

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2066S.01I
Bill No.: SB 559
Subject: Contracts and Contractors; Liability; Sovereign or Official Immunity; State
Departments
Type: Original
Date: April 7, 2025

Bill Summary: This proposal provides sovereign immunity for private contractors acting within the scope of a government contract.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§537.600 – Sovereign immunity for private contractors acting within the scope of a government contract

Officials from the **Office of Administration (OA) - Purchasing** state proposed legislation will require OA Purchasing to revise the contractual language regarding contractor liability including rewriting other general contractual language, provide such language to the state agencies for use, and update OA's internal procurement documents.

OA-Purchasing believes that the impact of this bill is less than \$10,000. However, until the FY26 budget is finalized, specific funding sources cannot be identified.

At this time, it is believed 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.

Oversight has no information to the contrary. Oversight assumes OA-Purchasing will be able to absorb the minimal impact of this proposal and will present no fiscal impact for OA.

Officials from the **Office of Administration - Budget and Planning**, the **Department of Commerce and Insurance** and **Department of Elementary and Secondary Education** each assume 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.

In response to similar legislation from the current session (HB 1067), officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

In response to similar legislation from the current session (HB 1067), officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses who operate under a governmental contract 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.

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SOURCES OF INFORMATION

Attorney General's Office

Office of Administration -

Budget and Planning

Purchasing

Department of Commerce and Insurance

Department of Elementary and Secondary Education

Office of the State Courts Administrator



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April 7, 2025



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April 7, 2025