

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0860-01
Bill No.: Perfected HB 272
Subject: Business and Commerce; Board, Commissions, Committees, and Councils;
Economic Development
Type: Original
Date: April 2, 2019

Bill Summary: This proposal changes the laws regarding the Small Business Regulatory Fairness Board.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (\$109,174)	\$0 or (\$132,393)	\$0 or (\$133,796)
Total Estimated Net Effect on General Revenue	\$0 or (\$109,174)	\$0 or (\$132,393)	\$0 or (\$133,796)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1.5 FTE	0 or 1.5 FTE	0 or 1.5 FTE
Total Estimated Net Effect on FTE	0 or 1.5 FTE	0 or 1.5 FTE	0 or 1.5 FTE

☒ 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the Small Business Regulatory Fairness Board would be an autonomous entity within the Secretary of State's Office. The Board would need to hire staff, the need for which is anticipated to be 1.5 FTE, and would require appropriations for travel expenses, postage, printing, supplies etc. The Board will have ongoing annual expenses for travel, printing, postage, etc. The Board estimates a need for a Program Analyst (1 FTE) and an Administrative Aide (.5 FTE), as well as annual appropriations for various expenses as follows:

Program Analyst (1 FTE)- \$60,000
Administrative Aide I (.5 FTE)- \$12,500
Travel expenses (employees) - \$2,500
Travel expenses (board members) - \$10,000
Printing, postage, materials - \$5,000

The SOS states they reserve the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

SOS also assumes 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 \$5,000. 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 require additional resources.

Officials from the **Department of Economic Development (DED)** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Oversight notes the Small Business Regulatory Fairness Board (SBRFB) will no longer be under DED and will become an autonomous entity with the Office of the Secretary of State per Section 536.305. According to DED, they have not had a steady appropriation within their budget for the administration of the SBRFB. DED states they have not had an FTE appropriated in their budget for administration of the SBRFB since FY 2014, which was \$48,612, but rather have had different people within the department help with board requests when they could. DED states they had 1.5 FTE (\$54,150) in their FY 2015 budget that was vetoed by the Governor and have not had FTE appropriated for this board since. Therefore, Oversight will range SOS' anticipated costs from \$0 (continued lack of appropriation authority) to SOS' estimated need of 1.5 FTE.

Officials from the **Joint Committee on Administrative Rules** assume the proposal will have no fiscal impact on their organization.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Oversight notes that the Department of Economic Development has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - SOS</u>	\$0 or....	\$0 or....	\$0 or....
Salaries	(\$60,417)	(\$73,225)	(\$73,957)
Fringe benefits	(\$34,174)	(\$41,230)	(\$41,453)
Equipment and expense	<u>(\$14,583)</u>	<u>(\$17,938)</u>	<u>(\$18,386)</u>
<u>Total Costs - SOS</u>			
FTE Change - SOS	0 or 1.5 FTE	1.5 FTE	1.5 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (\$109,174)</u>	<u>\$0 or (\$132,393)</u>	<u>\$0 or (\$133,796)</u>
Estimated Net FTE Change on the General Revenue Fund	0 or 1.5 FTE	0 or 1.5 FTE	0 or 1.5FTE

FISCAL IMPACT - Local Government

FY 2020
(10 Mo.)

FY 2021

FY 2022

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could potentially be affected by the proposed rules developed as a result of this proposal.

FISCAL DESCRIPTION

This bill provides that all state agencies shall involve affected small businesses in the development of rules. The bill further provides that the Small Business Regulatory Fairness Board shall be an autonomous entity of the Secretary of State's office, and changes the number and procedure for appointment of board members.

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 Secretary of State
Joint Committee on Administrative Rules
Department of Economic Development



Kyle Rieman
Director
April 2, 2019

Ross Strobe
Assistant Director
April 2, 2019