

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0397-01
Bill No.: SB 70
Subject: Employees - Employers; Taxation and Revenue - General
Type: Original
Date: March 14, 2007

Bill Summary: This proposal makes an employer ineligible for any state aid or financial incentives if at least 25% of his or her employees earn less than the federal poverty level.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$10,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$10,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development (DED)** assume the need for \$10,000. This would be used to upgrade credit applications to include a question regarding pay of employees. DED anticipates the need for printing of revised program guidelines and applications in order to include the signed statement of affirmation by the applicant.

Officials at the **Office of the Attorney General (AGO)** assume this proposal could result in additional litigation over the denial of tax credits and other incentives. AGO assumes that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Natural Resources** assume the department shall place in the eligibility criteria for credits, abatements, exemptions, or loans a signed statement of affirmation by the applicant that less than 25% of the applicant's workforce are low-income employees. The department assumes that some monitoring efforts would need to be developed in order to determine if the individual, proprietorships, corporations, partnerships, firms or associations to be in violation of this section of legislation. The department assumes this would be a minimal fiscal impact and could be absorbed with existing resources.

Officials at the **Administrative Hearing Commission** anticipates that this legislation would not significantly alter its caseload. However, if other similar bills also pass, there will be fiscal impact. If there are more cases, or more complex cases, there could be a fiscal impact.

Officials at the **Department of Agriculture, Department of Revenue, Department of Higher Education** and the **Department of Labor and Industrial Relations** assume that 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

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost</u> - Dept. of Economic Development Reprinting of applications & Instructions	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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

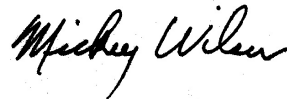
This act bars an employer from receiving favorable tax treatment or loans from the state for 5 years when 25% or more of the employer's workforce is paid under the federal poverty level as published yearly by the United States Department of Health and Human Services. Agencies authorizing tax treatment or the issuance of loans may waive this restriction for a first-time occurrence. Findings of ineligibility may be appealed to the administrative hearing commission.

FISCAL DESCRIPTION (continued)

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

Office of the Attorney General
Office of the Secretary of State
Department of Agriculture
Department of Labor and Industrial Relations
Department of Revenue
Department of Higher Education
Department of Economic Development
Department of Natural Resources
Administrative Hearing Commission



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Director
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