

**FISCAL NOTE**  
**HOUSE BILL NO. 1186**  
**LC# 23.0568.02000**  
**02/20/2023**

**1 - 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.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - Bill and Fiscal Impact Summary**

*Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

As drafted, the maximum loan amount for which a school district may qualify for a loan from the School Construction Assistance Revolving Loan Fund (SCARLF) would increase from \$10 million to \$20 million. In addition, the interest rate on new SCARLF loans would decrease from 2.00% to 1.00%.

**4 - Fiscal Impact Sections Detail**

*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.*

The SCARLF fund currently receives repayments on existing loans, throughout the biennium. Biennial repayments total approximately \$45 million. These repayments are available to make new loans.

With increasing the maximum loan amount from \$10 million to \$20 million, the SCARLF could potentially not be able

to impact as many school districts needing funding. Assuming all loans are for the maximum amount: SCARLF could fund 4.5 new loans at \$10 million, per loan. With the proposed changes to a \$20 million maximum, SCARLF could fund 2.25 new loans.

With decreasing the interest rate from 2.00% to 1.00%, SCARLF would revolve at a slower pace. As an example, \$45 million of new loans would generate \$10 million in interest when accrued at 2.00%, over a 20-year term. This same amount of loans would generate \$4.8 million in interest when accrued at 1.00% over a 20-year term.

## **5 - Revenues Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

As proposed, with decreasing the interest rate from 2.00% to 1.00%, SCARLF would revolve at a slower pace. As an example, \$45 million of new loans would generate \$10 million in interest when accrued at 2.00%, over a 20-year term. This same amount of loans would generate \$4.8 million in interest when accrued at 1.00% over a 20-year term.

## **6 - Expenditures Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The proposed changes would not have specific expenditure changes.

## **7 - Appropriations Detail**

*For information shown under state fiscal effect in 1 or 2, please 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.*

The proposed changes would not have specific appropriation changes. The SCARLF has continuing appropriation authority.

## **Contact Information**

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