

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-3778/2

INTRODUCTION # SB 394

Admin. Rule #

Subject

Relating to State Strategies for Economic Development

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used In Arriving at Fiscal Estimate:

This bill makes a number of changes to state law. Several changes impact programs and activities of the Department of Commerce. The bill:

- Establishes an advanced journeyworker credential pilot program;
- Modifies the certified capital companies (CAPCO) program;
- Expands the scope of the state's venture capital fair grant program;
- Provides flexibility for development zone credits with respect to remediation; and
- Provides a "Productivity Enhancement Training Expense" tax credit.

The impact on the Department of Commerce is as follows:

Based upon information from the Department of Workforce Development, which is responsible for establishing the advanced journeyworker pilot program, the Department of Commerce does not anticipate that this pilot program will impact the licensing of any of the trades under the Department of Commerce's jurisdiction. The Department of Workforce Development has indicated that groups interested in the advanced journeyworker pilot program are not any of those trades currently licensed or certified by the Department of Commerce. As a result, it is not anticipated that this provision will have a fiscal impact on the Department.

The bill makes several changes relating to the CAPCO program, the venture capital fair grant program and the development zone program. These changes do not affect the level of funding or the level of tax credits, and they do not impose additional requirements that will significantly increase the workload. The changes will require updates to the informational materials and the extended marketing of the programs, particularly the venture capital fairs; however, it is expected that these changes can be absorbed within existing staff and budgetary resources.

Long-Range Fiscal Implications:

No long-range fiscal implications are anticipated at this time.

Prepared By: / Phone # / Agency Name

Department of Commerce
James Quast, 266-9292
Julie Keal, 266-6748

Authorized Signature / Telephone No.

Louis Cornelius
Louis Cornelius/266-8629

Date

03/15/00

FISCAL ESTIMATE FORM**1999 Session** ORIGINAL UPDATED CORRECTED SUPPLEMENTAL**LRB # 99-3778/2****INTRODUCTION # SB 394****Admin. Rule #**

Finally, the bill creates a Productivity Enhancement Training Credit. It requires the Department to develop, implement, and administer a program designed to assist businesses in providing training to their employees that will improve the employees' productivity, and that will promote, and provide workers for, jobs within the business that require high degrees of skill and that pay high wages. In administering this program, the Department must do the following:

- ★ Certify businesses that meet statutory requirements as being eligible to claim the tax credit.
- ★ Certify training expenses that meet statutory requirements as eligible for claiming on corporate or individual tax returns.
- ★ Approve entities that provide productivity assessment or business planning services.
- ★ Notify the Department of Revenue of persons entitled to claim tax credits.
- ★ Annually estimate the amount of state tax revenue foregone as a result of the program.
- ★ Annually report to the Legislature on the effectiveness of the program.

To administer the program, the Department will require 1.0 FTE GPR position. Costs for the position are as follows:

Salary	\$33,500
Fringe Benefits	\$12,200
Ongoing Supplies and Services	\$ <u>5,000</u>
Total Annual Costs	\$50,700 GPR
One-time computer costs	\$ 3,000
One-time cubicle costs	\$ <u>4,000</u>
Total One-time Costs	\$ 7,000 GPR

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-3778/2
INTRODUCTION # 99 SB 394

Admin. Rule #

Subject

Relating to State Strategies for Economic Development

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):


\$7,000

II. Annualized Costs:

		Annualized Fiscal impact on State funds from:	
A. State Costs by Category		\$45,700	
State Operations - Salaries and Fringes			
(FTE Position Changes)		1.0 FTE	
State Operations - Other Costs		\$ 5,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$50,700	
B. State Costs by Source of Funds		\$50,700	
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
GPR Taxes			
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues			

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 50,700	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Prepared By: / Phone # / Agency Name Department of Commerce James Quast, 266-9292 Julie Keal 266-6748	Authorized Signature/Telephone No.  Louis Cornelius 266-8629	Date 03/15/00
---	---	-----------------------------