

FISCAL NOTE

Requested by Legislative Council
02/16/2001

Bill/Resolution No.:

Amendment to: HB 1414

1A. 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.*

| | 1999-2001 Biennium | | 2001-2003 Biennium | | 2003-2005 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | \$91,800 | | \$60,800 | |
| Appropriations | | | | | | |

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

| 1999-2001 Biennium | | | 2001-2003 Biennium | | | 2003-2005 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill seeks to create a seed-financing fund similar to that disbursed by the Agricultural Products Utilization Commission (APUC). The ED&F director would assign the responsibilities and tasks described in this bill to either the APUC or the Development Fund board, which are both divisions of the department.

This fiscal impact statement assumes that the BPUC responsibilities would be assigned to the APUC and that the program would generate similar application volume.

The APUC currently has a single FTE and receives limited administrative and clerical assistance from the ED&F.

The fiscal effect is calculated based on three factors: 1) increased travel costs and per diem requirements for commission members to participate in granting hearings; 2) additional costs of contract or hired staff for administration of the fund, the applications and the grant awarded; and 3) startup cost including the propagation of rules, program design, application design, marketing and accounting.

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.*

The start-up businesses that receive assistance from this fund might eventually contribute to the increased tax collections, but it is impossible to estimate the level.

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.*

Travel costs: using current APUC application volume as the guide, the program might expect 16 to 22 grant applications per quarter. Assuming two-day quarterly hearings, the travel costs are estimated at \$6800, including the \$50 per diem authorized in the bill.

Additional contract or hired clerical help was calculated at \$27,000 per year. However, the APUC and ED&F have no additional FTE's available.

Program initiation cost including: legal, accounting, advertising, travel, marketing and planning costs were estimated at \$31,000.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The fiscal impact of this analysis assumes the continuation of the APUC with its appropriation as recommended in the executive budget. The request calls for a \$5 million appropriation with \$207,000 allocated for administration. The salary of the director is included in that administrative portion. The fiscal impact statement assumes that the director, though compensated by APUC, would oversee both programs.

If the APUC were to receive less appropriation for administration or if the BPUC is not managed with APUC, the fiscal cost of this program would be similar to APUC's administrative costs of \$207,000 plus the \$31,000 initiation costs.

Name: Lance Gaebe
Phone Number: 328-5350

Agency: ED & F
Date 02/18/2001
Prepared: