

FISCAL NOTE
Requested by Legislative Council
02/06/2007

Amendment to: HB 1340

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	\$720,000	\$80,000	\$1,440,000	\$160,000
Expenditures	\$0	\$0	\$0	\$60,000	\$0	\$120,000
Appropriations	\$0	\$0	\$0	\$80,000	\$0	\$160,000

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).*

A new chapter in the Century Code is created for publicly traded corporations wishing to have this form of corporate governance structure. The provisions with a fiscal impact pertain to the filing of an annual report having a franchise fee connected with it.

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.*

Annually, according to 10-35-28 on pages 19, 20, and 21, a franchise fee is due each year that cannot be less than \$60 nor exceed \$80,000.

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.*

It is unknown at this time as to how many corporate charters will be issued under this chapter. Therefore, the estimated revenue is based on five corporations during the first biennium paying the maximum fee. The number of corporations was doubled for the next 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.*

Because it is unknown as to the number of corporate charters that might be issued under this new chapter, 10% of the franchise fee is allocated to the agency's general services operating fund to allow the agency to respond to the demand regardless how few or how many there might be. By law, any excess is deposited in the state's general fund at the end of the biennium.

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.*

The appropriation is to establish the spending authority for the agency based on the estimated revenue. If the revenue exceeds projections, the agency will seek the approval of the Emergency Commission and the Legislative

Budget Section to increase the spending authority.

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