

FISCAL NOTE
Requested by Legislative Council
01/25/2013

Amendment to: 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
Revenues			\$475,000			
Expenditures			\$5,300,000			
Appropriations			\$4,500,000			

- 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
Counties			
Cities			
School Districts			
Townships			

- 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 requires sale of certain aircraft, authorizes acquisition of replacement aircraft, bars acquisition of aircraft without approval, bans future use of state funds for certain aircraft, provides for operation of state aircraft by qualified pilots, & provides requirements for use of aircraft.

- 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.*

Section 2 provides that NDDOT shall provide air transportation services to other state agencies upon request and be reimbursed on a cost based user charge. These provisions reflect current NDDOT practice, so they should have no additional significant fiscal impact. Section 3 directs NDDOT to sell the 1977 Piper Cheyenne and 1975 Cessna Skymaster airplanes and use the proceeds for replacement airplane purchases. It is estimated that the resale value of these two airplanes will be \$400,000 and \$35,000 respectively, for a total resale of \$435,000. This section also provides that, after June 30, 2014, NDDOT may not use any funds appropriated by the legislative assembly to maintain or operate these two airplanes. Section 4 directs the Attorney General's office to sell their 1965 Beechcraft Baron airplane and retain the use the proceeds in accordance with the agreement entered into by the office when the airplane was obtained. It is estimated the resale value of this airplane will be approximately \$40,000. This section also provides that, after June 30, 2014, the Attorney General's Office may not use any funds appropriated by the legislative assembly to maintain or operate this airplane. Section 5 provides that, after June 30, 2014, North Dakota State University may not use any funds appropriated by the legislative assembly to lease an airplane. Section 6 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million less any realized proceeds from the sale or disposal of the Cheyenne and Skymaster airplanes for the purpose of purchasing replacement airplanes.

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.*

Under this bill, NDDOT and the Attorney General's Office may realize revenue from the sale of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000 for NDDOT and \$40,000 for the Attorney General's Office.

- 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.*

The primary expenditures that would be realized under this bill would be incurred by NDDOT for replacement of the Cheyenne and Skymaster airplanes. NDDOT will try to replace the airplanes with recent model, used airplanes. To replace the Cheyenne, NDDOT would consider a used King Air B200. It is estimated this airplane would cost approximately \$3.5 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.8 million dollars. Total replacement cost for both airplanes is estimated at about \$5.3 million dollars. The Attorney General's office should see a reduction in operating expenses as a result of discontinuing operation of their Beechcraft Baron airplane. However, they may incur additional costs to reimburse NDDOT for costs incurred to obtain flights on NDDOT aircraft. This impact has not been included in section 1A of this fiscal note as we do not know to what extent the Attorney General's office may utilize NDDOT aircraft. Likewise, North Dakota State University should see a reduction in their expenditures as a result of the provisions of section 5 of the bill, but this may be somewhat offset by costs to obtain transportation through other means. Again, this impact has not been included in section 1A of this fiscal note as we do not know what the costs may be for NDSU to obtain any necessary flights to replace those resulting from use of their current aircraft. It should be noted that any agencies that will use their own pilots to fly NDDOT aircraft pursuant to section 2 of the bill will incur annual training costs to comply with FAA and insurance requirements. It is estimated that the tuition and travel costs associated with this training will cost approximately \$16,000 per pilot per airplane each biennium. This impact has not been included in section 1A of this fiscal note as we don't know to what extent, if any, other agencies might choose to utilize their own pilots to operate NDDOT aircraft.

- 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.*

Section 6 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars less any proceeds realized on the sale or disposal of the Cheyenne and Skymaster airplanes. Since it is estimated that NDDOT will realize approximately \$435,000 on the resale of the Cheyenne and Skymaster airplanes, this leaves a net amount to be charged against the appropriation of \$4.065 million.

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