



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	HB0474	Title:	Authorize a Montana state bank
Primary Sponsor:	Kary, Doug	Status:	As Introduced

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| <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 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund	\$9,500	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$9,500)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 474 creates the Montana Resources Bank and requires the Board of Investments (BOI) to report to the 64th Legislature regarding the management, operational structure, and capitalization of the bank, and provides a transition for certain activities from the BOI to the bank. The bill exempts certain bank officers from the state pay plan, and provides an appropriation to develop a report.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- HB 474 creates the Montana Resources Bank as a nonprofit, independent public corporation, which is attached to the Department of Commerce for administrative purposes only, and governed by the Board of Investments (BOI), which is also administratively attached to the Department of Commerce. The president and employees of the bank are to be hired by the BOI and are exempt from the state classification and pay plan.

2. HB 474 appropriates \$9,500 from the general fund to the BOI for the purposes of developing a report, and/or business plan, on the management, operational structure, and capitalization of the commercial Bank. The BOI must present its report to the 64th regular session of the legislature by December 31, 2014. The following must be included in that report:

- Outlining management responsibilities for the bank
- Outlining the operational structure of the bank
- Proposed capitalization considerations including depository, bonding, and diversification of investment assets
- Compare depository and investment criteria of the bank with that of the Bank of North Dakota
- Investigate the appropriateness of the bank acting as a reserve depository and clearinghouse
- Recommend changes in existing statutes, if necessary
- Investigate entering into agreements or contacts to purchase an interest in commercial or residential mortgages
- Investigate the banks purchasing, holding, or selling, but not originating commercial or residential mortgages
- Develop a timeline for the bank to become licensed
- Determine if certain existing BOI functions can be transferred from BOI to the bank
- Determine a timeline for the transfer of functions if appropriate
- The BOI will have to determine what criteria must be met to complete an acceptable application to receive a certificate of authorization to operate as a commercial bank within the State of Montana from the state Banking Board and be prepared to submit that application for their consideration.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$7,500	\$0	\$0	\$0
Operating Expenses	<u>\$2,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u><u>\$9,500</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$9,500	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$9,500</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$9,500)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. New Section 1 appears to create a bank but no capitalization is provided for in the bill. The bill requires a study and proposal be presented to the 64th Legislature regarding capitalization suggestions. These two actions seem to conflict.
2. Section 3 part 4 appears to contemplate automatic approval of an application from the Board of Investments to create the bank without further legislative action while New Section 3 part 5 requires approval of the 64th Legislature prior to transference of the Board of Investments authority to the bank.

Sponsor's Initials

Date

Budget Director's Initials

Date