

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5911-01  
Bill No.: HB 1774  
Subject: Bonds - General Obligation and Revenue; Economic Development Department;  
 Political Subdivisions; Cities, Towns and Villages  
Type: Original  
Date: February 24, 2012

Bill Summary: This proposal requires Department of Economic Development to develop a five-star system to apprise local governments of the Department's opinion on proposals for economic development incentives combining local and state resources.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (\$68,405)	\$0 or (\$74,352)	\$0 or (\$75,152)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (\$68,405)</b>	<b>\$0 or (\$74,352)</b>	<b>\$0 or (\$75,152)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 4 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>

- 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).

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

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Department of Economic Development (DED)** assume this proposal requires DED to develop a five-star system to apprise local governments of DED's opinion on proposals for economic development incentives that combine local and state resources. This is a new program which DED is required to develop.

DED's Division of Business and Community Services requests three FTE in order to implement the proposed legislation. These FTE will be one Fiscal and Administrative Manager-Band II position, one Accounting Specialist III position, and one Investigator III position. These positions will be responsible for analyzing financial documentation of the applicants to determine capacity and stability of the applicant and development of the five-star system.

**Oversight** notes this proposal requires the notification of local governments of DED's opinion on proposals for economic development that have both local and state resource incentives. Oversight assumes that since the state is already involved in the evaluation of the proposed incentives that DED may be able to handle these new responsibilities with existing staff. Oversight will show the fiscal impact as being zero (no FTE) to the cost of one Fiscal and Administrative Manager to potential oversee the coordination of the dissemination of the information.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
Cost - Dept of Economic Development			
Personal Service	\$0 or (\$38,060)	\$0 or (\$46,129)	\$0 or (\$46,590)
Fringe Benefit	\$0 or (\$20,149)	\$0 or (\$24,421)	\$0 or (\$24,665)
Equipment and Expenses	<u>\$0 or (\$10,196)</u>	<u>\$0 or (\$3,802)</u>	<u>\$0 or (\$3,897)</u>
Total Cost - DED	\$0 or (\$68,405)	\$0 or (\$74,352)	\$0 or (\$75,152)
FTE Change - DED	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or (\$68,405)</u></b>	<b><u>\$0 or (\$74,352)</u></b>	<b><u>\$0 or (\$75,152)</u></b>
Estimated Net FTE Change on General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<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.

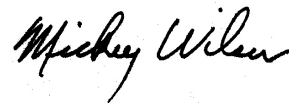
FISCAL DESCRIPTION

This bill requires the Department of Economic Development to develop a five-star system to apprise local governments of the department's opinion on proposals for economic development incentives that combine local and state resources.

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

Department of Economic Development



Mickey Wilson, CPA  
Director  
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