

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 19** SLS 201ES 98

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 15, 2020	8:00 AM	Author: PEACOCK
Dept./Agy.: Treasury		Analyst: Alan M. Boxberger
Subject: Provides for investment authority of certain trusts		

FUNDS/FUNDING RE SEE FISC NOTE SD RV See Note Page 1 of 1
Provides for investment authority of the Treasurer for the Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Trust Fund. (Item #10) (8/1/20)

Present law lists the types of investments in which the treasurer may invest the monies in the Millennium Trust, the La Education Quality Trust Fund (LEQTF), the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Refuge Fund (Russell Sage Fund). Proposed law authorizes monies in the Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage Fund to be invested in the same investments permitted for the LEQTF.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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						

EXPENDITURE EXPLANATION

Proposed law will likely result in a decrease in operating expenditures within the Statutorily Dedicated Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Trust Fund (Russell Sage Fund). The Treasury reports that savings can be generated through efficiencies in trading costs by allowing the Investment Division of Treasury to access through block trading, electronic trading and asset allocation of trading positions at the custodian. The cost savings would be realized from the amount charged to the trust funds by the treasury for authorized operating costs. The Treasury estimates the annual savings across all three funds could be as high as \$100,000 once fully transferred to higher yielding investment instruments depending on trading volume.

REVENUE EXPLANATION

Proposed law may result in increased revenues to the Millennium Trust, the Rockefeller Wildlife Refuge Trust and Protection Fund, and the Russell Sage or Marsh Island Trust Fund (Russell Sage Fund). The treasury reports that proposed law will largely address fixed income securities and that the agency anticipates incremental increases on interest earnings within the bond portfolio as it reinvests maturing securities each year in better diversified securities at higher yields. The portfolio will be transferred to higher yielding securities as existing instruments mature, ranging from months to as much as ten to fifteen years, so the full impact of the revenue growth will be phased in gradually over time. The treasury also reports that it anticipates some additional dividend revenues from equity index funds, although in a much lesser amount than fixed income investments. Revenues produced by investment products will depend on market conditions.

The treasury estimates investment yields on the \$3.6 billion corpus of the three referenced trusts could grow by:

- 0.01% in FY 21, or \$360,000 total
- 0.02% in FY 22, or \$720,000 total
- 0.04% in FY 23, or \$1.44 M total
- 0.06% in FY 24, or \$2.16 M total
- 0.08% in FY 25, or \$2.88 M total

Senate

Dual Referral Rules

House

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

- 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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