

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5145S.02I
 Bill No.: SB 1072
 Subject: Economic Development; Department of Economic Development
 Type: Original
 Date: March 21, 2022

Bill Summary: This proposal modifies the Missouri One Start Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight notes that Section 620.806.3, allows for new type of program within the Missouri One Start Program – ‘recruitment services’ provided by the Missouri employers. Oversight assumes the amount could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
MISSOURI ONE START COMMUNITY COLLEGE NEW JOB TRAINING FUND (0563)	\$0	(Unknown)	\$0
MISSOURI ONE START COMMUNITY COLLEGE NEW JOB RETENTION TRAINING FUND (717)	\$0	(Unknown)	\$0
MISSOURI ONE START COMMUNITY COLLEGE TRAINING FUND	\$0	Unknown	Unknown
MISSOURI ONE START JOB DEVELOPMENT FUND (0600)*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Oversight notes that Section 620.806.3, allows for new type of tax credit for the Recruitment Services provided by the Missouri employers.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the proposal stops the Missouri One Start Community College New Jobs Training Fund and the Missouri One Start Community College Job Retention Training Fund and replaces them with the Missouri One Start Community College Training Fund. This fund will receive both the new and retained job credits. DOR is required to develop new forms for the reporting of these credits. The creation of the new form is estimated at \$10,000.

Oversight notes that officials from the DOR assume the proposal will have a direct fiscal impact on their organization, and that the organization will need to create a new form to comply with the proposal.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume if more projects utilize the training programs, these projects could also apply for other tax credits. If more tax credits are issued, there could be an unknown decrease in General Revenue. Conversely, to the extent this proposal encourages other economic activity, General and Total State Revenue may be impacted, but B&P cannot estimate the induced revenues.

Oversight notes Section 620.803.1 states: The department shall establish a "Missouri One Start Program" to assist companies with recruitment services. Furthermore, Section 620.806.3 states: Funds in the Missouri One Start Job Development Fund shall be appropriated, for recruitment services.

Oversight notes that the “recruitment services”, is new, allowing employers to receive potentially more credits from the General Revenue which is currently being disbursed into the Missouri One Start Development Fund. Therefore, **Oversight** will note Unknown negative amount to the GR for purpose of recruitment (less money collected through withholding are now being diverted to the Missouri One Start Development Fund), and Unknown positive amount of money coming to the Missouri One Start Development Fund for a potential disbursement to employers who are participating in the program.

Oversight notes that average expenditure per workers, from Missouri One Start Job Development Fund, totaled \$322.52 (\$7,108,352/22,040) in FY 2017- FY 2019 period. Additionally, there were more than 22,040 workers helped throughout the same period. Oversight notes it would take only 775 existing or additional workers to reach \$250,000 in spending due the new Recruitment Program participation.

Oversight notes that Missouri One Start Community College New Jobs Training Fund and the Missouri One Start Community College Job Retention Training Fund will be replaced with the Missouri One Start Community College Training Fund.

Oversight notes the proposal specifies the Missouri One Start Community College New Jobs Training Fund and the Missouri One Start Community College Job Retention Training Fund both shall receive withholding credits from DOR until June 30, 2023. All the unobligated credits received on and after July 1, 2023 shall be transferred to the new fund, Missouri One Start Community College Training Fund, created under the proposal. Therefore, **Oversight** will show an unknown positive amount impact to the Missouri One Start Community College Training Fund beginning FY 2024 and forward.

Lastly, **Oversight** will show Unknown amount (unobligated funds) being transferred from Missouri One Start Community College New Jobs Training Fund and the Missouri One Start Community College Job Retention Training Fund into the Missouri One Start Community College Training Fund beginning FY 2024.

For informational purpose, **Oversight** included all actual expenditure under all three programs below:

	FY 2017	FY 2018	FY 2019
Missouri One Start Job Development Fund (0600)			
Actual Expenditures	\$ 11,175,945	\$ 4,497,242	\$ 5,651,870
Companies Assisted	\$ 328	\$ 148	\$ 197
Workers Trained	31,003	16,666	18,451
Missouri One Start Community College New Jobs Training Program (0563)			
Actual Expenditures	\$ 4,379,901	\$ 5,600,211	\$ 4,714,604
Companies Assisted	15	16	12
Workers Trained	4,923	5,990	5,720
Annual Cap	\$ 16,000,000	\$ 16,000,000	\$ 160,000,000
Missouri One Start Community College Job Retention Training Program (717)			
Actual Expenditures	\$ 9,028,757	\$ 3,520,566	\$ 2,780,863
Companies Assisted	17	9	12
Workers Trained	6,212	3,957	4,634
Annual Cap	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Source: https://oa.mo.gov/sites/default/files/FY_2021_DED_Budget_Request_Gov_Rec.pdf

Oversight excluded FY 2020 and 2021 due to the COVID-19 participations (fluctuations) within any of the programs under the proposal.

Officials from the **Department of Economic Development**, the **Higher Education and Workforce Development**, the **Department of Elementary and Secondary Education**, the **Missouri House of Representatives**, the **Oversight Division**, the **Missouri Senate**, and the **Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Saint Charles Community College** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for that agency.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Cost – 620.806.3 - new ‘Recruitment Program’ – revenues being diverted into the Missouri One Start Development Fund (p.3)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
MISSOURI ONE START COMMUNITY COLLEGE NEW JOB TRAINING FUND (0563)			
<u>Revenue Decline – 620.809.4- Unobligated funds flowing to the new fund (p.3,4)</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE MISSOURI ONE START COMMUNITY COLLEGE FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
MISSOURI ONE START COMMUNITY COLLEGE NEW JOB RETENTION TRAINING FUND (717)			
<u>Revenue Decline – 620.809.4 Unobligated fund flowing to the new fund (p.3,4)</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE MISSOURI ONE START	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>

COMMUNITY COLLEGE JOB RETENTION TRAINING FUND			
MISSOURI ONE START JOB DEVELOPMENT FUND (0600)			
Revenue Gain – 620.806.3 – payment for the Recruitment Program from GR	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE MISSOURI ONE START JOB DEVELOPMENT FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
MISSOURI ONE START COMMUNITY COLLEGE TRAINING FUND			
Revenue Gain – 620.809.3- Money flowing from both funds (p.3)	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
NET ESTIMATED EFFECT ON THE MISSOURI ONE START COMMUNITY COLLEGE TRAINING FUND	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some of the small businesses would be allow to obtain tax credits associated with training, new job creation, and recruitment, and as a result of this proposal.

FISCAL DESCRIPTION

This act modifies the Missouri One Start Program by adding, modifying, and repealing certain definitions.

The definition of "committee", "existing Missouri business", and "training program" are removed. Definitions for "application", "recruitment services", and "relocation costs" are added. The definition of "project facility" is modified by removing county average wage requirements in cases where multiple facilities make up the project facility. The definition of "training project costs" is modified to include relocation costs and costs of training project services not otherwise included in the definition. (Section 620.800)

This act also repeals the Missouri One Start Job Training Joint Legislative Oversight Committee, which was tasked with providing a report on all assistance to qualified companies under the Missouri One Start Program.

The act also authorizes the Department of Economic Development to contract with other entities to provide recruitment services to qualified companies. (Section 620.803)

This act provides that recruitment services for qualified companies shall be administered by the Department, while financial assistance for training projects shall be administered by a local education agency certified by the Department for that purpose. This act also repeals a provision prohibiting a qualified company from receiving more than fifty percent of its training program costs from the Missouri One Start Job Development Fund. (Section 620.806)

Under current law, new job credits are deposited in the Missouri One Start Community College New Jobs Training Fund, and retained job credits are deposited in the Missouri One Start Community College Job Retention Training Fund. Beginning July 1, 2023, all unobligated moneys in such funds shall be transferred to the Missouri One Start Community College Training Fund, which is created by the act, and to which all new jobs credits and retained jobs credits shall be deposited. (Section 620.809)

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
Higher Education and Workforce Development
Department of Elementary and Secondary Education
Missouri House of Representatives
Oversight Division, the Missouri Senate
Joint Committee on Administrative Rules
Department of Revenue
Office of Administration – Budget & Planning

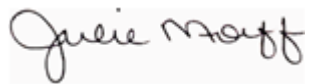
L.R. No. 5145S.02I

Bill No. SB 1072

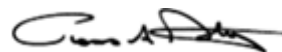
Page 9 of 9

March 21, 2022

Saint Charles Community College



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