

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3587-01
Bill No.: SB 739
Subject: Office of Administration; Contracts and Contractors; Political Subdivisions
Type: Original
Date: December 19, 2019

Bill Summary: This proposal prohibits public bodies from entering into certain contracts.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| General Revenue | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| Total Estimated Net Effect on General Revenue | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| Other State Funds | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| Local Government | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Purchasing (OA-Purchasing)** and **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** assume this bill would require OA-Purchasing and OA-FMDC to create a written certification and ensure it is signed by all vendors/contractors/consultants. Because the bill states that the certification is for the "duration of the contract," OA assumes that this certification would only have to be collected once, at the beginning of the contract and would require minimal staff time. Based on this assumption, OA-Purchasing and OA-FMDC believe that the impact of this bill is less than \$10,000 total. If further tracking or monitoring is required, additional fiscal impact would result. OA-Purchasing and OA-FMDC assume that this cost will be absorbed with existing resources. However, until the FY21 budget is finalized, specific funding sources cannot be identified.

Oversight assumes that state and local governments could contract with a company that is currently engaged in a boycott of the State of Israel or territories under its control (or fails to comply with the provisions of this act). Oversight assumes that state and local governments would then need to contract with a different company which could potentially be at a higher cost. Therefore, Oversight will range the fiscal impact from \$0 to (Unknown) to state and local governments.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Attorney General's Office (AGO)** assume any additional litigation cost arising from this proposal can be absorbed with existing personnel and resources, however, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

Officials from the **Department of Transportation** defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State, Department of Natural Resources** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties and cities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

| <u>FISCAL IMPACT - State Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|---|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Cost</u> - Potentially higher contract costs | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| OTHER STATE FUNDS | | | |
| <u>Cost</u> - Potentially higher contract costs | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO OTHER STATE FUNDS | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|---|------------------------------------|------------------------------------|------------------------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Cost</u> - Potentially higher contract costs | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill shall be known as the "Anti-Discrimination Against Israel Act".

This bill prevents any public entity from entering into a contract with a company, except a sole proprietorship, that is boycotting Israel or territories under its control. There is also an exemption for contracts under \$100,000 and contractors with less than 10 employees.

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
Department of Transportation
Missouri Department of Conservation
Department of Natural Resources
Attorney General's Office
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Kansas City



Julie Morff
Director
December 19, 2019



Ross Strope
Assistant Director
December 19, 2019