



## Fiscal Estimate Narratives

DATCP 2/6/2008

LRB Number	07-2783/3	Introduction Number	AB-0741	Estimate Type	Original
<b>Description</b> Relating to: cleanup and consolidation of Department of Commerce economic development programs, establishing a comprehensive annual reporting requirement, requiring the development of programmatic goals and accountability measures for economic development grants and loans, requiring the exercise of rule-making authority, and making an appropriation.					

### Assumptions Used in Arriving at Fiscal Estimate

AB 741 makes changes to DATCP authority and responsibilities in two areas: (1) the repeal of the sustainable agriculture grant program authorization and appropriation language; and (2) the addition of statutorily required reporting for all department economic development programs.

#### Assumptions:

(1) The elimination of the sustainable agriculture grant program has no fiscal impact on department appropriations or operations. No funding and no staff are allocated to this program and no grants are in process or outstanding.

(2) The department operates a number of programs that are classified as economic development programs as defined in AB 741. It is estimated that this bill would increase one-time program operational costs by at least .2 FTE and \$14,000 by requiring rulemaking and modifications to existing grant systems, and would increase operations costs on an ongoing basis by .3 FTE and \$17,000 annually by requiring additional reporting, by requiring additional information from grant recipients, and by requiring independent verification of information reported by the recipients. It is assumed that these costs would be borne 25% by GPR and 75% by federally funded program staff.

DATCP currently develops measurable goals and quantifiable benchmarks for many of its programs and requires that recipients provide an end-of-project report with accomplishments. Other programs are designed primarily as a pass-through for federal assistance funds and required reporting is limited to receipt of documentation to provide reimbursement. In these cases both the department and the grant recipient would be required to do additional documentation and reporting under AB741.

AB741 would require development of administrative rules setting out the policies and procedures the department would follow to recoup payment, withhold payments, or impose penalties if grant recipients submitted inaccurate information or loan recipients failed to make payments. It is estimated that this would increase operating costs in two ways:

1. Drafting administrative rules for this purpose would require significant staff hours to develop the procedures, draft them into rule, obtain legal review, go to public hearing and finalize the process, which would be estimated to take a year to complete.
2. Implementing the system, including training staff, modifying multiple databases, developing information for grant clients, etc.

Although we anticipate that the provisions of this bill will require the department to incur additional staff time for administrative rule development, database revision, reporting, program development and analysis, we believe this effort can be absorbed with existing staff and within appropriated budgets.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Relating to: cleanup and consolidation of Department of Commerce economic development programs, establishing a comprehensive annual reporting requirement, requiring the development of programmatic goals and accountability measures for economic development grants and loans, requiring the exercise of rule-making authority, and making an appropriation.			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$14,000 and .2 FTE staff time in one-time costs for administrative rule development and grant system modification			
<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	\$17,000	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$17,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	4,250	
	FED	12,750	
	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	\$17,000	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DATCP/ Linda Merriman Hitchman (608) 224-5132		Karen Van Schoonhoven (608) 224-4800	2/6/2008