repairs/replacements	500,000	
Total		<u>\$ 1,750,000</u>