

FISCAL NOTE

Requested by Legislative Council
03/30/2001

Bill/Resolution No.:

Amendment to: Engrossed
 SB 2379

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	\$24,000	\$0	\$24,000
Expenditures	\$0	\$0	\$16,640	\$24,000	\$16,640	\$24,000
Appropriations	\$0	\$0	\$16,640	\$24,000	\$16,640	\$24,000

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Engrossed SB 2379 with House amendments establishes a value-added agriculture promotion board that will meet regularly to review business plans for value-added agriculture projects. The board shall prioritize projects based on likelihood for success and promote the formation, development and growth of these projects - taking steps to improve the projects success. A selected project shall be assisted by a financing advisory group in completing feasibility, business plans and in seeking early stage money. (Section 1)

The program is to be located in the Department of Economic Development & Finance where administrative assistance is to be provided. Compensation for expenses related to the work of the promotion board and financing advisory group are to be reimbursed.

Section 2 seeks to limit the definition of production agriculture in order to allow investor-owned (and independently managed) livestock feeding or milking operations eligible for potential financing from the North Dakota Development and Regional Rural Revolving Loan Fund(s).

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 estimated that 50% of the 6 applications presented to the Board each quarter would be referred to the

financing group. If a fee of \$1,000 is charged to those who are referred to the financing group, revenue would potentially be \$24,000 for the 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.*

Based upon a fee system it is estimated that the agricultural promotion board could review 6 business plans every quarter. To effectively review those plans could take 2 full days. Expenses related to travel, lodging and per diem could total \$215 per person. Holding quarterly screenings (2 full days) for the 8 members would total about \$6,880 for the year (\$13,760 for biennium).

The financing group's expenses have been figured at approximately 1/2 of the screening committee's (\$3,440 per year, \$6,880 for biennium). The bill does not clarify whether the role of the individual experienced in capital formation will be working gratis or providing services for fee. If (for fee) additional expenditures need to be added (perhaps ranging from low of \$75,000 to \$150,000 per year; \$150,000 to \$300,000 for biennium) depending on number of projects, their needs/complexity and the capabilities of the individual.

As ED&F has no additional staff to provide administrative assistance (or FTE's) for this program, contract staff and additional overheads (for expenses related to the program) have been estimated at \$20,000 for the 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.*

A special fund appropriation of \$24,000/biennium would need to be provided to collect the revenue. A general fund appropriation would need to be provided to cover the additional \$16,640 of expenditures that would not be paid for out of the revenue.

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Prepared: