

Fiscal Note Request HB0363, Senate Third Reading
(continued)

9. The amendment to (6) of 39-71-2352, "Except with respect to funds transferred pursuant to subsection (5)(b)(ii), if ..." results in the interpretation that "adequate funding" is not required each fiscal year because of a transfer of up to \$30 million. Adequate funding is the present value of the total cost of future benefits remaining to be paid, and the cost of administering the claims. However, the general fund must transfer funds necessary to pay claims in any year when sufficient funds are not available to pay benefits to injured workers.
10. Assets available for claims after HB363 transfers \$52,080,000 (\$104,648,000 - \$18,268,000 - \$4,300,000 - \$30,000,000 = \$52,080,000).
11. Expected investment income over the biennium, \$3,022,000.
12. Expected claim payments and expenses over the biennium, \$29,326,000
13. Assets available for claims at June 30, 2005, \$25,776,000.
14. Liabilities expected at June 30, 2005, at present value, \$61,807,000.
15. Unfunded liability at present value June 30, 2005, (\$36,031,000).

<u>FISCAL IMPACT:</u>	FY 2003	FY 2004	FY 2005
State Fund	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>			
Transfers	\$18,268,000	\$34,300,000	\$0
 <u>Funding of Expenditures:</u>			
Proprietary (06)	\$18,268,000	\$34,300,000	\$0
 <u>Revenues:</u>			
General Fund (01)	\$18,268,000	\$34,300,000	\$0
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>			
General Fund (01)	\$18,268,000	\$34,300,000	\$0
Proprietary (06)	(\$18,268,000)	(\$34,300,000)	(\$0)

LONG-RANGE IMPACTS:

1. An unfunded liability will be created. At present value this unfunded liability will be \$36 million and at face value the unfunded liability will be \$58.8 million.
2. Adverse development of Old Fund claims in future years may have adverse impact on General Fund.

TECHNICAL NOTES:

1. After the transfer of \$30,000,000 there will be no excess funds. Therefore there will be no funds from which to pay the \$3.78 million in FY2005.