

FISCAL NOTE

JAN 22 1999

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Bill/Resolution No.: SB 2329 Amendment to: _____

Requested by Legislative Council Date of Request: 1-20-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

The Act needs clarification. The fiscal impact to the state could vary from no impact to additional funding of \$64,087,911. In any case, the requirements of the Act would substantially alter and/or potentially eliminate the mission of the Department of Economic Development & Finance as identified in Chapter 54-34.

See attached narrative.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expenditures:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: Need clarification on act.
- b. For the 1999-2001 biennium: Need clarification on act.
- c. For the 2001-03 biennium: Need clarification on act.

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Unknown for all of above.

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Randy Schwartz

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Phone Number 328-5314

Date Prepared: 1-21-99

Additional Narrative to Fiscal Note

Bill Resolution No: SB 2329

The Governor has proposed funding the mission of the Department of Economic Development & Finance based on the roles and responsibilities identified in Chapter 54-34 and its strategic plan at \$8,120,879*. This amount includes general funds of \$7,883,171 and special funds of \$237,708. One million dollars of that amount has been proposed for the Development Fund leaving a balance of \$7,120,879 to fund all other program areas and functions that support economic development statewide - including personnel, operating, grants, external contractors/service providers, etc.

If you interpret the balance of \$7,120,879 as meeting the definition of the Administrative expenses as per SB 2329, it would require an additional 90% in funding (\$64,087,911). There are no recommendations in the Act as to how this additional 90% is to be spent.

If the intent of the Act is to restrict the agency's provision of services to 10% of it's total appropriation (\$712,088) then the mission** of the Department is substantially altered and/or eliminated.

* This amount does not include the proposed general and special funding for the Agricultural Products Utilization Commission (APUC) of \$3,580,817. APUC – by statute - currently is able to spend up to 10% of it's total funding for administration and operating. It is also able to carry over unused funds from one biennium to the next – in order to fund installments on the grant projects it supports. ED&F, from it's own administrative and operating line(s), also provides support to APUC (including administrative staff, support services, information technology, communications, offices, etc.).

** The mission of the agency is set forth in Chapter 54-34.3. The program objective for the agency is "Provide strategic direction and quality services that stimulate and support local economic growth and diversity."

In addition to funding and financial services, (Development/Rural funds, APUC), other functions of the agency include education and collaboration, (State/Local Development), research and intelligence, business and workforce development and marketing. Each of these functions provides services to business clients as well as to developers, communities and other partners/stakeholders in economic development. The combined focus of these functions is to assist in developing targeted private sector investment. This allows for the development of higher quality projects and opportunities for communities throughout the state.

Underlying those functions within the agency is an administrative team, which provides financial, personnel and information technology services to the agency. In addition to agency personnel, consultants and public/private entities are contracted with to provide services not available within the organization.