

FISCAL NOTE
Requested by Legislative Council
01/09/2015

Bill/Resolution No.: SB 2165

- 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	\$0	\$0	\$0	\$0	\$0	\$156,000
Expenditures	\$0	\$0	\$0	\$0	\$0	\$101,275,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 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	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 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).*

SB2165 relates to an allocation of \$5,000 at time of child's birth with July 1, 2017 effective date. BND at time of birth allocates and administers the amounts minus admin. fees until an individual chooses to enroll in an institution of higher education or for other requests as denoted in Section 1.

- 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.*

Estimated revenue of \$156,000 is based on an administrative fee of .10 basis points. The legislation does not include a legislative appropriation and is estimated to have expenditures of \$101,275,000 based on the following: \$100 million for an estimated 10,000 newborns for each year of the 2017-19 biennium X \$5,000 in allocated funds. The remaining \$1,275,000 are estimated expenses for BND to hire a professional brokerage firm to assist BND with record keeping and investment services.

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.*

Estimated revenue of \$156,000 is based on an administrative fee of .10 basis points on net assets the Bank currently receives for managing its 529 College SAVE plan - this same fee and asset management structure is anticipated with proposed SB2165.

- 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.*

Estimated expenditures of \$101,275,000 is based on the following: \$100 million is calculated by taking an estimated number of 10,000 ND newborns in each year of the biennium (newborn estimates based on discussions with ND Health Department) X \$5,000 in allocated funds. The remaining \$1,275,000 are estimated expenses for BND to hire a professional brokerage firm to assist BND with record keeping and investment services. BND estimates the

brokerage firm to charge .85 basis points on total net assets which includes the .10 basis points the Bank anticipates receiving denoted in Section 3A. This fee and asset management structure is anticipated with SB2165 and is based on current costs within BND's 529 College SAVE plan and assumes a 3 percent rate of investment return.

- 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.*

SB2165 does not specify an appropriation but is assumed to be \$100 million in the 2017-19 biennium as further described in Section 2B.

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