

FISCAL NOTE

Requested by Legislative Council
01/24/2001

Bill/Resolution No.: HB 1400

Amendment to:

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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$8,250,000	\$0	\$7,700,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$937,500	\$2,812,500	\$0	\$937,500	\$2,812,500	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The regional rural development revolving loan fund (part of ND Development Fund) would commit it's unobligated portion to provide as (1) match to communities (under 2,500 people) who establish a rural growth incentive program (minimum amount of \$75,000) and (2) provide those communities with computer equipment, software and training/support to more effectively work with ND's various economic development programs.

(See Expenditure Explanation Below)

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.*

Revenues are impossible to estimate since the positive economic benefits to the state and the communities can't be predicted (as a result of the additional funding resources available at a local level).

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.*

This bill is targeted to those communities (under 2,500 people) who may be able to raise a minimum of \$75,000 (public and private sector) to be used in helping to expand new or expanded primary sector businesses (or businesses providing essential services). There are roughly 200 communities with local development programs

(only 17 in communities with over 2,500 people). A review of those 200 communities would seem to indicate that potentially one hundred would likely be capable of establishing a rural growth incentive program (as provided for in HB 1400).

If one hundred are successful it would require matching funds (from the ND development fund) of \$7.5 million. An additional \$7,500 (total of \$750,000) has been budgeted for each successful community (for computer hardware, software, training/support and telecommunications/internet access), as provided for in Section 1.2b. Thus the biennium total of \$8,250,000.

Assuming the same opportunity would be available to communities (during the 03-05 biennium) an additional \$7.5 million would be required. Only \$2,000 (for computer software, training/support, telecommunications/internet access), as provided for in Section 1.2b would be needed (assuming expenditures went to only those communities who'd participated in the 01-03 biennium).

A local public sector fiscal impact has been estimated at 50% of the \$75,000 local amount (\$37,500). Of this amount, we've estimated that counties might provide as much as 25% of the public sector amount (\$9,375/community) with the remaining 75% of the public sector commitment coming from the community (\$28,125). The remaining \$37,500 (per community) would be raised from the private sector.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No appropriations have been provided.

The ND Development Fund would be directed to provide \$4,000,000 of the regional rural development revolving loan fund (or the unobligated balance on 7/1/01) to meet the provisions of this bill.

As of 1/30/01, this loan fund would require an additional \$1,200,000 to meet the funding commitments it currently has (as per discussion with Dean Reese, Development Fund CEO).

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