

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1234 Amendment to: _____

Requested by Legislative Council Date of Request: 1-11-95

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, and cities.

Narrative: See attached supplement.

- 2. State fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1993-95, 1995-97, 1997-99) and 2 rows for Revenues and Expenditures. Each cell contains dollar amounts in millions (MM).

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1993-95 biennium: 0
b. For the 1995-97 biennium: 0
c. For the 1997-99 biennium: 0

- 4. County and City fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1993-95, 1995-97, 1997-99) and 2 rows for Counties and Cities.

If additional space is needed, attach a supplemental sheet.

Signed Tom Tudor

Typed Name Tom Tudor

Date Prepared: January 19, 1995

Department ND Municipal Bond Bank

Phone Number 328-3981

SUPPLEMENT
FISCAL NOTE

HB 1234

It is difficult to estimate the fiscal impact of this bill. It will have a fiscal impact on the special fund established under chapter 61-28.2. This special fund receives federal monies through the Environmental Protection Agency on an 80-20 matching basis as loans for qualified wastewater treatment projects are funded by the Bond Bank. These federal monies initially became available in 1989. Approximately sixteen million dollars has been received under this program and is being held in trust pursuant to federal laws and regulations. An additional amount of approximately twenty-eight million dollars has been awarded to the state but has not yet been drawn. Limiting the dollar amount of each loan to \$200,000 will drastically reduce the scope of this program and may result in the lose of a considerable portion of these federal dollars. Under the program as presently structured, most of these federal dollars will probably be received by the state within the next 3 to 4 years, however, this bill would slow the receipt of those dollars to a trickle and could conceivably result in the lose of a major portion of these dollars.

Political subdivisions eligible to participate in this program will also experience losses. It is difficult to estimate the dollar amount of loan applications which the Bond Bank might receive during the 1993-95 biennium under this program, however, based upon recent experience, they should range from twelve to sixteen million dollars. The costs to political subdivisions would be in the form of increased debt service payments. Under the existing program, loans are made at a fixed rate of 2.5%. Participating political subdivisions would otherwise be paying current market tax-exempt interest rates. The cost for each one million dollars of loans would be approximately eighty thousand dollars per year. Therefore, for twelve million dollars of loans, the cost to political subdivisions would be just under one million dollars, and for sixteen million dollars of loans the cost to political subdivisions would be approximately one million three hundred thousand dollars. These costs are based upon current interest rates, which are subject to change.



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January 19, 1995