

FISCAL NOTE

Requested by Legislative Council

01/21/2003

Bill/Resolution No.: HB 1447

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,500,000		\$1,500,000
Expenditures				\$450,000		
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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.*

See the answers to questions 3A, B, and C.

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 revenue was calculated by assuming \$15,000,000 in loans would be made at an average interest rate of 5%. This would generate \$750,000 in annual income, or \$1,500,000 for the 2003-05 and 2005-07 bienniums. If interest rates rise BND will be able to increase interest income by the amount of the interest rate increase.

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.*

The expenditure is to recognize the possibility of a loan defaulting. We have calculated a 3% loan loss reserve requirement on the \$15,000,000 in loans made, which calculates out to be \$450,000.000 There is no FTE's needed for this bill nor were any other additional operating expenses anticipated. This will be a one-time expenditure.

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.*

There is no appropriation needed in relation to this House Bill. However, it is important to identify Senate Bill No. 2015, which has two separate transfers from the Bank. The first transfer is for \$60,000,000. This transfer can utilize \$15,000,000 in undivided profits and the remaining \$45,000,000 must come from the biennium profits of the Bank. The second transfer is a contingency transfer for \$25,000,000. This transfer would only occur if there is a revenue shortfall for the state. It is also important to point out that statute requires that the Bank's capital cannot fall below

\$140,000,000. Based on this information, House Bill No. 1447 would be in conflict with Senate Bill No. 2015.

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