

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-1129/2</b>	<b>Introduction Number</b> <b>AB-416</b>
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**Subject**  
 Creating a planning and accountability mechanism for administering public subsidies to businesses

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations     
  Increase Existing Revenues     
  Increase Costs - May be possible to absorb within agency's budget
- Decrease Existing Appropriations     
  Decrease Existing Revenues     
  Yes       No
- Create New Appropriations       Decrease Costs

**Local:**

- No Local Government Costs
  - Indeterminate
  - 1.  Increase Costs     
 3.  Increase Revenue
  - Permissive  Mandatory     
  Permissive  Mandatory
  - 2.  Decrease Costs     
 4.  Decrease Revenue
  - Permissive  Mandatory     
  Permissive  Mandatory
- 5. Types of Local Government Units Affected**
- Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.143 (1) c; 20.143 (1) (ie); 20.143 (1) (e); 20.143 (1) (d); 20.143 (1) (dr); 20.143 (1) (er);

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

COMM 7/7/2003

LRB Number	<b>03-1129/2</b>	Introduction Number	<b>AB-416</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Creating a planning and accountability mechanism for administering public subsidies to businesses					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates reporting and other requirements for subsidies that are provided to businesses by state and local government agencies. The bill requires agencies to develop written criteria for awarding subsidies that contain certain minimum requirements of businesses to remain eligible to receive subsidies. The bill requires businesses to enter into a written contract with the awarding agency, which must detail the goals and conditions of the award. The bill also creates certain reporting requirements of award recipients as well as granting agencies, and requires the Legislative Audit Bureau to publish a report on business subsidies and to evaluate their effectiveness. Moreover, the bill requires applicants to reveal any convictions for violations of state or federal violations of environmental or labor law. Finally, the bill requires granting agencies to hold one public hearing in the political subdivision directly affected by the subsidy, and creates certain filing requirements of granting agencies.

The Department estimates that it will be unable to absorb the additional administrative and program expenses created by this bill. The Department anticipates the need for an additional 2.0 FTE Economic Development Specialist positions as a result of the hearing requirements. These positions will be necessary to prepare information regarding business subsidies in each of the Area Development regions, prepare documents for the annual reporting requirement and represent the Department at hearings. In addition to salary and fringe benefit costs, these positions will need continuous access to vehicles. Moreover, there will be additional rent charges and one-time costs to the Department as a result of this bill. Finally, the Department will incur additional costs related to the posting of hearings as well as travel expenses. These costs are explained in detail below.

The Department's administrative costs will increase due to the filing requirements of the bill. The additional filing costs associated with this bill will necessitate an upgrade to the Department's current award tracking software, as well as add to Information Technology development costs. The Department estimates the need to hire an additional 0.5 FTE Information Technology developer to perform software maintenance, and to develop code. The Department anticipates the need to hire an additional 0.5 FTE clerical/ Information Technology specialist position to schedule hearings, prepare files for on-line posting and maintain the files.

Local governmental expenses will vary depending on ability to grant subsidies, cost structures and staffing levels. Due to reporting requirements and the costs involved with ensuring compliance, local governments may be unable to absorb any additional costs created by this bill.

#### 2.0 FTE Economic Development Consultant Positions

Salary: \$81,100  
Fringe Benefits: \$31,800  
Supplies and Services:\$26,000  
Rent: \$ 2,000  
One-Time Costs: \$ 7,000

Total: \$147,900

#### 0.5 FTE Program Assistant 4

Salary: \$13,800  
Fringe Benefits: \$ 5,400  
Supplies and Services:\$ 2,000  
Rent: \$ 800

One-Time Costs: \$ 3,000

Total: \$25,000

0.5 FTE IS Data Services-Professional

Salary: \$15,500

Fringe Benefits: \$ 6,100

Supplies and Services:\$ 4,500

Rent: \$ 800

One-Time Costs: \$ 4,000

Total: \$30,900

Other Administrative Expenses

Technical System software Upgrades: \$25,000

Information Technology Development: \$25,000

Total: \$50,000

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Subject</b>			
Creating a planning and accountability mechanism for administering public subsidies to businesses			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$64,000			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$153,700	
	(FTE Position Changes)	(3.0 FTE)	
	State Operations - Other Costs	62,100	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$215,800</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	215,800	
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$215,800	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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