FISCAL NOTE

(Return original and 10 copies)

Bill/Reso	lution	No.:	IID I IOL	rimeriameri			
Requested	by Leg	rislative	e Council	Date of 1	Request:	1-19-95	
1. Please above cities	measur	ate the e for st	fiscal imp cate genera	pact (in dol. al or specia	lar amour l funds,	nts) of the counties,	e and
Narrat	<u>ive</u> :						
See at	tachment	•					
2. <u>State</u>	fiscal	effect	in dollar	amounts:			
		1993-		1995-97		1997	
		<u>Bienr</u> General	Special	<u>Bienniu</u> General S	<u>m</u> Special	<u>Bien</u> General	
		_Fund	<u>Funds</u>	<u>Fund</u>	Funds	_Fund	Fun
Revenues:		0	0	(\$200,000)	0	(\$200,000) 0
Expenditures 3. What, for yo	if any,	, is the	0 effect of	this measur			
3. What, for yo	if any, ur ager	, is the ncy or d		this measur			
3. What, for yo a. Fo	if any, ur ager r rest	, is the ncy or d of 1993	effect of epartment:	this measur			
3. What, for yo a. Fo b. Fo	if any, ur ager r rest r the l	, is the ncy or do of 1993 1995-97 1	effect of epartment: -95 bienni	this measur um: <u>None</u>			
3. What, for yo a. Fo b. Fo c. Fo	if any, ur ager r rest r the 1 r the 1	, is the ncy or do of 1993 1995-97 1	effect of epartment: -95 bienni biennium: biennium:	this measur um: None None None	e on the		
3. What, for yo a. Fo b. Fo c. Fo	if any, ur ager r rest r the 1 r the 1	, is the ncy or do of 1993. 1995-97 1	effect of epartment: -95 biennibiennium: biennium:	this measur um: <u>None</u> None	e on the		
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3. What, for yo a. Fo b. Fo c. Fo	if any, ur ager rest rest rest rest rest rest rest re	of 1993 1995-97 1 1997-99 1 ity fisca 1993- Bienn Counties 0	effect of epartment: -95 biennibiennium: biennium: al effect 95 ium Cities 0	this measurum: None None None in dollar am 1995-97 Biennium Counties 0	ounts:	appropria 1997- Bienn Counties 0	tion 99 ium Citi

Narrative

The transfer of \$1,000,000 from the accumulated and undivided profits of the Bank of North Dakota would reduce the Bank's capital which has a direct impact on the future earnings of the Bank. As an example, BND earned approximately 18% on equity in 1994. Assuming a similar level in the future, the \$1,000,000 transfer would reduce the Bank's earnings by \$180,000 per year ($$1,000,000 \times .18 = $180,000$). The \$180,000 projection assumes BND fully leverages all available capital which typically does not occur. However, even at a 10% earnings rate, a reduction of \$1,000,000 in BND's capital would reduce earnings by \$100,000 per year ($$1,000,000 \times .10 = $100,000$). Since BND pays its earnings to the General Fund, payments to that fund would be reduced accordingly.