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FISCAL IMPACT REPORT

SPONSOR Candelaria & Baldonado **ORIGINAL DATE** 01/27/14
LAST UPDATED 02/07/14 **HB** _____

SHORT TITLE Land Grant Funds in Credit Union **SB** 92/aSCONC

ANALYST Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY14 | FY15 | FY16 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| Total | NFI | NFI | NFI | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General’s Office (AGO)
 Department of Finance and Administration (DFA)
 Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of SCONC Amendment

The Senate Conservation Committee Amendment amends the statutes governing the Chilili Land Grant-Merced specifically in the same manner as the original bill amends the statutes governing land grants generally.

Synopsis of Original Bill

Senate Bill 92, for the Land Grant Committee, amends two sections of the statute governing land grants to:

- Allow treasurers of land grant boards of trustees to deposit land grant funds in credit unions (current law limits deposits to banks); and
- Require every expenditure of land grant funds be approved by a majority of the board of trustees.

The effective date of this bill is July 1, 2014.

FISCAL IMPLICATIONS

Responding agencies report no fiscal impact to the state.

SIGNIFICANT ISSUES

The AGO points out that land grants boards of trustees must comply with the Open Meetings Act. Under this bill, each and every expenditure of land grants funds would have to be approved in a properly noticed open public meeting. Because there is no threshold amount below which board approval is not needed, there may be some delays or other practical difficulties encountered in making small expenditures.

PERFORMANCE IMPLICATIONS

RLD advises that its Financial Institutions Division examines both banks and credit unions, so this bill will not impact the role of the Division in such examinations.

DFA reports that land grant-merced fund expenditures need to be in compliance with the Procurement Code and state purchasing regulations.

AMENDMENTS

The AGO suggests setting an amount below which board approval is not required.

MD/ds