

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0496-01
Bill No.: HB 138
Subject: Economic Development
Type: Original
Date: January 28, 2009

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state the bill authorizes a grant program to be administered by DED with funds appropriated by the legislature. There will be impact if funding is made available but the impact is unknown as the amount appropriated for the program will determine the amount of work. DED assumes an unknown need for people and associated costs to administer the program.

Officials from the **Office of 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 review of the finally approved bills signed by the governor.

Officials from the **Office of Administration - Budget and Planning (BAP)** did not respond to our request for fiscal impact.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Costs - DED-</u> to administer the grant program	(Unknown)	(Unknown)	(Unknown)
<u>Costs - DED -</u> grants for companies to reopen a closed manufacturing factory	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown - expected to exceed <u>\$100,000</u>)	(Unknown - expected to exceed <u>\$100,000</u>)	(Unknown - expected to exceed <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that qualify to receive the grants would be positively impacted by the proposal.

FISCAL DESCRIPTION

This proposal 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 will develop a procedure for a company to apply for the grant.

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

L.R. No. 0496-01
Bill No. HB 138
Page 5 of 5
January 28, 2009

SOURCES OF INFORMATION

Department of Economic Development
Office of the Secretary of State

NOT RESPONDING:
Office of Administration - Budget and Planning



Mickey Wilson, CPA
Director
January 28, 2009