

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1477-02
Bill No.: SB 305
Subject: Boards, Commissions, Committees, Councils; Business and Commerce;
 Economic Development; Tax Credits; Taxation and Revenue
Type: Original
Date: February 18, 2009

Bill Summary: This proposal authorizes the creation of science and technology districts throughout the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$91,921) to (Unknown)	(\$88,101) to (Unknown)	(\$90,743) to (Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$91,921) to (Unknown)	(\$88,101) to (Unknown)	(\$90,743) to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Building Excellence in Science and Technology	\$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 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1	1	1

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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume the proposal will not fiscally impact their agency.

Officials from the **Office of Administration - Budget and Planning (BAP)** state the proposal authorizes the creation of science and technology districts throughout the state. The bill creates the Building Excellence in Science and Technology Fund.

Any science and technology company that is eligible for tax credits under section 680.1881 RSMo (Quality Jobs) can retain and deposit 5% of new payroll into the fund for a period of 15 years. Revenues from the fund are to be distributed to public research institutions.

Officials from the **Department of Economic Development (DED)** state the proposed legislation authorizes the creation of nine (9) science and technology districts throughout the state. These districts will be overseen by a 5 member commission. The Department of Economic Development is responsible for reviewing applications and working with the Commissions.

DED's Business and Community Services (BCS) division anticipates the need for one additional FTE as a result of the proposed legislation. The FTE would be responsible for reviewing and prioritizing the applications and serving as the liaison with the commissions and districts. The related costs for this FTE include one-time expenditures for systems furniture, a side chair, file cabinet, calculator and telephone and recurring costs for office supplies, computer, professional development and travel. BCS would also require additional E&E to cover the anticipated travel and other expenses of the 45 Commissioners (it's estimated that the Commissions would meet 4 times per year at \$100.00 per Commissioner). The impact to total state revenue is based on the technology projects that are established under this program. It is difficult to determine the types of projects that may utilize the program so the exact impact to total state revenue is unknown.

DED assumes the total cost of the FTE and commissions to be roughly \$90,000 per year.

Oversight changed DED's estimated cost for the FTE in FY 2010. The proposal has an emergency clause, so Oversight changed the estimate to reflect a full year of personal service expense.

ASSUMPTION (continued)

Officials from the **Office of 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 review of the finally approved bills signed by the governor.

Officials from the **Office of the State Treasurer** did not respond to our request for fiscal impact.

Oversight will assume from \$0 to an unknown amount of income tax will be transferred each year from the General Revenue Fund to the new Building Excellence in Science and Technology Fund under this new program. Oversight will also assume all moneys transferred to the new fund will be distributed to the local districts in the same year, resulting in a zero net activity in the fund for the year.

Oversight assumes this proposal may result in some positive fiscal benefit to the state; however, Oversight assumes this benefit would be considered an indirect impact and therefore have not reflected such on the fiscal note.

This proposal may reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2010	FY 2011	FY 2012
GENERAL REVENUE			
<u>Costs - DED</u>			
Personal Service	(\$42,963)	(\$44,252)	(\$45,580)
Fringe Benefits	(\$20,893)	(\$21,520)	(\$22,166)
Expense and Equipment	(\$13,065)	(\$3,789)	(\$3,901)
Commission Expense	(\$15,000)	(\$18,540)	(\$19,096)
<u>Total Costs - DED</u>	(\$91,921)	(\$88,101)	(\$90,743)
<u>Loss - five percent of payroll tax revenue transferred to the Building Excellence in Technology and Science Fund</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(\$91,921) to <u>(Unknown)</u>	(\$88,101) to <u>(Unknown)</u>	(\$90,743) to <u>(Unknown)</u>

BUILDING EXCELLENCE IN SCIENCE AND TECHNOLOGY

<u>Income - money collected under the Missouri's Best Act and transferred from General Revenue</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs - payments to districts to help fund future science and technology projects</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE BUILDING EXCELLENCE IN SCIENCE AND TECHNOLOGY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010	FY 2011	FY 2012
	<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 nine "building excellence in science and technology districts" within the state to enhance the state's capacity for research, development, technology transfer, and technology commercialization. Each district will be overseen by a commission made up of four commissioners and one chairperson. The commission will receive, review, and prioritize applications for science and technology. The commissions will submit such applications to the Department of Economic Development for approval. Upon approval, the commission may enter into contracts, issue grants, and provide support to science and technology projects. Science and technology companies which meet eligibility requirements under the Missouri Quality Jobs Act may retain a maximum of five percent of new payroll and deposit it into the building excellence in science and technology fund for a period of fifteen years. Moneys placed into the fund will be distributed to the districts of the state to help fund future science and technology projects.

This act contains an emergency clause.

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

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SOURCES OF INFORMATION

Department of Economic Development
Office of Administration - Budget and Planning
Department of Revenue
Office of the Secretary of State

NOT RESPONDING:
Office of the State Treasurer



Mickey Wilson, CPA
Director
February 18, 2009