

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0682-01
Bill No.: HB 169
Subject: Economic Development; Economic Development Department
Type: Original
Date: January 8, 2015

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| General Revenue | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| 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 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development (DED)** assume an unknown negative impact as the result of this proposal. DED is uncertain as to what the amount the appropriation should be. The proposal does not set a statutory minimum or maximum and DED assumes the grant will be for any and all costs incurred by a company to re-open a closed facility. In addition, §620.1950 does not require that the facility be located in Missouri or the company be Missouri based. DED is unable to assume the fiscal impact for the above stated reasons.

Officials at the **Office of Administration's Division of Budget and Planning** assume this proposal creates the "Economic Development Grant Program," a fund consisting of General Revenue appropriations as well as donations and gifts. Monies in this program are to be distributed to certain manufacturing factories that have closed. While there is no direct impact to General and Total State Revenues, to the extent appropriations are made to the new fund, this could reduce resources otherwise available for education or other programs in future years.

Officials at the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 office for Administrative Rules is less than \$2,500. The SOS office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a 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.

Officials at the **Joint Committee on Administrative Rules** assume no fiscal impact.

Oversight assumes it is unclear how many companies will reopen a factory because of this program. Oversight will reflect the impact as \$0 (none reopen) to an Unknown amount of grants.

ASSUMPTION (continued)

Oversight notes the opening of new factories as outlined in this proposal may have a positive impact on the state. However, Oversight considers this to be indirect impact of the proposal and will not reflect it in this fiscal note.

| <u>FISCAL IMPACT - State Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|---|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE | | | |
| <u>Cost</u> - Department of Economic Development - costs of grants used to reopen a factory | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Small Businesses that receive the grants would be positively impact by this proposal.

FISCAL DESCRIPTION

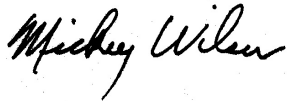
This bill establishes the Economic Development Grant Program to be administered by the Department of Economic Development. Moneys deposited into the grant program from state appropriations or any gifts, bequests, or donations will be used by a company to reopen a manufacturing factory that has been closed. The department must develop a procedure for a company to apply for the grant. If appropriations are insufficient in any given fiscal year to fund all grants, each award will be reduced pro rata as necessary. The provisions of this bill will expire six years after the effective date.

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

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SOURCES OF INFORMATION

Office of Administration's Division of Budget and Planning
Joint Committee on Administrative Rules
Department of Economic Development
Office of the Secretary of State



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January 8, 2015

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January 8, 2015