

FISCAL NOTE

Bill #: HB0273

Title: Transfer \$3.5 million of TANF funds to affordable housing revolving loan account

Primary

Sponsor: Ron Erickson

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
State Special Revenue	\$32,107	\$28,607
Revenue:		
State Special Revenue	\$3,500,000	\$0
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce

1. Costs to administer the housing trust fund would be paid from moneys within said fund. Administration of this new program will require 0.50 FTE and associated operating costs. Personal services costs for a 0.50 FTE (grade 15) are estimated to be \$18,607, a new employee office package in FY 2002 would be \$3,500, and other operating expenses which include travel, printing, communications, supplies, are estimated to be \$10,000 each year.

2. All trust fund uses, other than administrative, are assumed to be loans, which are not expensed on the state accounting system, but classified as assets (loans receivable). Write-offs of delinquent loans are assumed to be a non-budgeted expense. It is also assumed that a sufficient amount of interest would be charged on the loans to at least recoup administrative costs
3. No assumptions are made as to loan repayment rates or terms as those would be negotiated when specific requests are made.

FISCAL IMPACT:**Department of Commerce**

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE	0.50	0.50
<u>Expenditures:</u>		
Personal Services	18,607	18,607
Operating Expenses	13,500	10,000
TOTAL	\$32,107	\$28,607
<u>Funding:</u>		
State Special Revenue (02)	\$32,107	\$28,607
<u>Revenues:</u>		
State Special Revenue (02)	\$3,500,000	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	\$3,467,893	(\$28,607)

LONG-RANGE IMPACTS:

1. The influx of \$3,500,000 into the housing trust fund would allow for limited gap financing to projects already participating in the MBOH Multi Family and Tax Credit Programs, the CDBG Program, HOME, and other local development programs.

TECHNICAL NOTES:**Department of Public Health and Human Services**

1. The transfer of TANF block grant to the revolving loan account does not fall within the scope of the regulations concerning the uses of the TANF block grant. A state may not use federal TANF funds to construct or purchase buildings or facilities or to purchase real estate.
2. The state general fund Maintenance of Effort (MOE) could be used as a transfer to the Affordable Housing Revolving Loan Account.
3. The MOE amount transferred to the revolving loan account would have to be held separate and distinct from other moneys within the account, and interest on the MOE portion of the account would have to be added back to the revolving loan account principal and spent on eligible needy families.