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FISCAL IMPACT REPORT

SPONSOR: Thompson DATE TYPED: 02/27/01 HB 696
 SHORT TITLE: Allocation of Earnings SB _____
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	Indeterminate/ Negative	Indeterminate/ Negative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC files

SUMMARY

Synopsis of Bill

This bill changes the provisions of the State Treasurer’s Duties as described in Section 6-10-2.1. The language added would require the State Treasurer’s Office to allocate to the general fund all earnings on realized and unrealized gains and losses from the investment of all accounts or funds in his custody unless the allocation of the earnings and realized and unrealized losses are:

- otherwise specifically provided by law
- prohibited by federal law creating the fund or the account or by specific court order or
- from the investment of a permanent fund and the use of the interest and income from the fund is restricted by constitutional or statutory provisions to particular purposes.

Significant Issues

No analysis was received from the State Treasurer’s Office.

FISCAL IMPLICATIONS

This bill could potentially have negative impacts on the general fund. In particular, Section 6-10-10.1(F) Short-Term Investment Fund Created – Distribution of Earnings – Report of Investments states that “At the end of each month, all interest from investment of the short-term investment fund shall be distributed by the state treasurer to the contributing entities...”

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The provisions of this bill, in combination with this language would allow the distribution of interest to the participating entities when there were realized interest gains. However, when there are realized or unrealized losses, the general fund will be allocated those losses.

The general fund would become the safety net for all accounts and funds in The State Treasurer's Office custody that do not have statutory language in place that specifically allocates realized and unrealized losses to those accounts and funds.

JBE/njw