

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1504

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$(83,000,000)	\$83,000,000	\$(15,000,000)	\$15,000,000		
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

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

House Bill 1504 creates a legacy earnings fund and calls for a transfer from the general fund if the amount of legacy fund earnings transferred to the general fund in accordance with section 26 of article X of the ND Constitution is greater than 5% of the four-year average value of the legacy 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.*

HB 1504 calls for a transfer of funds from the general fund to the new legacy earnings fund. This transfer would only occur if the earnings from the legacy fund deposited into the general fund in accordance with section 26 of article X of the ND Constitution are greater than 5% of the four-year average value of legacy fund assets. The amount of the transfer would be equal to the difference between the original transfer of legacy fund earnings into the general fund and the calculated 5% average value.

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.*

HB 1504 contains an emergency clause which, if passed, would make this new language effective for the legacy fund transfer scheduled to occur at the end of the '17-'19 biennium.

2017-2019 Biennium:

The revised executive forecast for '17-'19 estimates \$300M in legacy fund earnings will be transferred to the general fund at the end of the biennium. In addition, the average fiscal year-end legacy fund balance for the most recent four years is roughly \$4.34B. Using 5% of the \$4.34B (\$217M), and comparing it to the \$300M estimate of earnings, this bill would require roughly \$83M be transferred from the general fund into the newly created legacy earnings fund.

2019-2021 Biennium:

The current executive forecast is estimating another \$300M in earnings to be transferred into the general fund for the 2019-2021 biennium. Using actual fiscal year-end balances of the legacy fund for FY 2017 and FY 2018 as well

as estimated balances for FY 2019 and FY 2020, the estimated four-year average value of the fund would be about \$5.69B. Comparing 5% of this average (\$285M) to the estimated amount of legacy fund earnings to be transferred to the general fund (\$300M), the required transfer from the general fund to the new legacy earnings fund is estimated to be roughly \$15M for the 2019-2021 biennium.

- 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.*
- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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