

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: SB 2286 Amendment to: _____

Requested by: Legislative Council Date of Receipt: _____

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

The Bank of North Dakota has no experience in this type of lending. As such this fiscal note is, at best, a broad, attempt to identify at least some of the areas of economic impact.

The Bank's administrative cost for this measure is estimated to be \$157,500 in the biennium. This cost is for a lending officer, a collection officer and associated expenses.

Since the proposed interest rate is 3.5 percent below the Bank's cost of funds, there would be an additional cost to subsidize each loan. This subsidy would equal \$35 per \$1,000 lent. Due to the inability to determine the volume of loans or their average size, no estimate can be given as to the total size of the subsidy.

In addition, there would be a requirement to establish a reserve for this type of loan. While the Bank has no experience in this area of lending, it is estimated that these loans would require a reserve account equal to 25 percent of each loan.

State Fiscal Effect:

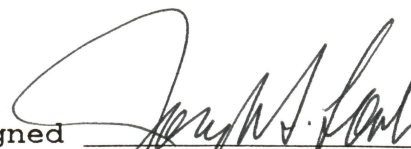
<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>

Administrative cost	78,750		78,750		
Cost of funds are undeterminable					

County and City Fiscal Effect:

<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Joseph S. Lamb

Date Prepared: 1/13/89

Department Bank of North Dakota