

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2333S.01I
 Bill No.: SB 594
 Subject: Office of Administration; Contracts and Contractors
 Type: Original
 Date: May 2, 2023

Bill Summary: This proposal prohibits contracts with the state for employers providing assistance to employees for the purpose of having an abortion.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

*Oversight assumes the potential savings to the state (reduction in grants, tax credits, etc.) may reach the \$250,000 threshold. Oversight also assumes the potential additional cost of goods and services could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE			

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 34.724 – State Contracts

Officials from the **Office of Administration (OA)** state the proposed legislation will require OA Purchasing to include bid language and exhibits for vendor to self-certification/attestation that the vendor does not provide any assistance for its employees or to another entity on behalf of the company's employee for the purposes of having an abortion to ensure that contracts are not awarded to such entities so that subsequent expenditures under the contract are not made to such entities.

OA-Purchasing believes that the impact of this bill is less than \$10,000. However, until the FY24 budget is finalized, specific funding sources cannot be identified.

At this time, it is believed that the additional staff time and resources can be absorbed by OA-Purchasing, although the additional time to complete the verifications could increase procurement turnaround time. However, if there are multiple pieces of legislation passed where OA-Purchasing has responded that the costs can be absorbed, OA-Purchasing would need to reevaluate to see if additional staff and associated expenses would then be required.

Officials from the **Department of Natural Resources (DNR)** assume section 34.724 prohibits state agencies from entering into contracts with companies which help their employees obtain abortions. To meet the requirements of this bill, the Department of Natural Resources would have an affidavit in all contracts, certifying that companies do not help employees obtain abortions.

DNR estimates that it processes 5,000 contracts per year. The affidavit would take 20 minutes per contract, for a total of 100,000 additional minutes (1,666 hours) of time. This would require one FTE (procurement specialist) at \$52,680 annually.

Oversight assumes this proposal will not require an additional FTE for DNR. However, Oversight assumes there could be some amount of administrative cost across all state agencies and departments to adhere to this proposal. Oversight will range this potential cost as \$0 or an (Unknown) amount.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this legislation would likely impact TSR by an unknown amount. B&P defers to DOR for more accurate estimates resulting from the legislation

Officials from the **Department of Revenue (DOR)** assume this proposal would prohibit the Department from giving tax credits or other public financial benefits to a company or political subdivision that provides assistance to their employees to have an abortion. The Department redeems tax credits issued by other state agencies. DOR has no way of knowing which companies are helping employees and which are not. DOR would have to rely of the other agencies to only approve tax credits for companies in compliance with this provision. For the ones the Department administers DOR assumes they would need a form, the organization would have to sign under penalties of perjury. The creation of the form will cost \$10,000.

DOR also assumes this proposal prohibits public financial benefits but that term is not defined. The Department is unable to determine if this will have a fiscal impact. The Department notes that statutorily DOR is to provide timely filing discounts given to organizations that pay withholding tax and sales and use tax timely. It is unclear if these would be considered public financial benefits. If so, not providing these discounts could result in additional revenue to the state.

Oversight will reflect a potential unknown savings of \$0 to Unknown (reduction in tax credits, grants, discounts, etc.) to the General Revenue Fund.

Officials from the **Department of Public Safety – Directors Office (DPS-DO)** state this legislation will have an impact on the Department of Public Safety, Office of the Director.

Proposed section 34.274, subsection 1, prohibits the State from entering into contracts with or issuing or awarding grants or other financial benefits to a company or political subdivision “that provides any assistance for its employees or to another entity on behalf of the company’s employee for the purposes of having an abortion” (“prohibited assistance”).

DPS-DO contracts with and provides grant awards to political subdivisions that have either implemented or have indicated that they will implement programs providing prohibited assistance. DPS-DO programs that may be affected include the grants section of the Office of Homeland Security, the Missouri Data Exchange, the POST Commission Fund, the Deputy Sheriff Salary Supplementation Fund, and the Witness Protection Fund.

The Office for Victims of Crime is a DPS-DO program. OVC makes payments to providers of services to victims of crime. OVC also operates the Sexual Assault Forensic Examination and the Child Physical Abuse Forensic Examination programs. These programs make payments to providers of forensic examinations. This proposed law would prohibit payments to providers who provide their employees prohibited assistance.

When necessary, DPS-DO enters into single feasible source agreements to implement programs. If a single-feasible source contractor provides prohibited assistance, DPS-DO may be unable to either implement or continue the programs that have been assigned to DPS by law.

Finally, proposed section 34.724, subsection 1, paragraph (5), creates an exception for “medical emergencies as defined in section 188.105.” Current section 188.105, RSMo, does not define “medical emergencies,” and there is no amendment to this section contained in this proposed law.

Officials from the **Department of Public Safety - Missouri Highway Patrol (DPS-MHP)** state the language contained in Section 34.724.1 could prohibit the Patrol from purchasing needed public safety equipment, which may only be available from a limited number of vendors. A reduction in the number of vendors during a competitive bid process could result in increased costs to the State of Missouri. While the specific funds impacted for the Patrol are unknown at this time, included with this summary are the five main funds that are most likely to be impacted.

Oversight will reflect the potential additional cost if the company/vendor that has the lowest and best offer is now not available and the state must pay an additional cost for the goods and/or services. Oversight will reflect this as a \$0 or (Unknown) additional cost.

Officials from the **Attorney General’s Office, the Department of Commerce and Insurance, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Mental Health, , the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Public Safety (Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri National Guard, State Emergency Management Agency and Veterans Commission), the Department of Social Services, the Office of the Governor, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Department of Transportation, the Office of Prosecution Services, the Office of Administration (Administrative Hearing Commission), the Office of the State Courts Administrator, the Oversight Division, the Legislative Research, the Office of the State Auditor, the Missouri Senate, the Office of the State Public Defender, the State Tax Commission, the City of Springfield and Kansas City** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Savings</u> – Various state agencies - Elimination of tax credits, discounts, grants, resources, etc. as well as returned funds from certain entities	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – Various state agencies – to administer these changes regarding new/extended contracts	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – Various state agencies – potential additional costs for goods and services if a vendor can no longer provide the goods and services	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses that could potentially bid on state contracts could be expected as a result of this proposal.

FISCAL DESCRIPTION

This act prohibits the state from entering into a contract with or issuing or awarding grants, tax credits, bonding authority, training resources, or access to government programs or other financial benefits to a company or political subdivision that currently provides, or has provided within the previous year, any assistance for its employees or to another entity on behalf of the company's employee for the purposes of having an abortion, unless otherwise required by federal law.

A company or political subdivision that enters into a contract with or is issued or awarded a grant, a tax credit, bonding authority, training resources, or access to government programs or other financial benefits from the state and thereafter makes reimbursements to an employee for the purpose of having an abortion shall immediately have any such contract terminated and shall return any funds received from the state in full.

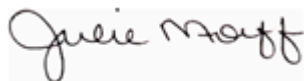
The Attorney General is permitted to enforce this act by filing an action in circuit court. The court may award injunctive relief and order the repayment of funds if it finds in favor of the state.

This act only applies to contracts entered into on or after January 1, 2024. 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

Attorney General's Office
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety

Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Local Government Employees Retirement System
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
Facilities Management, Design and Construction
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
Public Schools and Education Employee Retirement Systems
State Tax Commission



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May 2, 2023



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