

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 610** HLS 15RS 1186  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 11, 2015	6:12 PM	<b>Author:</b> HARRIS
<b>Dept./Agy.:</b> Lt. Governor		<b>Analyst:</b> Drew Danna
<b>Subject:</b> Places Dept. of Economic Development under Lt. Governor		

STATE AGENCIES OR DECREASE GF EX See Note Page 1 of 1  
 Places the Department of Economic Development within the office of the lieutenant governor

Current law establishes the Department of Economic Development (LED) and provides for a secretary of the department of economic development as appointed by the governor with consent of the Senate. The secretary serves as the executive head and chief administrative officer of the department and is responsible for the policies and function of the department.

Proposed bill places the Department of Economic Development within the office of the Lt. Governor and provides for the department secretary to be appointed by the Lt. governor with the consent of the Senate. Proposed law also provides the lieutenant governor will serve as the commissioner of the department and will act as the secretary of the department if no secretary is appointed.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

The proposed legislation will likely result in an indeterminable decrease in state general fund expenditures as a result of placing the Department of Economic Development (LED) within the Office of the Lt. Governor (OLG). Civil Service Rule 24.1 states that when departments are transferred, only the receiving organization can determine if any positions can be changed or abolished. To the extent the OLG elects to eliminate positions as a part of the transfer, potential savings exist.

There are four potential position redundancies that will result in expenditure reductions. These positions are department secretary (\$237,500), undersecretary (\$131,000), policy director (\$93,517), and administrative assistant (\$53,268) which result in a salary savings of \$515,285 plus related benefits savings of \$206,114 for a total savings of \$721,399. To the extent that this merger is realized, there will likely be additional operating expenses savings for travel, supplies, and other categories in addition to the eliminated positions.

According to the OLG, the proposed legislation is not anticipated to have any impact on expenditures of the LED and does not anticipate any reductions as a result of the transfer. LED has its own budget that will be placed under the control and supervision of OLG beginning in FY 16. The OLG indicates back office functions of the department will remain separate from the OLG despite being moved under the authority of OLG. However, the LFO anticipates there may be additional efficiencies created with the merger of back office functions between the two agencies.

According to LED, the proposed bill could produce additional savings by eliminating four back office positions. These positions and their salaries are as follows: Special Project Officer (Mktg) \$75,000, Special Project Officer (Mktg) \$65,000, Special Project Officer (HR) \$63,000, and Special Project Officer (HR) \$44,000. These salaries in addition to related benefits may result in a \$339,378 reduction in salary and related benefits expenditures annually.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u>   |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |  |

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