

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 832 (Fourth Edition)

SHORT TITLE: Small Business Contractor Initiative/Funds

SPONSOR(S): Senator Rand

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>
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 County Governments					See ASSUMPTIONS AND METHODOLOGY Minimal Impact
POSITIONS:					
Small Business Contractor Authority					See ASSUMPTIONS AND METHODOLOGY
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Small Business Contractor Authority; Department of Commerce					
EFFECTIVE DATE: The act becomes effective January 1, 2003, and applies to offenses committed or causes of action arising on or after that date. The act expires June 30, 2006.					

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 was made to the two funds in SB 1115, Modify Appropriations Act of 2001. However, the bill allows 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 in FY 2002-03 and no expenditures have been made from this fund as of September 25 this fiscal year. The two Small Business Funds can accept “any other moneys made available to the fund,” but no sources have yet been identified. (The bill sponsor mentioned federal Small Business Administration funds and bank community reinvestment funds as potential sources.)

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, 2003, effective date. Authority members are allowed per diem expenses, but no money is appropriated for this cost in the FY 2002-03 budget. 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 in the bill 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.

FISCAL RESEARCH DIVISION: (919) 733-4910
PREPARED BY: Richard Bostic & Adam Levinson

APPROVED BY: James D. Johnson

DATE: September 26, 2002



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