

# Budget Brief – Economic Development

NUMBER 11-06

## SUMMARY

The Economic Development Appropriations Subcommittee reviews and approves the budgets for two areas of government. The subcommittee makes a recommendation to the Executive Appropriations Committee and the whole Legislature for final approval. The areas for which this subcommittee is responsible are:

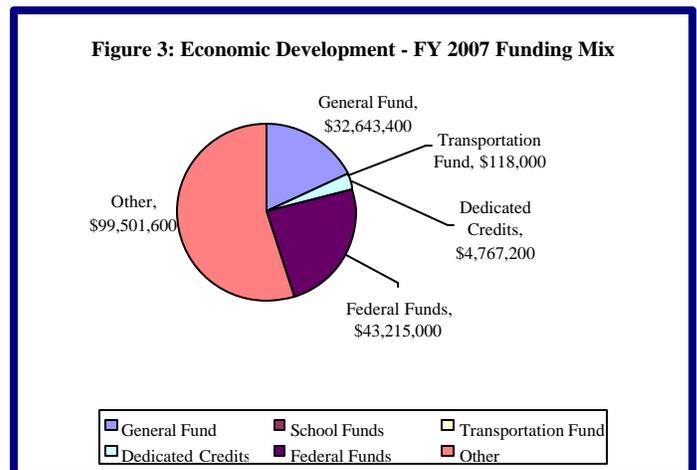
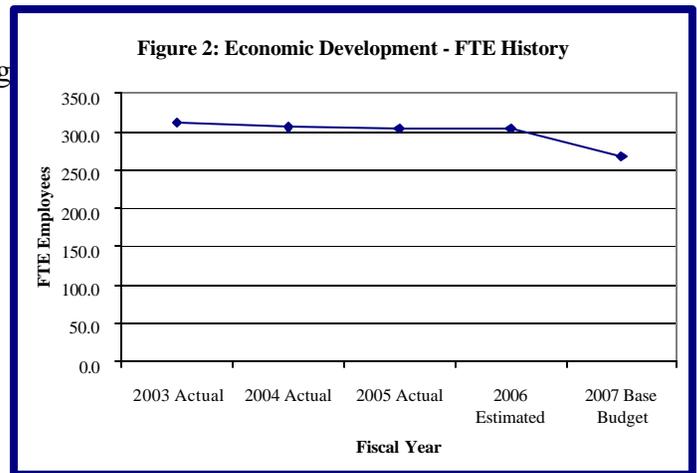
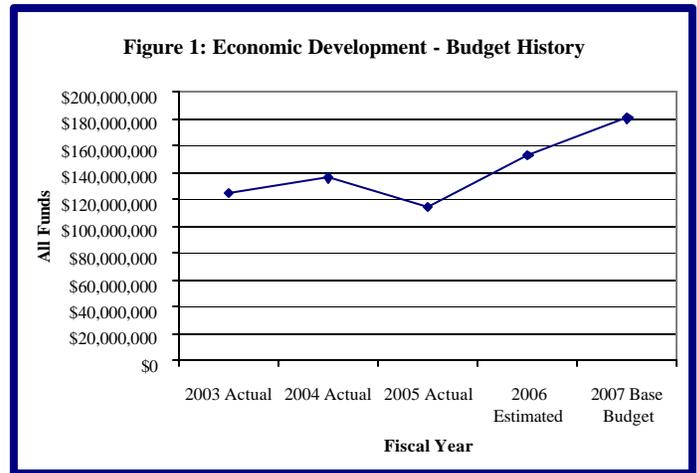
- Department of Community and Culture
- Governor’s Office of Economic Development

## ISSUES AND RECOMMENDATIONS

During the 2005 General Session the Department of Community and Economic Development was divided into the Department of Community and Culture and the Governor’s Office of Economic Development. Many of the recommendations and issues the committee will deal with will be related to the restructure.

Budget issues the will be presented by the Analyst include:

- Recommendations related to the Industrial Assistance Fund and the Tax Increment Financing program.
- Program level restructures for the Governor’s Office of Economic Development
- Line item restructures for the Governor’s Office of Economic Development.
- Increased lease cost resulting from contractual obligations.
- Library fees adoption



A list of the Budget Briefs to be addressed by the committee is found below. Issue briefs will also be presented throughout the budget deliberations which deal with several areas of the budget.

**ED Subcommittee Summary and Index of Budget Briefs**

<b>Budget Brief</b>		<b>FY 2006</b>	<b>FY 2007</b>	
<b>Reference</b>	<b>Description</b>	<b>Revised</b>	<b>Base</b>	<b>FTE</b>
ED-01-06	Department of Community and Culture	100,929,300	112,988,300	203
ED-02-06	Governor's Office of Economic Development	24,481,800	18,695,000	61.0
ED-03-06	DCC Administration	3,278,800	1,908,600	22.0
ED-04-06	Division of Fine Arts	4,501,800	3,496,700	22.0
ED-05-05	Division of State History & Utah Historical Society	3,363,600	3,184,600	32.0
ED-06-06	Division of State Library	8,277,500	8,108,300	72.0
ED-07-06	Division of Housing and Community Development	46,354,600	42,837,100	52.0
ED-08-06	Community Development Capital	33,500,000	51,800,000	
ED-09-06	Zoos	1,398,700	1,398,700	
ED-10-06	Division of Indian Affairs	254,300	254,300	3.0
ED-11-06	Economic Development Subcommittee	151,580,900	180,245,200	267.0

**BUDGET DETAIL TABLE**

Economic Development						
	FY 2005	FY 2006		FY 2006		FY 2007*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	42,837,100	35,710,300	0	35,710,300	(3,066,900)	32,643,400
General Fund, One-time	4,461,500	20,546,900	0	20,546,900	(20,546,900)	0
Transportation Fund	118,000	118,000	0	118,000	0	118,000
Federal Funds	38,158,700	52,916,200	(8,781,800)	44,134,400	(919,400)	43,215,000
Dedicated Credits Revenue	3,428,500	4,878,300	24,200	4,902,500	(135,300)	4,767,200
Federal Mineral Lease	20,572,000	34,536,000	(32,036,000)	2,500,000	32,036,000	34,536,000
GFR - Business Development for Disadvantaged R	0	250,000	(250,000)	0	0	0
GFR - Homeless Trust	650,000	850,000	0	850,000	(500,000)	350,000
GFR - Industrial Assistance	189,300	223,500	0	223,500	0	223,500
GFR - Mineral Bonus	1,540,000	6,100,000	(6,100,000)	0	6,100,000	6,100,000
GFR - Motion Picture Incentive Fund	0	1,000,000	(1,000,000)	0	0	0
GFR - Tourism Marketing Performance	0	10,000,000	(10,000,000)	0	4,000,000	4,000,000
Permanent Community Impact	10,286,300	50,144,100	(18,300,000)	31,844,100	0	31,844,100
Transfers	72,400	0	72,900	72,900	75,100	148,000
Pass-through	377,500	0	0	0	0	0
Repayments	0	0	0	0	18,300,000	18,300,000
Beginning Nonlapsing	4,170,400	0	12,080,200	12,080,200	(8,080,200)	4,000,000
Closing Nonlapsing	(12,260,400)	(4,000,000)	3,830,000	(170,000)	170,000	0
Lapsing Balance	(239,000)	0	0	0	0	0
<b>Total</b>	<b>\$114,362,300</b>	<b>\$213,273,300</b>	<b>(\$60,460,500)</b>	<b>\$152,812,800</b>	<b>\$27,432,400</b>	<b>\$180,245,200</b>
<b>Agencies</b>						
Human Resource Management	3,172,600	3,458,900	285,000	3,743,900	(3,743,900)	0
Community and Culture	70,663,900	125,713,600	(24,784,300)	100,929,300	12,059,000	112,988,300
Economic Development	11,609,800	26,690,500	(1,825,200)	24,865,300	(5,786,800)	19,078,500
Restricted Revenue - EDHR	28,916,000	57,410,300	(34,136,000)	23,274,300	24,904,100	48,178,400
<b>Total</b>	<b>\$114,362,300</b>	<b>\$213,273,300</b>	<b>(\$60,460,500)</b>	<b>\$152,812,800</b>	<b>\$27,432,400</b>	<b>\$180,245,200</b>
<b>Categories of Expenditure</b>						
Personal Services	18,162,900	20,698,600	614,400	21,313,000	(3,419,400)	17,893,600
In-State Travel	242,400	287,000	(11,900)	275,100	(24,100)	251,000
Out of State Travel	326,200	371,900	(46,900)	325,000	(43,800)	281,200
Current Expense	7,588,600	9,903,500	8,829,800	18,733,300	(8,741,200)	9,992,100
DP Current Expense	953,100	1,039,600	(1,400)	1,038,200	(311,200)	727,000
DP Capital Outlay	126,000	1,278,800	(1,163,900)	114,900	(111,500)	3,400
Capital Outlay	148,700	250,000	3,500	253,500	(235,000)	18,500
Other Charges/Pass Thru	86,718,400	179,347,500	(69,916,600)	109,430,900	41,549,500	150,980,400
Operating Transfers	96,000	96,400	600	97,000	1,000	98,000
<b>Total</b>	<b>\$114,362,300</b>	<b>\$213,273,300</b>	<b>(\$61,692,400)</b>	<b>\$151,580,900</b>	<b>\$28,664,300</b>	<b>\$180,245,200</b>
<b>Other Data</b>						
Budgeted FTE	304.5	308.6	(5.1)	303.5	(36.5)	267.0
Actual FTE	31	0	0	0	0	0
Vehicles	39	39	0	39	(1)	38

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

**LEGISLATIVE ACTION**

The Executive Appropriations Committee (EAC) has allocated last year's ongoing state funds appropriation as this year's beginning base. The EAC requests that the subcommittee adopt base budgets for each agency under the subcommittee's purview, fund subcommittee priorities by reallocating revenue among programs, and provide a prioritized list of desired items for funding.

***Base Budget Adoption***

Adoption of a base budget enables programs to continue for the next fiscal year at relatively the same budget level as the current fiscal year. Some changes in base budget may occur, namely in non-state funds, program shifts within a line item, or reductions or increases in dedicated credit and federal funds. Program base budgets are provided on page 4. Further detail of program base budgets and changes to the base may be found in the respective division budget briefs. Increases to restricted funds like the Permanent Community Impact Fund will be dealt with as building blocks and subject to committee approval.

The Analyst may recommend several recommendations related to the budget areas. However these recommendations have not been built into the base budget tables.

***Compensation Package Not Discussed***

The Analyst's recommendations do not currently discuss personal services. In order to avoid inequities between agencies, the Executive Appropriations Committee Sets compensation and benefit changes statewide. Any adjustments for one less day will be considered as part of the compensation adjustment.