

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/29/2021**

Amendment to: Engrossed HB 1380

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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).*

Engrossed House Bill 1380 creates a new legacy earnings fund to receive all of the constitutionally mandated legacy fund earnings transfers. It then stipulates the amount available for appropriation out of the new fund and directs the transfer of funding to multiple funds.

- 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 4 of Engrossed HB 1380 requires all legacy fund earnings which are constitutionally required to be transferred to the general fund at the end of each biennium be immediately transferred into the new legacy earnings fund. It also requires all interest and earnings derived from these funds be kept in this new fund. This would go into effect for legacy fund earnings generated and transferred during the 2021-23 biennium.

The section then spells out the amount available for appropriation out of the new fund as seven percent (7%) of the five-year average value of legacy fund assets as determined by SIB.

Beginning with the 2023-25 biennium, the bill would require transfers of the amount available for appropriation from the legacy earnings fund to newly created or existing funds as follows...

- First \$150M to the legacy sinking and interest fund
- Next \$60M to highway tax distribution fund
- Any remaining for other purposes as designated by legislative assembly, including:
  - Up to \$50M for tax relief
  - Up to \$30M to clean sustainable energy fund
  - Up to \$30M for university research programs, innovative loan fund to support technology advancement, and workforce enrichment initiatives

If the amount transferred into the legacy earnings fund exceeds the 7% of value amount, the excess amounts are allocated as follows...

- An amount equal to twice the appropriations out of the legacy sinking and interest fund, up to \$150M, to be retained in the legacy earnings fund
- The next \$100M to the legacy fund to become part of the principal
- Any remaining amount to the strategic investment and improvements fund.

Section 1 creates the new legacy sinking and interest fund to be used to meet debt service requirements. It also spells out that any moneys in this fund in excess of the amounts appropriated for debt service must be transferred to the PERS main system if the main plan is less than 90% funded.

Section 2 permits the SIB to invest the new legacy earnings fund.

Sections 5 repeals HB 1038 that continued the legacy fund earnings committee and Section 6 recreates the legacy fund earnings committee and spells out the membership and duties.

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.*

For the 2021-23 biennium and going forward, Section 4 of the bill will require all of the constitutionally mandated legacy fund earnings which are transferred in to the general fund be transferred immediately to the new legacy earnings fund. Therefore, for the 2021-23 biennium, there will be a reduction in the available general fund revenues in an amount equal to the legacy fund earnings for the biennium.

Due to the complexity of estimating the legacy fund earnings under the current statutory definition of earnings, it would be very difficult to accurately estimate the actual amount of legacy fund earnings that would be transferred to the general fund and subsequently to the legacy earnings fund for the 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.*

Beginning in 2023-25 biennium, the bill appropriates out of the new legacy earnings fund as spelled out above.

The calculation of the five-year average value of the legacy fund will be based off the five-year period ending with the most recently completed even-numbered fiscal year.

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