

FISCAL NOTE

Requested by Legislative Council
01/24/2001

Bill/Resolution No.: SB 2349

Amendment to:

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

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.*

Under SB 2349, Bank of North Dakota (BND) may not guarantee more than \$5 million in loans under the Beginning Entrepreneur Loan Guarantee Program. Since the program is relatively new, BND does not have historical record on claims. However, based on discussion with officials from the Small Business Administration, regionally their claims are in the 5-7% range.

This program targets start-up businesses, while SBA programs include both start-ups and established businesses. Consequently, the risk component to the Beginning Entrepreneur Program should be higher. Claims are anticipated to be 10-20%, which over the life of the program could result in losses of revenue of \$425,000 to \$850,000. This assumes an 85% guarantee on total loans of \$5 million.

No other fiscal impact has been identified.

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.*

Not applicable.

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.*

Not applicable.

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.*

Not applicable.

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Agency: Bank of North Dakota
Date 01/29/2001
Prepared: