FISCAL NOTE

	FY 2019	FY 2020	FY 2021
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
GENERAL FUND	$2,000	$3,000	

Source of expenditure increase:

Draft legislation is effective immediately which will require the Board to engage in the emergency and regular rule making processes. These costs would include supplies, advertising and possible travel for public meetings related to the publication and adoption of rules.

In addition, there is a review for all existing programs providing loans or grants from state funds to local governments (Section 3). The Office of State Lands and Investments anticipates attending interim committee meetings for the Joint Minerals, Business and Economic Development Committee.

At this time it is difficult to determine the amount of staff time required for the proposed Build Wyoming Loan Program, but the Office believes any time needed can be absorbed by the Office of State Lands & Investments.

The expenditure increase reflected above could be considered an administrative cost. However, for simplicity and to follow consistent practice on legislation of this type, it is included on the fiscal note.

There is the potential for an indeterminable revenue decrease.

Source of revenue decrease:

By designating up to $500 million from the Wyoming Permanent Mineral Trust Fund (the PMTF) for the Build Wyoming Loan Program, there will be less money available in the PMTF corpus to invest under the Treasurer’s Office investment program. It is impossible to know exactly how much the investment income will decrease since it is not known how extensively the Build Wyoming Loan Program will be used nor the exact interest rates and terms for the loans. But assuming that all funds are utilized and there is an average interest rate of 1 percent and an average term of 10 years for the build Wyoming loans, then there will be an approximate reduction of $212 million in investment income that will be distributed pursuant to the PMTF spending policy over such 10-year period. This is based on the PMTF’s annual return for the last 10 years in the amount of 4.76 percent. This decrease in investment income will impact the LSRA and SIPA as their distributions from the PMTF investment income are not guaranteed while the 2.5 percent spending policy amount distributed to the General Fund is guaranteed. However, if the PMTF Reserve Account is depleted due to the requirements of the Build Wyoming Loss Reserve Account, then there is a possibility that there will be insufficient funds to guarantee the 2.5 percent spending policy distribution to the General Fund.

In addition, if a loan was to default, there would be additional costs related to the foreclosure on the collateral and the ongoing maintenance requirements of such property. It is not known what this cost would be and there is a strong possibility that the loan reserve account would not be large enough to cover the ongoing costs related to the State's ownership of such property.

Prepared by: Matthew Sackett, LSO Phone: 777-7881
(Information provided by Amanda Sewell and Beth Blackwell, Office of State Lands and Investments, 777-7028 and 777-6373; Betsy Anderson, State Treasurer's Office, 777-5395)