

FISCAL NOTE

Requested by Legislative Council
01/03/2005

Bill/Resolution No.: HB 1153

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$0		\$0		\$0
Expenditures		\$0		\$0		\$0
Appropriations		\$0		\$0		\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Senate Bill 2022, the State Water Commission's 2003–2005 appropriation bill, authorized the Commission to issue up to \$60 million of bonds to be used for water related projects identified in the statewide water development plan. When soliciting proposals to select an underwriter for the agencies bond issue, it became apparent that it would be advantageous to the agency and the State of North Dakota to identify sources of repayment in addition to the Water Development Trust Fund. Bonds issued using only tobacco proceeds for repayment have become increasingly difficult to sell, and when saleable command substantially higher interest rates. Replicating the source of repayment identified for our previously issued 2000 Series Statewide Water Development bonds would make the bonds more marketable. These sources are: first, the Water Development Trust Fund, second, the Resources Trust Fund, third other revenues appropriated to the State Water Commission and fourth, an amount necessary to make one biennium's payments from proceeds of the Bank of North Dakota.

Working with the Commission's Bond Council, Underwriter, and the North Dakota Attorney General's office, we have drafted House Bill 1153 to clarify and optimize the agency's bonding authority.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Senate Bill 2022, the State Water Commission's 2003–2005 appropriation bill, authorized the Commission to issue up to \$60 million of bonds. This bill, House Bill 1153, does not increase that amount and thus has no fiscal effect on revenue.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Under current law it was anticipated that bond payments would total \$8.9 million in the 2005-07 biennium and \$13.9

million in the 2007-2009 biennium. These estimates were prepared using a sliding scale interest rate starting at 3.6 percent. House Bill 1153 is necessary for the agency to issue bonds with the most economical interest rates.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name: David Laschkewisch
Phone Number: 328-1956

Agency: ND State Water Commission
Date Prepared: 01/05/2005