

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 697** HLS 18RS 1096

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 23, 2018	7:13 AM	Author: HODGES
Dept./Agy.: DOTD		Analyst: Alan M. Boxberger
Subject: Creates the Comite River Diversion Canal Fund		

FUNDS/FUNDING OR -\$4,000,000 GF EX See Note Page 1 of 1

Establishes the Comite River Diversion Canal Fund as a special fund within the state treasury and dedicates proceeds of state sales of unclaimed noncash assets to the fund

Proposed law establishes the Comite River Diversion Canal Fund; provides the purposes for which the fund is established; provides that the primary source of monies for the fund shall be the proceeds from the sale of unclaimed property noncash assets; requires the administrator of the state program for management of unclaimed property returned to the state to deposit into the fund any monies derived from the sale of noncash assets; provides for termination trigger; requires that monies in the fund be used to match federal funding for the costs associated with the construction of the Comite River Diversion Canal; and requires that any monies in the fund at the end of the fiscal year remain in the fund.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$20,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$20,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law would revise the flow of certain unclaimed property collections within the state's accounting system. Proposed law establishes the Comite River Diversion Canal Fund and stipulates that all monies generated by the sale of unclaimed property noncash assets shall be deposited into the fund. SGF expenditures would be reduced on a dollar for dollar basis. Monies in the fund shall be used exclusively to provide for federal match associated with the costs of constructing the Comite River Diversion Canal. The Comite River Diversion Canal project is currently estimated to cost approximately \$200 M with the state match portion projected to range from a minimum of 25% (\$50 M) to a maximum of 50% (\$100 M) depending on the cost of right of way acquisitions and utilities relocation. Any expenditure for the Comite River Diversion Canal project would be subject to legislative appropriation.

Creating a new statutory dedication (Comite River Diversion Canal Fund) within the state treasury will result in a marginal additional workload for the Treasury, which can generally be absorbed with existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 389 special funds. When unable to absorb additional workload with existing resources, the treasury anticipates a personal services expenditure increase of approximately \$71,000 for 1 T.O. position plus approximately \$2,500 for a one-time purchase of office equipment. These expenditures are assumed to be SGF.

REVENUE EXPLANATION

Proposed law will divert unclaimed property revenue deposits from the SGF into the new statutorily dedicated Comite River Diversion Canal Fund. The Treasury reports that noncash assets generate approximately \$4 M annually from dividends and proceeds (see NOTE below). The existing Revenue Estimating Conference forecasts excess revenue from unclaimed property in FY 19 at \$50 M. Of this amount, \$15 M is transferred into the Unclaimed Property Leverage Fund for projects associated with I-49 North and South. Proposed law would transfer an additional \$4 M from the SGF into the new statutorily dedicated fund.

Proposed law provides that the dedication of proceeds from the sale of unclaimed property assets shall continue until such time as the Secretary of DOTD notifies the governor, state treasurer, and the JLCB that the construction of the Comite River Diversion Canal is complete. Upon such notification, the state treasurer is authorized and directed to cease deposits into the Comite River Diversion Canal Fund.

NOTE: This fiscal note assumes proposed law applies to unclaimed property noncash assets returned to the state prospectively. The Treasury reports that the current value of noncash assets held by the Unclaimed Property program totals approximately \$233.6 M. If proposed law intends that the Treasury liquidate current noncash assets in whole or in part, the maximum first year revenue impact could be as much as approximately \$237.6 M rather than \$4 M as depicted in the table above.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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