

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3587-03  
Bill No.: Truly Agreed To and Finally Passed SCS for SB 739  
Subject: Office of Administration; Contracts and Contractors; Political Subdivisions  
Type: Original  
Date: May 26, 2020

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

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## 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 assume this bill will have no fiscal impact based on the assumption this would require minimal effort. If further tracking or monitoring is required, fiscal impact would result.

**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 **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

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

ASSUMPTION (continued)

**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**, the **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 for these agencies.

In response to a previous version, officials from the **City of Springfield** and the **City of Kansas City** assumed 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. A general listing of political subdivisions included in our database is available upon request.

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

FISCAL IMPACT - State Government (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**OTHER STATE FUNDS**

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

Cost - Potentially higher contract costs	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act creates the "Anti-Discrimination Against Israel Act". Under this act, public entities are prohibited from entering into certain contracts with a company unless the contract includes a written certification that the company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of goods or services from the State of Israel or any company, or person or entity, doing business with or in the State of Israel. Any contract failing to comply with the provisions of this act shall be void against public policy.

This act does not apply to contracts with a total potential value of less than \$100,000 or to contractors with fewer than 10 employees.

FISCAL 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  
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  
City of Springfield



Julie Morff  
Director  
May 26, 2020



Ross Strope  
Assistant Director  
May 26, 2020