

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1625-01
Bill No.: HB 682
Subject: Education, Higher; Business and Commerce; Department of Economic Development
Type: Original
Date: March 11, 2015

Bill Summary: This proposal establishes the Missouri Jobs for Education Program to provide a tuition credit for certain business owners or companies who create new full-time jobs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)
Total Estimated Net Effect on General Revenue	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)	(Could exceed \$3,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
MO Jobs for Education*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Revenue and costs net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

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 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **Department of Higher Education** assume there is no fiscal impact from this proposal.

Officials at the **University of Missouri** assume a positive impact to the University; however, the amount is unknown.

Officials at the **Missouri State University** assume a positive impact which can not be determined and quantified at this time.

Officials at the **State Technical College of Missouri** assume the impact is unknown.

Officials at the **Metropolitan Community College** assume there is no fiscal impact from this proposal.

Oversight notes this proposal requires the Department of Economic Development to administer the fund. Oversight assumes this proposal may require Department of Economic Development to hire FTE to administer the program. Oversight will show an Unknown impact to Department of Economic Development for administration of this program.

Oversight notes this proposal allows an employer to deposit withholding taxes of any new jobs created into the Missouri Jobs for Education Fund. Oversight will show the loss to General Revenue of this withholding tax.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Revenue Reduction</u> - withholding taxes diverted to MO Jobs for Education Fund	(\$0 to \$3,000,000)	(\$0 to \$3,000,000)	(\$0 to \$3,000,000)
<u>Cost</u> - Department of Economic Development - administer program	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Could exceed \$3,000,000)</u>	<u>(Could exceed \$3,000,000)</u>	<u>(Could exceed \$3,000,000)</u>

MO JOBS FOR EDUCATION FUND

<u>Revenue</u> - withheld taxes on new jobs created	\$0 to \$3,000,000	\$0 to \$3,000,000	\$0 to \$3,000,000
<u>Costs</u> - tuition payment	<u>(\$0 to \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>	<u>(\$0 to \$3,000,000)</u>
ESTIMATED NET EFFECT ON MO JOBS FOR EDUCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that qualify for this tax credit may be positively impacted.

FISCAL DESCRIPTION

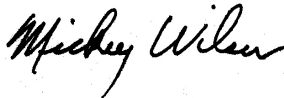
This bill establishes the Missouri Jobs for Education Program to provide a tuition credit for certain business owners or companies who create new full-time jobs in Missouri that can be used by the business owner or a person of his or her choice toward tuition at any approved public institution of higher education in the state. In order to qualify for credit toward tuition, the new full-time job must pay wages that meet or exceed the county average wage; be maintained for at least one year; and include, at a minimum, 2,000 hours per year with 160 hours per month for 10 of the 12 months. A qualifying business owner or company must receive credits toward tuition, equal to the amount of state withholding taxes withheld, for every qualifying job created. The credit must be used within 10 years of the date it is awarded or it must be deposited into general revenue.

The Missouri Jobs for Education Fund is created for the deposit of moneys collected under these provisions. The Department of Economic Development must administer the program, create an employer application process, and deposit the taxes withheld into the fund. The department must track employer contributions and ensure that the credit toward tuition granted does not exceed the amount that has been deposited by the employer.

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 Higher Education
Metropolitan Community College
Missouri State University
State Technical College of Missouri
University of Missouri



Mickey Wilson, CPA
Director
March 11, 2015

Ross Strope
Assistant Director
March 11, 2015