

FISCAL NOTE
Requested by Legislative Council
04/22/2013

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			\$435,000			
Expenditures			\$5,000,000			
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 act requires sale of certain planes, discontinuance of an aircraft lease, authorizes new aircraft, bars acquisition of aircraft without approval, bans use of state funds for certain aircraft, provides for operation of 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 based on a 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 or trade-in value of these two airplanes will be approximately \$400,000 and \$35,000 respectively, for a total estimated resale or trade-in 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 North Dakota State University to discontinue the lease for their KingAir B200 airplane by June 30, 2017. Section 5 provides an appropriation from the state's general fund to NDDOT in the amount of \$4.5 million for the purpose of purchasing replacement airplanes. This section also requires NDDOT to obtain budget section approval prior to expending any funds appropriated under this section in excess of \$4,000,000. Additionally, this section establishes an airplane replacement advisory committee to advise NDDOT on purchase of 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 may realize revenue from the sale or trade-in of the airplanes identified in Part 2B of this fiscal note. This revenue is estimated at \$435,000.

- 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 \$3.1 million dollars. To replace the Skymaster, NDDOT would consider a used Cessna Caravan; the estimated cost for this airplane would be about \$1.9 million dollars. Total replacement cost for both airplanes is estimated at about \$5.0 million dollars. 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 5 provides an appropriation to NDDOT from the general fund in the amount of \$4.5 million dollars to replace the Cheyenne and Skymaster airplanes.

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