

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4264S.01I
Bill No.: SB 980
Subject: Office of Administration; Contracts and Contractors
Type: Original
Date: February 28, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- 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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 34.650 – Contract Provisions

Officials from the **Office of Administration (OA)** assume the proposed legislation will require OA Purchasing to develop internal processes and self-certification/attestation form/language/exhibits. OA-Purchasing will then need to amend existing contracts to include the self-certification/attestation documents and for new procurements, OA Purchasing will need to include vendor/contractor self-certification/attestation language and to ensure that contracts are not awarded to such entities that have the stipulations in the proposed legislation. OA-Purchasing assumes this would take approximately 1,000 hours of staff time at an average hourly salary of \$23.52 per hour to develop the internal processes, forms/language/ exhibits, and to include the forms/language/exhibits in any new procurements. Therefore, OA-Purchasing estimates the total fiscal impact of this bill to be at least \$23,520. At this time, it is believed that the additional staff time and resources can be absorbed by OA-Purchasing. 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.

Additional fiscal impact could also result if OA-Purchasing's assumption is incorrect that compliance with this bill can be achieved with a self-certification/attestation form. The bill language does not require OA-Purchasing to take any specific steps to investigate contractor's compliance with this requirement, but if such compliance checks are implied, then fiscally the impact would be higher. Note that OA-Purchasing can only address those contracts issued by it, and each state agency would have to do their own compliance checks or reviews for every one of its purchases and contracts covered by the law.

Officials from the Office of Administration assume agency can absorb the cost of the proposal. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OA-Purchasing.

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state that their agency has an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. This legislation will be submitted to them for an actuarial statement. As soon as the actuarial statement is available, they will be amending their fiscal response to include their analysis.

In response to a similar proposal from last year (SB 430), officials from the **PSRS/PEERS** assumed this legislation would significantly impact the Public School Retirement System of Missouri (PSRS) and the Public Education Employee Retirement System (PEERS), collectively referred to as the Systems. The Systems are evaluating the proposed legislation and the overall

impact on the Systems’ investment, service and consulting contracts. PSRS/PEERS assumes this legislation would impact their ability to contract with private partners (particularly investment relationships).

Officials from the **Kansas City** state that this legislation could have a negative fiscal impact if it prohibits contracting with an entity that had the lowest contracting price.

In response to a similar proposal from last year (SB 430), officials from the **City of Springfield** anticipates there could be an undetermined negative fiscal impact from this bill if it limits potential bidders for City contracts. The City does not have sufficient data to determine if such an impact would occur.

Oversight assumes the limitation of bidders and contract relationships are speculative. Therefore, Oversight will reflect a zero impact in the fiscal note for retirement systems and local political subdivisions.

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

In response to a similar proposal from last year (SB 430), officials from the **Attorney General’s Office** and the **Department of Public Safety - Missouri National Guard** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

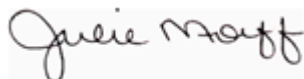
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

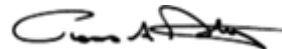
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General’s Office
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
Missouri National Guard
Office of Administration
Kansas City
City of Springfield
Public Schools and Education Employee Retirement Systems



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