

FISCAL NOTE

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Resolution No.: SB 2414 Amendment to: _____

Requested by Legislative Council Date of Request: 1-27-99

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

Narrative:

Fiscal impact unknown. (See attachment)

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			Unknown		Unknown	
Expenditures						

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

For rest of 1997-99 biennium: Unknown

For the 1999-2001 biennium: Unknown

c. For the 2001-03 biennium: Unknown

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: 

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Date Prepared: 2-5-99

Attachment for Fiscal Note SB2414

It is estimated that the fiscal impact of SB2414 will range from \$650,000 - \$800,000 for each of the 1999-2001 and 2001-03 biennia. This cost estimate is based on studies conducted by the National Association of State Treasurers. Items included in this cost estimate include: advisory board costs for 15 members (travel, per diem), office staffing and operating, actuarial study assistance, consultant costs, legal counsel, investment managers, audits, insurance fees, advertising and promotion, office equipment, annual reports and monthly newspaper reporting, etc., just to name a few. This estimate assumes that a new office will be created to administer the program. Without an actuarial study, it is difficult to estimate the level of participation and potential investment returns for this program.

A fiscal note prepared by the Bank of ND for SB2195, which creates a state prepaid tuition plan has an estimated fiscal impact of \$70,000 - \$135,000 for the 1999-2001 and 2001-03 biennia. The differences between the two cost estimates appears to be related to the number of advisory board members, office staffing and operating cost requirements. The prepaid tuition plan program would be largely staffed by existing staff at the Bank of ND. No costs were factored into the SB2195 fiscal note for unfunded liabilities should tuition increase at a level which exceeds that planned for in the actuary study or the investment return.

The reduction in taxes to the State of North Dakota would be minimal according to representatives of the State Tax Department. Without knowing the level of participation in such a program, it would be difficult to estimate the impact on revenues. Many of the families that would invest in this program may already be investing in other similar tax deferred savings plans.

The fiscal estimates provided here do not reflect any potential unfunded liability to the State of North Dakota for the schoolshare trust program since it is not clear to what extent the State would be liable for any shortfall in the plan.