

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 943 (First Edition)

SHORT TITLE: Nonbetterment Relocation of Utility Lines.

SPONSOR(S): Representatives Kiser, Goodwin, and Almond

<b>FISCAL IMPACT</b>					
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b>(\$ millions)</b>				
	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>	<b>\$1.0 to \$5.0</b>	<b>\$1.0 to \$5.0</b>	<b>\$1.0 to \$5.0\$</b>	<b>\$1.0 to \$5.0</b>	<b>\$1.0 to \$5.0</b>
<b>POSITIONS:</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina Department of Transportation (NCDOT), Transportation Improvement Program (TIP)					
<b>EFFECTIVE DATE:</b> When the bill becomes law.					

**BILL SUMMARY:** House Bill 943 would increase the number of municipalities exempted from paying costs of moving water and sewer lines due to State highway construction. Currently, State law requires that NCDOT pay the relocation costs for water and sewer utilities owned by municipalities with a population of 5,500 or less. This bill would raise the population threshold to 25,000, which would increase the number of exempt municipalities from 456 to 537, or 81 additional municipalities.

**ASSUMPTIONS AND METHODOLOGY:** NCDOT estimates that it spends roughly \$4.0 million annually as a result of the current exemption. NCDOT has no way of accurately estimating the impact of changing the exemption threshold. Reviewing the details of each TIP project in each of the 81 municipalities affected by this legislation would take a great deal of time and effort, and would still not provide an accurate estimate; many projects in the TIP do not yet have complete designs or right-of-way plans.

However, FRD believes that the increase in relocation costs would be greater than the 18% increase in the number of exempted municipalities; the 81 additional municipalities (population from 5501 to 25,000) are larger than those municipalities currently exempted, have more utility infrastructure, more potential for expensive complications in moving utility lines, more service taps along a given corridor, more conflicts with other utilities, more potential for interruption of service, and more traffic control issues. For these reasons, NCDOT utility and construction officials believe that exempting these larger municipalities would double the \$4.0 million annual cost of moving water and sewer lines, and also believe the costs could be higher. This \$4.0 million figure is more of an educated guess than an estimate. FRD roughly estimates the costs at between \$1.0 million and \$5.0 million annually. The chart above reflects the midpoint of this range, with inflation.

**SOURCES OF DATA:** NCDOT

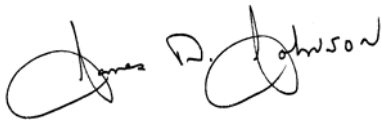
**TECHNICAL CONSIDERATIONS:** None

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