

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0433-01
Bill No.: SB 107
Subject: Administration, Office of; Consumer Protection; Business and Commerce
Type: Original
Date: January 21, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of Administration, Division of Purchasing and Materials Management** (DPMM) assume the proposal would require DPMM to create bid/contract language which would prohibit state contracts from being awarded to contractors who would perform the telemarketing or telephone center work outside the United States. Also, it would require DPMM to create a document where the bidder or contractor certifies that the telemarketing or telephone center services covered by the bid or contractor will be performed in the United States.

The language in this bill may prohibit bidders and contractors from proposing to the state the most economical method of providing the required services. The DPMM cannot create any assumptions and methodologies to arrive at a state impact. This must be done on a case by case basis. In addition, there may be a cost impact which we are unable to determine at this time.

DPMM noted a previous contract for help desk services for the Electronic Benefits Transfer contract for the Department of Social Services. The help desk services were performed in India by an American company provider. If the services were to be brought to the United States, the cost increase on that contract alone was estimated to be approximately \$1,000,000.

ASSUMPTIONS (continued)

DPMM did not indicate any cost to implement new procedures which the proposal would require.

Officials from the **Department of Social Services** (DSS) assume this proposal would have no fiscal impact on their organization. DSS currently uses telephone service center contractors which perform services in the United States. DSS officials assume this proposal could affect the cost of future contracts for telephone call center services.

Oversight assumes there would be no cost resulting from this proposal for fiscal note purposes because it would not require any changes in contracts, expenditures, or budgets for any state agency or fund. Oversight also assumes the current cost of the amendment to the DSS telephone service center contract is unknown. Oversight assumes this proposal would prevent services under any future contract for a telephone call center from being performed outside the United States, and we assume this requirement could result in significant but unknown additional cost to the state.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could impact small businesses which operate telemarketing or telephone service call centers.

DESCRIPTION

This proposal would restrict telemarketing and telephone service center contractors.

The Office of Administration and other state agencies which contract on behalf of the state of Missouri would be restricted to telemarketing or telephone center service contracts with vendors which operate telemarketing or telephone center services in the United States.

The Office of Administration would be required to obtain certification from bidders that only vendors who operate in the United States would be performing services under the contract. A contract entered into or performed in violation of this section would be void but could continue in effect until an alternative contract can be arranged when:

- Immediate termination would result in harm to the public health or welfare; and
- The continuation is approved by the commissioner of the office of administration. Approval of continuation of contracts under this subsection could be given for the minimum period necessary to protect the public health or welfare.

Any person who receives a telephone call from, or places a telephone call to, a customer sales call center or a customer service call center could request the identification of the city, state, and country where the customer service employee is located; the name or registered alias of the customer service employee; the name of the employer of the person with whom the person is speaking; and could speak to a qualified employee of the company or government agency the person is doing business with.

No person who receives a telephone call from, or places a telephone call to, a customer sales call center or a customer service call center shall have the person's financial, credit, or identifying information sent to any foreign country without express written permission of the person.

A willful violation of the new restrictions would be an unfair or deceptive trade practice as currently defined in state law.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Division of Purchasing and Materials Management
Department of Social Services



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