

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4475-01
Bill No.: SB 549
Subject: Economic Development, Department of Economic Development, Higher Education
Type: Original
Date: January 8, 2018

Bill Summary: This proposal re-authorizes the Missouri Works Training Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0	(\$13,100,000)
Total Estimated Net Effect on General Revenue	\$0	\$0	(\$13,100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning** assume this provision re-authorizes §620.800 to §620.809 and extends the expiration date to August 28, 2030. Since the proposal extends the expiration date of an existing program, it does not impact General and Total State Revenue. This proposal will not impact the calculation under Article X, Section 18(e).

Officials at the **Department of Economic Development** assume there is no fiscal impact from this proposal.

Officials at the **Department of Revenue** assume they will need minor programming to change the sunset date. These can be absorbed within existing resources.

Officials at the **State Technical College of Missouri** assume there is no fiscal impact from this proposal.

Oversight notes this proposal extends the sunset date of the programs in §620.800 to §620.809 from July 1, 2019 to August 28, 2030. These programs are the Missouri Works Job Retention Training Program and the Missouri Works New Jobs Training Program.

Oversight notes the Missouri Works Community College New Jobs Training Program Fund and the Community College Job Retention Training Fund provide assistance to eligible companies to train workers in newly created or retained jobs. These programs help offset the training costs associated with a new start-up or expanded company. The training is provided by community colleges. The Funds receive money from diverting a portion of the state employer withholding tax based on the payroll of the newly created or retained job. The money in the Funds is then used to reimburse the community college for the training they provided.

HB 93 of the 2017 Legislative session allowed for the General Assembly to appropriate money from General Revenue to help fund these programs.

The Job Retention Training Program has a cap of \$45 million with a five year issue average of \$6.7 million. The New Jobs Training program has a cap of \$55 million and a five year issue average of \$6.4 million. Per **Oversight** fiscal note policy, the fiscal note will reflect the extension of the tax credits starting in FY 2021. Oversight will show the impact as the five year issue average of these credits of \$13.1 million.

ASSUMPTION (continued)

Oversight notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Missouri Works Job Retention Training Program tax credit program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Projects	5	5	0	4	4
Amount Authorized	\$3,082,906	\$9,380,750	\$0	\$4,000,000	\$4,000,000
Amount Issued	\$4,105,906	\$9,380,750	\$0	\$4,000,000	\$4,000,000
Amount Redeemed	\$8,570,164	\$6,452,185	\$6,028,757	\$6,000,000	\$6,000,000

Oversight notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Missouri Works New Jobs Training Program tax credit program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Projects	6	5	4	4	5
Amount Authorized	\$6,798,676	\$2,611,078	\$10,783,057	\$8,000,000	\$8,000,000
Amount Issued	\$6,646,481	\$3,199,178	\$10,783,057	\$8,000,000	\$8,000,000
Amount Redeemed	\$6,319,681	\$2,816,374	\$4,379,900	\$6,000,000	\$7,000,000

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Missouri State University, Northwest Missouri State University, Southeast Missouri State University, State Technical College of Missouri, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, University of Central Missouri and the University of Missouri did not respond to **Oversight's** request for fiscal impact.

Oversight assumes the extension of the sunset of the these programs outlined in this proposal may have a positive impact on the state. However, Oversight considers this to be an indirect impact of the proposal and will not reflect it in this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Revenue Reduction</u> - extension of the sunset on the Missouri Works Job Retention Training Program §620.809	\$0	\$0	(\$6,700,000)
<u>Revenue Reduction</u> - extension of the sunset on the Missouri Works New Jobs Training Program §620.809	<u>\$0</u>	<u>\$0</u>	(\$6,400,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	(\$13,100,000)
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that utilize the program would be impacted by this proposal.

FISCAL DESCRIPTION

The Missouri Works Training Programs are currently set to expire on July 1, 2019. This act re-authorizes the programs until August 28, 2030.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Office of Administration
Division of Budget and Planning

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director
January 8, 2018