

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: SB 2309 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: Interest earned by the coal development trust fund is deposited in the state general fund.

To the extent that the interest rate ceiling for loans to counties, cities, and schools is raised from six percent to the Bank of North Dakota base rate (about nine percent), the interest earnings on new loans is potentially increased. Currently, \$21,000,000 in the fund is available for loan. If all \$21,000,000 were to be loaned under this bill, the general fund would gain \$1,260,000 over the next biennium compared with earnings under current law.

On the other hand, since subdivisions tht could qualify for the reduced interest provisions of this bill (six points below the Bank of North Dakota base rate) are limited mostly to oil country cities, the potential interest loss to the general fund, compared with current law, would be about \$720,000 for one biennium. That is the difference between the interest earned on \$12,000,000 loaned at six percent and \$12,000,000 loaned at three percent.

Ultimately, all loans are issued at the discretion of the State Board of University and School Lands at interest rates set by the Board within the ceilings established by law.

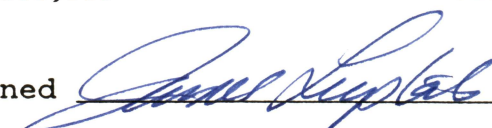
State Fiscal Effect:

<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>
+630,000		+630,000		+1,260,000	
to		to		to	
-360,000		-360,000		-360,000	

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>
-315,000	-315,000	-315,000	-315,000	-630,000	-630,000
	to		to		to
	+360,000		+360,000		+720,000

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name James Luptak

Date Prepared: 1/17/89

Department Energy Development Impact Office