



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** HB0523

**Title:** Revise state trade and marketing promotion activities

**Primary Sponsor:** Sullivan, Katie

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<b>Expenditures:</b>				
General Fund	\$117,367	\$114,182	\$115,895	\$117,634
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$117,367)</u>	<u>(\$114,182)</u>	<u>(\$115,895)</u>	<u>(\$117,634)</u>

**Description of fiscal impact:** HB 523 revises trade and marketing activities by expanding the Department of Commerce (DOC) activities nationally and internationally, incorporating trade promotion and marketing into State Workforce Innovation Board (SWIB) activities, and adding a focus on rural, veteran, minority, and women-owned businesses. DOC will require additional staff and operating expenses to implement HB 523 provisions.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Commerce (DOC)**

- HB 523 mandates working with the Montana Agriculture Development Council, the Tourism Advisory Council, the Montana Manufacturing Extension Center, the Montana Board of Research and Commercialization Technology, the State Workforce Innovations Board, and other state and national entities to improve funding for and access to supportive services for rural-based, veteran-, minority-, and women-owned businesses. HB 523 also mandates working with local chambers of commerce, the Governor's Office of Economic Development, certified regional development corporations, and other economic development organizations to educate and inform them of the services available.
- An additional 1.00 FTE will be required at a cost of \$76,067 in FY 2020; \$76,382 in FY 2021; \$77,528 in FY 2022; and \$78,691 in FY 2023. One-time cost for office setup and computers is \$3,500. Annual operating

costs of \$37,800 are included, with a 1.5% inflationary adjustment in FY 2022 and FY 2023. Operating and travel costs can be used for federal match.

- DOC currently receives federal Small Business Administration (SBA) funding for the State Trade Expansion Program (STEP). This is a competitive federal program that requires state matching funds.

**Office of the Secretary of State**

- HB 523 will have minimal cost for postage and administrative duties. The Office of the Secretary of State does not receive general fund monies for office operations but has agreed to assume the fiscal responsibility for HB 523.

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$76,067	\$76,382	\$77,528	\$78,691
Operating Expenses	\$41,300	\$37,800	\$38,367	\$38,943
<b>TOTAL Expenditures</b>	<u>\$117,367</u>	<u>\$114,182</u>	<u>\$115,895</u>	<u>\$117,634</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$117,367	\$114,182	\$115,895	\$117,634
<b>TOTAL Funding of Exp.</b>	<u>\$117,367</u>	<u>\$114,182</u>	<u>\$115,895</u>	<u>\$117,634</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$117,367)	(\$114,182)	(\$115,895)	(\$117,634)

**Technical Notes:**

**Department of Labor and Industry (DLI)**

- The text of HB 523 directs the State Workforce Innovation Board (SWIB) to “assist” with efforts noted in the bill, thus the determination is there no fiscal impact to DLI. DLI is concerned that the spirit of the text could be misapplied, resulting in resource and opportunity requirements of the SWIB that are not allowed for within the federal authorization and funding scope of the SWIB. The SWIB is specifically directed to oversee workforce development programs and services as identified in the Workforce Innovation and Opportunity Act (WIOA).

		TL	2/23/19
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>