

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5099-02
Bill No.: HCS for HB 1245
Subject: Economic Development; Business and Commerce; Economic Development
 Department
Type: Original
Date: April 12, 2012

Bill Summary: This proposal modifies provisions relating to the Missouri Quality Jobs Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 4 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** assume this proposal may reduce General and Total State Revenues by an unknown amount. This proposal may encourage other economic activity. Budget and Planning cannot estimate the induced revenues. The Department of Economic Development may have such an estimate.

Officials at the **Department of Economic Development (DED)** assume this proposal revises the Missouri Quality Jobs program, which is administered by DED's Division of Business and Community Services. The overall annual cap of \$80 million is not affected; however, the proposal includes additional incentives under the program, which may increase the number of applications for the program. Reporting requirements to the House and Senate are added and the proposal also allows for recapture of tax credits if the qualified company does not meet requirements, which creates additional oversight and administration. DED'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.

DED requests one FTE, an Economic Development Incentive Specialist III (\$40,212) position, per the additional administration created by the proposal. The position would be responsible for reviewing the tax credit applications to make sure they meet the criteria of the program, certifying the project, drafting and sending the tax credit awards, and ensuring compliance with the program.

Oversight assumes since the program cap has not changed that DED could absorb the increased number of applications generated by this proposal. If there is a measurable increase in the number of applications as a direct result of this proposal then DED could request additional resources through the appropriation process.

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

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

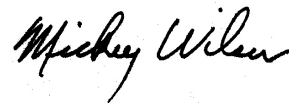
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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



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Director
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