

FISCAL NOTE
Requested by Legislative Council
02/08/2021

Amendment to: HB 1475

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 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).*

Engrossed HB 1475 creates the agriculture innovation fund under the purview of the ag products utilization commission. It also directs 20% of the legacy fund earnings that are mandated to be transferred to the general fund to be transferred into this new fund each biennium up to \$150M in total.

- 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 1 of the engrossed bill creates the agriculture innovation fund, spells out purposes and directions for the fund, and further directs the commission's duties and responsibilities in relation to this new fund.

Section 3 of the engrossed bill requires the state treasurer to transfer twenty percent (20%) of any legacy fund earnings that are transferred to the general fund at the end of each biennium to this new agriculture innovation fund up to a total of \$150 million. Once the total transfers to the new fund reach \$150 million, all further amounts designated for the agriculture innovation fund must be transferred back to the legacy fund and become part of the principal.

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.*

For the 2021-23 biennium and going forward, Section 2 of the bill will require twenty percent (20%) of the constitutionally mandated legacy fund earnings which are transferred in to the general fund be transferred immediately to the new agriculture innovation fund. Therefore, for the 2021-23 biennium, there will be a reduction in the available general fund revenues in an amount equal to 20% of the legacy fund earnings for the biennium. If the 20% of legacy fund earnings is greater than \$150 million, the amounts above \$150 million would be immediately transferred into the legacy fund to become part of the principal and would still reduce available general fund revenues.

Due to the complexity of estimating the legacy fund earnings under the current statutory definition of earnings, it

would be very difficult to accurately estimate the actual amount of legacy fund earnings that would be transferred to the general fund and, subsequently, the 20% to the new agriculture innovation fund for the 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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