FISCAL NOTE

Requested by Legislative Council

01/23/2001

Bill/Resolution No.: HB 1417

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	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

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
$0	$0	$0	$0	$0	$0	$0	$0	$0

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

In consultation with the Bank of North Dakota staff, we do not believe there would be any additional fiscal impact for administering the loan program outlined on Page 2 of HB 1417. Any loans provided per this legislation could be absorbed within the Bank's current loan operations.

The bill also proposes that any costs incurred in selling the bonds or evidences of indebtedness would be included in the bond proceeds. So, again, we do not believe there would be an out-of-pocket fiscal impact to the Commission. However, there would be substantial staff time to structure and complete a bond issue.

The more significant question is whether these bonds or evidences of indebtedness would be marketable without some form of credit enhancement such as bond insurance or State or Federal backing. Lines 8, 9 and 10 on Page 4 state that neither the faith or the credit nor the taxing power of the state is pledged to the payment of the principal of or interest on the bonds. This would appear to eliminate the State from providing any backing for these bonds. With respect to bond insurance, it is questionable whether an insurer would offer insurance without State involvement such as a moral obligation pledge to appropriate any amounts needed for debt service from an identified revenue source. Again, as stated above, with the language on page 4, it appears that the State could not provide any moral obligation pledge to appropriate funds.

If the Bank of North Dakota would be asked to provide a letter of credit for bonds issued per this law, the fiscal impact would be the credit risk the Bank would incur. Without knowing how many or the dollar amount needed for the meatpacking plants contemplated by this legislation, we are unable to determine the fiscal impact to the Bank.

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.*

   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, 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.*

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