

Fiscal Estimate Narratives

DOT 1/3/2006

LRB Number	05-3335/1	Introduction Number	SB-366	Estimate Type	Original
Subject					
Air brakes					

Assumptions Used in Arriving at Fiscal Estimate

1. Assume municipalities will request approximately 100 signs to prohibit truck engine brakes on freeways and expressways as a result of this bill.
2. Assume the department is financially responsible for the installation of the signs and the signs themselves.
3. Each sign and installation costs \$300. The initial cost for 100 signs is therefore \$30,000. There is a 10% overhead cost per year to deal with signs knocked down, vandalized or damaged by weather. This would also include administrative costs to deal with the signs. Assuming a 3% inflation rate for construction/maintenance, these costs would be \$2,571.43 at the end of the first year and \$6085.71 at the end of the tenth year. The total overhead cost for 100 signs summed for all ten years would be \$40,971.43.

Long-Range Fiscal Implications

There is a significant fiscal effect at the state level. Signs and their installation will be paid by the department. The initial cost would be \$30,000 and the total overhead cost over the ten year period would be \$40,971.43. With normal wear, signs must be replaced every 10 years. If it is assumed the inflation rate for construction/maintenance averages 3% per year, the cost to replace the 100 signs at that time will be \$40,317.43. This also assumes no additional new requests for signs are made over the 10 year period.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Air brakes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Each sign and installation costs \$300. The initial cost for 100 signs is therefore \$30,000 for the department. Since the bill directs the department to erect and maintain the signs, there is no major fiscal impact at the local level.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs	4,097	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$4,097	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S (20.395)	4,097	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$4,097	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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