

Fiscal Estimate Narratives

DOA 2/27/2009

LRB Number	09-1706/1	Introduction Number	AB-0092	Estimate Type	Original
Description The regulation, preservation, and restoration of historic buildings; the supplement to the federal historic rehabilitation tax credit and the state historic rehabilitation tax credit; requiring the certification of downtowns; promoting certain downtown areas in this state; highway projects involving business and downtown areas; granting rule-making authority; and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

For the Department of Administration (DOA), the provisions of the bill that relate to support of the Building Commission or the leasing of facilities are those considered in this estimate.

The bill would require downtown locations for new state office buildings for certified Main Street communities unless the cost of locating downtown is more than 10% greater than the average cost of sites in the geographic service area that are not downtown. Few new state office buildings are expected in the foreseeable future and the analysis on such cost can be done as part of capital budget reviews. Thus, the department would absorb the cost of the analysis. It is not possible to determine whether any particular downtown location might cost more or less than the average cost measure defined in the bill until specific facilities are being located.

The bill would also that require the Building Commission not to approve leases for state office facilities to be located outside of downtown for certified Main Street communities unless the cost of locating downtown is more than 10% greater than the average cost for facilities in the geographic service area outside downtown.

In order to provide a general sense of the fiscal effect of the bill, the Department made several assumptions. DOA leasing staff prepared an estimate based on an analysis of leases in possible Main Street communities which were assumed to be in communities outside major metropolitan areas. The estimate assumed that approximately one half of current leases outside of major metropolitan areas would be in Main Street communities and that on average half the leases would be affected by the provision and that the increased cost on average would not exceed five percent. Additional costs are estimated to vary between \$125,000 and \$175,000 in lease costs to be paid by state agencies. It should be noted that since it is not known what communities will participate in the program a more precise estimate cannot be provided. Additionally, if all applicable offices would have to relocate as a result of the bill's provisions on leases, the moving costs might cost an additional \$250,000 to \$350,000. The Department does not currently collect data on average rental rates in geographic service areas outside of Main Street communities.

Local costs are unknown.

Long-Range Fiscal Implications

Unknown.

Long-Range Fiscal Implications