

FISCAL NOTE
Requested by Legislative Council
01/16/2007

Bill/Resolution No.: HB 1360

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	(\$80,000)	\$196,000	(\$80,000)	\$196,000
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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 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).*

The credit-sale contract indemnity fund's money is currently deposited at the Bank of North Dakota and earns interest at BND's Money Market Rate via the State's interest allocation process. This bill authorizes the State Treasurer to invest these dollars using the prudent investor rule.

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 lines 9,10,11 authorize the State Treasurer to invest the indemnity fund dollars using the prudent investor rule. It is anticipated that the Treasurer will be able to increase the rate of return for this fund by using a more diverse investment portfolio.

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.*

Funds invested at the Bank of North Dakota currently earn 1% more than the bank's money market rate. The difference between the money market rate and the actual amount earned is credited to the General Fund. We estimate the General Fund will lose out on approximately \$80,000 a biennium if the indemnity funds are removed from the State's current interest allocation process. However, it is anticipated that the return on the indemnity fund will increase by \$196,000 a biennium if the Treasurers Office uses a more diversified investment strategy.

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.*

Name:	Lawrence Hopkins	Agency:	Office of State Treasurer
Phone Number:	701 328-4694	Date Prepared:	01/22/2007