



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Micro-Business Development Loan Program.
Bill Number: House Bill 689 (First Edition)
Sponsor(s):

SUMMARY TABLE

FISCAL IMPACT OF H.B. 689, V.1 (\$ in thousands)

| | <u>FY 2019-20</u> | <u>FY 2020-21</u> | <u>FY 2021-22</u> | <u>FY 2022-23</u> | <u>FY 2023-24</u> |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| State Impact | | | | | |
| General Fund Revenue | 50.0 | - | - | - | - |
| <u>Less Expenditures</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| General Fund Impact | 50.0 | - | - | - | - |
| NET STATE IMPACT | \$50.0 | - | - | - | - |

FISCAL IMPACT SUMMARY

This bill creates a fund within the Department of Commerce to provide low-interest loans to community development financial institutions for lending to micro-businesses. This bill does not appropriate funds for this lending program, so the only implementation cost would be to Commerce to conduct a study to determine the minimum funding level required to implement the program. The estimated cost of this bill is \$50,000 in FY 2019-20 for the cost of the study.

FISCAL ANALYSIS

H.B. 689 includes two new responsibilities for the Department of Commerce: to produce an annual funding study and to administer the program. H.B. 689 requires a funding study regardless of whether the General Assembly appropriates funding for the micro-business loan program. This bill does not include funding for the micro-business loan program, so this estimate only considers the cost of producing a minimum funding study. The cost of administering the program would only be required if the General Assembly appropriates funding for the program.

This analysis assumes that, because this bill does not appropriate funds to this program, Commerce would have to complete one comprehensive study that would only require minimal edits each year after. Therefore, the cost of the annual study would be \$50,000 in FY 2019-20 and \$0 in each subsequent year.

Future appropriations and implementation costs

While H.B. 689 does not appropriate funds to the micro-business loan program, if the General Assembly does appropriate funds to this program in the future it will require additional implementation costs and FTE within the Department of Commerce. A micro-business loan program differs from the other economic development and planning programs within Commerce, and Commerce would need an additional 1.5 FTE in order to administer this program. The estimated cost of additional staff in this instance would be \$150,000 per year.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices