

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5199-06  
Bill No.: Perfected SCS for SB 769  
Subject: Banks and Financial Institutions; Political Subdivisions; Public Officers; Saint Louis City; State Treasurer  
Type: Original  
Date: February 28, 2018

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Bill Summary: This proposal modifies provisions relating to financial transactions by public entities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Labor and Industrial Relations** assume that any additional duties required by this proposal could be absorbed with existing resources; however, should DOLIR determine later that requirements of the proposal require additional staff, they will be requested via the appropriations process.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Transportation** assume the proposal will have no fiscal impact on their organizations.

In response to a previous version, officials from **Callaway County** assumed no fiscal impact on their organization, but if any it would be potentially positive.

In response to a previous version, officials from the **Summersville R2 School District** assumed the proposal will have little to no fiscal impact.

Officials from the **Jackson County Election Board** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Platte County Board of Elections, St. Louis County Board of Election Commissioners,** and **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Missouri State University** and **Missouri Western State University** both assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Kirkville R-III School District** assumed the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Senate Amendment 1

In response to a similar proposal (SB 736), officials from the **Office of Administration, Department of Economic Development, and Missouri Department of Conservation** each assumed the proposal will have no fiscal impact on their respective organizations.

Senate Amendment 2

**Oversight** assumes that Senate Amendment 2 will not have a fiscal impact.

Senate Amendment 3

**Oversight** assumes that Senate Amendment 3 will not have a fiscal impact.

Senate Amendment 4

In response to similar proposals (SB 770 & HB 2416), officials from **St. Louis County, Boone County, the Jackson County Board of Election Commissioners and the Platte County Board of Election Commissioners** each assumed no fiscal impact to their respective entities from this proposal.

**Oversight** assumes by raising the competitive bidding amount requirements, there could be a savings to counties in advertising for bids. However, Oversight is unclear on the amount of savings. Therefore, Oversight will reflect a positive unknown to county funds for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>COUNTY FUNDS</b>			
<u>Savings</u> - raises the amount when advertising for bids	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON COUNTY FUNDS</b>	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies several provisions relating to financial transactions by public entities.  
**BIDDING RESTRICTIONS - EXPERIENCE MOD FACTOR**

(Sections 8.301 and 386.205)

Under this act, no contract, offer to contract, advertisement for bids on a contract, or any other solicitation for bids on a contract offered by the state of Missouri, any political subdivision thereof, or any public utility shall contain a requirement that the bidder have a specified experience modification factor. Furthermore, no bidder for a contract shall be weighted favorably or unfavorably based upon the bidder's experience modification factor.

These provisions are substantially similar to SB 736 (2018).

**COUNTY COMPETITIVE BIDDING EXEMPTIONS**

(Sections 50.660 and 50.783)

Current law provides that counties must advertise a request for bids for contracts and purchases of more than \$4,500 with any one person or corporation during a 90-day period. This act provides that the bidding requirement applies to contracts or purchases involving expenditures of more than \$6,000.

Current law requires a county commission to seek competitive bids or proposals on single feasible source purchases of \$3,000 or more, and advertise for bids on such purchases of \$5,000

FISCAL DESCRIPTION (continued)

or more. This act requires the commission to seek bids and advertise on single feasible source purchases of more than \$6,000.

These provisions are identical to SB 770 (2018).

SECURITY-COLLATERAL LIST (Sections 30.270 and 95.530)

Under current law, the State Treasurer and the Treasurer of the City of St. Louis are limited in the types of securities they may require as collateral from banks or financial institutions selected and approved for the safekeeping and payment of deposits. This act adds brokered or negotiable certificates of deposit that are fully insured by the FDIC or the National Credit Union Share Insurance Fund to the collateral list.

INVESTMENT OF PUBLIC FUNDS (Section 67.085)

Under current law, any public entity or political subdivision may invest public deposits if, among other things, on the same date that the public funds are deposited the financial institution also receives an amount of deposits from other financial institutions equal to the amount of the public funds deposited. This act repeals this requirement.

DEPOSITARIES FOR PUBLIC FUNDS (Section 110.010)

Current law provides restrictions on the security of the public funds of specific political subdivisions. This act stipulates that the requirements apply to all political subdivisions of the state. Furthermore, the act also allows banks serving as a depository for public funds to invest in the same manner as the State Treasurer is constitutionally permitted.

CERTIFIED CHECK REQUIREMENTS (Sections 110.080, 110.140, 165.221, 165.231, and 165.271)

Current law requires certain bids made by banks, associations, or trust companies to be accompanied by a certified check. This act repeals those requirements.

DORMANT BANK ACCOUNTS (Section 362.503)

Under this act, whenever an account with a bank has been inactive for 12 months or more, the bank is required to notify the account holder of such inactivity through first class mail postage prepaid marked "Address Correction Requested.". Additionally, the bank is required to send

FISCAL DESCRIPTION (continued)

annual statements for such account and charge a fee up to \$5 per statement. Such fee shall be withdrawn from the inactive account.


The act also stipulates that the funds of any bank account which has been inactive for a period of five years shall be remitted to the Abandoned Fund Account administered by the State Treasurer.

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 the State Treasurer  
Department of Insurance, Financial Institutions and Professional Registration.  
Department of Transportation  
Department of Labor and Industrial Relations  
Department of Economic Development  
Office of Administration  
Missouri Department of Conservation  
Callaway County  
Boone County  
St. Louis County  
Jackson County Election Board  
Platte County Board of Elections  
St. Louis County Board of Election Commissioners  
City of Kansas City  
Missouri State University  
Missouri Western State University  
Summersville R2 School District  
Kirksville R-III School District

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February 28, 2018