

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 771 (First Edition)

SHORT TITLE: DOT/Utility Relocation Costs.

SPONSOR(S): Representatives Shepard, R. Turner, Hurley, and Robinson

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Highway Trust Fund Revenues:					
Highway Trust Fund Expenditures:	\$1.7	\$2.6	\$2.6	\$2.6	\$2.6
State Positions:					
NET STATE IMPACT	(\$1.7)	(\$2.6)	(\$2.6)	(\$2.6)	(\$2.6)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation

EFFECTIVE DATE: Effective when it becomes law.

TECHNICAL CONSIDERATIONS:
None

BILL SUMMARY:

Current law requires DOT to pay the costs to relocate water and sewer lines in municipalities with a population less than 5,500. This bill increases the minimum municipal population to 10,000 for DOT to pay 100% of the relocation costs. This bill requires municipalities over 10,000 in population to pay a portion of relocation costs, including:

- Municipal Population of 10,000 - 25,000 = 25%
- Municipal Population of 25,000 - 50,000 = 50%
- Municipal Population over 50,000 = 100%

ASSUMPTIONS AND METHODOLOGY:

Currently, 430 municipalities with populations under 5,500 pay no utility relocation costs. As shown in Table 1, this bill enables an additional 102 municipalities to pay lower or no relocation costs.

Historical Analysis

From 2010 through 2014, DOT relocated 142 utilities at a total cost to DOT and to the municipalities of \$77.3 million. The majority of the relocations, totaling \$57.8 million or 75%, occurred in municipalities over 50,000 in population. Table 1 examines this historical data to determine the fiscal impact to DOT if this bill were in effect during the last five calendar years. Based on current law, DOT paid \$2.4 million to relocate utility lines in municipalities with under

5,500 in population. If this bill were in effect, DOT would have paid an additional \$12.9 million over the five years, or an average of \$2.6 million per year.

Population	Number of Muni's	Current Law (Amount Pd. by DOT)	Proposed Law (Amount Pd. by DOT)	Total 5 Year Cost	5 Year Cost to DOT	Additional 5 Year Cost to DOT if HB 771 in Effect	Additional Annual Cost to DOT if HB 771 in Effect
Under 5,500	430	100%	100%	\$2.4	\$2.4	\$0.0	\$0.0
5,500 - 10,000	39	0%	100%	\$3.2	\$0.0	\$3.2	\$0.6
10,000 - 25,000	46	0%	75%	\$11.1	\$0.0	\$8.3	\$1.7
25,000 - 50,000	17	0%	50%	\$2.8	\$0.0	\$1.4	\$0.3
Over 50,000	17	0%	0%	\$57.9	\$0.0	\$0.0	\$0.0
TOTAL				\$77.4	\$2.4	\$12.9	\$2.6

FY 2015-16 STIP Analysis

DOT analyzed projects in the STIP with utility relocations in FY 2015-16. As shown in Table 2, of the 64 projects included in this analysis, this bill will increase the cost to DOT from 16 projects with utility relocation costs located within affected municipalities. The total impact to DOT is \$1.2 million in FY 2015-16.

Population	Number of Muni's Affected	\$ - HB 771 Affected Projects
5,500 - 10,000	4	\$210,000
10,000 - 25,000	1	\$30,000
25,000 - 50,000	11	\$982,500
Over 50,000	0	\$0
Total	16	\$1,222,500

This fiscal analysis accepts the actual costs from the STIP analysis for FY 2015-16 and accepts the average cost of \$2.6 million from the prior five year analysis.

SOURCES OF DATA: NC League of Municipalities, Department of Transportation

TECHNICAL CONSIDERATIONS: None

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