

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4458-01  
Bill No.: SB 930  
Subject: Appropriations; Contracts and Contractors; Economic Development; General Assembly; Governor and Lt. Governor  
Type: Original  
Date: February 21, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue*	(Unknown exceeding \$3,788,131)	(Unknown exceeding \$4,228,972)	(Unknown exceeding \$4,341,261)*
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>(Unknown exceeding \$3,788,131)</b>	<b>(Unknown exceeding \$4,228,972)</b>	<b>(Unknown exceeding \$4,341,261)</b>

\* SUBJECT TO APPROPRIATION

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of the Attorney General, Office of the Governor** and the **Missouri Senate** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Missouri House of Representatives** assume the proposal would have a fiscal impact of less than \$100,000 on their agency.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials from the **Department of Economic Development (DED)** state the bill creates provisions relating to trade agreements. It will create two legislative liaisons, an Office of Trade Enforcement within DED, and a 12 member Citizens Commission on Globalization. DED assumes responsibility for staffing and support functions of the Commission and the Office as well as expenses for the liaisons. A tremendous amount of labor will be required to accomplish all required. This function is similar to and costs are patterned after the Office of the United States Trade Representative (USTR).

DED assumes staffing and support for requirements set up in the bill. DED anticipates the need for salaries plus fringes for 3 Account Clerk IIs, 1 Executive II, 2 Attorneys, 10 Economists, 15 Workforce Development Specialist IIIs, 11 Research Analyst IVs, and 4 Auditor IIIs plus \$50,000 in E & E for each of the 12 commissioners and \$12,353 for each of the 46 employees.

As per sections 620.1600 to 620.1600 the DED is asked:

- To physically house the 'Office of Trade Enforcement (OTE)'; DED will have to provide physical location and incur operational expenses of OTE;
- Provide staff to administer the office; 3 FTE - 1 office manager (Executive II); 2 clerical (Account Clerk II);
- DED will have to provide staff to prepare, process, facilitate and execute expense accounts - 1 FTE Account Clerk II;
- Provide staff with the required expertise to further facilitate and monitor trade negotiations and analyze findings - 4 FTE - 2 attorney; 2 economists;
- Provide staff with technical expertise to assist workers and firms impacted by unfair trade practices -15 FTE - workforce development professionals;
- Provide staff that will compile and present an annual trade impact report to the Governor, the general assembly, the commission and the public - 5 FTE - research analysts;
- Provide staff that will compile additional research and analysis as requested by the governor, the general assembly, the commission and the public - 2 FTE - research analysts;
- Provide staff that can analyze and audit the amount of public contract work being performed overseas - 4 FTE - 2 auditors; 2 research analysts;

ASSUMPTION (continued)

- Provide staff that can analyze and audit the materials; products, supplies, provisions, and other needed articles used by the state's government that are procured from outside the United States - 4 FTE - 2 auditors; 2 research analysts;
- Provide staff that will study the impact of trade upon the state's employment levels, tax revenues and retraining and adjustment costs - 2 FTE - 2 economists;
- Provide staff that can analyze the constraints trade rules place on this state's regulatory authority, including but not limited to this state's ability to preserve enforcement, protect public health and safety, and provide public services - 2 FTE - 2 economists;
- Provide staff that will make prepare findings and make recommendations of specific actions this state should take in response to the impact of trade - 4 FTE - 4 economists.

In summary, DED assumes the need for an additional 46 FTE and estimates expenses totaling \$4,035,912 in FY 2007, \$4,561,448 in FY 2008 and \$4,682,258 in FY 2009.

**Oversight** has, for fiscal note purposes only, changed the starting salary for 3 Account Clerk IIs, 1 Executive II, 11 Research Analyst IVs, and 4 Auditor IIIs to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Oversight** has reduced the leasing rate from \$14 per square foot to \$11.50 per square foot to more accurately reflect leasing costs for the Jefferson City area.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Costs - Department of Economic Development</u>			
Personal service costs (46 FTE)	(\$1,645,443)	(\$2,023,895)	(\$2,074,491)
Fringe benefits	(\$724,982)	(\$891,728)	(\$914,020)
Equipment and expense	(\$1,417,706)	(\$1,313,349)	(\$1,352,750)
Total <u>Costs</u> - Department of Economic Development	<u>(\$3,788,131)</u>	<u>(\$4,228,972)</u>	<u>(\$4,341,261)</u>
<u>Costs - Missouri House of Representatives</u>			
Expenses related to trade liaisons (2)	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<b><u>(Unknown exceeding \$3,788,131)</u></b>	<b><u>(Unknown exceeding \$4,228,972)</u></b>	<b><u>(Unknown exceeding \$4,341,261)</u></b>

**\* SUBJECT TO APPROPRIATION**

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

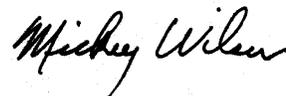
This proposal establishes the Office of Trade Enforcement within the Department of Economic Development and specifies the duties of the office which includes preparing an annual trade impact report. The Citizen's Commission on Globalization is created and consists of 12 members.

Under this proposal, the State of Missouri shall not be bound by any trade agreement without the consent of the General Assembly. The act places certain conditions which must be satisfied before the state will consent to the terms of a trade agreement. Subject to appropriation, two individuals will be appointed to serve as liaisons between the General Assembly, United States government and the Governor on trade-related matters in addition to other duties specified in the act. The provisions of the act will expire six years from the effective date unless re-authorized.

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

## SOURCES OF INFORMATION

Department of Economic Development  
Office of the Secretary of State  
Missouri House of Representatives  
Missouri Senate  
Office of the Governor  
Office of the Attorney General



Mickey Wilson, CPA  
Director  
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