

(Return in triplicate)

FISCAL NOTE

REVISED

Bill/Resolution No.: Amendment to: SB 2309
Requested by: Legislative Council Date of Receipt: 2/8/89

Please estimate the fiscal impact of the above measure for:

X State general or special funds Counties Cities

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

Narrative:

Senate Bill 2309, as amended on page 491 of the Senate Journal, restores the loan rate ceiling for coal and oil impact loans to the 6% level that currently exists in state law. The effect of the amendment is to remove any fiscal impact from an interest rate change, as had been proposed in the original bill.

All \$21,000,000 in the coal trust fund that is not presently on loan is now available to be borrowed by political subdivisions at a maximum interest rate of 6%. Under SB2309 as amended, the unloaned portion of the trust fund would continue to be available at a maximum interest rate of 6%.

All loans are made at the discretion of the State Board of University and School Lands and interest rates are set by the Board within the limits established by law.

If the Land Board were to loan out the entire \$12,000,000 that SB2309 would provide for oil loans, the loss in alternate investment earnings for the biennium would be about \$720,000 if the loans were issued at 6% and alternate investment rates from CDs and other instruments were at 9%. If the loan interest rate were further reduced the loss would be even greater. We cannot anticipate what the amount of loans that would be taken out would be. For the present biennium, \$5,000,000 has been authorized for oil loans. To date, approximately \$600,000 has been borrowed from the fund for oil projects. In the previous biennium, approximately \$3,000,000 was borrowed for oil projects.

State Fiscal Effect:

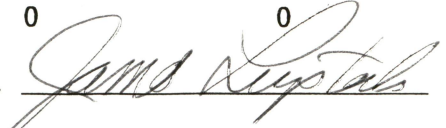
<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
0 to (360,000)	0	0 to (360,000)	0	0 to (720,000)	0

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>
0	0	0	0	0	0

If additional space is needed,
attach a supplemental sheet.

Signed



Typed Name James Luptak

Date Revised: February 13, 1989

Department Energy Development
Impact Office