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F I S C A L I M P A C T R E P O R T

SPONSOR: Taylor, JG DATE TYPED: 2/07/02 HJR 20

SHORT TITLE: Permanent Fund Distributions SB

ANALYST: Smith

REVENUE

Estimated Revenue		**Subsequent Years Impact**	**Recurring or Non-Rec**	**Fund Affected**
FY02	**FY03**			
	$229,069.0		Recurring	General Fund
	($87,862.0)			Land Grant Permanent Fund
	($141,207.0)			Severance Tax Permanent Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Conflicts with HJR15, HJR12, SJR11

SOURCES OF INFORMATION

State Investment Council

SUMMARY

Synopsis of Bill

House Joint Resolution 20 proposes to increase the distributions from the state's permanent funds. It amend the Constitution to increase the annual distrition from the Permanent School Fund (PSF) portion of the Land Grant Permanent Fund (LGPF) from 4.7% to 7%. HJR 20 would also provide for two additional distributions of 1.15% each from the Severance Tax Permanent Fund. The first addition would be for the purpose of funding local infrastructure and economic development for county and municipal governments. The second distribution would be available to the general fund when appropriations for the state's general fund exceed the available revenue in the general fund. The two new distributions added to the current 4.7% would result in a potential total of 7% annual distributions from the STPF.

FISCAL IMPLICATIONS

The estimate assumes that it would take Congress the balance of FY03 to enact enabling legislation LGPF distribution. In addition, the estimate assumes that the other beneficiaries of the funds would be held harmless over time. In addition, the earmarks for the increased distributions are sufficiently broad as to be construed as a simple diversion to the general fund. This proposal would generate increasingly smaller distributions over time. By the year 2026, the corpus of the LGPF would be sufficiently eroded as to generate less under a 7 percent distribution plan than it would under current law. With respect to the STPF, the fund would distribute less by 2017.

SS/njw