

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: HCS CSSB 278(JUD)
 (H) Publish Date: 5/6/02

Revision Date/Time (Note if correction): 05/01/02 11:30am Dept. Affected: DOT&PF
 Title: An Act requiring a good faith effort to BRU _____
purchase property before that property is taken... Component _____
 Sponsor: Torgerson
 Requester: House Judiciary Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	1,313.0	1,313.0	1,313.0	1,313.0	1,313.0	1,313.0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** See attached analysis.

Prepared by: Dennis R. Poshard, Assistant to Commissioner
 Division: Commissioner's Office
 Approved by: Joseph L. Perkins, Commissioner
 Agency: Alaska Department of Transportation and Public Facilities

Phone 465-3904
 Date/Time 5/1/02 11:46 AM
 Date 5/1/2002

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BILL NO. _____

ANALYSIS CONTINUATION

The Department acquired 980 parcels statewide during 1999 to 2001 (an average of 327 parcels per year). Sixty-seven (67) parcels (7%) out of the 980 parcels were acquired through condemnation action.

On average, 23 parcels per year are acquired through condemnation action.

Currently there is one (1) Authority and Necessity (A&N) Challenge per year. If SB 278 passes the likelihood of A&N challenges to acquisitions will substantially increase due to new legal requirements to prove "reasonableness and due diligence."

Authority and Necessity (A&N) Challenges cost an average of \$36,500 per challenge to defend (based on Department of Law figures).

With passage of SB 278, we predict that the number of condemnation parcels will increase (from 7% to 14%) as well as an increase in A&N Challenges (18 to 46 A&N Challenges per year) for an estimate of \$657,000 to \$1,350,500* in legal fees to only defend against the challenges.

* 327 parcels per year at 7% condemnation rate = 23 parcels
23 parcels X 80% A&N Challenge rate = 18 parcels
18 parcels X \$36,500 = \$657,000 increased cost to defend.

* 327 parcels per year at 14% condemnation rate = 46 parcels
46 parcels X 80% A&N Challenge rate = 37 parcels
37 parcels X \$36,500 = \$1,350,500 increased cost to defend.

Notes:

- The property owner does not prevail with the A&N Challenge they will be responsible for their legal fees.
- If the State loses the A&N Challenge, then the property owner's legal fees will be paid by the State.