

FISCAL NOTE
Requested by Legislative Council
02/17/2015

Amendment to: HB 1377

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 1 of Engrossed House Bill 1377 removes the requirement that, when the unobligated balance of SIIF is greater than \$300M, 25% of all funds directed towards SIIF be redirected towards the Legacy Fund. Section 3 calls for a change in the "general fund share" buckets from O&G revenues.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of Engrossed HB 1377 removes the requirement that, when the unobligated balance of the Strategic and Investment and Improvements Fund (SIIF) is greater than \$300M, 25% of all funds directed towards SIIF be redirected and deposited in the Legacy Fund. The exact impact of this change would be based on a number of factors including how much revenue is ultimately deposited into SIIF as well as what portion of the balance is obligated to various needs. For purposes of comparison, this section of code caused an additional \$147.7M to be deposited into the Legacy Fund instead of SIIF for the '11-'13 biennium. And through January 2015 of the '13-'15 biennium, \$179M has been deposited into the Legacy Fund from money initially targeted for SIIF.

Although the exact amount of funds being affected is difficult to determine, the net state fiscal impact of this section of the bill would be zero as it would be increasing the amount that is deposited into SIIF and decreasing the amount deposited into the Legacy Fund by the same amount and both are considered "other funds".

Section 3 of Engrossed HB 1377 adjusts the "general fund share" buckets that are funded through O&G revenues. It moves the property tax relief sustainability fund from the second bucket to the fourth bucket and adjusts the amount from \$341.79M to \$250M. It then replaces the second bucket with a next biennium K-12 fund and calls for \$712M to be deposited into it before continuing to the next bucket. It also puts a cap on the state disaster relief fund to which no money would be deposited into it out of O&G revenues if the unobligated balance in the fund is greater than \$25M.

Assuming that O&G revenues are great enough to fill the first three "general fund share" buckets, there would be zero net state fiscal impact of this bill as the increase in funding in the next biennium K-12 fund and the decrease in the property tax relief sustainability fund would be offset by decreases in SIIF of the same net amount. Being that all would be considered "other funds", there would be no net fiscal impact. The January 2015 revenue forecast prepared by Legislative Council indicates that this would be the case.

However, if oil prices lag significantly and the big extraction tax trigger goes into effect and stays for a lengthy period of time, there may be a fiscal impact on the state general fund. Placing the new next biennium K-12 fund ahead of the second \$100M general fund bucket means that the full \$712M would have to be filled before the second general fund bucket begins to fill. If there aren't enough revenues to fill the entire \$712M, next biennium K-12 fund, then there could potentially be a negative fiscal impact to the state general fund of up to \$100M.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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