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FISCAL NOTE (Form 1)
(Office of Fiscal Analysis)
Analyst: GJD 4/28/92
CZ
Version: 1

BILL NUMBER: HB 5563
FILE NUMBER:
AMENDMENTS: House "A"

TITLE: "AN ACT TRANSFERRING THE ENERGY CONSERVATION LOAN FUND TO THE COMMISSIONER OF ECONOMIC DEVELOPMENT"

FAVORABLY REPORTED BY Planning and Development, Finance, Revenue and Bonding, Energy and Public Utilities

EFFECTIVE DATE: 7/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5563

STATE IMPACT	See explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Housing, Department of Economic Development

EXPLANATION OF ESTIMATES:

The Energy Conservation Loan Fund does not receive a General Fund appropriation. All of the program's resources are derived from Bond Funds.

There are nine positions within the Department of Housing (DOH) that are funded out of the Energy conservation Loan Fund (ECLF) however, these individuals do not expend one hundred percent of their time working on the program. The total personal services expenses for the program are \$440,712, including \$137,942 for fringe benefits for 1991-1992. Personal services expenses for 1992-93 total \$467,326, including \$149,417 for fringe benefits. The DOH staff handles 120 day loan delinquencies and collections. Since DOH will retain administrative responsibility for these loans and the ones that are currently administered by the Connecticut Housing Investment Fund, it is anticipated that the agency will continue to require resources to cover the cost of administrative expenses. As of December 31, 1991 the ECLF has \$20,248,448 in loans outstanding.

DOHS 1991-92 bond authorization earmarked \$3 million for ECLF. As of April, 1992, none of these funds have been used. Since the bill does not amend DOH's prior bond authorization to permit other uses for these dedicated funds it is not clear whether DOH will be able to use these resources for other purposes. The Department's Capital Budget request for 1992-93 includes \$3.2 million for the program.

As of July 1, 1992, the balance in the revolving loan fund that is attributable to ECLF is anticipated to be \$4,483,619. However, since the amount of the principal that is collected on the loans under various programs is deposited into the Housing Repayment and Revolving Loan Fund it is anticipated that \$10,764,561 (estimated) will be transferred to DED's Energy Conservation Revolving Loan account. Consequently, as a result of this transfer, it is not clear how DOH will continue to make loans under the programs which deposit resources into this account.

This bill authorizes \$6 million in General Obligation bonds for the new Department of Economic Development (DED) program to be placed in an energy conservation revolving loan account. The interest cost to bond \$6 million over 20 years at 6 3/4% is \$4 million. Based on current program costs, it is anticipated that DED will need to hire five additional employees, possibly more, plus associated expenses at a cost of approximately \$250,000 to administer the program. These costs will be paid through the bond funds authorized for the program.

The above mentioned estimate assumes that the mechanism that is currently in place to administer the program will continue to be used and the costs will also be paid from bond funds.

House "A" which replaced the bill, retained DOH's responsibility for loans made prior to July 1, 1992, required the annual transfer of the balance in the Housing Repayment and Revolving loan account, and authorized \$6 million in bonding for DED's energy conservation loan program.