

Fiscal Estimate Narratives

BPL 1/11/2021

LRB Number	21-1132/1	Introduction Number	AB-0001	Estimate Type	Original
Description state government actions to address the COVID-19 pandemic, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This estimate applies to "Section 9101(1) Loans to Municipal Utilities"

The Board of Commissioners of Public Lands (BCPL) lends money from the State Trust Funds to municipalities and other governmental bodies for certain public purposes.

The bill would allow towns, villages, and cities to apply for a loan during a limited period in 2021 to fund operating expenses of public utilities under their control. Loans would be an obligation of the respective town, village or city and not the utility. The bill identifies this use as a public purpose, consistent with other BCPL-approved lending. Statewide, about 80 electric or electric and water utility operations would be eligible. Investor-owned and cooperative entities would not qualify.

The BCPL loan application process includes a local government authorizing resolution and BCPL agency review of financial and other data. Internally, preparing a loan recommendation for the Board may take up to 5 hours of staff time, but further analysis is required if repayment is from a revenue source such as a utility. The Board approves about 15 to 20 loans each month. Typical time from local application to Board approval runs 30 to 60 days and is highly dependent on the borrowing entity's timeline in completing application requirements.

A municipal utility may opt for local lenders or other sources for operating liquidity needs, so demand for loans from the State Trust Funds is unknown. However due to the small universe of those eligible, it is likely that less than five applications per month for this new use would be received. Further, the bill specifies awards under this provision be made by April 15, 2021. BCPL can absorb the anticipated demand with existing staff at no further cost to the state.

STATE FINANCIAL IMPACT: Indeterminate: In addition to the number of loan applications, individual and total amounts requested are also subject to current liquidity of the State Trust Funds and the repayment protections.

LOCAL FINANCIAL IMPACT: Indeterminate: Each local community manages its tax levies and indebtedness.

Long-Range Fiscal Implications

N/A