

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4960-05  
Bill No.: HCS for HB 2104  
Subject: Secretary of State; Business and Commerce; Fees; Boards, Commissions, Committees, Council  
Type: Original  
Date: March 18, 2010

Bill Summary:           Creates the Small Business Technology Fund consisting of a portion of business registration fees for small high technology businesses.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$0 to \$145,913)	(\$0 to \$728,267)	(\$0 to \$727,833)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$0 to \$145,913)</b>	<b>(\$0 to \$728,267)</b>	<b>(\$0 to \$727,833)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Small Business Technology Fund	\$0	\$0 to \$642,716	\$0 to \$642,716
Small Business Regulatory Fairness Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 to \$642,716</b>	<b>\$0 to \$642,716</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Small Business Regulatory Fairness Board	1.5 FTE	1.5 FTE	1.5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the Secretary of State** assume the proposed legislation authorizes a portion of the existing business registration fee (up to \$2.00) to be deposited into the Small Business Technology Fund. The loss to the General Revenue Fund would be dependent on the amount of the fee to be diverted to the Small Business Technology Fund; based on the number of business registrations in calendar year 2009, the GR loss is estimated to be from \$0 to \$642,716.

Computer programming will be needed to account for a portion of the business registration fees going into a new revenue fund.

#### Business Services Filings for Selected Filing Types

	2009
Acceptance	44
Accepted	48
Admin Dissolution	14,432
Agent Change/Resign	14,652
Amend/Restate	4,271
Annual Report	158,551
Creation Filing	41,207
Fictitious Cancellation	2,861
Fictitious Creation	42,821
Fictitious Amendment	212
Fictitious Correction	161
Fictitious Renewal	27,990
Merged	849
Name Reservation	886
Reinstatement	3,935

Renewal	409
Statement of Correction	1,301
With/Term/Dissolve	6,728
Total	321,358 @ \$2.00= \$642,716

This section has an effective date of July 1, 2011, so **Oversight** has only shown the potential fee change in FY 2012 and FY 2013.

Officials at the **Office of the Secretary of State** assumes the proposed legislation authorizes a portion of the existing business registration fee (up to \$.50) to be deposited into the Small Business Regulatory Fairness Fund. The loss to the General Revenue Fund would be dependent on the amount of the fee to be diverted to the Small Business Regulatory Fairness Fund; based on the number of business registrations in calendar year 2009, the GR loss is estimated to be from \$0 to \$160,679.

Officials at the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials from the **Department of Economic Development (DED)** state the proposed legislation would result in the need for 1.5 FTE. The .5 FTE would be an Office Support Clerical position that would be responsible for basic support functions. The 1.0 FTE would be a Planner II and would assist the board in their duties described under Section 536.300 through 536.310, RSMo including reviewing rules affecting small businesses, facilitating board meetings and public meetings, preparing necessary reports, attending board meetings, etc. There would also be standard costs associated with these FTE. DED assumes an annual cost of roughly \$85,000 - \$90,000 per year.

**Oversight** assumes DED's estimate of expense and equipment cost for the new FTE could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2011 could be reduced by roughly \$11,500.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Secretary of State			
one-time computer updates	(\$65,000)	\$0	\$0
<u>Loss</u> - Secretary of State			
\$2 fee no longer goes to general revenue	\$0	(\$0 to \$642,716)	(\$0 to \$642,716)
<u>Loss</u> - Secretary of State			
50 cent fee no longer goes to general revenue	(\$0 to \$133,899)	(\$0 to \$160,679)	(\$0 to \$160,679)
<u>Transfer In</u> - From the Small Business Regulatory Fairness Board- annual sweep of excess moneys	<u>\$0 to \$52,986</u>	<u>\$0 to \$75,128</u>	<u>\$0 to 75,562</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS</b>	<b><u>(\$0 to \$145,913)</u></b>	<b><u>(\$0 to \$728,267)</u></b>	<b><u>(\$0 to \$727,833)</u></b>
<b>SMALL BUSINESS TECHNOLOGY FUND</b>			
<u>Revenue</u> - Small Bus. Tech Fund			
\$2 fee collected	<u>\$0</u>	<u>\$0 to \$642,716</u>	<u>\$0 to \$642,716</u>
<b>ESTIMATED NET EFFECT ON SMALL BUSINESS TECHNOLOGY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 to \$642,716</u></b>	<b><u>\$0 to \$642,716</u></b>
<b>SMALL BUSINESS REGULATORY FAIRNESS FUND</b>			
<u>Revenue</u> - Small Bus Reg Fairness Fund			
50 cent fee collected	\$0 to \$133,899	\$0 to \$160,679	\$0 to \$160,679

Expense - Small Business Regulatory  
 Fairness Board

Personal Services	(\$42,390)	(\$52,394)	(\$53,965)
Fringe Benefits	(\$22,229)	(\$27,475)	(\$28,299)
Expense and Equipment	<u>(\$16,294)</u>	<u>(\$5,682)</u>	<u>(\$5,853)</u>
<u>Total Expense - DED</u>	<u>(\$80,913)</u>	<u>(\$85,551)</u>	<u>(\$88,117)</u>
FTE Change - DED	1.5 FTE	1.5 FTE	1.5 FTE

Transfer Out - into General Revenue

Per section 536.312, annually, moneys in the fund shall be swept to GR	<u>(\$0 to \$52,986)</u>	<u>(\$0 to \$75,128)</u>	<u>(\$0 to \$72,562)</u>
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**ESTIMATED NET EFFECT ON  
 SMALL BUSINESS REGULATORY  
 FAIRNESS FUND**

	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change on Small Business Regulatory Fairness Fund	1.5 FTE	1.5 FTE	1.5 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Small Business</u>			

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

### FISCAL DESCRIPTION

This bill requires up to \$2 from each business registration fee collected by the Secretary of State to be deposited into the newly created Small Business Technology Fund and, upon appropriation, used for small business technology grants.

The section becomes effective July 1, 2011.

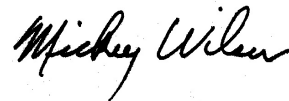
This bill requires up to fifty cents from each business registration fee collected by the Secretary of State to be deposited into the newly created Small Business Regulatory Fairness Fund.

This section becomes effective August 28, 2010.

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 Economic Development  
Office of the Secretary of State  
Office of the State Treasurer



Mickey Wilson, CPA  
Director  
March 18, 2010