

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4741-01
Bill No.: HB 1164
Subject: Economic Development; Economic Development Department; Employees-
Employers
Type: Original
Date: January 23, 2012

Bill Summary: This proposal modifies job retention provisions within the Missouri Quality Jobs Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning (BAP)** assume to the extent that this proposal would increase a business's ability to retain withholding taxes, General and Total State Revenues would be reduced. This program may encourage other economic activity, but BAP does not have data to estimate the induced revenues. The Department of Economic Development may have such estimate.

Officials at the **Department of Economic Development (DED)** assume this proposed legislation modifies the job retention component of the Missouri Quality Jobs Act under Section 620.1881. It extends the job retention expiration date from August 30, 2013 to August 30, 2018 and revises other areas of the program. While it does not affect the overall annual \$80 million cap of the program, there is the potential for an increase in the number of applications received. The Department's analysis of the program indicates a positive net fiscal benefit; therefore, DED assumes a positive fiscal impact over \$100,000 as a result of the proposal.

Officials at the **Department of Economic Development's Division of Workforce Development** assume this proposal is essentially providing Workforce Training which appears to duplicate the Job Retention Training Program (JRTP). This program uses withholding tax credits to pay for training, which is the same mechanism used by the JRTP, which also pays for training. With only so much withholding to go around, it could be confusing to employers as to which program to choose. It would be challenging for DWD to track which training is occurring through which program. It also will impact future projects that JRTP were to fund.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Revenue** assume that there is no fiscal impact from this proposal.

Oversight assumes the changes to existing programs in this proposal would have a positive impact on the state. However, Oversight considers this to be indirect impact of the proposals and will not reflect them in the fiscal note.

Oversight assumes this proposal extends the sunset of the Job Retention Tax Credit while reducing the amount of available funds for the rest of the Quality Jobs Tax Credits. Since the Job Retention Tax Credits are part of the Missouri Quality Jobs Tax Credits and the program cap is \$80 million this proposal has no impact on General or Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Potential Savings</u> - Job retention tax credit extension of sunset	\$0	\$0 to \$3,000,000	\$0 to \$3,000,000
<u>Potential Cost</u> - MO Quality Jobs tax credit	<u>\$0</u>	<u>\$0 to</u> <u>(\$3,000,000)</u>	<u>\$0 to</u> <u>(\$3,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

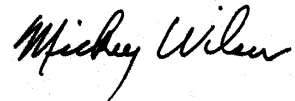
This proposal modifies job retention provisions within the Missouri Quality Jobs Act

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning
 Department of Economic Development
 Division of Workforce Development
 Department of Insurance, Financial Institutions and Professional Registration
 Department of Revenue

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 23, 2012

JH:LR:OD