

FISCAL NOTE
Requested by Legislative Council
02/16/2009

Amendment to: HB 1419

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.*

| | 2007-2009 Biennium | | 2009-2011 Biennium | | 2011-2013 Biennium | |
|-----------------------|--------------------|-------------|--------------------|--------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | (\$81,800,000) | \$81,800,000 | (\$4,000,000) | \$4,000,000 |
| 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.*

| 2007-2009 Biennium | | | 2009-2011 Biennium | | | 2011-2013 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This engrossed bill raises the cap on the budget stabilization fund (BSF) to 12.5% of appropriations for determining transfers to the fund and provides that all interest on the fund balance is to be retained in the fund, even if the fund balance is at the statutory cap for transfers.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The engrossed bill results in an additional transfer to the BSF at the close of the 2007-09 biennium, reducing the ending general fund balance and revenues available for 2009-11. Under the engrossed bill, the interest on the fund balance would accrue to the BSF rather than the general fund.

The engrossed bill also limits the ability of the Governor to use the BSF to address a revenue shortfall to 1/2 of the shortfall, which would result in the need to reduce spending authority through an allotment to address the remaining shortfall. Current law requires an allotment to address revenue shortfalls in excess of 2.5%, but allows the BSF to be used to address the amount of the shortfall in excess of 2.5%.

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 engrossed bill would result in transfer of \$188.9 million to the BSF, compared to the transfer of \$111.1 million anticipated under current law. Assuming a .5% money market return and no additional transfers to the fund, interest earnings of \$4.0 million would accrue to the BSF rather than the general fund each biennium.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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