

# FISCAL NOTE

No: 2

Bill Version: CS2dSSHB203 (FIN)

BILL (H) Publish Date: 2/7/00

## STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time: 04-Feb-00

Title: Agriculture Loans

Dept Affected: Natural Resources

BRU: Agricultural Revolving Loan Program Admin.

Component: Agricultural Revolving Loan Program Admin.

Sponsor: Rep. HARRIS

Requestor: (H) FIN

Component No. 2235

(Thousands of Dollars)

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES (1021)</b>	(22.1)	(29.8)	(37.0)	(43.6)	(49.4)	0.0

(Thousands of Dollars)

FUND SOURCE	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: \$ none

### POSITIONS

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

### ANALYSIS:

(Attach a separate page if necessary)

Based on loans issued in FY99, each percent decline in the interest rate of the Agricultural Revolving Loan Fund loans will result in a corresponding decline in interest revenue that averages approximately \$20.0 annually over a five-year period. The revenue projections above reflect an estimated 2% reduction in interest.

Under Sec. 03.10.050 (e), the department has the authority to establish credits for persons who have a loan from the Agricultural Revolving Loan Fund and maintain good financial standing. The credits may be applied against no more than 2 percentage points a year of the interest due on Agricultural Revolving Loan Fund loans. (If a loan to a good borrower was at an interest rate of 5 percent, a 2 percent credit would set the annual interest rate for the year at 3 percent).

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Division: Division of Agriculture

Date: 04-Feb-00

Approved by Commissioner:

John Shively *[Signature]*

Date: 02-04-2000

Agency: Natural Resources

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**Interest increase and (losses) for various changes in the interest rate:**

RATE	FY2001	FY2002	FY2003	FY2004	FY2005
10%	22,078.32	29,819.24	37,016.28	43,594.98	49,383.04
9%	11,039.16	14,909.62	18,508.14	21,797.49	24,691.52
8%	0.00	0.00	0.00	0.00	0.00
7%	(11,039.16)	(14,909.62)	(18,508.14)	(21,797.49)	(24,691.52)
6%	(22,078.32)	(29,819.24)	(37,016.28)	(43,594.98)	(49,383.04)
5%	(33,117.48)	(44,728.86)	(55,524.42)	(65,392.47)	(74,074.56)
4%	(44,156.64)	(59,638.48)	(74,032.56)	(87,189.96)	(98,766.08)
3%	(55,195.80)	(74,548.10)	(92,540.70)	(108,987.45)	(123,457.60)

**PLEASE NOTE: These projections are based on FY99 actuals and reflect estimated increases and decreases in interest revenues.**