

FISCAL NOTE
HOUSE BILL NO. 1379
LC# 23.0695.01000
01/23/2023

1 - 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.

| | 2021-2023 Biennium | | 2023-2025 Biennium | | 2025-2027 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

| | 2021-2023 Biennium | 2023-2025 Biennium | 2025-2027 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

House Bill 1379 amends the new legacy earnings fund to receive all of the constitutionally mandated legacy fund earnings transfers. It then stipulates the amount available for appropriation out of the new fund and directs the transfer of funding to multiple funds.

4 - Fiscal Impact Sections Detail

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 5 of HB 1379 requires all legacy fund earnings which are constitutionally required to be transferred to the general fund at the end of each biennium be immediately transferred into the legacy earnings fund. It also requires all interest and earnings derived from these funds be kept in this new fund. This would go into effect for legacy fund earnings generated and transferred during the 2023-25 biennium.

The section then spells out the amount available for appropriation out of the new fund as seven percent (7%) of the five-year average value of legacy fund assets as determined by SIB. Beginning with the 2023-25 biennium, the bill would require transfers of the amount available for appropriation from the legacy earnings fund to newly created or existing funds as follows...

- First \$150M to legacy sinking and interest fund
- Next \$60 M to the Highway Tax Distribution for Allocations
- Next \$200 M for Tax Relief
- Next \$30M to the clean sustainable energy fund
- Next \$10 M to economic diversification research fund (as created in Section 2 of HB 1379)
- Next \$10 M to the innovation loan fund
- Next \$10 M to the workforce development and enrichment fund (as created in Section 4 of HB 1379)
- Next 16.6 M to the legacy projects fund (as created in Section 7 of HB 1379)
- Remainder to be allocated as follows if earnings transferred exceed the amount available for appropriations above...
- First 73.4 M to the legacy projects fund (as created in Section 7 of HB 1379)
- Next \$100 M to the county & township bridge fund (as created in Section 8 of HB 1379)
- Next \$15 M to the agriculture infrastructure fund (as created in Section 1 of HB 1379)
- Next \$15 M to the bioscience innovation grant program fund
- Any remaining into strategic investment and improvements fund

Section 6 of HB 1379 requires all legacy fund earnings which are constitutionally required to be transferred to the general fund at the end of each biennium be immediately transferred into the legacy earnings fund. It also requires all interest and earnings derived from these funds be kept in this new fund. This would go into effect for legacy fund earnings generated and transferred during the 2025-27 biennium.

The section then spells out the amount available for appropriation out of the new fund as seven percent (7%) of the five-year average value of legacy fund assets as determined by SIB. Beginning with the 2025-27 biennium, the bill would require transfers of the amount available for appropriation from the legacy earnings fund to newly created or existing funds as follows...

- First \$102,620,461 to legacy sinking and interest fund
- Next \$70 M to PERS based on PERS actuarial funded ratio
- Next \$60 M to the Highway Tax Distribution for Allocations
- Next \$200 M for Tax Relief
- Next \$30M to the clean sustainable energy fund
- Next \$10 M to economic diversification research fund
- Next \$10 M to the innovation loan fund
- Next \$10 M to the workforce development and enrichment fund
- Next 16.6 M to the legacy projects fund
- Remainder to be allocated as follows if earnings transferred exceed the amount available for appropriations above...
- First 73.4 M to the legacy projects fund
- Next \$100 M to the county & township bridge fund
- Next \$15 M to the agriculture infrastructure fund
- Next \$15 M to the bioscience innovation grant program fund
- Any remaining into strategic investment and improvements fund

Section 1 , section 2, section 4, section 7, & section 9 create new funds as noted above.

Section 3 amends the legacy sinking and interest fund to remove transfer to PERS

Section 10 and 13 are contingent appropriates for the agriculture infrastructure fund and the county and township bridge fund only if they receive an allocation from the legacy earnings fund on July 1 2023.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please 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 2023-25 biennium, Section 5 of the bill and for the 2025-2027 biennium, Section 6 of the bill will require all the constitutionally mandated legacy fund earnings which are transferred into the general fund be transferred immediately to the legacy earnings fund.

There will be a reduction in the available general fund revenues in an amount equal to the legacy fund earnings for the biennium. For the 2023-25 biennium, the estimated revenues would be \$486 M based on 7% of the five-year average value of legacy fund assets as determined by SIB as stated above and based on the RIO website, the Legacy Fund Earnings through the Biennium are less than \$486 M so no additional transfers and appropriations would be made.

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 to the legacy earnings fund for the biennium of 2025-2027.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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.

Section 5 would be effective in 2023-25 biennium; the bill appropriates out of the new legacy earnings fund as spelled out above.

Section 6 would be effective starting with the 2025-2027 biennium; the bill appropriates out of the new legacy earnings fund as spelled out above.

The calculation of the five-year average value of the legacy fund will be based off the five-year period ending with the most recently completed even-numbered fiscal year.

Sections 10-13 further detail appropriations for specific funds as created in HB 1379.

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