

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4528-01
Bill No.: HB 1400
Subject: Economic Development; Department of Economic Development
Type: Original
Date: March 19, 2014

Bill Summary: This proposal establishes the Economic Development Grant Program to be used to reopen a closed manufacturing factory.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. This proposal establishes the Economic Development Grant Program to allow companies to reopen a closed manufacturing factory. This proposal would not impact Total State Revenue. The impact to General Revenue is unknown, but would be subject to the appropriations process. The proposal could induce economic activity but BAP does not have data to estimate such activity.

Officials at the **Department of Economic Development (DED)** assume it is uncertain as to what the amount the appropriation should be. The proposal does not set a statutory minimum or maximum and DED assumes the grant will be for any and all costs incurred by a company to re-open a closed facility. In addition, Section 620.1950 does not require that the facility be located in Missouri or the company be Missouri based. DED is unable to assume the fiscal impact for the above stated reasons.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact 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 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 it is unclear how many companies will reopen a factory because of this program. Oversight will reflect the impact as \$0 (none reopen) to an Unknown amount of grants.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost</u> - Department of Economic Development - costs to reopen a factory	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that reopen a factory may be eligible for this grant.

FISCAL DESCRIPTION

This bill establishes the Economic Development Grant Program to be administered by the Department of Economic Development. Moneys deposited into the grant program from state appropriations or any gifts, bequests, or donations will be used by a company to reopen a manufacturing factory that has been closed. The department must develop a procedure for a company to apply for the grant. If appropriations are insufficient in any given fiscal year to fund all grants, each award will be reduced pro rata as necessary.

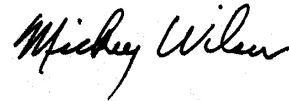
The provisions of the bill will expire six years after the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Economic Development
Joint Committee on Administrative Rules
Office of Administration
Division of Budget and Planning
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 19, 2014

Ross Strobe
Assistant Director
March 19, 2014