

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1352-01
Bill No.: HB 468
Subject: Economic Development; Employees- Employers; Science and Technology;
 Boards, Commissions, Committees, Councils
Type: Original
Date: February 14, 2011

Bill Summary: Establishes the Missouri Science and Innovation Reinvestment Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Missouri Science and Innovation Reinvestment Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

***Note amount of funding equals grants awarded and nets to zero.**

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume no impact to DOR but this proposal would reduce total state revenue.

Officials at the **Department of Economic Development** assumed the following in calculating the state impact:

1. Relevant gross wage data was provided by MERIC.
2. Calculate the most immediate preceding 3 years of average annual increase in gross wages for MOSIRA NAICS as outlined in proposed legislation.
3. Assume that the average annual growth of gross wages for the past 3 years is a reasonable proxy of growth for the next 3 years into the future.
4. Apply the MOSIRA specified 6% "applicable percentage" for each year of growth (note that because the base year does not change each year the "applicable percentage" is applied to the total growth off the base year in each successive year, hence the larger number each year).
5. Estimated total fiscal impact is calculated (see attached worksheet):
FY13 - \$4,458,161
FY14 - \$8,916,322
FY15 - \$13,374,483

Officials at the **Missouri Consolidated Health Care Plan (MCHCP)** assume the fiscal impact on MCHCP is the product of the predicted membership magnitude of Missouri Technology Corporation (MTC) and the estimated net payment per active employee per year. MCHCP assumes the health status of MTC subscribers and their number of dependents per subscriber is similar to MCHCP's existing active employee population. Net payments for active employee subscribers are approximately \$9,727 per subscriber per year based on 2011 estimates. Eventually, MTC would have retirees covered under their medical plan. Again, assuming the health status of MTC retirees and their number of dependents per subscriber is similar to MCHCP's existing retiree population; net payments for retiree subscribers are approximately \$7,776 per subscriber per year based on 2011 estimates.

Officials from the **Missouri State Employees Retirement System (MOSERS)** stated in order to participate in MOSERS, compensation must be paid by a "department" as defined in section 104.1003, RSMo (which includes an agency of the executive, legislative, or judicial branch and a body corporate or politic whose employees are eligible for MOSERS' coverage by law). The Missouri Technology Corporation is not a department under that definition and, therefore, the compensation paid to employees would not be included for retirement purposes.

ASSUMPTION (continued)

Oversight assumes that if the employee of the authority are allowed to join MOSERS, the contribution costs would be borne by the authority and not the State.

Officials at the **University of Missouri** assume this bill would have a positive fiscal impact on the University, particularly in the areas of technology transfer and research and economic development, however, the amount of the impact is unknown.

Officials at the **Department of Labor and Industrial Relations, Office of Administration, Office of the State Auditor** and the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Oversight assumes this proposal could have positive fiscal benefits for the state; however, Oversight considers these benefits to be indirect and have not reflected them on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
MISSOURI SCIENCE AND INNOVATION REINVESTMENT FUND			
<u>Income</u> - from new businesses	\$0	\$4,458,161	\$8,916,322
<u>Costs</u> - expenditures made by the MTC	<u>\$0</u>	<u>(\$4,458,161)</u>	<u>(\$8,916,322)</u>
ESTIMATED NET EFFECT TO THE MISSOURI SCIENCE AND INNOVATION REINVESTMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that qualify for the program established with this proposal could be positively impacted as a result of this proposal.

FISCAL DESCRIPTION

This proposal establishes the Missouri Science and Innovation Reinvestment Act.

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
Department of Labor and Industrial Relations
Department of Revenue
Missouri Consolidated Health Care Plan
Missouri State Employees' Retirement System
Office of Administration
Office of the State Auditor
Office of the State Treasurer
University of Missouri



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