

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1487

2007 HOUSE EDUCATION

HB 1487

# 12007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1487**

## House Education Committee

Check here for Conference Committee

Hearing Date: **29 January 07**

Recorder Job Number: **2127**

Committee Clerk Signature



## Minutes

**Representative Al Carlson, District 41, introduced the bill.** In 01-02 we transferred \$9.0 million in interest from the BND student loan interest fund to the general fund. In the 03-05 biennium, we transferred \$26.0 million. There was \$9.0 million this biennium. In the next biennium, the numbers match the numbers in my bill--\$3.1 million. What this bill does is that the BND will maintain a revolving loan fund for the purpose of allowing them to make low interest loans to eligible students. The bank shall administer and supervise the low interest student loan fund and may deduct a service fee for administration of the fund. The interest on this loan fund is 2% per year. The problems that these kids face as they get out of college and they attempt to buy a car or a house and they have these long-term student encumbrances of anywhere from \$15.0 to \$50.0, it is basically taking them out of the market for future years for buying things. This will allow them to borrow some amount of money for low interest rates so they can do those other things when they get out of college. The difference between this program and some of our others is that this is just for ND kids. You have to graduate from ND high school or be a resident of ND going to a bordering state high school. They have to be a student of good standing in an institution of higher education in the state. The bank has already told me that if this bill were to pass, there will be lines at door because to get a 2% college loan is a good deal. In the first year the loan will be \$3.0, the

second year it's \$4.0, and the last two it is \$5.0. This means there is a total of \$17.0 that you could borrow on this program. This bill needs an amendment to address what happens when a kid quits school—they need to pay it back beginning immediately. We will give the bank the authority to set up guidelines to go with this. It also allows them to participate with other banks.

**Representative Hunskor:** You talk about a student in good standing. I guess that means you are getting good grades and you are not in trouble. Should that be more specific as to what it means.

**Representative Carlson:** Now I'm going to show you my bias for the trades. I'm a contractor. I can't electricians, metal workers, etc. and that's why you won't see any standards of 3.0 GPA or 3.5 GPA in this bill. I'm convinced that we tell kids that we need a lot of computer programmers and we need a lot of engineers and architects. We don't tell them we also need electricians and plumbers and those guys are making \$18 to \$25 an hour doing their trade. I want this money to be able to be used in the business colleges, not be limited to public institutions, and in our trade and tech schools. That's why it's wide open. We do want those kids to go to school here, get a trade here, and hopefully stay here.

**Representative Mueller:** That point you just made is one I am concerned about. There is no provision that people who get these loans would stay in the state. Is that your intent?

**Representative Carlson:** This money can not be taken out of state. If they went to UND and got an engineering degree, each year in ND we probably hire 40 new engineers across the state and we graduate 200. The other 160 are going to have to go somewhere.

**Representative Herbel:** What about the 5<sup>th</sup> and 6<sup>th</sup> year. Many with part-time jobs need to go a longer time. When do they have to start repaying?

**Representative Carlson:** It says when their studies are complete. When they have their final degree they start paying back.

**Chairman Kelsch:** Those who get their pre med degree may have to go on for medical, pharmacy, dentistry, etc. I guess if you have declared your major, perhaps that when the payment should start. We may be able to tighten up the language a little bit to meet your intent. We want to encourage them to be done in 4 years; however, if they are getting an advanced degree we don't want that to trigger those loan repayments at that point.

**Representative Wall:** Do you see this for existing high school students only, or could students refinance their present loans.

**Representative Carlson:** It was not intended for refinance. I would hope that would be in the guidelines the BND establishes.

**Senator Nick Hacker, District 42,** testified in favor of the bill. This is a phenomenal tool. This tool is not the only thing students are going to borrow on as it will not cover all of their student loans. For some it will, but for many others it won't. I recently was able to finance a new truck for lower interest than my student loan. I would suggest an amendment that if students quit or transfer out of state, they could refinance through the BND at market rate.

**Representative Herbel:** As far as the drop out rate, do you think it relates in any way to student loans?

**Senator Hacker:** I think it more performance related. Or they are not sure what course of study they wish to follow and realize how much it is costing them to be undecided. They may drop out for a while in that case.

**Peggy Wipf, director of Financial Aid, ND State University System,** testified in favor of the bill. **(Testimony Attached.)**

**Eric Hardmeyer, president of the BND,** appeared in favor of the bill. He asked the Committee if they had any questions.

**Chairman Kelsch:** Representative Carlson proposed an amendment that says if you drop out after the first year, the loan repayment would be due immediately. Senator Hacker thought perhaps it could be changed to market rate. What are your thoughts on that?

**Hardmeyer:** I think there are options that we could utilize our other alternative loan program that we talked about last week (DEAL) and maybe refinance those students out of this particular program in to a more market sensitive rate. There also may be federal programs that are available.

**Representative Haas:** I'm confused by the fiscal note. 1.) You can't lend money at 2% and even pay for your expenses for the cost of doing the lending. 2.) There has to be reduced revenue for the BND if we lend money out at less than market rate.

**Hardmeyer:** First of all you must realize that these are not BND funds. This is coming from the student loan trust fund. It is money that they have earned and it goes into a separate kitty. It is simply administered by the bank. It is possible to do that at 2% and not lose money because there is no deposit cost associated.

There are a couple of points I would like to make. How many people will be touch with this program? At \$3.1 million based on the amount of each loan chances are that you would reach somewhere between 600 to 800 students. There will be a line up at the bank to get access to these funds. These monies will go out on day one and that will shut the program down for the rest of the biennium. There is no money coming back in to the fund until it goes to repayment and that's four or five later. We usually make 24,000 loans a year in federal programs and our DEAL program.

**Vice Chairman Meier:** So these selection criteria for the loan would be first come, first served?

**Hardmeyer:** I would have to assume so based on what I see in the bill.

**Representative Haas:** Do you think it may be wise to add, in additional to the residential requirements, some needs based criteria?

**Hardmeyer:** I guess I would leave that up to what is the desire of the legislative body. There might have to be some sort of target to assist with that.

**Representative Karls:** Would you building some deferment for students seeking advanced degrees?

**Hardmeyer:** We are looking at using the federal guidelines as to when studies are complete.

**Representative Hunskor:** It's very possible that in the first 600 applications, 300 of those young people could easily pay for their own education and this may be a convenient way to get a vehicle or whatever. It seems it might be necessary to have a need base in their somewhere.

**Hardmeyer:** Subsection 3 does allow the Bank to establish additional terms and conditions. You would want to make sure that we are working with your intent.

**Chairman Kelsch:** When you make these initial loans would you make them based on the assumption that most of these will be first year students and they would receive the full \$17.0 or are you just making the assumption for that first year. How would these funds work with the DEAL programs?

**Hardmeyer:** I'm thinking only the first year because and that would take care of the funds. The opportunity to come back in year 2, 3 or 4, would be limited because I think all the funds will be gone. This program would work well with the DEAL program. If they use this program and there are no further dollars available, they could use the DEAL program. Right now freshman students can qualify for about \$3.5 per year in federal programs. The cost of college is closer to \$14.0 - \$15.0. Depending on the assistance they get at home, scholarships, grants, there is a significant amount of gap there. That's why we are seeing an increase in our DEAL program.

**Representative Herbel:** If we are talking about impacting 600 students out of the 45,000 in the state, aren't we just spitting in the ocean?

**Hardmeyer:** We're touching a few but the signal that your sending is just as important as well. I think we are going to have to put some criteria on here so we specify who accesses it. Overall I think the work that legislative committees are doing to address higher education costs are going to well received and I think this is another example of putting the student first.

**Representative Herbel:** That adds more credence that we need to make this need based.

**Chairman Kelsch:** The federal program you mentioned where a student can receive \$3.5, is that a new program or the old program.

**Hardmeyer:** That's the old Stafford and Pell grants.

**Representative Johnson:** Is there any consideration given to part time students in here?

**Hardmeyer:** I don't see any. We may have to address that in the terms and conditions. In our DEAL program we allow less than full time. We will look at what legislative intent is.

**There being no further testimony, Chairman Kelsch closed the hearing of 1487.**

**Chairman Kelsch:** Peggy (Wipf), I have a question for you. The President has his initiative regarding STEM (Science, Technology, Engineering and Math). Last April I was briefed on that initiative whereby students majoring in those subjects would qualify for grants if you had a certain GPA and were a full-time student you could receive \$3.0 - \$4.0 in your junior or senior year. Is that program available to students?

**Wipf:** Yes, it is. It's an off shoot of the current program. It has two components, one is the academic competitive program for freshmen and sophomore and if the student has a GPA of 3.0 they could be eligible for \$700 to \$1300. The piece you were alluding to is for 3<sup>rd</sup> and 4<sup>th</sup> year students who are Pell eligible but who are majoring in those subject matter areas and also having a 3.0 GPA. This is the first semester our students have been able to take advantage of it.



Page 7

House Education Committee

Bill/Resolution No **HB 1487**

Hearing Date: **29 Jan 07**

**Representative Haas:** What are the eligibility criteria for Pell?

**Wipf:** Each student completes a FASCA form and they include income information. Mostly it based on your income tax return. It is strictly needs based.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1487**

## House Education Committee

Check here for Conference Committee

Hearing Date: **31 January 07**

Recorder Job Number: **2392 & 2482**

Committee Clerk Signature

*Jan Prindle*

Minutes

**HB 1487 was opened for discussion.**

**Chairman Kelsch:** You have discussed amending this. There is one amendment submitted by the BND that asks that they be allowed to follow the federal guidelines for approving these loans and the other issue is to assure the loan is offered to students demonstrating financial need. Can we have that amendment ready today?

**Later on the same day - -**

**Representative Haas:** I have distributed a simple amendment that gives direction that these funds be distributed to students demonstrating financial need. **I move the amendment**

**Representative Herbel:** I second.

**A voice vote was taken and the amendment was accepted.**

**Chairman Kelsch:** I have for your consideration an amendment that would allow the BND to follow federal guideline when approving these loans.

**Representative Herbel:** I move the second amendment.

**Representative Sukut:** I second

**Representative Johnson:** Has the issue of making part time students eligible been addressed?

**Representative Haas:** That will be addressed in the guidelines the BND establishing. They will follow federal guidelines which includes part time students.

**A voice vote was taken and the second amendment was accepted.**

**Representative Herbel:** I move Do Pass and Rerefer to Appropriations.

**Representative Hunskor:** I second.

**Representative Johnson:** I'm going to support the bill. It is a good idea. The frustration is that the money will all be used up for first time students and there will be none left for second and later year students.

**A roll call vote was taken: Yes: 13, No: 0, Absent: 0**

**HB 1487 as amended (2) was passed and referred to Appropriations.**

# FISCAL NOTE

Requested by Legislative Council

04/16/2007

Amendment to: Reengrossed  
HB 1487

**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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>						
<b>Appropriations</b>						

**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

**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).*

Section 1 provides for loans without federal co-insurance to bear fixed or variable interest rates. Section 2 declares an emergency measure.

**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 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

**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.*

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

**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.*

<b>Name:</b>	Eric Hardmeyer	<b>Agency:</b>	Bank of North Dakota
<b>Phone Number:</b>	328-5674	<b>Date Prepared:</b>	04/16/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 04/10/2007

**REVISION**

Amendment to: Reengrossed  
 HB 1487

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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>			\$3,000,000		\$4,000,000	
<b>Appropriations</b>			\$3,000,000		\$4,000,000	

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

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).*

Sec. 1 provides for emergency measure for loans w/o fed. co-ins. to bear fixed or variable interest rates. Sec. 2 creates a new grant program for students attending public two-year campuses. Sec.3 provides a \$3.0 million state general fund appropriation for new grant program.

**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.*

NO CHANGES TO FISCAL NOTE - ORIGINAL SUBMITTED MARCH 13, 2007.

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment. Section 2 creates a new student grant program and related administrative costs. Section 3 provides \$3.0 million from the state general fund.

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.*

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

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.*

During 07-09 about 1,600 new and continuing students would be assisted per year at a grant of \$600 each or about 1,300 students per year at a grant of \$750 each. Up to 5% or \$150,000 per biennium from the \$3.0 million general fund appropriation would be used to assist with administering this new program including programming costs, student correspondence and staffing costs.

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.*

State general fund appropriation of \$3.0 million in 07-09 and \$4.0 million in 09-11 are required to fund new and continuing students and from within those appropriated amounts provide funding to cover program administrative costs.

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	04/10/2007

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/04/2007

Amendment to: Reengrossed  
HB 1487

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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>			\$3,000,000		\$7,000,000	
<b>Appropriations</b>			\$3,000,000		\$7,000,000	

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

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).*

Sec. 1 provides for emergency measure for loans w/o fed. co-ins. to bear fixed or variable interest rates. Sec. 2 creates a new grant program for students attending public two-year campuses. Sec.3 provides a \$3.0 million state general fund appropriation for new grant program.

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.*

NO CHANGES TO FISCAL NOTE - ORIGINAL SUBMITTED MARCH 13, 2007.

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium,\$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment. Section 2 creates a new student grant program and related administrative costs. Section 3 provides \$3.0 million from the state general fund.

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.*

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium,\$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

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.*

During 07-09 about 1,600 new and continuing students would be assisted per year at a grant of \$600 each or about 1,300 students per year at a grant of \$750 each. Up to 5% or \$150,000 per biennium from the \$3.0 million general fund appropriation would be used to assist with administering this new program including programming costs, student correspondence and staffing costs.

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.*

State general fund appropriation of \$3.0 million in 07-09 and \$4.0 million in 09-11 are required to fund new and continuing students and from within those appropriated amounts provide funding to cover program administrative costs.

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	04/04/2007



**FISCAL NOTE**  
**Requested by Legislative Council**  
03/12/2007

Amendment to: Reengrossed  
HB 1487

**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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>			\$3,000,000		\$7,000,000	
<b>Appropriations</b>			\$3,000,000		\$7,000,000	

**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

**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).*

Sec. 1 provides for emergency measure for loans w/o fed. co-ins. to bear fixed or variable interest rates. Sec. 2 creates a new grant program for students attending public two-year campuses. Sec.3 provides a \$3.0 million state general fund appropriation for new grant program.

**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 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment. Section 2 creates a new student grant program and related administrative costs. Section 3 provides \$3.0 million from the state general fund.

**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.*

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

**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.*

During 07-09 about 1,600 new and continuing students would be assisted per year at a grant of \$600 each or about 1,300 students per year at a grant of \$750 each. Up to 5% or \$150,000 per biennium from the \$3.0 million general fund appropriation would be used to assist with administering this new program including programming costs, student correspondence and staffing costs.

**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.*

State general fund appropriation of \$3.0 million in 07-09 and \$4.0 million in 09-11 are required to fund new and continuing students and from within those appropriated amounts provide funding to cover program administrative costs.

<b>Name:</b>	Laura J. Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	03/13/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/16/2007

**REVISION**

Amendment to:           Engrossed  
                                   HB 1487

**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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>				\$3,100,000		
<b>Appropriations</b>						

**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

**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).*

Sec. 1 provides for emergency measure for loans w/o fed. co-ins. to bear fixed or variable interest rates. Sec. 2 creates a new low interest rev. loan fund. Sec.3 provides a \$3.1MM transfer from NDSL.T. Fiscal impact relates to interest options and reduced income.

**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 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment. Section 2 authorizes the funding of 3% low interest student loans up to \$3.1 million. Section 3 transfers \$3.1 million from the Student Loan Trust to a low interest student loan fund.

**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.*

Section 1 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment.

**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.*

During 07-09 biennium loans totaling \$3.1 MM will be funded. No repayment expected on any of the funded loans until after 09-11 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.*

<b>Name:</b>	Eric Hardmeyer	<b>Agency:</b>	Bank of North Dakota
<b>Phone Number:</b>	328-5674	<b>Date Prepared:</b>	02/16/2007

**FISCAL NOTE**  
**Requested by Legislative Council**  
02/15/2007

Amendment to:           Engrossed  
                                  HB 1487

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
<b>Revenues</b>		(\$7,500)		(\$900,000)		(\$2,700,000)
<b>Expenditures</b>				(\$3,100,000)		
<b>Appropriations</b>						

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

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).*

Sec. 1 provides for emergency measure for loans w/o fed. co-ins. to bear fixed or variable interest rates. Sec. 2 creates a new low interest rev. loan fund. Sec.3 provides a \$3.1MM transfer from NDSLTL. Fiscal impact relates to interest options and reduced income.

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 has a reduction in income to the Bank of North Dakota estimated at \$7,500 for the 2005-07 biennium, \$900,000 for 2007-09 biennium, and \$2,700,000 for the 2009-11 biennium utilizing today's interest rate environment

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.*

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.*

During 07-09 biennium loans totaling \$3.1 MM will be funded. No repayment expected on any of the funded loans until after 09-11 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.*

<b>Name:</b>	Eric Hardmeyer	<b>Agency:</b>	Bank of North Dakota
<b>Phone Number:</b>	328-5674	<b>Date Prepared:</b>	02/15/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/16/2007

Bill/Resolution No.: HB 1487

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						
Expenditures						
Appropriations						

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

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).*

This legislation would create a new low-interest student loan program at BND with a transfer from the North Dakota Student Loan Trust fund with a continuing appropriation. Section 2 authorizes the transfer from the Student Loan Trust to a new low-interest student revolving loan fund.

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 2 is not projected to have a fiscal impact to the State of North Dakota. BND may deduct a service fee for administering the fund from interest payments received on loans.

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.*

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.*

<b>Name:</b>	Eric Hardmeyer	<b>Agency:</b>	Bank Of North Dakota
<b>Phone Number:</b>	328-5674	<b>Date Prepared:</b>	01/19/2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1487

Page 1, line 22, remove "and"

Page 1, line 24, after "state" insert "; and

- d. Annually complete and submit to the Bank a free application for federal student aid form in order to demonstrate financial need"

Renumber accordingly

