



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0541	Title:	Allow facility finance authority to finance projects for profit organizations
Primary Sponsor:	Brueggeman, John	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
Other (Enterprise Fund)	\$10,000	\$10,000	\$0	\$0
Revenue:				
Other (Enterprise Fund)	\$0	\$17,500	\$17,500	\$17,500
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of fiscal impact:

SB 541 authorizes the Facility Finance Authority (FFA) to finance certain industrial development projects for for-profit corporations. Education of the FFA board and program staff along with structuring and marketing a new program are estimated to cost \$10,000 in FY 2008 and FY 2009.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- SB 541 authorizes the Facility Finance Authority (FFA) to finance certain industrial development projects for for-profit corporations. For the purposes of this fiscal note it is assumed that a \$7.00 million project would be financed in FY 2009, FY 2010, and FY 2011 and produce application fee revenues of \$17,500 each fiscal year ($\$7.00 \text{ million} * .0025 = \$17,500$).
- Training and education in the use of industrial development bonds would be required by the board and FFA staff. For the purposes of this fiscal note, it is estimated that training, education, structuring, and marketing of the new program would cost \$10,000 in FY 2008 and FY 2009.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$10,000	\$10,000	\$0	\$0
<u>Funding of Expenditures:</u>				
Other (Enterprise Fund)	\$10,000	\$10,000	\$0	\$0
<u>Revenues:</u>				
Other (Enterprise Fund)	\$0	\$17,500	\$17,500	\$17,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
Other (Enterprise Fund)	(\$10,000)	\$7,500	\$17,500	\$17,500

Effect on County or Other Local Revenues or Expenditures:

1. Depending on the meaning of the phrase “the date the levy is made” in Section (3) subsection (1) (see technical notes), this bill could complicate the budgeting process for county and other local governments. If the for-profit entity holds the facility on the lien date, but not when the tax bill is produced, the tax base upon which the mills were calculated would be reduced. Depending on the size of the facility, this could result in serious budget shortfalls or could force the affected taxing entities to recertify their mills.

Technical Notes:

1. In Section (3), subsection (1), the meaning of the phrase “the date the levy is made” is unclear. It could be construed to mean the date that the assessment notice is produced by the Department of Revenue, the date that the County Board of Commissioners set the mill levies, or the date that the County Treasurer produces the tax bill.
2. It may be necessary to amend 15-16-603, MCA, refund of taxes – limitation refunds.
3. Section 17-5-1312(3), MCA, allows the FFA 4% of the bond cap allocation for Private Activity Bonds. For FY 2007 that amounts to approximately \$7.00 million. Any potential project over that amount would have to apply for carry-over from other governmental entities.

Sponsor’s Initials

Date

Budget Director’s Initials

Date