

Fiscal Estimate Narratives

DOT 3/19/2003

LRB Number	03-1852/2	Introduction Number	SB-40	Estimate Type	Original
Subject					
Ronald Reagan Highway					

Assumptions Used in Arriving at Fiscal Estimate

All signs are Type II (plywood on 4x6 wood posts. A sign, post, installation, and fleet/auxillary equipment charges are \$350 per installed sign. Signs are placed at the beginning and ending of routes and after larger municipalities. Therefore:

84.1031 6 signs with installation: \$2100. Note that 2003 SB 46 also creates 84.1031 for a different purpose.

Total initial cost is therefore \$2100. There is a 10% overhead cost per year to deal with signs that are 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 \$216 by the end of the first year to \$282 in the tenth year. The total overhead cost by the end of the tenth year would be \$2480.

Due to funding cutbacks, it is not possible to absorb the costs for the signs and installation within the existing budget. However, the proposed legislation proscribes that only contributions from interested parties may be used for erection or maintenance of the markers. It is unclear what would happen if private funding does not continue to cover ongoing maintenance needs.

Long-Range Fiscal Implications

With normal wear, signs must be replaced every 10 years. If it is assumed that the inflation rate for construction/maintenance averages 3% per year, the cost to replace the signs at that time will be \$2,822. It is unclear what would happen if private funding does not continue to cover sign replacement. In addition, if this naming of highways and bridges encourages further similar legislation without private funding, the cost implications would go far beyond this long-range fiscal estimate.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject Ronald Reagan Highway		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The legislation specifies that the cost for the 6 required signs and their installation is to come from private funding.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$0	
(FTE Position Changes)		
State Operations - Other Costs	0	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$0	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	0	
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$0	\$0
NET CHANGE IN REVENUE	\$	\$0
Agency/Prepared By Authorized Signature Date		
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