

# FISCAL NOTE

Requested by Legislative Council

01/18/2005

## REVISION

Bill/Resolution No.: HB 1292

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	(\$624,328)	\$0	(\$937,164)
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$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.*

The fiscal impact of HB 1292 is that it caps the credit sale indemnity fund at a lower amount (capped by HB 1292 at 5 million rather than the current 10 million). Also, HB 1292 lowers the assessment by one-half when the fund is equal to \$2,500,000 but less than \$5,000,000. This means that revenue received after the \$2,500,000 threshold kicks in will be one-half that which would have been received under current law. We do not believe this threshold will be reached until later in the 2005-2007 biennium.

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.*

The first revenue number is zero--for the current biennium. This is based on estimated revenue for the same two quarters of 2004 actual revenue (the first quarter and the second quarter). For 2004, the actual revenue for these two quarters was \$811,263, so that is the amount estimated for the first two quarters of 2005 until the end of the biennium. However, because that amount is estimated to be the same under current law and under HB 1292, the fiscal note indicates a zero impact for the 2003-2005 biennium. The second revenue estimate--for the 2005-2007 biennium--is also based on actual revenues received (and estimated for the last two quarters) during the biennium. This 2005-2007 revenue number will be lower under HB 1292 than it would be under existing law by \$624,328 because during the biennium, we expect the fund to reach the \$2,500,000 threshold at which assessments are cut by one-half. We have based our estimates for the 2007-2009 biennium on the same 2003-2005 actuals and estimates. However, all of the assessment during the 2007-2009 biennium will be at the lower assessment, so the estimated revenue for the 2007-2009 biennium is half of what it would have been under existing law, or \$937,164. Revenue shown above is \$937,164 (one half) lower than it would be under existing law. We do not estimate that the \$5,000,000 cap would be reached until some time after the 2007-2009 biennium. Of course, assessment totals depend completely on the commodity price, which cannot be estimated with any accuracy.

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.*

No expenditures are expected. However, should an insolvency occur, expenditures would occur in order to pay valid claims. These cannot be estimated.

**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.*

No appropriation is necessary because the law currently contains a continuing appropriation to the PSC to carry out the law and pay valid claims against the fund.

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**Date Prepared:** 01/18/2005