

# FISCAL NOTE

**Bill #:** SB0246

**Title:** Trust fund to fund heritage preservation and development

**Primary**

**Sponsor:** Dale Mahlum

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2002</u></b> <b><u>Difference</u></b>	<b><u>FY2003</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>		
General Fund	14,000,000	0
State Special Revenue	353,200	353,200
<b>Revenue:</b>		
General Fund	(840,000)	(840,000)
State Special Revenue	1,015,000	1,015,000
<b>Net Impact on General Fund Balance:</b>	<b>(\$14,840,000)</b>	<b>(\$840,000)</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	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. SB 246 creates the heritage preservation and development trust fund (non-expendable) by transferring \$14 million dollars from the general fund FY 2001 ending fund balance into the newly created trust fund. Interest and earnings on the newly created trust fund would be deposited in the heritage preservation and development account provided for in 22-3-1004, MCA, which is administered by the Montana Historical Society. For the purposes of this fiscal note, it is assumed the new trust fund account and the account provided for in 22-3-1004, MCA are state special revenue accounts.

2. \$14 million dollars would be transferred from the general fund on June 30, 2001 to the newly created trust fund and be invested in the trust funds bond pool managed by the Board of Investments. The new trust fund would earn interest at the rate of 7.25 percent annually in the trust fund bond pool or \$1.015 million each year (\$14 million x 7.25 percent), which is assumed would be expended by the Montana Historical Society each year.
3. The \$14 million transferred from the general fund would otherwise be invested as part of the treasurer's fund where it would earn interest at the rate of 6 percent annually or \$840,000 per year (\$14 million x 6 percent).

**Montana Historical Society**

4. The interest and earnings on the trust will be deposited in the heritage and preservation account for use by the society.
5. The repair, maintenance and management of Virginia City and Nevada City will be \$353,200 per year and does include 6.75 FTE converting the FTE from modified to permanent.

FISCAL IMPACT:**Board of Investments/Department of Commerce**

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures:</u>		
Transfers	\$14,000,000	\$0
<u>Funding:</u>		
General Fund (01)	\$14,000,000	\$0
<u>Revenues:</u>		
General Fund TCA Interest Loss(01)	(840,000)	(840,000)
Trust Fund (09)	<u>14,000,000</u>	<u>0</u>
TOTAL	\$560,000	\$840,000

**Montana Historical Society**

FTE	6.75	6.75
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<u>Expenditures:</u>		
Operating Expenses	176,600	176,600
Capital Outlay	<u>176,600</u>	<u>176,600</u>
TOTAL	\$353,200	\$353,200

<u>Funding:</u>		
State Special Revenue (02)	\$353,200	\$353,200

<u>Revenues:</u>		
State Special Revenue (02)	\$1,015,000	\$1,015,000

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$14,840,000)	(\$840,000)
State Special Revenue (02)	\$661,800	\$661,800
Trust Funds (09)	\$14,000,000	\$0

LONG-RANGE IMPACTS:

Creation of the trust fund will provide earnings for the operation and maintenance of heritage sites indefinitely.

TECHNICAL NOTES:

**Department of Commerce**

1. The trust fund established by SB 246 is labeled a “nonexpendable” trust. However, because the trust is established by the Legislature, rather than the Constitution, the Legislature may, by a majority vote expend the corpus of the trust.