

FISCAL NOTE
Requested by Legislative Council
01/11/2021

Revised
 Bill/Resolution No.: HB 1267

- 1 A. **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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$428,000		\$378,000
Appropriations				\$269,000		\$269,000

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1267 directs the Bank of North Dakota (BND) to study the feasibility and desirability of providing digital currency custodian services and implementation of a digital currency exchange. As drafted this bill has a fiscal impact to Bank of North Dakota and Dept. of Financial Institutions. (DFI)

- 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.*

HB 1267 directs BND to study the feasibility and desirability of providing digital currency custodian services and implementation of a digital currency exchange. To implement this study, BND anticipates spending up to \$50,000 to hire a consultant with expertise in cryptocurrency to assist in completing the study.

DFI is under NDCC 6-09-29 and is tasked with the examination responsibilities of BND. Therefore, the department must have qualified examination staff to properly oversee BND's activities, including new programs.

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.*

The net revenue impact is \$0, as the DFI's revenues would be offset by expenditures from BND.

The revenue impact to BND cannot be determined until after the study is complete.

- 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.*

The cost of the study (\$50,000) will be undertaken as part of BND's normal operating activities.

The expenditure will not affect general fund revenues. Bank of North Dakota anticipates building the cost of the

study into its 2021-2023 budget. The costs and staffing for BND to implement a cryptocurrency exchange and provide custodian services are unknown at this time. These costs will be identified as part of the study.

DFI has identified the following costs resulting from the implementation and the additional required examination costs.

- \$359,000 Salaries
- \$19,000 Operating (training, travel to the training)
- 1 additional FTE will be required. The estimated salary and benefits for that position is \$250,000.
- The estimated salary expense also includes the reallocation of existing senior staff's time from their current duties. DFI conservatively estimates a reallocation of 10% of those three staff member's time. The total amount of that reallocation is \$109,000.
- The department is a special funds agency and the funding source (revenue) to cover the department's expenses would be an increased assessment to BND, resulting in higher expenses for both the Department and BND.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This expenditure was not included in the Executive Budget. It does not include a continuing appropriation.

The Department of Financial Institutions must add an FTE whom must be trained in this specialized area. The department's appropriation estimate is for the salary of one specialized examiner and associated training costs.

DFI Appropriation amounts:

- \$250,000 – Salaries
- \$15,000 – Operating (training)
- \$4,000 – Operating (travel to training)

These amounts are not included in the executive budget.

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