

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5968-01
Bill No.: HB 2255
Subject: Department of Higher Education; Higher Education
Type: Original
Date: February 12, 2018

Bill Summary: This proposal modifies provisions relating to the Science, Technology, Engineering, and Mathematics Initiative.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$200,000)	(Up to \$204,000)	(Up to \$208,000)
Total Estimated Net Effect on General Revenue	(Up to \$200,000)	(Up to \$204,000)	(Up to \$208,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Science, Technology, Engineering, and Mathematics	Up to \$200,000	Up to \$204,000	Up to \$208,000
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$200,000	Up to \$204,000	Up to \$208,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education (DHE)** stated DHE would be in charge of reviewing institutional matching fund requests for the Science, Technology, Engineering, and Mathematics Fund (Sections 173.670.6). This would require the promulgation of rules to determine how applicants would be selected, which could be handled with existing staff, and the addition of ½ Research Associate FTE to handle the continuous influx of applications for the two new programs .

Costs are estimated at \$23,925 for FY 2019, \$28,126 for FY 2020, and \$28,366 for FY 2021. Costs for the ½ FTE are based upon OA budget guidelines for FY19 standards for ongoing supplies, IT cost per FTE, etc.

Oversight assumes the current FTE could handle the program. Should a sufficient number of new matching fund requests be submitted to justify additional FTE, DHE could request the FTE through the appropriation process.

Officials from **Department of Revenue** assume this proposed section would allow any taxpayer hiring a person who is currently enrolled in a field of study related to science, technology, engineering, or mathematics to apply up to \$10,000 of their state tax liability to be transferred from general revenue and placed in a STEM Fund. These transfers may not exceed \$200,000. The proposed legislation may reduce GR by \$200,000, but will have no effect on total state revenues.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the proposal will have no fiscal impact on their organization.

Officials from **Missouri Western State University** assume this proposal would have a minimal fiscal impact on the university. If implemented this initiative could provide needed funding to support STEM education through collaborative programs involving secondary education and higher education institutions, which would be a positive fiscal impact for all parties involved.

Officials from **University of Central Missouri** assume this would not have a significant fiscal impact on the university.

Officials from the **University of Missouri System, State Technical College of Missouri** and **Missouri State University** assume there is no fiscal impact to their organizations.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the 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.

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 this proposal allows for the transfer out of General Revenue and into the Science, Technology, Engineering and Mathematics Fund of a taxpayers' tax liability if they hire an intern or full-time position. Oversight will reflect the loss to General Revenue of Up to the \$200,000 annual limit for tax year 2019 and grow by 2% inflation for years thereafter.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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GENERAL REVENUE

<u>Transfer Out</u> - to STEM Fund - taxpayer tax liability transferred for hiring an intern or full-time position §173.670	(Up to <u>\$200,000</u>)	(Up to <u>\$204,000</u>)	(Up to <u>\$208,000</u>)
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ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to <u>\$200,000</u>)	(Up to <u>(\$204,000)</u>)	(Up to <u>\$208,000</u>)
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<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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**SCIENCE, TECHNOLOGY,
 ENGINEERING AND
 MATHEMATICS FUND**

<u>Transfer In</u> - from General Revenue	Up to <u>\$200,000</u>	Up to <u>\$204,000</u>	Up to <u>\$208,000</u>
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**ESTIMATED NET EFFECT ON THE
 SCIENCE, TECHNOLOGY AND
 MATHEMATICS FUND**

<u>Up to \$200,000</u>	<u>Up to \$204,000</u>	<u>Up to \$208,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact. This bill changes the law regarding the Missouri Science, Technology, Engineering and Mathematics (STEM) Fund. Missouri taxpayers who hire a STEM student attending a Missouri college for an internship in Missouri, or a STEM graduate from a Missouri college for a full-time STEM position in Missouri, may apply to have \$10,000 of state tax liability placed in the fund, subject to appropriation by the General Assembly and approval by the Department of Higher Education. The cumulative amount of taxes transferred to the fund is capped at an annual total of \$200,000.

The bill removes endowed teaching professor programs and career enhancement programs from the list of programs eligible for moneys from the fund. Students demonstrating financial need shall benefit from 60% of any moneys granted to funded programs.

FISCAL DESCRIPTION (continued)

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 Higher Education
Department of Revenue
Department of Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Missouri System
Missouri State University
University of Central Missouri
Missouri Western State University
State Technical College of Missouri

Ross Strope



Acting Director
February 12, 2018