

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2079-01  
Bill No.: HB 872  
Subject: Boards, Commissions, Committees, Councils; Economic Development; Federal - State Relations; General Assembly  
Type: Original  
Date: May 3, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown exceeding \$3,765,095)*	(Unknown exceeding \$4,200,638)*	(Unknown exceeding \$4,312,219)*
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$3,765,095)*</b>	<b>(Unknown exceeding \$4,200,638)*</b>	<b>(Unknown exceeding \$4,312,219)*</b>

\* SUBJECT TO APPROPRIATION

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of the Governor and Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Missouri House of Representatives (MHR)** assume there will be some costs associated with the two liaisons that are to be appointed. Although the liaisons will not receive compensation, they are to be reimbursed actual and necessary expenses. The MHR assumes unknown costs, less than \$100,000, will be incurred for meeting expenses, travel costs, etc.

Officials from the **Office of Secretary of State (SOS)** state the proposal creates provisions relating to trade agreements. The proposal will result in the Department of Economic Development promulgating rules to implement the legislation. These rules will be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Economic Development could require as many as 14 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, and withdrawn. The SOS estimates the cost of the proposal to be \$861 [(14 pgs. X \$27) + (21 pgs. X \$23)] for FY 06.

ASSUMPTION (continued)

**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. 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 Community and Economic Development (DED-CED)** state the proposal will create two legislative liaisons, an Office of Trade Enforcement within DED, and a 12-member Citizens Commission on Globalization. The DED-CED assumes responsibility for staffing and support functions of the Commission and the Office. A tremendous amount of labor will be required to accomplish all that is required under the proposal. This function is similar to and costs are patterned after the Office of the United States Trade Representative.

The DED-CED assumes staffing and support for the requirements set up in the proposal. The DED-CED anticipates the need for \$2,067,162 in salaries plus fringe benefits for three (3) Account Clerk IIs, one (1) Executive II, two (2) Attorneys, ten (10) Economists, 15 Workforce Development Specialist IIIs, 11 Research Analyst IVs, and four (4) Auditor IIIs, plus \$50,000 in equipment and expense for each of the 12 commissioners and \$12,051 for each of the 46 employees. Total FY 06 costs are anticipated to be \$3,957,087; FY 07 costs of \$4,436,910; and FY 08 costs of \$4,554,526.

**Oversight** has, for fiscal note purposes only, changed the starting salary for 3 Account Clerk IIs, 1 Executive II, 11 Research Analyst IVs, and 4 Auditor IIIs to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Oversight** has reduced the leasing rate from \$14 per square foot to \$11.50 per square foot to more accurately reflect leasing costs for the Jefferson City area.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Economic Development</u>			
Personal service costs (46 FTE)	(\$1,645,443)	(\$2,023,895)	(\$2,074,491)
Fringe benefits	(\$701,946)	(\$863,394)	(\$884,978)
Equipment and expense	(\$1,417,706)	(\$1,313,349)	(\$1,352,750)
Total <u>Costs</u> - Department of Economic Development	<u>(\$3,765,095)</u>	<u>(\$4,200,638)</u>	<u>(\$4,312,219)</u>
<u>Costs - Missouri House of Representatives</u>			
Expenses related to trade liaisons (2)	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
Total <u>Costs</u> - Missouri House of Representatives	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown exceeding \$3,765,095)*</u></b>	<b><u>(Unknown exceeding \$4,200,638)*</u></b>	<b><u>(Unknown exceeding \$4,312,219)*</u></b>

**\* SUBJECT TO APPROPRIATION**

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal establishes the Office of Trade Enforcement within the Department of Economic Development and specifies the duties of the office which includes preparing an annual trade

impact report.

DESCRIPTION (continued)

The Citizen's Commission on Globalization is also established consisting of 12 members. The membership and its duties are specified.

The State of Missouri is not bound by any trade agreement without the consent of the General Assembly. The proposal specifies what actions must be taken before the state will consent to the terms of a trade agreement.

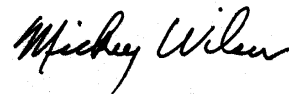
Subject to appropriation, two individuals will be appointed to serve as liaisons between the General Assembly and the United States government and the Governor on trade-related matters as well as other duties specified in the proposal.

The provisions of the proposal will expire six years from the effective date.

This legislation is not federally mandated but may duplicate a federal level program administered by the United States Trade Representative. The program would require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Governor  
Department of Economic Development  
Missouri House of Representatives  
Missouri Senate  
Office of Secretary of State



Mickey Wilson, CPA

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