

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

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|--|--|---|--|
| LRB Number 05-1575/1 | | Introduction Number SB-357 | |
| Subject Creating a planning and accountability mechanism for administering public subsidies to businesses | | | |
| Fiscal Effect | | | |
| State: | | | |
| <input type="checkbox"/> No State Fiscal Effect | | | |
| <input type="checkbox"/> Indeterminate | | | |
| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Increase Existing Revenues | |
| <input type="checkbox"/> Decrease Existing Appropriations | | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriations | | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget | |
| | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| <input type="checkbox"/> Decrease Costs | | | |
| Local: | | | |
| <input type="checkbox"/> No Local Government Costs | | | |
| <input type="checkbox"/> Indeterminate | | | |
| 1. <input checked="" type="checkbox"/> Increase Costs | | 3. <input type="checkbox"/> Increase Revenue | |
| <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 2. <input type="checkbox"/> Decrease Costs | | 4. <input type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 5. Types of Local Government Units Affected | | | |
| <input checked="" type="checkbox"/> Towns | | <input checked="" type="checkbox"/> Village | |
| <input checked="" type="checkbox"/> Counties | | <input type="checkbox"/> Others | |
| <input checked="" type="checkbox"/> School Districts | | <input checked="" type="checkbox"/> WTCS Districts | |
| <input checked="" type="checkbox"/> Cities | | | |
| Fund Sources Affected | | Affected Ch. 20 Appropriations | |
| <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 | | 20.43 (1) (a); 20.143 (1) c; 20.143 (1) (ie); 20.143 (4) (a) | |
| Agency/Prepared By | | Authorized Signature | |
| COMM/ Landon Williams (608) 267-9382 | | Louie Cornelius (608) 266-8629 | |
| | | Date | |
| | | 10/13/2005 | |

Fiscal Estimate Narratives

COMM 10/13/2005

| | | | | | |
|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 05-1575/1 | Introduction Number | SB-357 | Estimate Type | Original |
| Subject | | | | | |
| 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 environmental or labor law. The bill changes the eligibility under the development zone programs administered by the Department. 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 Consultant 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 an increase in 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 1.0 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 their ability to grant subsidies, their cost structures and their 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: \$83,600
Fringe Benefits: \$35,800
Supplies and Services: \$27,000
Rent: \$ 3,000
One-Time Costs: \$12,000

Total: \$161,400

1.0 FTE Program Assistant

Salary: \$23,400
Fringe Benefits: \$10,000
Supplies and Services: \$ 2,000

Rent: \$ 1,800
One-Time Costs: \$ 5,000

Total: \$41,400

0.5 FTE IS Data Services-Specialist

Salary: \$24,000
Fringe Benefits: \$10,300
Supplies and Services:\$ 4,500
Rent: \$ 1,000
One-Time Costs: \$ 6,000

Total: \$45,800

Other Administrative Expenses

Technical system software upgrades: \$25,000
Information technology development: \$25,000

Total: \$50,000

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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| Subject | | | |
| Creating a planning and accountability mechanism for administering public subsidies to businesses | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| \$73,000 | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| State Operations - Salaries and Fringes | | \$187,100 | |
| (FTE Position Changes) | | (3.5 FTE) | |
| State Operations - Other Costs | | 39,300 | |
| Local Assistance | | | |
| Aids to Individuals or Organizations | | | |
| TOTAL State Costs by Category | | \$226,400 | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | | 226,400 | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | | | |
| | | Increased Rev | Decreased Rev |
| GPR Taxes | | \$ | \$ |
| GPR Earned | | | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| NET CHANGE IN COSTS | | \$226,400 | \$ |
| NET CHANGE IN REVENUE | | \$ | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| COMM/ Landon Williams (608) 267-9382 | | Louie Cornelius (608) 266-8629 | 10/13/2005 |