

SB 294-FN – AS INTRODUCED

2012 SESSION

12-2870

05/10

SENATE BILL **294-FN**

AN ACT relative to dedicated funds administered by the department of labor, department of environmental services, banking department, and secretary of state.

SPONSORS: Sen. Sanborn, Dist 7; Sen. De Blois, Dist 18; Sen. Forsythe, Dist 4; Sen. Gallus, Dist 1; Sen. Groen, Dist 6; Sen. Lambert, Dist 13; Sen. Luther, Dist 12; Sen. White, Dist 9; Rep. O'Brien, Hills 4; Rep. Bettencourt, Rock 4

COMMITTEE: Finance

ANALYSIS

This bill requires that revenue from dedicated funds administered by the department of labor, department of environmental services, banking department, and secretary of state bureau of securities regulation be deposited into the general fund beginning July 1, 2013. The bill requires dedicated funds in these departments to be eliminated on June 30, 2015.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twelve

AN ACT relative to dedicated funds administered by the department of labor, department of environmental services, banking department, and secretary of state.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Dedicated Fund Revenues to be Deposited Into General Fund. Notwithstanding the provisions
2 of RSA 6:12 and any other provision of law, all revenue required by statute to be deposited in the
3 dedicated funds listed in RSA 6:12, I(b) and administered by the department of labor, the
4 department of environmental services, the banking department, or the department of state, bureau
5 of securities regulation shall be deposited in the general fund beginning July 1, 2013.

6 2 Dedicated Funds; Expiration Date. All dedicated funds listed in RSA 6:12, I(b) and
7 administered by the department of labor, the department of environmental services, the banking
8 department, and the department of state, bureau of securities regulation shall expire on June 30,
9 2015. The moneys in each dedicated fund which expires shall lapse to the general fund.

10 3 Effective Date. This act shall take effect 60 days after its passage.

LBAO
12-2870
Revised 12/28/11

SB 294-FN – FISCAL NOTE

AN ACT relative to dedicated funds administered by the department of labor, department of environmental services, banking department, and secretary of state.

FISCAL IMPACT:

The Department of Environmental Services states this bill will increase state general fund expenditures by \$2,760,000 in FY 2013, decrease state restricted revenue and expenditures by \$213,998,958, and increase state general fund revenue and expenditures by \$109,844,264 in FY 2014 and each year thereafter. The Department states this bill may decrease county and local revenue, and increase county and local expenditures by an indeterminable amount in FY 2014 and each year thereafter. The Department of State states this bill will decrease state restricted revenue and expenditures, and increase state general fund revenue and expenditures by \$1,200,000 in FY 2014 and each year thereafter. The Department of Labor states this bill will decrease state restricted revenue and expenditures, and increase state general fund revenue and expenditures by \$1,400,000 in FY 2014 and each year thereafter. The Banking Department states this bill will have an indeterminable fiscal impact on restricted revenue in FY 2014 and each year thereafter, and increase general fund revenue by \$28,000 in FY 2014, \$32,000 in FY 2015, and \$35,000 in FY 2016.

METHODOLOGY:

The Department of Environmental Services states this bill directs specific dedicated funds to be deposited to the general fund for FY 2014 and FY 2015. The Department states this bill impacts all 30 dedicated accounts managed by the Department. The Department assumes the revenue and expenditures for programs funded by the dedicated accounts will not change from what is estimated for FY 2013. This bill will result in the elimination of the clean water and drinking water state revolving funds due to a federal requirement these funds not be intermingled with other state funds. The intermingling of funds would cause the US Environmental Protection Agency (EPA) to terminate the programs, and demand a refund of all federal funds awarded plus interest earned on these funds since their inception in the state. The Department estimates the total amount that would need to be returned to the federal government for the clean water state revolving funds (\$309 million) and the drinking water state revolving funds (\$136 million) is \$445 million. The elimination of these two programs would also necessitate the elimination of 64 positions. The Department estimates the state

general fund would have increased expenditures of \$1,920,000 (64 positions * \$30,000 estimated pay out for each position) in FY 2013 associated with payout costs for the positions. In addition, counties and municipalities will lose up to \$10 million each year in future principal forgiveness grants, increasing county and municipal expenditures. The Department would need to call in all loans made to municipalities through these programs resulting in increased costs to the municipalities. The commingling of title V air permit program funds with other state funds would result in the withholding of an indeterminable but significant amount of federal funds, including highway funds, from the state by the EPA. The impact to the title V air permit program would result in the loss of 28 positions, increasing state general fund expenditures by \$840,000 (28 positions * \$30,000 estimated pay out for each position) in FY 2013 for payout costs. The elimination of the drinking water state revolving funds, clean water state revolving funds, and title V air permit funds will decrease state restricted revenue and expenditures by \$104,154,694 in FY 2014 and each year thereafter. The Department assumes the remaining dedicated funded programs would be funded through the state general fund. The Department states the changes in this bill may result in challenges meeting requirements of the US Army Corp of Engineers New Hampshire State Programmatic General Permit which may increase state, county and local expenditures. The loss of a dedicated fund for the Winnepesaukee River Basin (WRB) equipment replacement and having all the funds go to the state general fund may hinder the Department's and the 10 communities served by the WRB ability to replace equipment, either planned or in an emergency. The Department estimates state dedicated fund expenditures and revenue will decrease by \$213,998,958 (includes clean water state revolving funds, drinking water state revolving funds, and title V air permit funds) and increase state general fund expenditures and revenue by \$109,844,264 in FY 2014 and each year thereafter.

The Department of State states this bill would result in the investor education fund being deposited into the state general fund. The Department states the investor education fund is funded primarily through enforcement actions and is the source of funding for the bureau of securities. Any excess revenue is lapsed to the state general fund. The Department lapsed \$2,135,134 in FY 2010 and \$747,886 in FY 2011 to the state general fund from the investor education fund. The Department states the three year average expenditures for the bureau is \$1,200,000. If all the revenue from the investor education is deposited into the state general fund, there will need to be a corresponding general fund expenditure of approximately \$1,200,000 to fund the bureau.

The Department of Labor states this bill will decrease state restricted revenue and expenditures, and increase state general fund revenue and expenditures by \$1,400,000 in FY 2014 and each year thereafter. The Department assumes the same level of revenue and

expenditures in FY 2014 and each year thereafter will be similar to what is expected in FY 2013. The Department also assumes the state general fund will be used for the operating costs of the Department that are currently paid for through a dedicated fund.

The Banking Department states this bill will have an indeterminable fiscal impact on state restricted revenue and increase state general fund revenue. As a self-funded agency, the Department indicates if insufficient funds are collected through fees and fines for the operational costs of the consumer credit division to offset the depositing of RSA 399-A revenue to the state general fund, the Department is able to impose an assessment on licensees. The Department states the dedicated fund account listed in RSA 6:12 was established for monies collected from small loan license and exam fees pursuant to RSA 399-A:5. For ease the Department has deposited exam fees, licensing fees and fines collected pursuant to other banking statutes by the consumer credit division into this account, resulting in the Department reporting larger amounts in this dedicated fund account. For example, the ending balance for FY 2010 in the account was reported at \$1,240,377; however, the RSA 399-A revenue collected amounted to \$34,617. The Department states the small loan fees revenue from RSA 399-A has been declining as a result of changes in law and the poor economy resulting in businesses leaving the state. The Department estimates revenue collected pursuant to RSA 399-A to be \$25,000 in FY 2013, \$28,000 in FY 2014, \$32,000 in FY 2015, and \$35,000 in FY 2016.