

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 644 (Second Edition)

SHORT TITLE: Toll Road and Bridge Authority Created

SPONSOR(S): Representative Crawford

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
EXPENDITURES					
Highway Trust Fund:	\$230,000	\$230,000	\$340,000	\$340,000	\$340,000
POSITIONS:	2	2	3	3	3
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation					
EFFECTIVE DATE: When bill becomes law.					

BILL SUMMARY: House amendment makes the following changes to 1st edition. Requires seven member authority board to be comprised of one member from each of the seven regions of the state specified in GS 136-17.2A(a), with chair of the board selected by board members. Governor appointees to serve staggered terms, with three appointees having initial terms ending Jan. 14, 2003, and three appointed to terms ending Jan. 14, 2005. Bylaws and any subsequent changes adopted by the authority board must be submitted to the Board of Transportation and the Joint Legislative Transportation Oversight Committee for review and comment at least 45 days prior to adoption by the authority board. Turnpike Authority must report the hiring of all administrative employees to the Joint Legislative Transportation Oversight Committee within 30 days of the date of employment. Adds to the powers of the Turnpike Authority the power to utilize employees of the Dep't of Transportation and the power to enter into agreements for the issuance of obligations by a nonprofit corporation in compliance with federal Rev. Rul. 63-20. Removes the power to convert a segment of the non-tolled state highway system to a toll facility. Adds provisions regarding use of revenues derived from turnpike projects and specifies percentage of revenue that may be applied to debt service, administration costs, and expansion of turnpike capacity. Requires competitive bidding for construction of turnpike projects and sets forth alternative contracting methods when the Turnpike Authority determines that time, funding, or the public interest warrant departure from competitive contracting. Requires the Dep't of Transportation to report on its Internet website expenditures, by county, of the Turnpike Authority. Requires Turnpike Authority to remove tolls from a turnpike project when all

revenue bonds issued to fund the project have been repaid and satisfied in full, an adequate fund has been established to maintain the project, and the Authority determines that no additional capacity expansion is needed on the project.

ASSUMPTIONS AND METHODOLOGY:

Administrative Costs

The bill would allow administrative costs associated with staffing and operating the Turnpike Authority to be covered by the Highway Trust Fund. Our estimates of administrative costs are based on the assumptions listed below:

1. For the first two years, the Authority would require a chief executive officer (\$125,000 salary) and an administrative assistant (\$40,000 salary). Benefits for both positions would equal roughly \$35,000. Board expenses would be roughly \$5,000, and office and other expenses would be roughly \$25,000.
2. Starting with FY 2003-04, a chief financial officer would be added to the staff at a salary of \$94,000, and with benefits of roughly \$17,000.

Project Costs

The development of road and bridge projects will require funding for design, preliminary engineering, environmental impact statements, right-of-way acquisition and construction. The Department of Transportation (DOT) estimates that these costs would total roughly \$3 million in FY 2003-04 and roughly \$20 million by FY 2005-06.

The Fiscal Research Division believes these project costs would be incurred by DOT whether the Turnpike Authority is created or not. Furthermore, although these costs may be incurred sooner with the creation of the Turnpike Authority, these costs would not require additional funding; rather, DOT would fund these projects by reallocating funds within its construction budgets.

Tolls

Eventually, toll revenues would be generated by Turnpike Authority projects. However, these toll revenues would not be collected within the five-year time frame of this fiscal note.

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DATE: August 7, 2001



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