

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3705-02
BILL NO.: SB 869
SUBJECT: Attorney General; Contracts
TYPE: Original
DATE: February 19, 2000

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------------------------------|------------------------------------|------------------------------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| General Revenue | (\$58,710) to (Unknown) | (\$61,665) to (Unknown) | (\$63,266) to (Unknown) |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | (\$58,710) to (Unknown) | (\$61,665) to (Unknown) | (\$63,266) to (Unknown) |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Coordinating Board of Higher Education, Senate, Department of Public Safety, Department of Mental Health, State Tax Commission, Department of Elementary and Secondary Education, Department of Health, Department of Insurance, State Public Defender, Department of Agriculture, Department of Natural Resources, Department of Revenue, Missouri Gaming Commission, Department of Conservation, Department of Labor and Industrial Relations, Office of the Lieutenant Governor, Office of the State Auditor, Office of Prosecution Services, Office of Administration - Division of Design and Construction, Office of the State Courts Administrator, and Office of the State Treasurer** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Transportation (DOT)** assume the handling of the enormous amount of copying, logging out, logging in, and filing of contracts and transmittal documents would create a need for at least one employee. DOT estimated the salary expense plus the associated expense and equipment would be \$37,344, \$37,909, and \$38,859 for fiscal years 2001, 2002, and 2003, respectively. **Oversight** assumes the costs associated with the proposed legislation could be absorbed by the DOT.

Officials from the **Office of the Secretary of State (SOS)** assume 1 additional FTE at a Clerk Typist III budget range and step will be required in the Fiscal Office to forward and track all contracts sent to the AGO for review prior to issuance. The estimate is based upon the daily volume of contracts and grant agreements which route through their office. SOS estimated the salary expense plus the associated expense and equipment would be \$29,962, \$27,608, and \$28,974 for fiscal years 2001, 2002, and 2003, respectively. **Oversight** assumes the costs associated with the proposed legislation could be absorbed by the SOS.

Officials from the **Office of Administration - Division of Purchasing and Materials Management (COA - DPMM)** were unable to determine the fiscal impact on their agency. COA-DPMM indicated their agency entered into approximately 1,400 new contracts and issued amendments to approximately 2,800 existing contracts in fiscal year 1999.

Officials from the **Office of the Attorney General (AGO)** assume the proposed legislation would create the need for an additional Assistant Attorney General II. AGO estimated the salaries, fringe benefits, and expense and equipment to be \$58,710, \$61,665, and \$63,266 for fiscal years 2001, 2002, and 2003, respectively.

DESCRIPTION (continued)

Officials from the **Department of Economic Development** indicated that in order to provide the best service possible to Missouri businesses, DED would have to design and implement a system to ensure that the documents subject to review by the AGO would be executed with minimum delays. As the AGO is not electronically compatible with DED, officials of DED assume a tracking unit and system support to track when a document was sent and returned would need to be created. This unit would be comprised of an Attorney, Executive II, Computer Information Tech II, 2 Clerk Typists II, and 6 Executives I. Computer equipment and support would be required. DED assumes this unit would answer to the DED Division of Administration. The unit would assist all 13 divisions of the DED with getting contracts through the new approval process. DED assumes there would be a minimum of 3,171 agreements that would need to be sent to the AGO for review. This number does not include contracts and agreements that are already reviewed by AGO staff. DED further assumes the need for expense and equipment associated with the 11 new FTE.

Oversight assumes the proposed legislation does not mandate an electronic system for the additional step required in the approval process of contracts involving DED. Accordingly, staff requested by DED are not included in the fiscal impact for this proposal.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2001 (10 Mo.) | FY 2002 | FY 2003 |
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|---|-----------------|-----------------|-----------------|
| <u>Costs - Office of the Attorney General</u> | | | |
| Personal Service | \$30,625 | \$37,669 | \$38,610 |
| Fringe Benefits | \$9,417 | \$11,583 | \$11,873 |
| Expense and Equipment | <u>\$18,668</u> | <u>\$12,413</u> | <u>\$12,783</u> |
| Total Cost - AGO | \$58,710 | \$61,665 | \$63,266 |

| | | | |
|--|-----------|-----------|-----------|
| <u>Cost - Office of Administration-Division of Purchasing and Materials Management</u> | (Unknown) | (Unknown) | (Unknown) |
|--|-----------|-----------|-----------|

| | | | |
|---|----------------------------|----------------------------|----------------------------|
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | (\$58,710) to (Unknown) | (\$61,665) to (Unknown) | (\$63,266) to (Unknown) |
|---|----------------------------|----------------------------|----------------------------|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2001 (10 Mo.) | FY 2002 | FY 2003 |
| | \$0 | \$0 | \$0 |

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FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposed legislation mandates review of some state contracts by the Attorney General. State contracts that relate to certain tax credits, industrial development, urban redevelopment or certain contracts with the Department of Economic Development would need to be reviewed by the Attorney General prior to finalization. The Attorney General has 10 days to review and approve the contract for its legal content and form.

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 the Attorney General
Coordinating Board of Higher Education
Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Transportation
Department of Mental Health
Department of Natural Resources
Department of Revenue
Department of Economic Development
Department of Agriculture
Missouri Gaming Commission
Department of Health
Department of Labor and Industrial Relations
Department of Social Services
Office of the Governor

SOURCES OF INFORMATION (continued)

Department of Insurance
Department of Conservation
Office of Administration
Office of the Lieutenant Governor

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Office of the State Auditor
Office of the Secretary of State
Senate
State Tax Commission
Office of the State Treasurer
Office of Prosecution Services
State Public Defender

NOT RESPONDING: Department of Corrections, House of Representatives, and Lottery Commission.

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is cursive and somewhat stylized, with a large initial "J".

Jeanne Jarrett, CPA
Director
February 19, 2000