

STATE
REVISED FISCAL IMPACT

(replaces fiscal note dated February 14, 2013)

| | |
|---|--|
| Drafting Number: LLS 13-0647 | Date: April 19, 2013 |
| Prime Sponsor(s): Rep. Kraft-Tharp; McLachlan | Bill Status: Senate Business, Labor, & Technology |
| Sen. Jahn; Roberts | Fiscal Analyst: Jonathan Senft (303-866-3523) |

TITLE: CONCERNING THE CREATION OF THE ADVANCED INDUSTRIES EXPORT ACCELERATION PROGRAM.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-2015 |
|--|----------------------------|--------------|
| State Revenue Cash Funds Advanced Industries Export Acceleration Cash Fund | See State Revenue section. | |
| State Transfers Transfer from the General Fund to Advanced Industries Export Acceleration Cash Fund | \$300,000 | \$300,000 |
| State Expenditures Cash Funds Advanced Industries Export Acceleration Cash Fund | \$300,000 | \$300,000 |
| FTE Position Change | | |
| Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. Annual funding in the amount of \$300,000 for this bill becomes effective only if House Bill 13-1142 becomes law. | | |
| Appropriation Summary for FY 2013-2014: See State Appropriations section. | | |
| Local Government Impact: None. | | |

Summary of Legislation

This *reengrossed* bill creates the Advanced Industries Export Acceleration program (AIEA) to be administered by the Office of Economic Development and International Trade (OEDIT). The program provides training, access to consulting services, and expense reimbursements for eligible companies for the purpose of increasing international exports from Advanced Industries (AI) in Colorado. The Advanced Industry Export Acceleration (AIEA) Cash Fund is created, subject to annual appropriation for OEDIT's expenses.

If HB 13-1142 becomes law, this bill requires that \$300,000 be transferred from the General Fund to the AIEA Cash Fund on January 1, 2014, and January 1 of the next four years. HB 13-1142 concerns reforms to enterprise zones.

On or by November 1, 2014, OEDIT must annually report to the General Assembly, summarizing the preceding year's program activities. The bill is repealed January 1, 2019.

State Revenue

To cover its potential costs for providing businesses with export training and consultant advice, OEDIT may charge fees generating an increase in state revenue of up to \$147,000. However, a much smaller increase is expected if HB 13-1142 passes and the \$300,000 General Fund transfers occur.

The bill allows OEDIT to charge fees for training, conferences, seminars, and workshops related to exporting. OEDIT may also pay consultants on behalf of an AI business, and may then charge the business for some or all of these costs. Individual businesses may also be required to reimburse OEDIT for expenses paid. Estimated costs for these activities total \$147,000, but the bill requires that OEDIT fees be reasonable, so the total costs may not be passed on to participating businesses. Any funds received from a business are to be deposited into the AIEA Cash Fund.

The bill also allows OEDIT to accept gifts, grants and donations, but no such funds have been identified.

State Transfers

If HB 13-1142 becomes law, this bill requires that \$300,000 be transferred from the General Fund to the Advanced Industry Acceleration Cash Fund on January 1, 2014, and January 1 of the next four years.

State Expenditures

The bill requires OEDIT to manage the advanced industries export acceleration program, and it transfers \$300,000 from the General Fund to support related activities, contingent on the passage of HB 13-1142. If the transfer does not occur, costs are expected to be significantly lower than \$300,000. All costs would be paid from the AIEA Cash Fund, which is annually appropriated to OEDIT. Potential costs are described below.

Export Training. This bill requires OEDIT to provide export training to AI businesses. This requires the creation of a training curriculum, expert input, seminar design and oversight at an estimated cost of \$35,000 per year. The fiscal note assumes that a consultant will be hired by OEDIT for the AIEA training program.

Travel and Other Reimbursements. This bill allows OEDIT to provide to AI businesses reimbursements for export related expenses, including travel. Each company is allowed a maximum of \$15,000 each per year. The cost for these reimbursements is estimated at \$140,000 per year. Only those expenses allowed to state employees may be reimbursed.

Market Research Consultants. This bill requires OEDIT to develop relationships with consultants, who must specialize in a given area of export, and match these consultants with AI businesses. OEDIT is authorized to pay the selected consultants on behalf of the AI businesses. These costs are estimated at approximately \$112,000.

Program Administration. This bill requires OEDIT to establish procedures for reimbursement amounts, recipient reporting requirements and other program policies. OEDIT is expected establish a contact list for export consultants, and facilitate discussions accordingly. The office is also required to administer and market the program once these policies are created. OEDIT must also prepare an annual report to the General Assembly each November that the AIEA program is in effect. These additional responsibilities will be performed at cost of approximately \$13,000.

State Appropriations

For FY 2013-14, this bill requires a transfer of \$300,000 from the General Fund to the Advanced Industries Export Acceleration Cash Fund. In addition, for FY 2013-14, this bill requires an appropriation of \$300,000 from the Advanced Industries Export Acceleration Cash Fund.

Departments Contacted

Governor's Office

Revenue