

FISCAL NOTE
HOUSE BILL NO. 1379
LC# 23.0695.04000
04/26/2023

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			\$254,188,000			
Expenditures						
Appropriations				\$254,188,000		

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).

Engrossed House Bill 1379 with CC Amendments amends the legacy earnings fund transfers after July 1, 2023 and changes the amounts available for appropriation out of various 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.

Current statute in 21-10-13(2) states that 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. 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. The current anticipated amount to be transferred in Legacy Fund Earnings is \$486M. Current Statute has all of these transfers occurring in special funds.

Current Statute in 21-10-13(4):

- First \$150M to Legacy Sinking & Interest Fund
- Next \$60M to Highway Tax Distribution Fund
- Up to \$50M for Tax Relief as appropriated by the Legislative Assembly
- Up to \$30M for Clean Sustainable Energy Fund as authorized by Legislative Assembly
- Up to \$30M for University Research programs, Innovation Loan Program as authorized by Legislative Assembly
- Remaining in Legacy Earnings Fund as per legislative direction

Any Remaining Legacy Earnings transferred in excess of the percent of market value calculation:

- Up to \$150M retained for future bond payments in Legacy S&IF
- Next \$100M retained to Legacy Fund Principle
- Remaining transferred to SIIF

Section 2 of this bill replaces the current Legacy Earnings Fund buckets and values described above with those included in this bill, including transfers from Special Funds to the General Fund that do not occur in current law.

New Language in 21-10-13(4):

- First \$102,624,000 to Legacy Sinking & Interest Fund
- Next \$225,000,000 to General Fund for Legislative Tax Relief Initiatives
- Next \$100,000,000 to Legacy Earnings Highway Distribution Fund per NDCC 54-27-19.3 as created in 2023 HB 1012
- Remaining Funds transferred 50%/50% to General Fund/SIIF

If Legacy Fund Earnings in 21-10-13(2) are greater than the Legacy Earnings Fund % of Asset Value in 21-10-13(3), the remainder to be allocated:

- 50% to General Fund
- 50% to SIIF

Section 3 and 4 make it so this change will take effect July 1, 2023 and apply to the Legacy Fund earnings that are realized July 30, 2023.

The adjustment of \$254,188,000 from Special Funds to General Funds is based on the estimated \$486M in Legacy Fund Earnings that RIO has indicated will be transferred as per the current 7% of 5 year market value, as current earnings for the biennium do not show any excess earnings to be budgeted.

Although not included in the chart above, the \$100M funding to the Legacy Earnings Highway Distribution Fund will have an impact to Cities, Counties, and Townships in accordance with whatever the final wording of those distributions are in SB 2012. Based on the .03000 version of 2012, \$10m would flow to Township roads pursuant to the proposed Legacy Earnings Township Highway Aid Fund, and \$28.5m would be split between cities and counties though the Highway tax distribution fund under 54-27-19.

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.

Existing statute says Legacy Fund Earnings that are transferred at the end of the biennium are immediately transferred to the Legacy Earnings Fund. This change will impact Legacy Earnings Fund allocations effective July 1, 2023. Based on current market value and estimated value from RIO, the earnings available for transfer this biennium as per the 7% of 5 year market value will be \$486M. Currently there are no earnings in excess of this amount. As explained above, this bill will transfer from Special Funds an amount of \$254,188,000 that will be added to the General Fund collections, made up of the initial \$225M transfer and roughly \$29,188,000 being transferred as part of the 50/50 split.

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 earned and transferred to the general fund and subsequently for the biennium of 2023-2025 or 25-27 biennia.

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.

Various Special Fund expenditures are effected as described in the Fiscal Impacts notes

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.

As explained above, this bill will transfer from Special Funds an amount of \$254,188,000 that will be added to the General Fund , made up of the initial \$225M transfer and roughly \$29,188,000 being transferred as part of the 50/50 split.

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