

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0600-01
Bill No.: SB 45
Subject: Economic Development; Public Assistance
Type: Original
Date: January 15, 2015

Bill Summary: This proposal created a new program to distribute empowerment microgrants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 to (More than \$1,000,000)	\$0 to (More than \$1,000,000)	\$0 to (More than \$1,000,000)
Total Estimated Net Effect on General Revenue	\$0 to (More than \$1,000,000)	\$0 to (More than \$1,000,000)	\$0 to (More than \$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Empowerment Microgrants*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers in and costs 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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning** assume this proposal would provide grants up to \$25,000 to certain individuals living within poverty areas for entrepreneurial activity or continuing adult education. Grants are to be made from the newly created "Empowerment Microgrants Fund," which can receive private donations as well as appropriations from General Revenue.

There is no direct impact to General and Total State Revenues.

Officials at the **Office of the Governor** assume no fiscal impact. However, if additional duties are placed on the office related to appointments in other proposals, there may be the need for additional staff resources in future years.

Officials at the **Department of Economic Development** are unable to determine costs. The proposal has no cap on the amount of microgrants.

Officials at the **Missouri Senate**, the **Office of the State Treasurer** and the **Department of Revenue** each assume no fiscal impact from this proposal to their respective organizations.

Oversight assumes all money received by the Empowerment Microgrants Fund will be spent in the year it is received.

For fiscal note purposes, **Oversight** notes there are 8 congressional districts and assumes a minimum of 5 people will qualify to receive a grant of \$25,000 for a total of \$1,000,000.

Oversight notes this proposal would allow any person living in an impoverished area who engages in entrepreneurial activity or undergo continuing adult education to qualify for a grant. Therefore, Oversight has shown the impact as zero to More than \$1,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out - to Empowerment Microgrants Fund</u>	\$0 to (More than <u>\$1,000,000</u>)	\$0 to (More than <u>\$1,000,000</u>)	\$0 to (More than <u>\$1,000,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to (More than \$1,000,000)</u>	<u>\$0 to (More than \$1,000,000)</u>	<u>\$0 to (More than \$1,000,000)</u>
EMPOWERMENT MICROGRANTS FUND			
<u>Transfer In - General Revenue</u>	\$0 to More than \$1,000,000	\$0 to More than \$1,000,000	\$0 to More than \$1,000,000
<u>Revenue - private donations</u>	\$0 to More than \$100,000	\$0 to More than \$100,000	\$0 to More than \$100,000
<u>Costs - grants provided to individuals</u>	\$0 to (More than <u>\$1,000,000</u>)	\$0 to (More than <u>\$1,000,000</u>)	\$0 to (More than <u>\$1,000,000</u>)
ESTIMATED NET EFFECT ON EMPOWERMENT MICROGRANTS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that qualify for these grants could be positively impacted by this proposal.

FISCAL DESCRIPTION

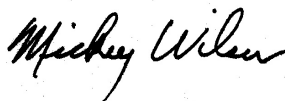
This act creates a new program to distribute empowerment microgrants to persons living in impoverished areas and who engage in entrepreneurial activities or continuing adult education. The program will be administered by a board whose members will be appointed from each congressional district by the Governor with the advice and consent of the Senate.

To qualify for a grant, an individual must have lived in a poverty area for at least a year, have an income no greater than 200% of the poverty level, not be related to a board member, and agree to a grant contract with clawback provisions. The maximum amount of a grant per individual is \$25,000. The board cannot spend more than 5% of its funds on overhead. This new program will sunset in six years.

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 State Treasurer
Office of the Governor
Department of Revenue
Department of Economic Development
Office of Administration's Division of Budget and Planning
Missouri Senate



Mickey Wilson, CPA
Director
January 15, 2015

Ross Strope
Assistant Director
January 15, 2015