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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/16

SPONSOR Maestas Barnes LAST UPDATED \_\_\_\_\_ HB 213

SHORT TITLE Collect Local-Level Job Creation Data SB \_\_\_\_\_

ANALYST Clark

### APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	\$200.0				Recurring	General Fund

Parenthesis ( ) indicate expenditure decreases

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	Unknown					

Parenthesis ( ) indicate revenue decreases

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Minimal			Recurring	General Fund

Parenthesis ( ) indicate expenditure decreases

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

### SUMMARY

#### Synopsis of Bill

House Bill 213 appropriates \$200 thousand from the general fund to the Economic Development Department (EDD) to work with local governments to collect and update job creation data and

plan and coordinate their economic-base job creation efforts. This work must be done within the framework created by the Legislative Jobs Council.

### **FISCAL IMPLICATIONS**

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2017 shall revert to the general fund.

The appropriation is contingent on the receipt of matching funds given for the purposes listed and received from one or more non-state entities.

There would be a small administrative cost to EDD to administer this program, but it appears possible the agency may be able to use funds from the appropriation and matching funds to cover any costs incurred as it carries out the functions called for by the bill.

The revenue implications are unknown, but a coordination of job creation efforts on the state and local levels might result in additional job growth the state would not otherwise achieve. However, without a thorough analysis of economic development tax expenditures, currently infeasible with existing reporting requirements, it is impossible to determine whether the state would incur a net gain or net loss in tax revenues for each additional job created.

### **SIGNIFICANT ISSUES**

The Legislative Jobs Council held meetings around the state over the last three years determining job growth needs by region and industry sector. This data is now on a website or “dashboard,” which is intended to evolve over a 10-year period. The data considered by this bill would populate the dashboard on an ongoing basis to provide a glimpse of where communities stand in relation to the job growth projections.

EDD notes the dashboard will be out-of-date quickly without the resources to continue the work. However, communities have already begun supplying data to populate the dashboard, and it remains unclear why a state appropriation would be necessary for communities to continue collecting data and filling out the online form. It appears the funding may be more necessary for coordinating the planning efforts called for in the bill. LFC has often noted in the last several years economic development efforts across the state are fragmented and at times conflicting or duplicative. In addition, many communities do not have economic development strategic plans or they may be significantly out-of-date.

### **PERFORMANCE IMPLICATIONS**

This bill could increase data reported by local governments regarding job creation and related efforts, but there is no requirement in the bill for EDD to report annually to the appropriate interim legislative committee.

**ADMINISTRATIVE IMPLICATIONS**

EDD reports this bill would likely require at least one request for proposals (RFP) to identify a contractor(s) to do this work, assistance from EDD's data center to gather and organize labor data, and the agency's community development team to engage local entities.

**TECHNICAL ISSUES**

The bill does not specify if the required matching funds must be a one-to-one match. Without such language, it might be possible for EDD to receive, for example, a 20 percent match and consider the matching requirement fulfilled.

JC/al/jo