

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0954-01
Bill No.: HB 526
Subject: Economic Development; Economic Development Department
Type: Original
Date: February 14, 2013

Bill Summary: This proposal establishes a rural regional development grant program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)	\$0 to (\$5,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Budget and Planning** assume this proposal authorizes the Department of Economic Development to issue grants up to \$5 million per fiscal year for rural regional development, subject to appropriation. This proposal would have no impact on General or Total State Revenue.

Officials at the **Department of Economic Development (DED)** assume this proposal establishes a Rural Regional Development Grant program subject to appropriation not to exceed \$5 million per fiscal year. DED's Division of Business and Community Services will develop and implement the program. Regional Planning Commissions submit applications on behalf of rural regional development groups. Grant amounts are awarded at \$150,000 per grant with only two grants awarded per region. Grants are to be matched by the rural regional development group depending on the number of years in operation. DED may promulgate rules for the program.

DED assumes an unknown negative impact to state revenues based on the amount appropriated not to exceed \$5 million. BCS assumes the need for one additional FTE and related costs to administer the program. This FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the applications to make sure they meet the criteria of the grant program, authorizing and issuing the grant awards, and ensuring compliance with the program.

Oversight assumes DED could absorb the costs related to this proposal. If multiple bills pass which require additional FTE and duties at substantial costs, DED could request funding for additional FTE through the appropriation process.

Officials at the **Joint Committee on Administrative Rules** and the **Office of Administration - Division of Accounting** each assume there is no fiscal impact to their organization from this proposal.

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

ASSUMPTION (continued)

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.

This proposal states it is subject to appropriation by the General Assembly, with a maximum of \$5 million annually. **Oversight** will show the impact as \$0 (no money appropriated) to the maximum allowed annually.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Cost - Department of Economic Development - distribution of grants</u>	\$0 to <u>(\$5,000,000)</u>	\$0 to <u>(\$5,000,000)</u>	\$0 to <u>(\$5,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(\$5,000,000)</u>	\$0 to <u>(\$5,000,000)</u>	\$0 to <u>(\$5,000,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal establishes a rural regional development grants program.

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
Joint Committee on Administrative Rules
Office of Administration
 Budget and Planning
 Division of Accounting
Office of the Secretary of State



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