

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6095-02
Bill No.: HCS for HB 2339
Subject: Military Affairs, Economic Development, Department of Economic Development
Type: Original
Date: February 28, 2018

Bill Summary: This proposal establishes the “Missouri Military Community Reinvestment Grant Program Act.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
Total Estimated Net Effect on General Revenue	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Missouri Military Community Reinvestment Grant Program Fund *	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Receipt of General Revenue funding and distribution of grants net to zero.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$3,000,000	\$3,000,000	\$3,000,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal creates the "Missouri Military Community Reinvestment Program Act" to assist military communities. The Department of Economic Development (DED) will evaluate and recommend applications to the Missouri Military Preparedness and Enhancement Commission. After receiving the approval of an application, DED will track and monitor the grantee.

This proposal creates the "Missouri Military Community Reinvestment Grant Program Fund"(Fund) for purposes of the grant program. DED will administer the Fund. It is unclear how monies will be deposited or transferred into such Fund; transfers from General Revenue are subject to appropriations.

This proposal will not impact Total State Revenues; however, any investment earnings could have an indirect impact on General and Total State Revenues. This proposal will not impact the calculations under Article X, Section 18(e).

Officials at the **Department of Economic Development (DED)** assume this legislation creates the Missouri Military Community Reinvestment Grant Program Act. It is a grant program administered by DED through the Missouri Military Preparedness and Enhancement Commission. The Grant Program is created under §620.3300. The purpose is to "assist military communities in supporting and sustaining their installations, to encourage the communities to initiate coordinated response programs and action plans in advance of future federal government realignment and closure decisions, and to support community efforts to attract new or expanded military missions."

DED evaluates applications and makes recommendations to the Commission, which approves and rejects applications. Applicants are "community-based organizations or local governments located in a military community." Once approved, DED administers grant awards, including the tracking and monitoring of grantee administration of the funds. The Fund is funded by appropriation.

Each grant shall not exceed \$300,000. Applicants have to raise \$1 for every \$1 or \$2 of state money depending on how long the applicant has been in operation.

ASSUMPTION (continued)

Officials at the **Office of the Governor, Office of the State Treasurer** and the **Missouri Veterans Commission** each assume there is no fiscal impact from this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

In response to the previous version, officials from the **Office of the Secretary of State (SOS)** stated 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 this proposal in §41.1010 expands the duties of the Missouri Military Preparedness and Enhancement Commission. Oversight assumes the Commission can absorb those duties within existing resources.

Oversight notes that §620.3300.4 creates the Missouri Military Community Reinvestment Grant Program Fund that shall consist of moneys collected under this section. This proposal does not list a funding stream for this Fund and therefore for the purpose of the fiscal note, Oversight will show it funded by General Revenue.

Oversight notes that §620.3300.7 limits the amount of a grant to no more than \$300,000 per year to any grantee. In a previous version of this proposal, DED estimated that 10-12 applicants could apply annually for this grant. Oversight will show the fiscal note as the estimate of 10 grantees annually.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Transfer Out</u> - funding for the Missouri Military Community Reinvestment Grant Program Fund	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
 MISSOURI MILITARY COMMUNITY REINVESTMENT GRANT PROGRAM FUND			
<u>Transfer In</u> - from General Revenue	\$3,000,000	\$3,000,000	\$3,000,000
<u>Cost</u> - Distribution of \$300,000 grants per applicant	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
ESTIMATED NET EFFECT ON THE MISSOURI MILITARY COMMUNITY REINVESTMENT GRANT PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 FISCAL IMPACT - Local Government			
	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - receipt of the Missouri Military Community Reinvestment Grants	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>

FISCAL IMPACT - Small Business

Some small businesses may participate in the grant program.

FISCAL DESCRIPTION

This bill creates the Missouri Military Community Reinvestment Program within the Department of Economic Development to assist military communities in supporting and sustaining their installations, to encourage communities to initiate coordinated response programs and action plans in advance of federal government realignment and closure decisions, and to support community efforts to attract new or expanded military missions.

The department and the Missouri Military Preparedness and Enhancement Commission must invite public comments on the administration of the program and jointly develop and establish procedures for implementation of the program. The department must evaluate each application and make recommendations to the commission, which will approve or reject any recommended application. Upon approval, the department will administer grant awards, including tracking and monitoring the administration of the grant funds and whether grantees have achieved the goals set forth in the application.

Grants will not exceed \$300,000 per year per grantee and no more than two grants may be made in each congressional district each year. Eligible amounts for grants include certain match requirements based on an applicant's years in operation. Applications must include a coordinated program of work or a plan of action specifying how the project will be administered and accomplished, including a plan for ensuring cooperation between civilian and military authorities in the conduct of activities and a plan for public participation. The grants may be used for public-to-public partnerships with military installations, local or regional marketing to communicate the value of military installations and military service, programs to assist with the diversification of the economy of the community, performing research regarding factors that affect attractiveness of the community for future military investments, programs to develop or improve the quality of life in military communities, and developing plans to reuse closed or realigned military installations or facilities.

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
Missouri Veterans Commission
Office of Administration
Division of Budget and Planning
Office of the Governor
Office of the State Treasurer
Office of the Secretary of State

Ross Strope



Acting Director
February 28, 2018