

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 832 (First Edition)

SHORT TITLE: Small Business Contractor Initiative/Funds

SPONSOR(S): Senator Rand

FISCAL IMPACT

Yes () No () No Estimate Available (X)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

Small Business Contract Financing Fund	See ASSUMPTIONS AND METHODOLOGY
Small Business Surety Bond Fund	See ASSUMPTIONS AND METHODOLOGY

EXPENDITURES

General Fund	
Dept. of Commerce	See ASSUMPTIONS AND METHODOLOGY
County Governments	Minimal impact

POSITIONS:

Small Business Contractor Authority	See ASSUMPTIONS AND METHODOLOGY
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PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Commerce; Small Business Contractor Authority

EFFECTIVE DATE: The act becomes effective January 1, 2002 and applies to offenses committed or causes of action arising on or after that date. The act expires June 30, 2001.

BILL SUMMARY

The bill creates an 11-member North Carolina Small Business Contractor Authority in the Department of Commerce to provide loan guarantees, loans, and surety bonds to small businesses. Assistance will be provided through the Small Business Contract Financing Fund and the Small Business Surety Bond Fund.

ASSUMPTIONS AND METHODOLOGY

SPECIAL FUNDS

The Small Business Contract Financing Fund and the Small Business Surety Bond Fund are not funded in the bill. No General Fund appropriation is made to the two funds but the bill does allow the newly created Small Business Contractor Authority to request a portion of the Contingency and Emergency Fund money for the Small Business Contract Financing Fund. The Contingency and Emergency Fund has a \$5 million General Fund appropriation for each year of the 2001-03 biennium. The two Funds can accept “any other moneys made available to the fund,” but no sources have yet been identified.

Once the Funds are capitalized, the Authority can charge Fund applicants fees for services. Since the bill is permissive on charging fees and the Fund amounts are unknown, no estimate can be made on the revenue generated by these Funds.

AUTHORITY

The bill requires the Small Business Contractor Authority to meet within 60 days of the January 1, 2002 effective date. Authority members are allowed per diem expenses, but no money is appropriated for this cost. This fiscal note assumes that the Department of Commerce will use its General Fund budget to absorb the estimated \$1,200 per meeting per diem costs. It is assumed that the Department will also expend General Fund dollars for meeting expenses such as meeting notices and will provide the staff time needed to establish and administer the Authority. At this time, the Department of Commerce has no information on how much the program will cost.

MISDEMEANOR

The Class 2 misdemeanor is a community sentence offense punishable by up to 60 days in the county jail. The jail costs of \$40 a day would be paid by the county. No estimate can be made on how many offenses might occur.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: 733-4910

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DATE: December 5, 2001



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