

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1344-01
Bill No.: HB 590
Subject: Economic Development; Business and Commerce
Type: Original
Date: February 3, 2017

Bill Summary: This proposal creates the Missouri International Business Advertising Fund to be used to attract international businesses to Missouri.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
MO International Business Advertising*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Revenue and expenses 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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development (DED)** assume §620.1915 creates the Missouri International Business Advertising Fund (Fund) in the state treasury. It will consist of appropriated money, gifts, grants, etc. for the purpose of attracting international businesses to Missouri. Funds must be used for advertising the benefits of coming to Missouri. The Fund will be managed by the Missouri small business technology and development center. The treasurer will be custodian and approve disbursements. The Missouri small business technology and development center must establish a committee with 3-5 people to use the funds.

The DED manages a similar fund created under §33.564, the International Promotions Revolving Fund, which is already established for this intended purpose. Additionally, the Economic Development Advancement Fund was created under §620.1900 to further enhance marketing efforts for the department. DED cannot estimate how much will be appropriated or donated to the Missouri International Business Advertising Fund.

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

Oversight notes the International Promotions Revolving Fund (567) started with a balance of \$121,419 on July 1, 2015. After receiving \$254,967 and disbursing \$187,288 the ending balance on June 30, 2016 was \$187,590. The International Promotions Revolving Fund purpose is promotion of Missouri corporations and businesses at international trade shows, seminars, conferences, etc.

Oversight notes that the Economic Development Advancement Fund (783) started with a balance of \$1,204,196 on July 1, 2015. After receiving \$3,599,907 and disbursing \$2,202,335 the ending balance on June 30, 2016 was \$2,347,103. The Economic Development Advancement Fund is to be used to fund marketing, technical assistance, and training, contracts for specialized economic development services, and new initiatives and pilot programming to address economic trends.

Oversight is unable to determine the amount of money that could be appropriated into the Missouri International Business Advertising Fund given the two similar funds. Therefore, Oversight will show the fiscal impact as \$0 (no money appropriated) to an Unknown amount. Oversight assumes that any money received in the Fund would be used in the year in which it is received.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Transfer Out</u> - to Missouri International Business Advertising Fund	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
MISSOURI INTERNATIONAL BUSINESS ADVERTISING FUND			
<u>Transfer In</u> - from General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> - contributions, bequests, gifts and grants	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - advertising the benefits of relocation to Missouri	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON MISSOURI INTERNATIONAL BUSINESS ADVERTISING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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.

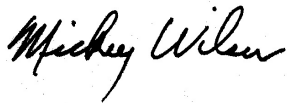
FISCAL DESCRIPTION

This bill creates the "Missouri International Business Advertising Fund," consisting of appropriated moneys, contributions, grants, and bequests to be used solely to attract international businesses to Missouri. The fund must be used for advertising the benefits of relocating an international business to Missouri and may also be used to promote its existence and purpose and to advertise in international business magazines or on social media sites or any search engine that receives international traffic. The fund shall be administered and managed by the Missouri Small Business Technology and Development Center and its coordinator.

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

SOURCES OF INFORMATION

Department of Economic Development
Office of the State Treasurer



Mickey Wilson, CPA
Director
February 3, 2017

Ross Strope
Assistant Director
February 3, 2017