

FISCAL NOTE
Requested by Legislative Council
01/26/2007

REVISION

Bill/Resolution No.: SB 2393

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.*

| | 2005-2007 Biennium | | 2007-2009 Biennium | | 2009-2011 Biennium | |
|-----------------------|--------------------|-------------|--------------------|--------------|--------------------|---------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | (\$875,000) | | (\$2,625,000) |
| Expenditures | | | | \$12,500,000 | | \$12,500,000 |
| Appropriations | | | | | | |

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

| 2005-2007 Biennium | | | 2007-2009 Biennium | | | 2009-2011 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Legislation provides a reduction in outstanding student loan balances. Section 1 has a negative impact on BND earnings in addition to required loan balance reductions. The combined impact could affect BND's ability to continue legislative mandates to contribute to the General Fund.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 has a negative fiscal impact by requiring a reduction on student loan balances which will decrease future earnings of BND. Currently BND has 37,000 existing student loan customers which have N.D. listed as their state of residence. We estimate that 15% of these customers (5,500) have a baccalaureate degree and approximately 2,500 of those customers would satisfy the 3 year residency requirement in each biennium. The North Dakota State Guaranty Agency indicates the average debt of graduating students to be approximately \$20,000.

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.*

There would be a reduction of projected interest earnings for the 2007-09 biennium of \$875,000. There would be a reduction of projected interest earnings for the 2009-11 biennium of \$2,625,000.

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.*

There is an estimated reduction of \$12,500,000 on student loan balances during each of the 2007-09 and 2009-11 bienniums for a total of \$25,000,000. This expenditure is based upon 2,500 eligible residents qualifying for an average loan reduction in the amount of \$5,000 in each biennium. Each reduction requires BND to debit expenses.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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