

# FISCAL NOTE

Requested by Legislative Council  
01/24/2001

Bill/Resolution No.: HB 1444

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
<b>Revenues</b>						
<b>Expenditures</b>			\$262,000		\$250,000	\$14,000
<b>Appropriations</b>			\$262,000		\$250,000	\$14,000

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

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

The proposed payment mechanism does not fit readily within the Bank's current student loan servicing operations because: 1) many of the borrowers eligible for these payments are not currently customers of the Bank; 2) Bank systems do not currently track some of the data elements necessary to support the requirements of the proposal; and, 3) existing Bank systems do not provide for generation of annual principal reductions.

The legislation contains an appropriation of \$250,000 for the biennium. We have assumed that this money would be exhausted in the first year?

How are borrowers made aware of the program? Is the Bank expected to provide some sort of notice to anyone? We did not allow anything in our calculations for this.

What kind of notice of benefits do we need to provide to the borrower? We have assumed a simple letter.

Do we need to provide IRS 1099C reporting for cancellation of debt? We have assumed so.

Legislation on the federal level could compound the benefits available in certain instances. Should there be a limitation to prevent "double dipping"? Should the borrower be required to exhaust the available federal benefits before they are eligible for benefits under this program?

Note that as the language is presented, it would be possible for someone who is teaching only part-time to qualify

for these benefits.

What happens if there is a temporary cessation of teaching due to medical reasons, military duty or a return to school for continuing education? Does the borrower lose his eligibility for these benefits? Or, should we allow for some sort of deferment similar to the Federal Family Education Loan Program (FFELP) offerings?

Note that the bill applies only to students of public institutions in North Dakota. Education students at private schools would not be covered.

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.*

n/a

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.*

Expenditures for the Bank of North Dakota to implement this program in the remainder of the 1999-2001 biennium include salaries and wages for a portion of 2001 to implement the program. These expenditures have not been included in any appropriation for the Bank of North Dakota.

Expenditures for the 2001-2003 biennium include: .25 FTE Account Tech II; lease of personal computer equipment, postage, telephone, etc.

Expenditures for the 2003-2005 biennium include: .25 FTE Account Tech II; lease of personal computer equipment, postage, telephone, etc. assuming the volume did not change from the previous biennium.

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.*

There is no appropriation of funds to provide for initial planning and implementation of the program.

None of the expenditures for the next biennium have been included in the appropriations request for the Bank of North Dakota; therefore, the funding has been requested under the general fund column. Funding of the actual payments, as included under HB 1444, has been included in the general fund column.

Expenditures for the 2003-2005 biennium have been moved from the general fund column to the other funds column based on the assumption that the Bank would request the funding needed to continue the program. Funding of the actual payments, at the same level as included under HB 1444, has been included in the general fund column.

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**Date** 01/30/2001  
**Prepared:**