Colorado Legislative Council Staff Fiscal Note
STATE

CONDITIONAL FISCAL IMPACT

Drafting Number:	LLS 13-0397	Date:	January 28, 2013
Prime Sponsor(s):	Rep. Lee; Garcia	Bill Status:	House Business, Labor, Economic, and
			Workforce Development
		Fiscal Analyst:	Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE CREATION OF AN ECONOMIC GARDENING PILOT PROJECT IN THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015	FY 2015-2016		
State Revenue Cash Funds Economic Gardening Pilot Project Fund	\$18,750				
State Transfer From the Small Business Development Centers to the Economic Gardening Pilot Project Fund	\$200,000	\$200,000			
State Expenditures Cash Funds Economic Gardening Pilot Project Fund	\$200,000	\$100,000	\$100,000		
FTE Position Change					
Effective Date: Assuming the passage of House Bill 13- 1002, August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. If House Bill 13-1002 is not passed, this bill does not become effective.					

Appropriation Summary for FY 2013-2014: See State Appropriations section.

Local Government Impact: None.

Summary of Legislation

This bill creates an economic gardening pilot program within the Governor's Office of Economic Development and International Trade (OEDIT). Economic gardening provides strategic technical assistance to stage-two emerging companies using advanced software and science concepts. Under this bill, OEDIT will certify staff at Small Business Development Centers (SBDC) in Economic Gardening concepts. The SBDCs will then select companies to participate in the pilot program, and manage the program throughout its implementation. On or before September 1, 2013 OEDIT will establish selection criteria for participating companies, including minimum requirements such as job growth and export potential. On or before March 1, 2014, OEDIT will select at least 20 companies to participate in the pilot program. The program ends on June 30, 2016.

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Under this bill, each company selected may receive:

- High-level business consulting;
- Database research and analysis; or
- Support from OEDIT's staff, which includes market research and strategy, business modeling, identification of sales leads and other business-related resources.

On or before November 1, 2014, and each year throughout the existence of the program, OEDIT will report to the legislature describing the pilot program's status.

This bill is conditional upon the passage of House Bill 13-1002.

State Revenue

For FY 2013-14, this bill is expected to increase state revenue by \$18,750 cash funds, to the Economic Gardening Pilot Project cash fund. Under this bill, the pilot project must provide economic gardening services to no less than 20 companies; this fiscal note assumes that OEDIT will engage 25 companies. In order to participate, companies must pay a \$750 one-time fee.

State Transfer

This bill requires that \$200,000 be transferred from the Small Business Development Centers to the Economic Gardening Pilot Project cash fund, in FY 2013-14 and FY 2014-15. This money is to be allocated to the Small Business Development Centers under House Bill 13-1002.

State Expenditures

For FY 2013-14, this bill is expected to increase state expenditures by \$200,000, from the Economic Gardening Pilot Project cash fund. In addition, for FY 2014-15 and FY 2014-15, this bill is expected to increase state expenditures by \$100,000, from the Economic Gardening Pilot Project cash fund.

The OEDIT will design the program with assistance of a contracting firm, review and select contract bids, administer the cash fund created by the bill, create performance measuring tools, and draft and present the report on program status each year. In addition, it is estimated that this program will require funding amounting to \$4,800 per business, to cover the support services mentioned in the summary of this fiscal note. Since 25 business are planned for program, these services are estimated at \$200,000 per year. Costs are described in Table 1 below.

Table 1. Expenditures Under HB13-1003						
Cost Components	FY 2013-14	FY 2014-15	FY 2014-15			
Contracting Services	\$60,000	\$60,000	\$60,000			
Database, Licensing and Technical Support	120,000	40,000	40,000			
Training SBDCs and Certification	20,000					
TOTAL	\$200,000	\$100,000	\$100,000			

This fiscal note assumes these costs are reduced in year two and three of the program because training needs are eliminated, and because software licenses are reduced upon renewal.

State Appropriations

For FY 2013-14, the OEDIT requires a cash fund appropriation of \$200,000 from the Economic Gardening Pilot Project Fund.

Departments Contacted

Governor's Office