



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0321	Title:	Authorize business and industrial development corporations
Primary Sponsor:	Brueggeman, John	Status:	Third Reading

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$800	\$1,405	\$1,440	\$1,476
Revenue:				
State Special Revenue	\$0	\$14,431	\$11,966	\$12,002
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of Fiscal Impact:

SB 321 creates a structure for the licensing, supervision, and regulation of Business and Industry Development Corporations (BIDCO), and assigns regulatory oversight to the Department of Administration. The number of licensed entities is expected to be low; therefore the program will require only limited administrative oversight. Licensed entities will be examined annually at their Montana locations.

FISCAL ANALYSIS

Assumptions:

Department of Administration (DOA)

1. Based on the very limited number of inquiries regarding BIDCOs in the last five years and the fact that the bill contains no state incentives to entice the formation of a BIDCO, it is assumed there will be a small level of activity in the program. Currently, there is reported to be one entity presently conducting BIDCO-type operations in Montana. FY 2008 will generate no revenue. It is assumed that that entity will be licensed and establish operations in FY 2009. A \$5,000 application fee will be received with the initial application for licensure. An additional \$2,500 fee will be received annually thereafter.
2. No other BIDCOs are projected to apply for licensure during the 2009 or 2011 biennia.
3. FY 2008 operating expenses of \$800 would be for administrative rule hearing and required rule publications in the Montana Administrative Register.

4. Examinations of the BIDCO will occur in FY 2009, FY 2010 and FY 2011. Operating expenses for these years will primarily be for examiner travel. Two examiners will each be on location for nine days each year.
5. No new equipment, furniture, supplies or other materials will be purchased on behalf of this program.
6. A 2.5% inflation factor is applied to operating expenses for FY 2010 and 2011.
7. Examination fees will be set by administrative rule to recover the actual costs of the examination and program costs.
8. The program can be administered by existing division staff.
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	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$800	\$1,405	\$1,440	\$1,476
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$800	\$1,405	\$1,440	\$1,476
<u>Revenues:</u>				
State Special Revenue (02)	\$0	\$14,431	\$11,966	\$12,002
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$800)	\$13,026	\$10,526	\$10,526

Sponsor's Initials

Date

Budget Director's Initials

Date