

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4849-01
Bill No.: HB 1386
Subject: Veterans; Business and Commerce; Secretary of State; State Treasurer
Type: Original
Date: January 30, 2014

Bill Summary: This proposal waives certain business fees for a person who is a member of the Missouri National Guard or any other military branch, resides in Missouri and provides proof of service to the Secretary of State.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume General Revenue would be reduced by the creation fees that would be waived for Missouri National Guard or any other active duty military members under this proposed legislation. It is estimated that there are 51,000 National Guard and other active duty military members in Missouri. It is estimated that approximately 3% will start their own businesses in each year after this legislation is adopted. It is estimated that the average cost for starting a business is \$25. The true cost figures are between \$7 to \$105 for filing fees for the different filing types, but more fictitious name registrations are filed than any other type of filing which is the lower, \$7 filing fee. These estimations bring the net total impact on General Revenue to \$38,250 for subsequent full fiscal years and \$31,875 for the first ten months of FY 2015.

Officials at the **Missouri National Guard** assume there is no fiscal impact from this proposal.

Officials from the **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.

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.

Oversight assumes it is unclear how many members of the military would create a business and be exempt from paying these business fees. Oversight will show the impact as a loss of revenue of less than \$100,000 per year, to the Office of the Secretary of State.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Loss</u> - Secretary of State - waiver of business fees for members of the military	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses owned by members of the military may be impacted.

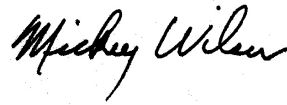
FISCAL DESCRIPTION

This bill waives specified business fees when a specified organizer, majority shareholder, officer, director, or partner of a company, corporation, health services corporation, nonprofit corporation, cooperative company, or partnership is a member of the Missouri National Guard or any other active duty member of the military, resides in Missouri, and provides proof of service to the Secretary of State.

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

Missouri National Guard
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 30, 2014

Ross Strobe
Assistant Director
January 30, 2014