

FISCAL NOTE
Requested by Legislative Council
01/10/2013

Bill/Resolution No.: HCR 3003

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$6,050,000	\$(6,050,000)	\$283,200,000	\$(283,200,000)
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 resolution proposes a constitutional change to limit the balance of the foundation aid stabilization fund (FASF) and establishes the public employees retirement stabilization fund (PERSF) to receive interest and oil extraction tax revenue once the FASF reaches its cap.

- 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.*

Section 2 of the resolution limits the balance of the FASF to \$150 million and provides that once that balance is reached, interest and income will instead be deposited into the proposed PERSF. Section 3 limits the PERSF to a maximum balance of \$450 million. After that balance is reached, interest and income will be deposited in the general fund.

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.*

Under current law, the FASF receives 10 percent of oil and gas extraction taxes, all interest earned on the fund balance accrues to the general fund, and there is no limit to the fund balance. This resolution would limit the FASF to a balance of \$150 million. After reaching the cap, FASF interest and the 10 percent allocation of oil extraction tax would be deposited in the proposed PERSF. Once that fund reached \$450 million, interest on both funds, as well as the 10 percent allocation of oil extraction taxes, would be deposited in the general fund. It is assumed this measure would be approved by the voters in November 2014 and would take effect in December 2014. The estimated balance of the FASF on November 30, 2014, is \$511.7 million. This would result in a transfer of \$361.8 million to the PERSF in order to reduce the FASF balance to the cap of \$150 million. During the remainder of the 2013-15 biennium, the general fund would realize a reduction in revenue of approximately \$350,000 as interest that would have accrued to the general fund is instead retained in the PERSF. However, it is estimated that oil extraction tax allocations from December 2014 through June 2015 would result in the PERSF reaching a balance of \$456.4 million by June 30, 2015. Because this is in excess of the \$450 million cap, \$6.4 million would be transferred to the general fund. The net result is a gain of \$6,050,000 for the general fund for the 2013-15 biennium. For the 2015-17

biennium, interest on both funds would accrue to the general fund, just as it would under current law. However, because both funds would be at the maximum balance, oil extraction taxes that would accrue to the FASF under current law would now be deposited in the general fund. Because no oil tax forecast exists for the 2015-17 biennium, it is assumed the estimated FY 2014 amount of \$141.6 million will continue for both years of the 2015-17 biennium, resulting in a general fund gain of \$283.2 million.

- 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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