

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5394-01
Bill No.: SB 1244
Subject: Appropriations; Economic Development Department; Property, Real and Personal.
Type: Original
Date: March 7, 2008

Bill Summary: This proposal creates the Entrepreneurial Development Council within the Department of Economic Development.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)	(Unknown - could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Entrepreneurial Development and Intellectual Property Right Protection	\$0	\$0	\$0
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1 or more	1 or more	1 or more
Total Estimated Net Effect on FTE	1 or more	1 or more	1 or more

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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

Officials from the **Office of the Secretary of State (SOS)** assume 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Economic Development (DED)** assume the need for an unknown amount of FTE (a minimum of one) to provide support to the 7 member council, issue loans and grants, and collect the fee authorized. Cost of one FTE with fringes and expenses would be estimated at \$80,000. DED also assumes collection of the fee from participants. DED assumes the Council will hold an unknown amount of meetings and incur additional printing/binding costs. Each meeting would be projected to cost \$1,958 with a minimum of 6 meetings = \$11,748. Additional printing/binding would be estimated to be \$8,500. Minimum cost would be a little over \$100,000. DED assumes any fees taken in or funds appropriated would be used to assist with grants, loans, or other assistance.

Oversight assumes the costs incurred by the Department of Economic Development to support this new council would be appropriated from the General Revenue fund. Based upon DED's response, Oversight will assume a cost to the General Revenue Fund of an unknown amount - possibly exceeding \$100,000.

This council 'may' impose a registration fee for entrepreneurs who desire to avail themselves of benefits. Therefore, **Oversight** will assume a range of \$0 to Unknown (may or may not) amount of registration fees to be collected into the new fund. Oversight will also show a \$0 to Unknown expense out of the fund for potential grants and financial assistance for entrepreneurs. Oversight will assume all proceeds (if any) into the fund will be spent in the same year.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs</u> - Department of Economic Development - to support the Entrepreneurial Development Council	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</u>)	(Unknown - could exceed <u>\$100,000</u>)

**ENTREPRENEURIAL
 DEVELOPMENT AND
 INTELLECTUAL PROPERTY
 RIGHT PROTECTION FUND**

<u>Income</u> - new council may impose a registration fee for entrepreneurs	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> - potential benefits spent on entrepreneurs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE ENTREPRENEURIAL DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHT PROTECTION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

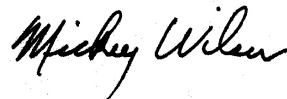
FISCAL DESCRIPTION

This proposal creates the entrepreneurial development council within the Department of Economic Development. The council will consist of seven board members from business and legal experts in the area of intellectual property. The council may impose a registration fee for entrepreneurs wishing to receive council benefits. The act creates the entrepreneurial development and intellectual property right protection fund to receive appropriations, grants, gifts and bequests. The council has the authority to allocate moneys from the fund to provide financial assistance for legal actions instituted by registered entrepreneurs alleging infringement of their intellectual property rights. The council may also allocate moneys from the fund to registered entrepreneurs for financial assistance for the development, manufacture and advertising of new products.

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
Office of the Secretary of State
Office of the State Treasurer



Mickey Wilson, CPA
Director
March 7, 2008