

FISCAL NOTE

Bill #: HB 610

Title: Reduce allocation to TSEP -increase allocation to permanent fund

Primary

Sponsor: Dave Kasten

Status: Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
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:

1. This act is effective beginning in FY2004 therefore there will be no fiscal impact in FY02 or FY03.
2. Beginning July 1, 2003, this bill would reduce the fraction of coal severance tax collections deposited in the Treasure State Endowment fund from 37.5% to 25%. It would allocate 12.5% of collections to the coal severance tax permanent fund.
3. Coal severance tax collections are projected average approximately \$34 million per year . Under HB610 12.5% or approximately \$4.25 million of coal tax, which is currently deposited in the Treasure State Endowment Fund, will be deposited in the coal tax permanent fund beginning in FY2004.
4. The increased deposits to the permanent fund will generate additional future interest revenue for the general fund, while reduced deposits to the treasure state endowment will reduce future interest payments for treasure state endowment projects.
5. This bill would have no administrative impacts on the Departments of Revenue or Commerce.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Beginning in FY04 the reduced deposits to the treasure state endowment will reduce future interest payments for treasure state endowment projects

(continued)

LONG-RANGE IMPACTS:

This bill would allocate more of coal severance tax collections to the coal severance tax permanent fund and less to the Treasure State Endowment Fund every year. This would cause the increase in interest earnings for the general fund and the reduction in interest earnings for the Treasure State Endowment program to grow every year.