

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5309-01
Bill No.: HB 1554
Subject: Economic Development; Economic Development Department
Type: Original
Date: February 6, 2012

Bill Summary: This proposal establishes the Economic Development Grant Program to allow a company to reopen a closed manufacturing factory.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 to (Unknown expected to exceed \$100,000)	\$0 to (Unknown expected to exceed \$100,000)	\$0 to (Unknown expected to exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown expected to exceed \$100,000)	\$0 to (Unknown expected to exceed \$100,000)	\$0 to (Unknown expected to exceed \$100,000)

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** assume the legislation establishes the Economic Development Grant Program to allow companies to reopen a closed manufacturing factory. This legislation would not impact Total State Revenue. The impact to General Revenue is unknown but would be subject to the appropriations process. The proposal could induce economic activity but BAP does not have data to estimate such activity.

Officials at the **Department of Economic Development (DED)** assume this proposal creates the Economic Development Grant Program to be administered by DED. The funds are to be used and distributed to allow companies to reopen a closed manufacturing factory. The program is subject to appropriation; therefore it is unknown how this legislation will directly affect Total State Revenue.

DED is responsible for establishing the procedures for the program and anticipates that the implementation of this program would result in the need for one additional FTE to administer the program. The FTE would be an Economic Development Incentive Specialist III (\$40,212) and would be responsible for establishing procedures for the program, reviewing the program applications to make sure they meet the criteria of the program, certifying the project, and ensuring program compliance.

Oversight will reflect an unknown amount of grants given by DED, as well as an unknown amount of administrative costs incurred by DED. Oversight assumes this amount would be over \$100,000.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a

ASSUMPTION (continued)

review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Cost- Dept of Economic Development</u> Administration of grant program	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost - Dept of Economic Development</u> Grants for companies to reopen a closed manufacturing factory	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to</u> <u>(Unknown</u> <u>expected to</u> <u>exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown</u> <u>expected to</u> <u>exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown</u> <u>expected to</u> <u>exceed</u> <u>\$100,000)</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.

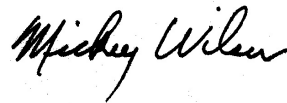
FISCAL DESCRIPTION

This proposal establishes the Economic Development Grant Program to allow a company to reopen a closed manufacturing factory.

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
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
February 6, 2012