

FISCAL NOTE
Requested by Legislative Council
01/10/2017

Bill/Resolution No.: SB 2162

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$10,000	\$0	\$50,000
Expenditures	\$0	\$0	\$0	\$80,000	\$0	\$60,000
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.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 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).*

Measure impacts professional student exchange programs directing the state board of Higher Ed to ensure the recipient signs an annual note with BND requiring repayment if they do not practice in ND within 36 months of graduation. For every year of practice in ND, this obligation is reduced by 1/3.

- 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 - Cost to update system to allow accurate truth and lending disclosures along with other administration, system and processing changes needed to service the unique requirements of this loan program. Based on historical changes to BND servicing system, we estimate the cost could be around \$50,000.

Staff costs would be estimated at \$30,000 per year.

(2018-2019) staffing \$30,000 + system costs \$50,000 = \$80,000
 (2019-2020) staffing = \$30,000
 (2020-2021) staffing = \$30,000

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.*

BND would charge a fee to service these loan from the time the note is signed until the loan is paid in full. This fee would be estimated at 0.5% per year. For example, based on a \$1,000,000 loan portfolio the fee would be \$5,000.

This servicing fee is in the range with the fee structure in place for other student loan servicing contracts.

For this fiscal note we assume \$4,000,000 loan portfolio over a biennium. The program starts after June 30, 2018.

Portfolio \$2,000,000 (2018-2019) - fee = \$10,000

Portfolio \$4,000,000 (2019-2020) - fee = \$20,000
Portfolio \$6,000,000 (2020-2021) - fee = \$30,000

- 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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Date Prepared: 01/25/2017