

SENATE BILL NO. 140

INTRODUCED BY MAZUREK

BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

IN THE SENATE

JANUARY 19, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

JANUARY 31, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 2, 1987 PRINTING REPORT.

FEBRUARY 4, 1987 ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

FEBRUARY 5, 1987 SECOND READING, DO PASS.

FEBRUARY 6, 1987 ENGROSSING REPORT.

FEBRUARY 7, 1987 THIRD READING, PASSED.
TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 11, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & LABOR.

MARCH 4, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 6, 1987 SECOND READING, CONCURRED IN.

MARCH 7, 1987 THIRD READING, CONCURRED IN.
AYES, 84; NOES, 5.
RETURNED TO SENATE.

IN THE SENATE

MARCH 9, 1987 RECEIVED FROM HOUSE.
SENT TO ENROLLING.

SB140

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB140, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

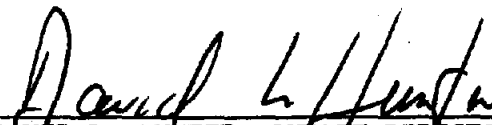
This bill increases the portion of interest that the Montana Economic Development Board may deposit to the Loan Loss Reserve (LLR) Fund from .25 percent to 2.0 percent.


ASSUMPTIONS:

1. The two percent is multiplied by the interest earnings of the loans in the In-State Investment Fund. Therefore, the activity of the Bond Fund and the In-State Investment Fund directly impacts the Loan Loss Reserve Fund.
2. Assumes all trust assets are loaned out by FY89.
3. Revenue estimates for the Coal Severance Tax collected during Fiscal 88-91 are \$78,664, \$81,856, \$81,666 and \$84,228 million, respectively.
4. Investment earnings are based on FY86 portfolio yields of 8.40% and STIP earnings of 6.39% in FY88 and 7.11% in FY89.
5. The activity in the In-State Investment Fund reflects the impact of the DNRC draws (of Coal Severance Taxes) for their Water Bond Program of approximately \$82,000/year, and a reserve of about \$776,000 in the Bond Fund.

FISCAL IMPACT:

	FY88			FY89			Biennium
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference	
Loan Loss Reserve Fund Deposits	\$ 7,643	\$ 61,142	\$ 53,499	\$ 11,262	\$ 90,099	\$ 78,837	\$132,336
Loan Loss Reserve Fund Interest Earnings	\$ 8,248	\$ 9,958	\$ 1,710	\$ 14,979	\$ 21,707	\$ 6,728	8,438
TOTAL LLR	\$ 15,891	\$ 71,100	\$ 55,209	\$ 26,241	\$ 111,806	\$ 85,565	\$140,774
General Fund Interest Earnings	\$ 3,188,200	\$ 3,142,500	\$ (45,700)	\$ 4,081,600	\$ 4,031,700	\$ (67,900)	

 DATE 1/23/89
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 1/23/89
 JOSEPH P. MAZUREK, PRIMARY SPONSOR

Fiscal Note for SB140, as introduced.

SB-140

Fiscal Note Request, SB140, as introduced.

Form BD-15

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LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The interest earnings deposited to the General Fund will be slightly less each year. The impact is a decrease of \$85,681 for FY90 and a decrease of \$100,105 for FY91.

The increased deposits to the Loan Loss Reserve (LLR) Fund allows the fund to grow to 1 1/2% of the loans at risk by FY89. At that point, the LLR Fund will be sufficient to protect the Montana In-State Investment Fund from losses.

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

1 *Senate* BILL NO. 140
2 INTRODUCED BY *[Signature]*
3 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE PORTION
6 OF INTEREST THE MONTANA ECONOMIC DEVELOPMENT BOARD MAY
7 DEPOSIT IN THE LOAN LOSS RESERVE FUND; AND AMENDING SECTION
8 17-6-315, MCA."
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 17-6-315, MCA, is amended to read:

12 "17-6-315. Service charges -- loan loss reserve fund.

13 (1) The board shall by rule establish reasonable service
14 fees that may be charged on loans made from the Montana
15 in-state investment fund.

16 (2) For both coal tax loans and industrial development
17 bond guaranties the board may deposit service charges, and
18 up to ~~0.25%~~ 2% of the interest on coal tax loans, to a loan
19 loss reserve fund. The board shall use the loan loss reserve
20 fund to protect the in-state investment fund from losses."

-End-

SECOND READING
SB-140

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-End-

REFERENCE BILL
58-140

