

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4733-01
Bill No.: HB 1707
Subject: Business and Commerce; Economic Development.
Type: Original
Date: April 20, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$6,731,772)	(\$8,079,688)	(\$8,081,685)
Total Estimated Net Effect on General Revenue Fund	(\$6,731,772)	(\$8,079,688)	(\$8,081,685)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Small Business Employee Training Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** assume this proposal will not fiscally impact their agency.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates DED could require approximately 12 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 18 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$738, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

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

ASSUMPTION (continued)

process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Economic Development - Division of Workforce Development** did not respond to Oversight's request for fiscal impact.

In response to another proposal from this year regarding employee training through Missouri Community Colleges, officials from the **Department of Economic Development - Division of Workforce Development (DWD)** stated they would coordinate and conduct many aspects of the program. DWD assumed they would need 1.5 FTE Workforce Development Specialist IVs (each at \$45,156 annually) to implement the bill. The requested positions would be responsible for evaluating the proposed projects within the overall job training efforts of the state, ensuring that the project will not duplicate other job training programs, and determining the relocation risk of businesses that apply for the program. It was also estimated that an \$8 million appropriation from the fund would be needed.

DWD assumed the cost of the required FTE and corresponding fringe benefits and expense and equipment would cost roughly \$101,000 per year to the General Revenue Fund.

Oversight has adjusted the salary of the 1.5 FTE Workforce Development Specialist IVs to better represent actual salaries of state workers with the same title within the Division of Workforce Development.

Oversight assumes the actual fiscal impact from the proposal could be substantially different than what is represented in this fiscal note, however, without a response from the Department of Economic Development, the projected costs are unknown, and Oversight has chosen to utilize DED's response to a different proposal from this year.

Oversight will also assume that all appropriations going into the Small Business Employee Training Program Fund will be disbursed each year.

Officials from **St. Louis Community College** assume the proposal will have no negative fiscal impact on the college.

Officials from the **Metropolitan Community Colleges** assume the legislation would have a positive fiscal impact on them.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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GENERAL REVENUE FUND

Costs - Department of Economic
 Development (DED)

Personal Service (1.5 FTE)	(\$45,146)	(\$55,542)	(\$56,931)
Fringe Benefits	(\$18,695)	(\$22,994)	(\$23,569)
Expense and Equipment	<u>(\$931)</u>	<u>(\$1,152)</u>	<u>(\$1,185)</u>
Total Costs (DED)	<u>(\$64,772)</u>	<u>(\$79,688)</u>	<u>(\$81,685)</u>

<u>Transfer Out</u> - to the Missouri Small Business Employee Training Fund *	<u>(\$6,667,000)</u>	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>
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ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$6,731,772)</u>	<u>(\$8,079,688)</u>	<u>(\$8,081,685)</u>
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**MISSOURI SMALL BUSINESS
 EMPLOYEE TRAINING FUND**

<u>Costs</u> - reimbursement to small businesses participating in the program	(\$6,667,000)	(\$8,000,000)	(\$8,000,000)
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<u>Transfer In</u> - From General Revenue *	<u>\$6,667,000</u>	<u>\$8,000,000</u>	<u>\$8,000,000</u>
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ESTIMATED NET EFFECT TO THE MISSOURI SMALL BUSINESS EMPLOYEE TRAINING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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* Subject to appropriation

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could receive benefits from the state for training for their employees as a result of this proposal.

DESCRIPTION

This proposal establishes the Small Business Employee Training Program to be administered by the Division of Workforce Development within the Department of Economic Development. The program is to assist expanding small businesses with training or retraining employees.

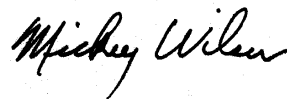
The proposal also creates the Missouri Small Business Employee Training Fund into which any moneys appropriated by the General Assembly or received as gifts; contributions; grants; or bequests received from federal, private, or other sources may be deposited. The department will issue rules governing the awarding of reimbursement from the fund and submit reports to the General Assembly.

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

Office of the State Treasurer
Office of the Secretary of State
Metropolitan Community College
St. Louis Community College

NOT RESPONDING: Department of Economic Development, Mineral Area Community College.



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